



AWARE OF OUR  
ORIGIN WE  
CREATE VALUE  
FOR THE FUTURE





# SOUNDNESS INNOVATION FUTURE





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# CORPORATE INFORMATION

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BOARD OF  
DIRECTORS



- 1 ROBERTO ANGELINI  
Industrial Engineer  
5.625.652-0  
Chairman
- 2 JOSÉ TOMÁS GUZMÁN  
Lawyer  
2.779.390-8  
Vice-Chairman
- 3 JORGE ANDUEZA  
Civil Engineer  
5.038.906-5
- 4 ANDRÉS BIANCHI \*  
Economist  
3.367.092-3

- 5 JUAN EDGARDO GOLDENBERG\*  
Lawyer  
6.926.134-5
- 6 ARNALDO GORZIGLIA  
Lawyer  
3.647.846-2
- 7 CARLOS HURTADO  
Commercial Engineer  
2.300.859-9
- 8 BERNARDO MATTE  
Commercial Engineer  
6.598.728-7
- 9 JUAN OBACH\*  
Commercial Engineer  
6.064.590-6

\* Member of the Steering Committee



## SENIOR MANAGEMENT

- |   |  |
|---|--|
| <p>1 <b>EDUARDO NAVARRO</b><br/>Commercial Engineer<br/>10.365.719-9<br/>Chief Executive Officer</p> <p>2 <b>JOSÉ TOMÁS GUZMÁN</b><br/>Lawyer<br/>6.228.614-8<br/>Corporate Counsel and Secretary of the Board of Directors</p> <p>3 <b>RODRIGO HUIDOBRO</b><br/>Industrial Engineer<br/>10.181.179-4<br/>Chief Financial Officer</p> | <p>4 <b>JORGE FERRANDO</b><br/>Industrial Engineer<br/>12.059.564-4<br/>Corporate Research Manager</p> <p>5 <b>SERGIO PRIETO</b><br/>Journalist<br/>3.938.158-3<br/>Public Affairs Manager</p> <p>6 <b>CRISTIÁN PALACIOS</b><br/>Commercial Engineer<br/>13.234.980-0<br/>Head of Investor Relations</p> <p>7 <b>PAMELA HARRIS</b><br/>Industrial Engineer<br/>14.119.104-7<br/>Head of Corporate Research</p> |
|---|--|

## SENIOR MANAGEMENT OF MAIN AFFILIATES AND RELATED COMPANIES

**Forestry**

**CRISTIÁN INFANTE**  
Celulosa Arauco y Constitución S.A.

**Fuels**

**LORENZO GAZMURI**  
Copec S.A.

**JOSÉ ODOÑE**  
Abastible S.A.

**EDUARDO MORANDÉ**  
Metrogas S.A.

**ROBERTO HETZ**  
Sonacol S.A.

**Fishing**

**FRANCISCO MUJICA**  
Corpesca S.A.

**JOAQUÍN CRUZ**  
Orizon S.A.

**Other Investments**

**MARCO ARRÓSPIDE**  
Empresa Eléctrica Guacolda S.A.

**JUAN CARLOS AYALA**  
Compañía Minera Can-Can S.A.

**JORGE PEDRALS**  
Mina Invierno S.A.



## CHAIRMAN'S STATEMENT

### Ladies and Gentlemen Shareholders:

This Annual Report provides an overview of the performance of Empresas Copec in 2011, the environment in which the different business areas operated, the financial results achieved, and the main projects addressed by our human team.

The global economic scenario continued to be one of financial instability, which made it difficult to predict market performance and therefore plan investments. A large part of this uncertainty was focused on China, the top export market for Chile and our forestry and fishery exports. The large doubt is how much longer this Asian giant will continue to grow at such high rates and how long Europe will take to bring in the necessary structural reforms so it can once again be a major driver in the world. The United States is slowly showing some more evident signs of recovery, which is very necessary so as not to depend on just emerging countries in Asia. It appears that successive crises and the better ability to react in time might cushion the depressions. Nevertheless, these issues require political will and lasting global agreements to be addressed successfully and they are not easy to attain.

Chile is not immune from being affected. Undoubtedly, financial stability, prudent management of fiscal resources, the country's large business capacity, among other factors, enable it to suitably cope with these difficult times. However, we must always bear in mind that our heavy reliance on exports makes us dependent on the world. The task should therefore be to bear in mind the constant need of improving our productivity rates with all that this entails to compete well in international markets.

It is precisely in this scenario that we value more the results achieved by our Company in 2011. We had a large increase in sales, which reached the impressive figure of US\$ 21.125 billion;



WE ARE TAKING A DIFFERENT STEP,  
EMBARKING ON A NEW STAGE OF  
EXPANDING OUR OPERATIONS AND  
PRODUCTION ABROAD.



a record operating flow or EBITDA of US\$ 2.022 billion, net income of US\$ 933 million; and, because we have a long-term vision, the highest investment ever made by Empresas Copec of US\$ 1.904 billion.

Besides this last figure, what is important is that we carried out large initiatives in each of the business areas. Moreover, on reviewing what our executive officers and employees have achieved in the last few months, we can see how the pillars of

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THE WORLD**

our strategy are being bolstered. In 2011, we therefore took new steps towards the productive internationalization of our Company; we consolidated our commitment to the large energy challenges we have in

Chile; we reinforced the sustainable and innovative focus of our operations; we received huge support from financial institutions due to Copec's sound financial standing; and we continued to strengthen our community commitment and with the best corporate governance practice.

We have always claimed that we have been an international Company for a long time, which exports its forestry and fishery products to over eighty countries, with commercial offices on the different continents, and present in China for more than three decades. Nevertheless, we are now taking a different step, embarking on a new stage of expanding our operations and production abroad.

One example of this is the design of the Montes del Plata project in partnership with Stora Enso, one of the biggest investments made by the affiliate Arauco and the largest private initiative

ever in Uruguay. The facilities have progress of over 35%, which by 2013 will result in a mill with a production capacity of 1.3 million tons of wood pulp, a port and a biomass-fired generating plant.

In Brazil, we jointly acquired with the forestry company Klabin S.A. 100% of Florestal Vale do Corisco Ltda., which has 107,000 hectares of landholdings in the State of Paraná, of which 63,000 hectares are planted, which entailed a joint investment of US\$ 473 million. Our core strategy has always been to have major forest equity so in the future we can leverage all its wealth for different products. We therefore defined ourselves as above all a forestry company. This deal, along with other purchases of land, will enable us to increase our standing in that giant South American country. As a matter of fact, in 2011 we also started to build the second medium density fiberboard (MDF) line at the Jaguariáva mill to raise its capacity by 500,000 m<sup>3</sup> per annum.

However, in this process we went outside Latin America for the first time, because late in the year we reached an agreement to acquire an industrial complex at Moncure in the US state of North Carolina. The facilities have an MDF line with a production capacity of 330,000 m<sup>3</sup> a year, a particleboard mill that can produce 270,000 m<sup>3</sup> a year, and two melamine lines. This entailed an investment of US\$ 62 million but what is significant about this investment is not so much the amount but the acquisition of a strategic asset, a port of access to the main US consumer market, a platform from which to export to Mexico and a supplement for our commercial units in those countries, consolidating the bases for continuing to lead and grow in this business area.

In the last few years, Arauco has undoubtedly shifted from being a major forestry and export company in Chile to being a leading world-class company in the sector with operations worldwide.





This process of exporting our industrial and commercial know-how and experience to other countries is now taking place in the fuels business. After years of seeking markets that offer opportunities and the right sector regulations, Copec ventured into Colombia in 2010 by means of the indirect acquisition of the main fuel distributor Organización Terpel. In 2011, we consolidated control of that company, acquiring the shares of its parent companies, Proenergía Internacional S.A. and Sociedad de Inversiones en Energía S.A., by means of successive takeover bids. That process was completed in March 2012, and the Company now has around a 60% stake of Terpel after a total investment of US\$ 760 million so far.

In the wake of these financial operations, we are convinced that we are in a market with a good outlook for Colombia with this investment and for some other countries in Central America. We made progress during the year on putting a long-term management strategy in place, aimed at service and competitiveness based on the know-how attained by Copec in this business. This includes very varied issues like licensee relations, ownership of sale points, the development of convenience stores and additional services, and the industrial customer service standards, among other aspects.

One of the advantages of venturing into Colombia, as we said at the time, is the possibility of creating an investment platform in that country. In 2011, we took a further step in this process, now taking Abastible's operations to this market. The liquefied petroleum gas industry in Colombia has undergone large regulatory changes, adopting a similar model to that in Chile. This drove our affiliate to reach a US\$ 76.5 million agreement to take over Inversiones del Nordeste S.A., a leading company in the sector with a market share of around 34% through five trademarks. Although Colombia is dominated by the penetration of natural gas, it is evident that the changes made allow for the development of liquefied petroleum gas, now with companies

focused on service, the safety of facilities and seeking new uses for this fuel. All these factors underpinned Abastible's moves.

Even though we are focused on the strategy of growing overseas, we have not overlooked the tasks and challenges in Chile. One of these is still undoubtedly to give Chile the energy it needs for its development. Such energy, as we have always maintained, must

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HIGHEST INVESTMENT  
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EMPRESAS COPEC OF  
US\$ 1.904 BILLION**

be safe, competitive and environmentally friendly. This is a complex issue that has prompted a huge debate, with standpoints that are often biased.

Faced with the task of providing security, autonomy and meeting growing demand, we built new fuel tanks at the Mejillones plant, which will increase the storage capacity of gasoline and aviation kerosene by 25,000 m<sup>3</sup>. We unveiled the Pureo plant in the south of Chile at an investment of US\$ 50 million, which will store 67,000 m<sup>3</sup> of fuel for the entire Los Lagos Region. Experience in the last few years has shown the importance of having this cutting-edge and larger infrastructure away from urban centers.

The addition of two new oil tankers, *Doña Ana* and *Punta Gruesa*, to Sonamar's fleet should be highlighted in the logistics area. They will help renew the vessels of this company, offer new customer services, help support the maritime sector, provide bunkering services to third parties and raise the volume shipped by a sector facing growing demand.

In regard to natural gas, the loading yard of the Quintero liquefied natural gas (LNG) Terminal started to operate in 2011.



This facility has a loading capacity of 735,000 m<sup>3</sup> of gas and will supply this fuel to areas away from the main network by means of trucks using a concept called “virtual pipelines.” This thereby makes it possible for the benefits of one of the largest energy projects in Chile to gain national coverage.

In the energy area, we should also highlight the progress made with the Mina Invierno project in Magallanes, which secured environmental approval last year and whose port and land facilities are progressing rapidly. This will provide a domestic resource to meet part of Chile’s thermal energy demand. This coal will replace imports and will be produced by a cutting-edge mine with the highest environmental standards. Every effort has been made so this initiative drives the needed development of a region and is an example of sustainability. During the year, we inaugurated a state-of-the-art greenhouse in Patagonia and launched livestock activities, which will show that mining and other economic activities can co-exist in perfect harmony and we even started to appraise the possibility of making gas from part of this livestock.

Without these traditional sources (gas, oil and coal), it will be difficult to meet the needs of a country with 6% growth in 2011. Chile wants to carry on growing at that rate in the future to do its part in the large task of overcoming poverty. That need, of course, also has environmental issues, and ecologists are clamoring for cleaner technologies. As a society we must take on this task, but with a vision of various objectives, in which there is not one way of generating energy that is optimal for all aspects. It is therefore wise to give Chile the base energy and make progress with adding new energies but making the transitions required by Chile’s level of development.

Empresas Copec is focused on helping with this task, because the energy area is a core part of its business, because innovation is also in the DNA of those who strive to be market leaders. It is therefore good to highlight what we are doing in the area of

generating energy from the biomass. In 2011, we completed the construction of the Viñales thermal plant, which has a power rating of 41 MW, of which 30 MW will be injected as a surplus from the forestry complex into the Central Interconnected Grid (SIC). It should be noted that with this facility Arauco has a renewable generating capacity of 600 MW, which accounts for an important 4% of the total capacity of the SIC.

Moreover, in 2011 Abastible continued to be a leader of the installation of solar panels in homes, businesses and industries for dual use with liquefied petroleum gas to heat water. With this solution, it expects to benefit 4,000 homes by late next year.

In regard to wind energy, Copec continued to add wind generators to its service stations, and Arauco is appraising the feasibility of using some of its lands for this technology.

The commitment to the fuels of the future is also evident in the different consortia that our affiliates have entered into to make biofuels from microalgae, wood pulp and oil. We recently demonstrated this by being the suppliers of the first plane in South America to fly with second generation biofuel. This is an example of things being technically possible, and that there are companies that are engaged in developing this technology. Nevertheless, one should also be aware, and we have said this, that time is needed to see whether it is economically viable.

Based on all this, we want to make it clear that Empresas Copec is committed to the energy issue. It is one of our issues, a task that involves us, and an area in which we want to be the benchmark for the contribution we are making. We want to provide energy in the broadest sense. Traditional and new energies, because we need all of them.

Part of the growing energy demand affecting Chile is due to the heavy growth of the mining industry. This is an area which, as we have said, has room for our Company to participate in and where we want to become a major player in the mid-sized mining



industry. In 2011, we took decisive steps toward this goal. Firstly, we acquired Minera Bronce de Petorca, a mine that has large gold, silver and copper reserves, at an investment of US\$ 35 million. We were then awarded the Diego de Almagro project, which

**IT IS AMAZING TO SEE THE  
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has significant copper reserves, and investing US\$ 40 million will enable us to operate in an area of the Atacama region with large potential. The feasibility studies are currently being

conducted that are needed to start up mining and build the ore treatment plant. Lastly, late in the year we acquired the Botón de Oro deposit, which will provide resources to the Petorca area.

For efficient management in this business area, in 2011 we established Sociedad Minera Camino Nevado Ltda. to hold all the assets related to this business, to have the talent of professionals involved in these operations, to complete project financing and facilitate partnerships, among other objectives.

Regarding innovation, I deem it appropriate to highlight what we are doing in the fisheries area. This is a business that has been hit hard by nature's cycles and legal uncertainties. However, our companies Corpesca and Orizon are focused on continuing to manage sea resources responsibly, striving to add more value to them.

The development of the Golden Omega project is clear evidence of this aim. The plant we are completing in Arica at an investment of US\$ 80 million will sell Omega-3 concentrates made from fish oil. We have thereby ventured into the functional and nutraceutical food market, which are sophisticated markets with large potential. This initiative is part of a track record of

making progress from raw materials to products for direct human consumption and soon the pharmaceutical industry. In fact, we have just signed an agreement with Harvard University to research the properties of these concentrates to prevent and treat cancer. It is amazing to see the course a culture of innovation takes when it is embodied in companies.

In regard to environmental issues, always in the media headlines in Chile, I would like to highlight the commitment of all our affiliates to environmental conservation and the sustainable stewardship of resources. This is a philosophy that runs through our entire business portfolio and is borne out by the implementation many years ago of cutting-edge environmental management systems. This has led us to securing demanding certification for our operations, signing clean production agreements, participating in the international market of emission reduction certificates, developing environmental monitoring programs of ecosystems, among other initiatives. This is most certainly a commitment that goes beyond the regulations, and is a vocation of being a leader on these issues. In 2011, we continued to make progress on this by measuring the carbon footprint but now in the fuels business, by implementing green tariffs for natural gas, by getting involved in the foundation of the Santiago Climate Exchange, and by Arauco agreeing to sell 100,000 carbon bonds, to cite just a few examples.

All these initiatives are part of a long-term vision, which also requires us to undertake commitments to the large issues we have as a society, i.e., education, innovation, low-income housing, sports and a healthy life, and overcoming poverty. During the year, we continued to enhance the training and development programs of the Arauco Foundation. We encouraged young professionals to join Enseña Chile, collaborated with the work of Fundación Belén Educa for high-risk sectors in Santiago, launched the "Viva Leer" (Long Live Reading) campaign, brought together over 13,000 youngsters in sports competitions, built





neighborhoods due to the work of professionals at Elemental; and rebuilt cities like Constitución under the guidelines of the Master Plan delivered by Arauco after the earthquake in 2010.

We are involved in many more initiatives, and not only by providing funding but also, even more importantly, our human capital to make a contribution with its management skills.

I would like to wind up by highlighting the commitment of our companies to innovation. This is essential in our way of working, in how we address business. It is also the core aspect of the country's economic and social development. The commitment we undertook years ago to create the Copec-Catholic University Foundation and then the Private Venture Capital Fund, both to drive applied research, was sharpened in 2011 with the signing of an agreement to build the Anacleto Angelini Center for Technology Innovation. This is open to all companies and undertakings, which seek to generate knowledge and applied innovation to make a contribution to the task of raising the country's bar on productivity and competitiveness. This is a necessary contribution that we make with the Catholic University to this key issue for the future of Chile. It is a worthy tribute to the outstanding man whose legacy has given us a way of doing business and who led Copec's transformation.

Based on all this, we continue to make progress but without forgetting what we are. We are building a future on the sound bases of our history. We are a Chilean company with a clear focus on energy and natural resources, our roots. Using these, we want to continue to add value on this path of growth that is now 77 years old. Today, with all this experience and the same values as always, we are thinking about the decades ahead.





Ladies and gentlemen shareholders, going over the highlights of 2011 gives a sensation of satisfaction and thanks. We are pleased with the progress we have made, with the new pages we are writing in this great business adventure. We are grateful for the commitment and contribution of everybody involved; the directors, who are focused on acting and enhancing our corporate governance structures every day; the markets, which trust our sound financial standing and which this year have given our affiliates and related companies over US\$ 2.5 billion to complete acquisitions and development projects; and of course, our employees and shareholders. Together we are contributing towards the growth of Empresas Copec in Chile and abroad.

Roberto Angelini R.  
Chairman



WE TOOK NEW STEPS TOWARDS THE PRODUCTIVE INTERNATIONALIZATION; WE CONSOLIDATED OUR COMMITMENT TO THE LARGE ENERGY CHALLENGES; WE REINFORCED THE SUSTAINABLE AND INNOVATIVE FOCUS OF OUR OPERATIONS; WE RECEIVED HUGE SUPPORT FROM FINANCIAL INSTITUTIONS DUE TO COPEC'S SOUND FINANCIAL STANDING; AND WE CONTINUED TO STRENGTHEN OUR COMMUNITY COMMITMENT AND WITH THE BEST CORPORATE GOVERNANCE PRACTICE.





## EC AT A GLANCE

During 75 years, Empresas Copec has driven large investment programs in each of these sectors, which have made its activities sustainable, raised the scale of its operations and expanded its horizons, taking advantage of synergies and its renowned experience.

Today, the Company operates in two broad business sectors: natural resources, where Chile has clear competitive advantages; and energy, closely related to the country's productive development.

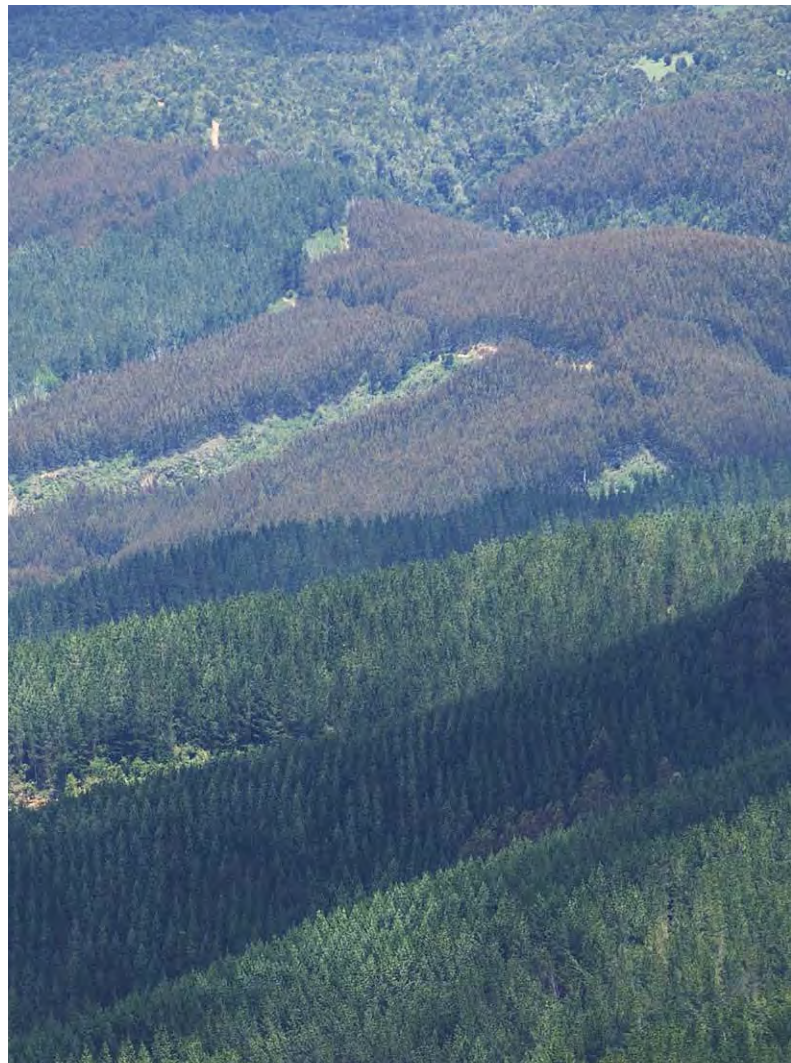




### Forestry Business:

Empresas Copec is a player in the forestry business through Arauco, a leading forestry company in Chile and one of the largest worldwide. Arauco is currently ranked one of the biggest forestry companies in South America in terms of production volume, sales and forest equity, and one of the leading market wood pulp, panel and sawn lumber producers in the world. This position is the outcome of a sound investment plan, large cost advantages, ongoing endeavors to optimize operations and a significant presence throughout the forestry business value chain.

**Sustainable development** of forest products







### Fuels Business:

Empresas Copec has been a major player in the fuel distribution business for over 75 years. Its major presence and sustained leadership of the liquefied fuels, lubricants, liquefied petroleum and natural gas markets are due to its permanent drive to provide a top-quality customer service, its large operating scale, constant quest for innovation, and sound brand positioning.

Providing with energy to **Chile's development**





### Fishing Business:

Empresas Copec is in the fishing business, through affiliates and related companies, in the north and center-south of Chile with a state-of-the-art fleet in the country. Efficient management and cutting-edge technology, in a period characterized by restrictions on the biological availability of resources, have enabled it to optimize operations and it has consolidated in producing fishmeal, fish oil, canned and frozen seafood for human consumption, and also in value-added markets. It is now a pioneer in Chile in the production of Omega-3 concentrates, meeting growing demand in the food and health industries.

**Permanent care** of marine resources



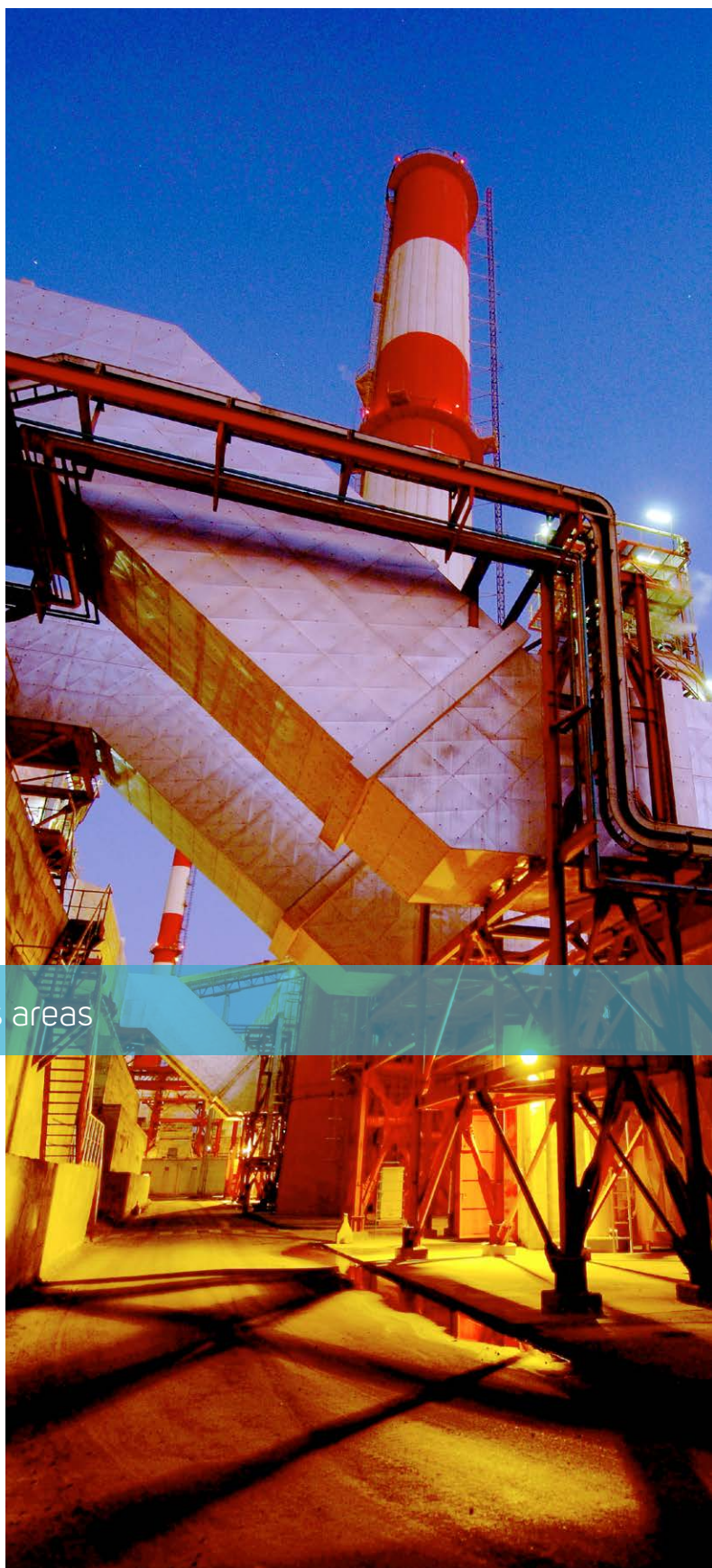




### Other Investments:

Empresas Copec also has investments in other sectors with large competitive advantages that are related to Chile's development. Through them the Company has undertaken new activities that enhance its strategic position, leverage synergies and complement its current operations. It therefore operates in the electric power generation sector through Empresa Eléctrica Guacolda and in the mining industry through Minera Can-Can and Mina Invierno.

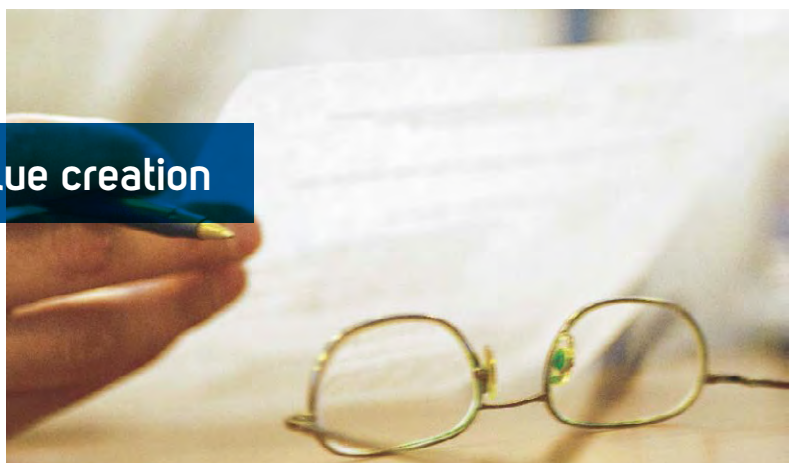
**Expand and complement** our business areas







A steady track record of **value creation**



## EMPRESAS COPEC IN FIGURES

### CONSOLIDATED INCOME STATEMENTS

thousand dollars

	2011	2010
Gross profit	2,827,346	2,349,027
Administrative and sales expenses	(1,724,204)	(1,203,271)
Investments in related companies and joint ventures	64,740	67,223
Financial expenses	(303,571)	(242,430)
Other	379,570	309,526
<b>Profit</b>	<b>994,770</b>	<b>1,035,334</b>
Profit attributable to equity holders of the company	932,725	1,013,789
Profit attributable to minority interests	62,045	21,545
<b>Profit</b>	<b>994,770</b>	<b>1,035,334</b>

### INTERNATIONAL RISK RATING

Standard & Poor's	BBB+
Fitch Ratings	BBB+

### DOMESTIC RISK RATING

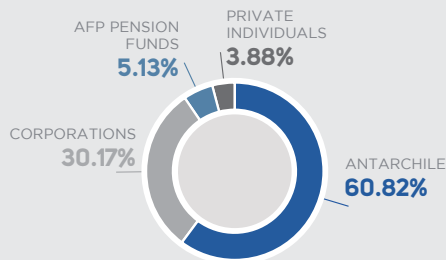
Feller-Rate	1st Class Level 1
Fitch Ratings	1st Class Level 1

**Indebtedness ratio (net financial debt / equity)**

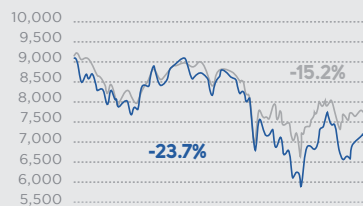
**0.38**

### EMPRESAS COPEC

FORESTRY BUSINESS	99.978%	Celulosa Arauco y Constitución	99.925%	Forestal Arauco Arauco Internacional Aserraderos Arauco Paneles Arauco
			99.999%	
			99.000%	
			99.000%	
FUELS BUSINESS	99.999%	Copec	56.150%	Proenergía
	99.048%	Abastible	40.800%	Sonacol
	39.830%	Metrogas	12.000%	Inversiones del Nordeste
FISHING BUSINESS	81.933%	Igemar	51.000%	Orizon Corpesca
			30.640%	
OTHER INVESTMENTS	25.000%	Eléctrica Guacolda	99.868%	Minera Can-Can
	100.000%	Camino Nevado	50.000%	Mina Invierno



**EMPRESAS COPEC OWNERSHIP STRUCTURE**

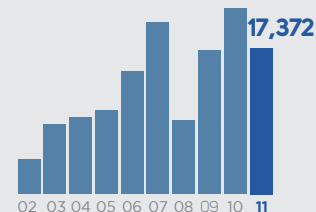


**STOCK PRICE EMPRESAS COPEC**

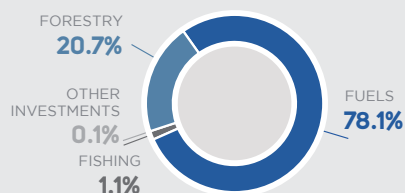
Chilean pesos

■ Empresas Copec ■ IPSA

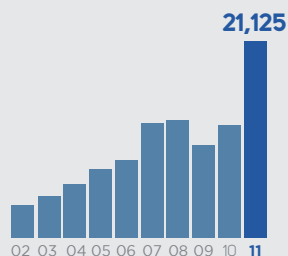
\* Adjusted IPSA



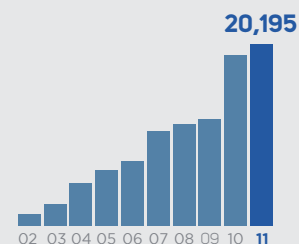
**MARKET CAPITALIZATION**  
Million dollars



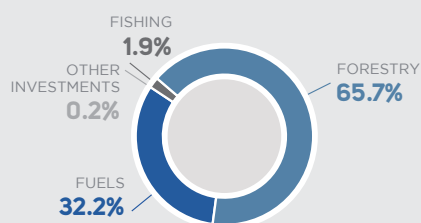
**CONSOLIDATED SALES**  
Total: 21,125 million dollars



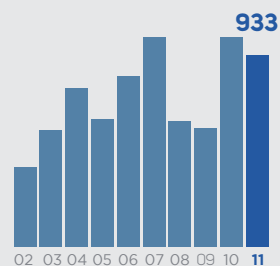
**CONSOLIDATED SALES**  
Million dollars



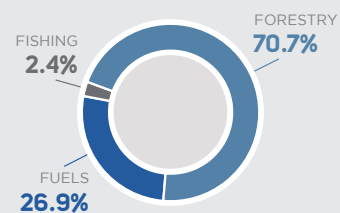
**CONSOLIDATED PERSONNEL**



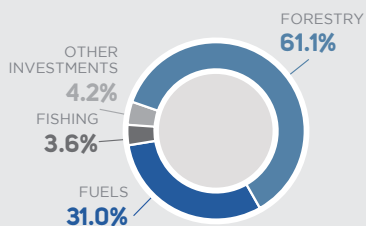
**NET INCOME**  
Total: 933 million dollars



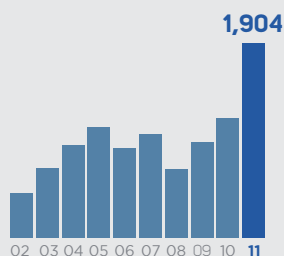
**NET INCOME**  
Million dollars



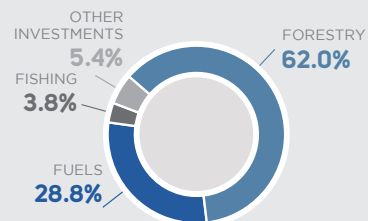
**CONSOLIDATED EBITDA**  
Total: 2,022 million dollars



**CONSOLIDATED INVESTMENT**  
Total: 1,904 million dollars



**CONSOLIDATED INVESTMENT**  
Million dollars



**CONSOLIDATED ASSETS**  
Total: 20,095 million dollars



## 2011 HIGHLIGHTS

Internationalization, sustainability and innovation, axes which have helped Empresas Copec and its affiliates to achieve competitive positions, open new markets, increase the scale of its operations and move forward with the soundness of ever.



### Forestry Business:

**1.** Montes del Plata starts to build a wood pulp mill in Uruguay with a production capacity of 1.3 million tons a year, a port and a biomass-fired power generating plant, involving a total investment of around US\$ 2 billion.



**2.** Arauco, jointly with Klabin, acquires 100% of Brazil-based Vale do Corisco at an investment of US\$ 473 million, gaining 63,000 hectares of forest plantations in the State of Paraná.



**3.** In its first operative venture into the US market, Arauco buys the Moncure industrial panel mill in the United States for US\$ 62 million. This has a MDF production capacity of 330,000 m<sup>3</sup> a year and 270,000 m<sup>3</sup> of particleboard a year.



**4.** Line II of Arauco's wood pulp mill starts a trial run, after operations were stopped due to the damage caused by the earthquake in February 2010.

**5.** Arauco joins the Santiago Climate Exchange.



### Fuels Business:

**1.** Copec increases its stake of Terpel with takeover bids for Proenergía Internacional S.A. and Sociedad de Inversiones en Energía S.A., parent companies listed on the Colombian stock market. It had gained a 39.1% share of Organización Terpel by December 2011.



**2.** Abastible acquires 51% of the Colombian company Inversiones del Nordeste, the main player in the liquefied petroleum gas (LPG) market in that country, at a total investment of US\$ 76.5 million.



**3.** Copec's fuel storage plant at Pureo received its first diesel oil tanker.

**4.** The truck yard of the LNG Terminal at Quintero starts to operate.

**5.** Sonamar purchases two new oil tankers, *Doña Ana* and *Punta Gruesa*.

**6.** Terpel aviation starts to operate at two of the international airports in the Dominican Republic.





**7.** Copec inaugurates three new service stations in Maipú, Quilicura and Vitacura.



**8.** Copec launches Zervo Autoservicio 7.0, an innovative system allowing customers to pay directly at the gasoline pump.

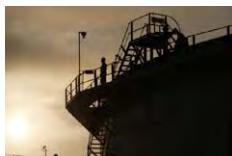


**9.** Metrogas completes its carbon footprint measurement process.

**10.** Copec measures its carbon footprint.

**11.** Copec launches the "Viva Leer" (Long Live Reading) program to encourage reading.

**12.** Copec joins the Santiago Climate Exchange.



### Fishing Business:

**1.** Corpesca starts to build a seafood canning plant in Iquique.



**2.** Corpesca adds the Corpesca 2 fishing vessel to its fleet.



**3.** Orizon S.A. secures "Friends of the Sea-Sustainable Aquaculture" certification for mussel farming in the Los Lagos Region.



**4.** Bioambar SpA, an affiliate of Orizon S.A., partners with Harvard University to develop and market nutraceutical products from Omega-3 concentrates.

### Other Investments:

**1.** The Mina Invierno coal project secures environmental approval.



**2.** Compañía Minera Can-Can acquires the El Bronce de Petorca mine site for US\$ 35 million.



**3.** Compañía Minera Can-Can acquires the Diego de Almagro mining project for US\$ 40 million.

**4.** Mina Invierno inaugurates the most cutting-edge greenhouse of Patagonia on Riesco Island.



**5.** Sociedad Minera Camino Nevado Ltda., an affiliate that holds the assets of the mining sector, is established.





### Community Relations:

**1.** The Angelini Group and the Catholic University of Chile agree to build the Anacleto Angelini Center for Technology Innovation.



**2.** The Copec-Catholic University Foundation organizes the international seminar "Where is the energy grid going in Chile and the world?"

**3.** The Copec-Catholic University Foundation holds the eighth National Natural Resource Development Project Competition awards.



**4.** The Copec-Catholic University Foundation creates the Counterpart Funding Contest for R&D Projects to disseminate, encourage and drive innovation initiatives.



**5.** The Japanese videogame company DeNA acquires Atakama Labs, one of the first initiatives supported by the Copec-Catholic University Private Venture Capital Fund.



**6.** The Copec-Catholic University Private Venture Capital Fund makes its third investment by gaining a stake in Scopix, which develops retail support technologies.



**7.** The Arauco Educational Foundation holds its fourth seminar: "The value of reading."

**8.** The Arauco Educational Foundation attends the First Inter-American Forum on Corporate Social Responsibility and Early Childhood in Lima.



**9.** The 12th version of the Copec Cup and the 5th version of the Arauco Cup are held.

### Corporate:

**1.** Empresas Copec places bonds of UF 1.3 million with 10-year maturity.

**2.** Montes del Plata agrees on financing of up to US\$ 1.354 billion.

**3.** Minera Invierno secures bank financing of US\$ 450 million.

**4.** Copec secures financing of US\$ 750 million, with local debt accounting for US\$ 410 million and international debt for US\$ 340 million.







#### AWARDS:

1. Empresas Copec wins second place in the Merco reputation ranking.
2. Arauco is given the "2011 Sofofa-Capital Social Responsibility Prize" in the Large Company category by the Federation of Chilean Industry (Sofofa) and *Capital* magazine.
3. Empresas Copec wins first place in the Largest Value Creation in the Forestry Business category of the top 100 ranking of Santander Global Banking and Markets and *Capital* magazine.
4. Arauco gets the Good Corporate Citizenship 2011 award, in the Large Award category, for its sustainable reconstruction plan in Constitución, given by the Chilean-American Chamber of Commerce.
5. Arauco obtains the Outstanding Chilean Investor in Argentina award of the Chilean-Argentine Chamber of Commerce for the contribution made by the affiliate Alto Paraná to Argentina.
6. Abastible gains first place in the transactional company category of the National Customer Satisfaction Awards 2011 in the ProCalidad ranking and first place in the liquefied petroleum gas sector.
7. Copec gains first place in the Service Stations category in the ranking of the best service quality companies drawn up by *ProCalidad*.
8. Sonacol wins first place in the Competitive Company Program (PEC), transport business, of the Workers' Safety Association.
9. Sonamar wins second place in the Competitive Company Occupational Health and Safety Program of the Workers' Safety Association.
10. Metrogas wins first place for Household Services in the *ProCalidad* ranking.
11. Metrogas is awarded the ProPyme Seal by the Ministry of Economy, Development and Tourism for its supplier payment policies.
12. Can-Can is distinguished by the *Centro de Conservación de Patrimonio* and the Regional Government of Valparaíso for its contribution to the *Alfombra de Flores Petorca – Hierro Viejo* cultural project 2011.
13. Elemental receives an award in Denmark in the housing category of the Index Awards 2011 for its housing project at Monterrey in Mexico.
14. Elemental wins second place in the Holcim Awards 2011 for Latin America for the PRES Constitución project.
15. Empresas Copec gains third place in the 16th corporate annual report competition.





## HISTORY

### Founding

1934

- A group of Chilean businessmen establishes Compañía de Petróleos de Chile S.A. to market and distribute fuels in the country.

1936

- Copec develops an extensive network of service stations and storage plants from Coquimbo to Magallanes.

### Business Line Expansion

1956

- Abastible is established to market and distribute liquefied petroleum gas for residential and industrial use.

1957

- Sociedad Nacional de Oleoductos (Sonacol) is established.
- Copec becomes the representative and distributor of Mobil products in Chile.

### Diversification

1976

- The company acquires Celulosa Arauco and Forestal Arauco.

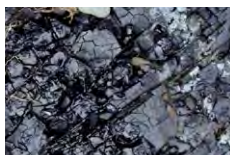
1979

- Celulosa Arauco y Constitución is established, after acquiring Celulosa Constitución and merging it with Celulosa Arauco.

1980

- Copec buys Pesquera Guanaye Ltda. and the electric power distribution companies Saesa and Frontel.





## 1981

- The Company purchases the mining rights of the Pecket coal deposit in the Magallanes Region.

### New Leadership

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## 1986

- The Angelini Group takes a controlling stake in Copec after acquiring a 41% shareholding. It subsequently makes a major capital increase and launches a relevant investment plan, defining a new strategic direction for the Company.

## 1989

- The Arauco Educational Foundation is established to make a contribution to municipal education in the Maule, Biobío and Los Ríos regions.

### Relevant Investment

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## 1990

- Bioforest S.A. is established to develop new technologies in the forestry resources and wood pulp area.

## 1991

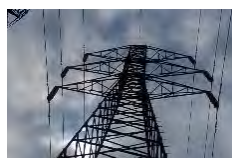
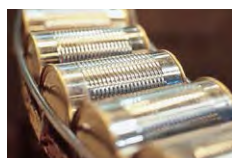
- Compañía Minera Can-Can S.A. is established.

## 1992

- Pesquera Guanaye S.A. and Pesquera Iquique S.A. are merged into Igemar.
- Empresa Eléctrica Guacolda S.A. is established to supply electric power to the Atacama and Coquimbo regions.

## 1993

- Aserraderos Arauco S.A. is established to manage Arauco's sawmills and remanufacturing facilities and to market its products.



## 1994

- Metrogas is established to market natural gas in the Metropolitan and O'Higgins regions.

## 1995

- Arauco establishes Paneles Arauco S.A. to manufacture plywood boards.

## 1996

- Arauco expands into Argentina after acquiring Alto Paraná S.A., the owner of one of the leading wood pulp mills in that country.
- Copec gains a stake in Gener S.A., a leading thermal electric power generating company in Chile.

## 1999

- Arauco acquires Licancel S.A., gaining a new bleached wood pulp mill and plantations.
- The fishing and industrial operations of Igemar, Eperva and Coloso in northern Chile are merged into Corpesca, the largest fishing company in Chile.

## Strategic Focus

## 2000

- The Angelini Group takes control of the Company by acquiring an additional 30.05% of Copec's stock through AntarChile S.A. The strategic focus is now on the energy and natural resources areas.
- SPK is established from the merger of the operating assets of the fishing companies Igemar, El Quillay and Pacific Protein in the center and south of Chile.
- Copec sells off its interest in CGE and Gener.

## 2001

- Copec sells off its interest in Saesa and Frontel.





## 2002

- The Copec-Catholic University Foundation is established to further applied scientific research in the natural resources area.

## 2003

- Compañía de Petróleos de Chile Copec S.A. is established, an affiliate in charge of the liquefied fuels and lubricants business. The parent company is thereby transformed into a financial holding and its corporate name is changed to Empresas Copec S.A.
- ExxonMobil and Copec sign a historic agreement giving the latter exclusive distribution of Mobil and Esso lubricants in Chile.

### World-Class Company

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## 2004

- The Valdivia wood pulp mill starts up.

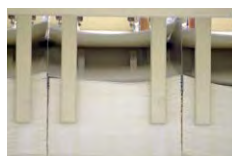
## 2005

- Arauco ventures into Brazil after acquiring pine plantations, a medium density fiberboard (MDF) mill, a particleboard mill and a resin facility.

## 2006

- Arauco commissions the Nueva Aldea wood pulp mill. This mill is in addition to the sawmill, plywood mill and two co-generation plants of such forestry and industrial complex.
- Abastible commissions the operations of the San Vicente sea terminal in the Biobío Region. Copec starts up the Imported Product Terminal (TPI) at Quintero.
- Elemental S.A. is established to develop low-income urban projects.





## 2007

- Arauco signs an agreement with Stora Enso to acquire forestry lands, a sawmill and 20% of a paper mill in Brazil.
- Arauco becomes the first Chilean forestry company to deploy the Clean Development Mechanism (CDM) of the Kyoto Protocol for issuing carbon bonds.
- Metrogas, ENAP, ENDESA and the BG Group start construction of a liquefied natural gas terminal at Quintero.
- Sociedad Minera Isla Riesco S.A. is established to produce coal in the Magallanes Region.

## 2008

- The Consorcio Tecnológico Bioenercel S.A. is established to develop technologies to produce second generation biofuels.
- The Copec-Catholic University Foundation creates the first Private Venture Capital Fund in Chile, which is a partnership between the academic and business worlds.

## 2009

- Arauco and Stora Enso jointly acquire an equal share of all the assets of the business group Ence S.A. in Uruguay. This partnership gives rise to the Montes del Plata project.
- Golden Omega S.A. is established to produce Omega-3 concentrates.

## 2010

- Copec gains control of the Colombian company Proenergía Internacional S.A., the parent company of Organización Terpel, and a leading fuel distributor in Colombia.
- The fishing operations of SPK and San José in the center and south of Chile are merged into Orizon S.A.
- Guacolda inaugurates its fourth coal-fired thermal electric power plant.



## VISION

Empresas Copec is a world class company, which seeks to provide an attractive long-term return for its investors and contribute to the development of Chile and of the countries where it undertakes its productive and commercial operations. To achieve this, it mainly invests in energy and natural resources, and generally business areas where it can create sustainable value. While it undertakes its operations, it strives to be a good citizen and address and honor the interests of shareholders, employees, partners, suppliers, customers, communities and all the parties with whom it is in some way involved. Empresas Copec performs its productive and commercial operations with excellence, and all its decisions are carried out according to the highest ethical and transparency standards.

Act in accordance with the highest **ethical and transparency standards**







## To be true to the **values and policies**



### COMMITMENTS

To contribute to society by generating the most value possible, which sustainably benefits shareholders, employees, suppliers, customers and the communities around our operations, by means of efficient, responsible, innovative and quality management in all our processes.

To promote the sustainable use of the natural and energy resources of our environment, investing in research, technology innovation and training to prevent and gradually, continually and systematically reduce the environmental footprint of our activities, products and services.

To timely provide all our customers with quality products in a sustained fashion over time, driving our suppliers to participate in our value chain and quality.

To safeguard the safety and occupational health of our employees and those of our collaborating companies, striving to continually and steadily reduce the safety risks of our operations and services.

To create conditions for the development of all the people who belong to the Company, promoting workplaces based on respect, honesty, professional quality, training and teamwork.

To forge permanent relations of mutual collaboration with the communities around our operations, supporting their development.

To keep up transparent and honest communication with the different major players for our Company.

To comply with the regulations in force and other commitments regulating our business and, in as far as we can, exceed the standards established.

To have and apply systems and procedures enabling us to manage the risks of our business, regularly assessing our performance in all the processes and taking the timely corrective action needed.

To disseminate these commitments to our employees, contractors and suppliers, getting this policy implemented with everybody's collaboration and effort, and training and involving everybody to comply with it.

To work with dedication, correctly, honestly, and with excellence and to be true to the values and policies of Empresas Copec.



## Take care of the interest of **all** shareholders

### CORPORATE GOVERNANCE

#### Principles

Corporate governance at Empresas Copec is based on the principles laid down by the Organization for Economic Cooperation and Development (OECD). These include promoting transparent and efficient markets in keeping with a state in which the rule of law prevails; the correct allocation and monitoring of responsibilities to the different authorities; and the protection of shareholder rights, facilitating their exercise and assuring they receive fair treatment. The Company also gives them strategic advice, making sure management is effectively overseen by the Board, and that the latter represents all shareholders correctly.

Right from the outset, Empresas Copec has communicated and promoted these principles to the entire organization through its corporate governance structures, which fulfill a key role in the integration of ethical and professional values of each of its companies and employees, driving the achievement of objectives.

The Company creates sustainable value based on these principles, taking care that there is thoughtful and informed decision-making with a long-term vision. The Company also strives to know, consider and respect the interests of all stakeholders, such as investors, customers, suppliers, employees and the community, and it promotes active co-operation with them. The Company therefore makes sure that information is always provided prudently, responsibly and timely.

Furthermore, Empresas Copec assures good management, investment and production practices and has an unwavering commitment to the community and the environment. It is therefore involved in education, environmental conservation, overcoming poverty, technological innovation, promotion of sports, among other areas, making a contribution with action that goes beyond the direct economic benefit and merely complying with the legal regulations. The Company thereby generates wealth, jobs and



financial sustainability and also engages responsibly with the country's social, human and economic development.

#### Board of Directors and Directors' Committee

The Board of Directors and the Directors' Committee fulfill an essential role in drawing up and implementing the formal corporate governance structures and assure that the Company's strategic and financial decisions are reached with transparency, participation and efficiency.

The Board of Directors comprises nine members with an outstanding track record and high level of professionalism and ethics, who are mostly proposed by the controlling shareholder and they make a contribution to the Company with a complementary and independent vision.

The Board's functions include defining and appraising the Company's overall strategy, reviewing, approving and monitoring key financial decisions, such as the dividend policy and equity structure; controlling the management of its operations, and making a detailed analysis of the large investment projects, transactions, and divestments of assets. The Board is also



accountable for assuring effective and efficient risk management; guaranteeing the representativeness of the financial statements; safeguarding compliance with the law and the self-regulation norms; monitoring relations with the authorities and key market agents; and keeping all shareholders permanently informed. It also selects the CEO and assesses his performance, and is empowered to remove him and oversee his replacement. It also gives advice on selection, assessment, development and remuneration of the Company's senior management.

The Board also elects from its members the three members of the Directors' Committee, making sure of providing greater representation of directors appointed by the minority shareholders who are unrelated to the controlling shareholder.

The Directors' Committee is in charge of analyzing issues of strategic importance, making a contribution so that the Company's management and investment decisions are always made safeguarding the interests of all the shareholders. It therefore convenes periodically to make a detailed review of the financial statements, the reports submitted by the external auditors, transactions with related companies, the remuneration policies and compensation plans of the Company's managers, senior officers and employees.

The Committee is also responsible for proposing to the Board the names of the external auditors and private risk rating agencies, which shall then be proposed to and approved by the respective Shareholders' Meeting.

Board and Directors' Committee members are paid according to their responsibilities and market standards, and this is defined each year in the Shareholders' Meetings. Moreover, they both have the necessary and timely information for decision-making and the resources to fulfill their functions.

### Stakeholder Information

Empresas Copec constantly strives to develop procedures, instruments and channels to provide transparent, true and representative information to all its stakeholders and the market in general, minimizing information inconsistencies and facilitating the suitable operation of the financial market.

Both the parent company and its affiliates guarantee the transparency of financial information with a strict auditing policy, which aims to make sure this process is undertaken with total independence. This lays down that the auditing manager, the partner responsible or the auditing company rotate with a minimum frequency of once every five years.

At the same time, the Company addresses the opinions and concerns of all its shareholders, promoting their informed participation in Shareholders' Meetings, in which a detailed account is given of the Company's performance, and assuring their right to speak and vote. There is also special concern so that investment management and decisions always consider the interests of minority shareholders.

Furthermore, there is an Investor Relations area, which is in charge of dealing with and giving advice to investors and analysts on market performance and the operation of the companies. This area makes periodic presentations of results, issues press releases, holds meetings with institutional investors and participates in national and international conference calls.

The corporate website ([www.empresascopecl.cl](http://www.empresascopecl.cl)) contains useful and updated information, such as the most recent news, financial statements, annual reports, earnings releases, press releases, links to the websites of affiliates, and a list of analysts covering the company, among other issues of interest.

The website also contains the Company by-laws, the minutes of the last Shareholders' Meeting and the Manual on Handling





## Creating sustainable value

Information of Market Interest. The latter contains the provisions that are compulsory for directors, the CEO, senior officers and managers, employees, advisors and external auditors who have access to confidential information, highlighting the periods when the company's shares cannot be traded, which are among the most stringent in the market. Furthermore, as of 2011 the Code of Ethics has been available online, which contains the principles and policies that guide the conduct of people belonging to Empresas Copec.

In addition to this technological platform, there is also a four-monthly corporate magazine, which for more than 20 years has published initiatives developed by the Company and its affiliates, investments, articles of general interest and current topics.

This way of thinking and acting is a distinctive hallmark of Empresas Copec, which has enabled it to grow soundly and be a leader in its respective markets for over 77 years, and which has been forged due to values and principles embraced by all the companies of the holding and employees and executives of ethical, professional, technical and human excellence. The Company's commitment is to suitably align management's interests with those of shareholders, employees and the environment. This is reflected by market renown with favorable loan conditions, and the Company constantly attaining high places in the different corporate rankings.





## EMPRESAS COPEC AND THE COMMUNITY

The business philosophy of Empresas Copec is underpinned by the firm conviction that the success of a company is not just achieving its commercial objectives. The Company therefore seeks to contribute to the progress and quality of life in those areas where it operates by means of concrete initiatives in areas such as local development, overcoming poverty, environmental conservation, promotion of culture, education, sports, and scientific research.

Moreover, according to Empresas Copec and its affiliates corporate social responsibility starts within the organization, with its over 20,000 employees and their families. This is reflected in a series of initiatives and programs aimed at driving the comprehensive development of people, such as training programs, scholarships and incentives for academic performance, recreational, cultural and sports activities.

This way of doing business has been a hallmark of the Company's history for over 77 years and is reflected daily in its community commitment and permanent adherence to good corporate practice. This has also helped to form highly identified human teams, which are loyal and committed to the Company's mission and objectives.





## Contributing to the country's development with real and lasting initiatives



### Education and Culture

Empresas Copec make various contributions to education and culture since these are the key tools for achieving individual and social growth and the country's development.

The main contributions include the projects carried out by the Arauco Educational Foundation, which is a non-profit institution established in 1989 to support municipal education in the regions where Arauco has industrial and forestry operations. Further to this, the Foundation undertakes teacher development programs and projects to improve the opportunities of their students of gaining access to quality education.

In its 22-year history, the Foundation has benefitted more than 550 schools, 4,750 teachers and over 86,000 students in 33 districts of the Maule, Biobío and Los Ríos regions. It has also held 73 teacher training and development programs, in areas like oral and written language, logical-mathematical reasoning, self-esteem, psychosocial stimulation, pedagogical management, and work with children with special educational needs.

The Foundation launched six education support programs in 2011 and held its fourth regional seminar "The value of reading," attended by over 250 teachers in the Los Ríos Region. The Foundation also attended the First Inter-American Forum on Corporate Social Responsibility and Early Childhood, held in the city of Lima.

The affiliate Arauco manages the Arauco, Constitución and Cholguán schools, which are renowned in Chile for their academic performance and excellence. The Constitución School gained third place in Chile in the language category of the 2011 education quality assessment (SIMCE) exam of pupils in fourth grade of primary education.

Empresas Copec collaborates with *Enseña Chile*, an organization which selects and trains young professionals who wish to spend their first two working years as teachers in poor schools to bring

about changes to the educational system from the classroom. The Company also supports programs developed by the *Belén Educa* Foundation, benefiting more than 10,000 children and youngsters from high-risk districts in the Metropolitan Region. These include the scholarship, internship and tutor programs, in which the senior management of the parent company and affiliates strives to inform secondary education students of the importance of continuing their studies and becoming good professionals.

In 2011, Copec launched the "*Viva Leer*" (Long Live Reading) project, which is a Copec-created program to encourage reading undertaken by the *La Fuente* Foundation, which brings together the school, the community, the company, employees and service station licensees. This project includes a network of volunteers inside the Company, a collection of books that will be sold at service stations, a virtual platform that provides support to schools, families and the community, and a competition to donate 75 school libraries that are open to the community. 212 schools applied to the First National School Library Competition, *Viva Leer* Copec, aimed at all the municipal schools in Chile. In November, 15 libraries were inaugurated, benefitting more than 7,000 children and youngsters throughout the country.

Minera Can-Can undertakes important work to support schools and comprehensive centers for minors in the province of Petorca, and Corpesca and Guacolda Energía participate in dual education programs with the technical and professional educational establishments in the north of the country, allowing students to undertake part of their training inside the companies.

Empresas Copec and its affiliates make constant contributions to culture to enhance and modernize libraries and museums, to restore important paintings, and to youth orchestras. Moreover, for over two years the Company has been collaborating with the program "Musical Notes in Chile," which is broadcasted on Radio Beethoven.





## Promoting **teamwork**, respect for others and self-improvement



### Sports

Empresas Copec and its affiliates undertake various initiatives to encourage children, youngsters and adults to play sports, organizing championships and events and they finance local teams. The aim is promote values like teamwork, healthy competition, self-improvement, respect for others, and achieving objectives.

The Copec Cup has been held for 12 years, which is the most important inter-school baby football tournament in Chile. In 2011, 10,320 players belonging to 680 teams from 176 schools participated. The fifth version of the Arauco Cup was also held, involving more than 2,870 primary and secondary school students from the districts of Arauco, Cañete, Constitución, Contulmo, Curanilahue, Curepto, Empedrado, Lebu, Licanén, Los Álamos, Mariquina, Pemuco, Tirúa, Tucapel and Yungay.

In the car racing area, 50 teams participated in the eight venues held in the 2011 season. The last venue of the Mobil Motorshow Rally was held in November at a circuit on Alameda Bernardo O'Higgins in front of the La Moneda Palace, in which seven foreign and 47 Chilean drivers participated.

Copec renewed the contract sponsoring the outstanding national motorcycle rider Francisco "Chaleco" López, thereby continuing to support this outstanding rider of this sport.

### Health and Safety

Empresas Copec is constantly concerned about the comprehensive wellbeing of its employees and the safety of products of each company that reach customers. The parent company and affiliates therefore have internal regulations and procedure manuals based on stringent national and international standards, which even exceed current legislation.

In the forestry business, Arauco has occupational health and risk prevention plans for all its business areas and keeps ISO and OHSAS certification up-to-date at all its industrial facilities.

In the fuels business, Copec applies strict safety standards for product transport and storage to guarantee high safety standards for people and the environment. The company has contingency plans at plants, service stations and sea terminals, and control and prevention systems for fires, spills and accidents. In addition, fuel is shipped by road according to a rigorous tanker truck satellite follow-up system, and demanding driver training and assessment programs are held.

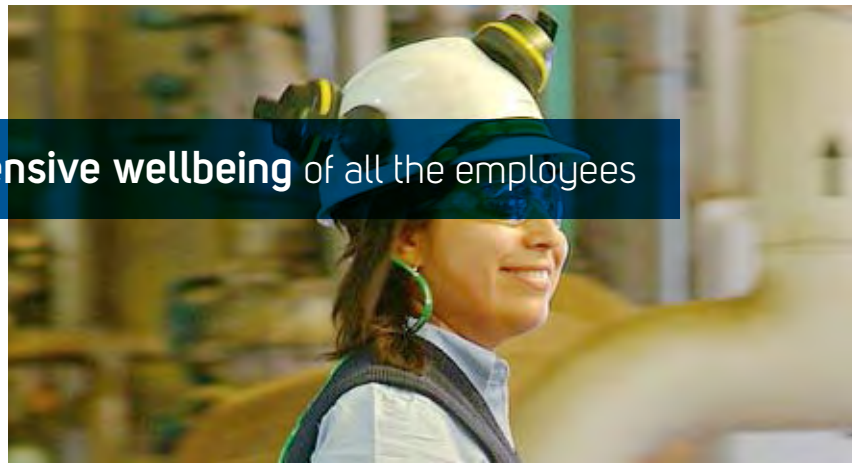
Sonacol has cutting-edge technology for piping fuel along its pipelines, which enables stations and valves to be operated remotely. It also has systems to prevent leakages and periodically checks the pipelines and all its facilities. In 2011, Sonacol was once again awarded first place in Chile in PEC certification in the transport category by the Safety Association of the Chilean Chamber of Construction. Such certification is aimed at enhancing risk prevention within organizations.

Likewise, Sonamar applies the safety, quality and environment (SQE) system to guarantee the safety of its vessels. This includes procedures and samples of the fuel loading and unloading operations and training plans for deck crew directly involved in fuel transfer operations. In 2011, the company was runner-up in the Competitive Company Occupational Health and Safety Program of the Workers' Safety Association.

Abastible involves all its affiliates, suppliers and contractors in a Safety Management System, which establishes the requirements for gas storage, transport and delivery. The company also makes periodic checks of bulk trucks and drivers and permanently keeps the Integrated Transport Emergency System updated, which aims to prevent accidents during gas shipment and prepare the organization for possible emergencies.



## Concern over the **comprehensive wellbeing** of all the employees



Metrogas has a prevention management program which detects, identifies, assesses, controls and monitors risks by means of inspection, meetings, training and guidelines. It has also added cutting-edge technology for reviewing and maintaining natural gas distribution networks.

Guacolda has had an Integrated Occupational Health, Safety and Environmental Policy in place since 2007, which it has applied to its operations and the construction of all its power plants.

### Research and Innovation

For Empresas Copec the knowledge gained from scientific and technological research is a key element in the country's economic and social development. The Company therefore drives various initiatives to promote research with the aim of turning it into practical and innovative applications.

To such end, the Copec-Catholic University Foundation was established in 2002 to further applied scientific research, promote strategic partnerships between public and private research and development bodies, and disseminate the scientific and technological advances attained in the natural resources area. The Foundation holds the National Natural Resource Development Project Competition every year, which provides technical, financial and commercial support to those projects selected. 54 projects were entered to the ninth version of this competition in 2011 and four were selected. 56 initiatives have now been supported by the Foundation with funding of Ch\$ 3.6 billion.

The Foundation also has a Private Venture Capital Fund, which brings together the academic and business worlds by providing capital for technological development projects with strong growth potential. This US\$ 12 million fund is managed by Cruz del Sur Administradora General de Fondos and has the support of the Chilean Economic Development Agency (Corfo). In 2011, the fund supported a new initiative called Scopix, which was created to give the retail industry a hi-tech management

tool to improve store service quality. Atakama Labs, one of the first initiatives supported by the Fund, develops videogames for social networks and was acquired by the Japanese videogame company DeNA.

In 2011, the Foundation announced the launch of a new R&D support line by means of a Counterpart Financing Competition for R&D Projects. This will help to promote, disseminate and encourage all those innovation initiatives, thereby seeking to make Chile a country of entrepreneurs and innovators.

Moreover, in 2011 the Angelini Group and the Catholic University of Chile signed an agreement to create the Anacleto Angelini Center for Technology Innovation, which is open to all companies and undertakings. The Center, which will be on the San Joaquín campus of the Catholic University, aims to encourage meetings and interaction between the academic and business worlds to generate knowledge and applied innovation and thereby meet the country's need of raising the bar on productivity and competitiveness.

In the forestry business, scientific and technological research is carried out by Bioforest, a unique research center of its kind in Chile which has become a strategic player in the development of the forestry industry. This center was established in 1990 to undertake studies to seek procedures that raise the quality, performance and productivity of forest plantations and the wood pulp production process. Its main research areas include genetics, site productivity, phytosanitary protection, wood properties and the biodiversity of native vegetation.

Arauco is also part of the technology consortium Bioenercel S.A., which is a joint venture with CMPC, Masisa, the University of Concepción, the Catholic University of Valparaíso and Fundación Chile. Its aim is to develop technologies to add second generation biofuels to the country's power grid.



## Strengthening **research capacity** to contribute to the growth of the country



In the fuels sectors, Copec is part of the Business Technology Consortium Algae Fuels S.A. with E-CL, the Catholic University of Chile, Rentapack and Bioscan, with the aim of implementing a pilot plant to produce biofuels from microalgae in Mejillones. There is also a pilot plant, inaugurated in 2010 by Copec and Universidad de La Frontera, to produce biodiesel from rape oil in the city of Temuco.

The fishing companies Corpesca and Orizon participate actively in fisheries research undertaken in Chile on how to make marine resources efficient and sustainable by means of their own in-house oceanographic monitoring programs, sampling, biological analyses of catches, and satellite data analysis.

### Overcoming Poverty

Empresas Copec constantly carries out initiatives to help overcome poverty and improve the living standards of the high-risk sectors of the country.

Elemental was established in 2006, a joint initiative of Copec, the Catholic University and a group of professionals, whose aim is to help reduce poverty with architectonic and city planning projects of public interest and a social impact, making a contribution to improving the quality of life of low-income people. In 2011, Elemental received an award in the housing category of the Index Awards 2011 for its housing project in Mexico and was the runner-up in the Holcim Awards 2011 for Latin America for the PRES Constitución project.

Arauco is implementing the Master Plan for the Sustainable Reconstruction of Constitución (PRES). This initiative was developed in 2010 to deliver the reconstruction bases for this city, one of the worst hit by the earthquake and tsunami in February 2010. The University of Talca, Elemental, the International Urban Development and Sustainability Company ARUP, and Fundación Chile participated in this initiative. In 2011, Arauco was awarded the Good Corporate Citizenship Prize by the Chilean-North American Chamber of Commerce (AMCHAM) for this initiative.

### Environment

Sustainable management of natural resources and environmental conservation are an ongoing and long-term policy of Empresas Copec, which goes beyond complying with current legislation. This commitment entails actively collaborating with the national bodies and authorities in charge of regulations on this issue, meeting market requirements, making businesses sustainable, and contributing to conserving ecosystems.

Arauco was one of the first companies in the forestry business to embrace the sustainable development concept by implementing more than two decades ago environmental stewardship systems to manage its plantations and industrial, logistical and commercial operations in Chile, Argentina, Brazil and Uruguay. Moreover, planted forests have ISO 14001, CERTFOR certification, a Chilean standard on sustainable stewardship homologated by the European standard on the Program for the Endorsement of Forest Certification Schemes (PEFC), and since 2009 the company is working to certificate its operations in Chile pursuant to the Forest Stewardship Council (FSC) standard. The company also has a chain-of-custody system in its productive units, which connects final products with their origin and thereby verifies that the supply source is not from protected or uncertified species. Industrial facilities have cutting-edge technology and equipment to reduce the environmental footprint. Wood pulp mills particularly use elemental chlorine-free (ECF) technology in the bleaching process, recognized internationally as being the best in the industry. All the industrial areas also have clean production agreements.

Furthermore, Arauco has seven co-generation plants that generate electricity from the biomass, of which four are registered pursuant to the Clean Development Mechanism. The electricity generated is used by the company to supply its own industrial facilities, and the surplus is injected into the Central Interconnected Grid.



## A permanent and long-term development strategy



This enables Arauco to reduce its emissions and participate in the international market of emission reduction certificates (ERCs). The first issue of these bonds was carried out in 2007, and to date more than 1 million certificates have been issued. In June 2011, Arauco and Denmark-based Nordjysk Elhandel agreed to market 100,000 carbon bonds.

Furthermore, in 2008 Arauco developed the carbon footprint measurement project to measure greenhouse gas emissions of CO<sub>2</sub> equivalent that are directly or indirectly generated by its productive operations. This measurement revealed that Arauco captures many more greenhouse gases than those emitted by its processes. Fundación Chile and the US consultant company AECOM Environment advise the company for this study, which is based on international protocols guaranteeing its integrity and rigorosity.

Arauco also manages a network of parks from the Maule to Los Ríos regions, along with 411,000 hectares of native forest in Chile, Argentina, Brazil and Uruguay. The company has also signed native forest non-substitution agreements, carries out surveys of native trees and undertakes programs to protect, conserve and restore ecosystems.

In the fuels business, Copec has a specialized area in charge of developing and promoting a health, safety and environmental policy, which involves employees, contractors, customers and suppliers. The company makes stringent controls of the effluent and waste disposal, fuel transport and other processes, complying with the regulations established. Regarding this, Copec carried out the *Via Limpia* (Clean Way) project, aimed at resolving customer difficulty with managing used oil and removal of waste containing hydrocarbons. The *Renova Copec* project should also be mentioned, which uses renewable energies at its service stations.

Abastible has strict standards on emissions and management of hazardous industrial waste, which guarantee that all its

productive plants and distribution centers comply with current regulations. This includes environmental follow-up and control programs of fixed sources and at the San Vicente terminal. The company has also incorporated applications to complement the use of liquefied petroleum gas with renewable energies, like solar energy.

Since 2008, Metrogas has been using biogas from the La Farfana wastewater treatment plant of Aguas Andinas to produce city gas, thereby reducing the emissions of greenhouse gases and other contaminants. In 2011, Metrogas carried out a process to measure and verify its carbon footprint, becoming one of the first service companies in Latin America with this measurement. Furthermore, as of June the company started to drive the "Green Tariff" system, which enables customers to pay a small surcharge for each cubic meter of natural gas they use and thereby neutralize CO<sub>2</sub> emissions from consumption.

In the fishing business, Corpesca has environmental monitoring programs of the marine ecosystem and systems to control that its processes generate the least environmental impact possible. Orizon takes care that all its operations comply with the requirements laid down in Supreme Decree N°90, which regulates liquid industrial waste emissions.

Golden Omega, a partnership between Orizon and Corpesca, will start to generate biodiesel from the Omega-3 concentrate production process, which will mainly go to the mining industry as it is a renewable fuel with a neutral carbon footprint.

In the mining area, Mina Invierno has put state-of-the-art technologies in place to protect the environment and minimize particulate matter emissions at its facilities, in exploration campaigns and future productive operations. In addition, the company is developing a forestry, livestock and grazing project on the land around the mine to show that the traditional activity in the area and coal mining can be undertaken simultaneously. The investment considers the restoration of the disturbed





## A solid commitment to **the community and the environment**

areas, reforestation plans and construction of greenhouses. The grazing project envisages the introduction of sheep and cattle and transfer of knowledge on livestock innovation and pasture stewardship practices.

Compañía Minera Can-Can applies strict control systems to minimize emissions and assure the correct final disposal of waste. The aim of this is to guarantee appropriate environmental conservation.

In the electric area, Guacolda Energía has made large investment in all its power generating plants, adding systems to reduce emissions of nitrogen oxide, sulfur dioxide and particulate matter, and thereby minimize the environmental risks of its operations and comply with current legislation.



## A Group of companies related to the country's economic history



### CONSOLIDATED FINANCIAL RESULTS

Empresas Copec had consolidated net income, net of minority participation, of US\$ 933 million in 2011, which was 8% down on that for the year ended December 2010. This difference is largely explained by the lower operating revenue of the forestry business, which was hit by lower wood pulp prices in the second half of the year and higher costs of production, transportation and insurance.

#### Gross Margin

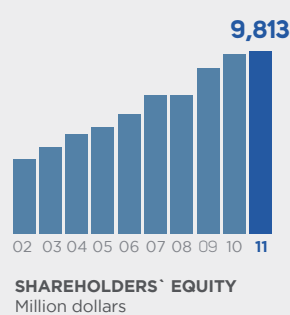
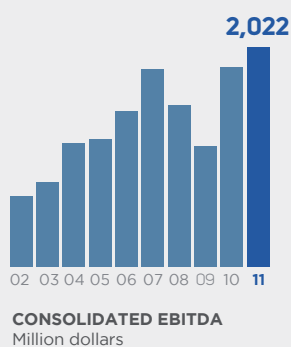
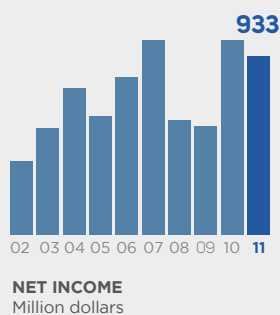
The Company's gross margin rose 20.4% on 2010 and amounted to US\$ 2.827 billion. This increase was due to higher revenue of US\$ 21.125 billion, partially offset by increased sales costs of US\$ 8.496 billion.

The increase in the Company's gross margin was essentially due to the better performance of the fuels business as a result of the greater sales volume of the affiliates Copec and Abastible, and in part to the consolidation, as of this year, of the Colombian companies Terpel and Inversiones del Nordeste.

In summary, the gross margin in 2011 mainly came from the affiliates Celulosa Arauco y Constitución S.A. accounting for US\$ 1.466 billion; Compañía de Petróleos de Chile Copec S.A. accounting for US\$ 1.065 billion; Abastecedora de Combustibles S.A. for US\$ 208 million; Sonacol S.A. for US\$ 54 million; and Igemar for US\$ 35 million.

#### Other Income

Non-operating income increased in the other revenues account, mainly because of insurance indemnities received in the fourth quarter for the earthquake and tsunami in 2010. The latter was partly offset by increased financial costs arising from the consolidation of Terpel and higher debt.





## RESULTS OF THE MAIN AFFILIATES AND RELATED COMPANIES

### FORESTRY BUSINESS

#### Celulosa Arauco y Constitución

Celulosa Arauco y Constitución had net income of US\$ 613 million in 2011 that was down on the US\$ 695 million the previous year. That difference is essentially explained by a US\$ 188 million decrease in operating income amounting to US\$ 599 million, partially offset by non-operating increasing US\$ 62 million in non-operating income due to higher other revenue from insurance indemnities received, related to the earthquake and tsunami in 2010.

In operating terms, there were higher earnings across all the business lines. Wood pulp sales rose 15.8%, arising from a sales volume increase of 18.4%, partly offset by sales prices dipping 2.2%. The higher sales volumes were due to the normal operation of all wood pulp mills, unlike the previous year when operations were stopped due to the damage caused by the earthquake in February 2010, and Line II of the Arauco wood pulp mill was the last to start a trial run January 2011.

Panel revenues rose 17%, due to volume and prices increasing 7.4% and 9%, respectively. Sawn lumber revenues were up 18.4%, because volume and prices increased 5.4% and 12.3%, respectively.

Lastly, there was an increase in sales and administration expenses due to greater transport and insurance expenses.

#### Forestal Arauco

Forestal Arauco had net income of US\$ 47 million in 2011, which was an increase on the US\$ 24 million of the previous year and was essentially due to higher revenue.



#### Arauco Internacional

The affiliate Arauco Internacional, which includes Arauco's investments abroad, had net income of US\$ 24 million in 2011, which was down on the US\$ 78 million in 2010, mainly due to higher sales and administration expenses.

The affiliate Alto Paraná S.A. in Argentina had lower income than in 2010, explained by a lower gross margin due to higher sales costs. Physical wood pulp sales were 299,000 tons, down on the 334,000 tons sold in 2010.

#### Aserraderos Arauco

Aserraderos Arauco had net income of US\$ 59 million, which was down on the US\$ 69 million of the previous year. That decrease is mainly explained by costs rising 16.1%. On the other hand, income was up 18.4%, because of higher prices and volumes of 16.3% and 8.2%, respectively.

In 2011, the slowdown of the US real estate and construction market continued to hit sawn lumber demand. Furthermore, in the last quarter of the year demand continued to drop, leading to lower prices and sales volumes in China, Korea, Japan and Taiwan.

#### Paneles Arauco

The net income of Paneles Arauco was 36% down amounting to US\$ 51 million. This decrease was mainly due to a lower gross margin because of increased sales costs.

Earnings were up 17% because of prices and volume increasing 9% and 7.4%, respectively, mainly because of greater demand from markets in Asia and Europe.



## FUELS BUSINESS

### Copec

The affiliate Compañía de Petróleos de Chile Copec had net income of Ch\$ 95.413 billion in 2011, which was a decrease on the Ch\$ 105.958 billion in 2010. Operating income surged 54.7% due to the consolidation of operations in Colombia, which was partly offset by the amortization of intangibles arising from the acquisition of Terpel. Non-operating income dropped because of higher financial costs and income tax, both related to the Colombian operations.

Physical fuel sales amounted to 9.2 million m<sup>3</sup>, which was a 0.7% year-on-year increase. That was due to 5.4% growth of the service station network, to a more dynamic economy, a 2.4% decrease in the industrial channel, to lower sales to electric power generating companies and greater competition in the segment. As a result, market share dropped from 60.4% to 58.8%.

### Sonacol

In accumulated terms, Sonacol had net income of Ch\$ 18.149 billion, which was Ch\$ 647 million up on the previous year. That increase was mainly due to higher operating income because of a slight year-on-year increase in the volume pipelined.

### Abastible

Abastible had net income of Ch\$ 30.207 billion in 2011, which was a decrease of 2.6%. Operating income was up 15.4% because of higher sales in Chile and the consolidation of the new affiliate Inversiones del Nordeste S.A. Non-operating income dropped to Ch\$ 2.372 billion, mainly on account of increased financial costs. This was in addition to an income tax increase related to the operations in Colombia.



The company had physical sales of 395,000 tons of liquefied petroleum gas in the year, which was 1.9% up on 2010 giving it a market share of 34.9%. Bulk fuel sales increased because of a more dynamic economy and higher sales to industrial customers.

### Metrogas

Metrogas had net income of Ch\$ 55.182 billion in 2011, which was up on the Ch\$ 35.647 billion in 2010. In operating terms, physical sales rose 5.8%, mainly related to the greater LNG supply arising from the start-up of the terminal at Quintero, which has increased supply to industrial customers. Non-operating income had a lower loss of Ch\$ 5.285 billion, largely explained by higher income from earnings of related companies and joint ventures due to the stake in LNG Quintero.





## FISHING BUSINESS

### Pesquera Iquique-Guanaye

Igemar had net income of US\$ 1.9 million in 2011 against a loss of US\$ 5.1 million in 2010, due to higher non-operating income of US\$ 6.7 million on account of increased income in related companies of Corpesca.

It had an operating income loss of US\$ 9.1 million, which was a US\$ 6.5 million year-on-year decrease due to higher costs and a lower exchange rate. Physical fishmeal sales were 149.7% up on the previous year amounting to 61,700 tons. Physical fish oil sales surged 98.9% on last year amounting to 15,600 tons and 2.2 million boxes of canned seafood were sold, 462.3% up on the previous year. Frozen seafood sales were 375.1% up on the previous year and amounted to 32,200 tons, 375.1% more than in 2010. Processed fish amounted to 376,000 tons, which was an increase of 122.2%.

Fishmeal and fish oil prices surged 16% and 30%, respectively. Canned and frozen seafood prices rose 27% and 62%, respectively. In addition, there was an increase in costs and fuel consumption.

### Corpesca

The company's accumulated income for the year ended December 2011 amounted to US\$ 26.5 million and was up on the US\$ 21.4 million in the previous year. It had an operating income increase of US\$ 5.2 million, as a result of fishmeal and fish oil sales volumes increasing 53.3%, and 7%, respectively, and a 56.9% increase in the average price of fish oil. That was partly offset by a 12.7% drop in the fishmeal price. In non-operating terms, other expenses rose US\$ 7 million, related to provisions for idle assets.



## OTHER INVESTMENTS

### Guacolda

Guacolda had net income of US\$ 62.2 million, which was down on the US\$ 84.7 million in 2010. The gross margin was US\$ 129.5 million, which was US\$ 21.2 million down on that in the previous year, due to lower sales in the spot market and the downtime of Unit 2 for scheduled maintenance.

Energy sales increased 8.2% due to Unit 4 coming on stream as of March 2010.



## Adding value to resources



### BALANCE SHEET

#### Assets

Consolidated current assets fell 3.6% for the year ended December 31, 2011, on those in the same period in 2010. This difference was principally driven by a drop in cash and cash equivalents, mainly arising from investments in the forestry, fuel and other investments areas and from dividends paid in the year. That was partially offset by an increase in inventories of the affiliate Copec and by trade receivables in the forestry and fuels businesses.

Non-current assets were up 6.3% for the year ended December 31, 2011, against those in 2010, due to larger investments recorded in the accounts using the equity method, intangible assets, and property, plant and equipment, all associated with the investments made.

#### Liabilities

Current liabilities were up 5.6%, because of an increase in accounts payable, largely related to the working capital of the fuels business. Non-current liabilities rose 8% on the previous year, due to the higher debt of the affiliate Copec.

#### Shareholders' Equity

The Company's shareholders' equity had a 0.9% year-on-year increase, due to higher withheld profits in the year.

In regard to dividends, the Company paid out a dividend of US\$ 0.202360 per share in May 2011, charged to the income of the previous year. The Company also distributed an interim dividend of US\$ 0.110189 per share in December, charged to the net income in 2011.

Lastly, the book value of the stock of Empresas Copec amounted to US\$ 7,549 for the year ended December 31, 2011, and earnings per share were US\$ 0.72.



## INCOME STATEMENTS

Thousand dollars

	2011	2010
Revenue	21,124,578	12,149,778
Cost of Sales	(18,297,232)	(9,800,751)
<b>Gross Profit</b>	<b>2,827,346</b>	<b>2,349,027</b>
Administrative and selling expenses	(1,724,204)	(1,203,271)
Investment in related companies and joint ventures	64,740	67,223
Financial expenses	(303,571)	(242,430)
Foreign exchange differences	(31,964)	(5,368)
Others	411,534	314,894
<b>Profit before taxes</b>	<b>1,243,881</b>	<b>1,280,075</b>
Income taxes	(249,111)	(244,741)
<b>Profit</b>	<b>994,770</b>	<b>1,035,334</b>
Profit attributable to equity holders of the company	932,725	1,013,789
Profit attributable to minority interests	62,045	21,545
<b>Profit</b>	<b>994,770</b>	<b>1,035,334</b>

## BALANCE SHEET

Thousand dollars

	2011	2010
Total assets	20,094,878	19,449,798
Liabilities	9,295,828	8,660,618
Minority interest	985,960	1,065,523
Shareholders' equity	9,813,090	9,723,657

## PROFIT PER BUSINESS SECTOR

Thousand dollars

	2011	2010
Forestry	612,553	694,750
Fuels	300,700	303,856
Fishing	1,900	(5,114)
Other investments	17,572	20,297
<b>Profit</b>	<b>932,725</b>	<b>1,013,789</b>



## INCOME OF MAIN AFFILIATES AND RELATED COMPANIES

	Direct Shareholding	2011	2010
<b>Forestry</b> (million dollars)			
Celulosa Arauco	99.978%	612.6	694.8
Forestal Arauco	0.075%	46.5	24.2
Arauco Internacional		23.8	77.9
Aserraderos Arauco		58.8	69.2
Paneles Arauco		51.4	80.3
<b>Fuels</b> (million chilean pesos)			
Compañía de Petróleos de Chile Copec	99.999%	95,413	105,958
Abastible	99.048%	30,207	31,017
Sonacol*	52.686%	18,149	17,502
Metrogas	39.830%	55,182	35,647
<b>Fishing</b> (million dollars)			
Igemar**	81.933%	1.9	(5.1)
Corpesca		26.5	21.4
Orizon		(10.9)	(13.0)
<b>Other Investments</b> (million dollars)			
Guacolda	25.000%	62.2	84.7
Camino Nevado	100.000%	1.0	0.0
Can-Can**		3.0	(0.8)
Laguna Blanca		(2.7)	(0.0)

\* Represents ownership percentage held through Copec and Abastible.

\*\* Includes ownership percentage held through Sercom.





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## Arauco was awarded the "2011 Sofopa-Capital Social Responsibility Prize"

### ARAUCO

Empresas Copec has operated in the forestry business since the 1970s when it acquired Celulosa Arauco S.A. and Celulosa Constitución S.A. In 1979, these two companies were merged into Celulosa Arauco y Constitución S.A., the parent company of the group of forestry, industrial and commercial companies it has in this sector.

The company has a business strategy of leveraging the value of its plantations and attaining material cost advantages. All this is underpinned by a careful investment plan, use of state-of-the-art forestry stewardship techniques and the constant expansion of its product lines. In addition, the company operations are integrated to its productive chain, and it has an efficient production system and a commercial structure able to timely analyze demand and quickly detect customer needs. This has enabled Arauco to adapt its product mix to market conditions, make the best investment decisions and reduce the impact of wood and energy cost fluctuations. On the other hand, product and export market diversification have been a key factor in re-routing production according to changing conditions and reducing exposure to a specific market.

The company's main competitive advantages include the fast growth and short harvesting cycle of its forests, unique soil and weather conditions favor the cultivation of pine and eucalyptus trees, the use of state-of-the-art forest stewardship techniques, scale economies, the quality of its facilities and closeness to shipping ports.

The company has 1.7 million hectares in Chile, Argentina, Brazil and Uruguay. In the former two countries, Arauco has six wood pulp mills with a production capacity of 3.2 million tons a year and nine sawmills with a production capacity of 2.8 million m<sup>3</sup> of wood a year. It also has seven panel mills in Chile, Argentina and Brazil with a total production capacity of 2.9 million m<sup>3</sup> a year.



Arauco is currently one of the largest forestry companies in Latin America in terms of the surface area and performance of its plantations. It is also a leading producer of market kraft pulp, sawn lumber and panels.

In 2011, Arauco's total production amounted to 2.8 million tons of wood pulp, 2.5 million m<sup>3</sup> of sawn lumber and 3 million m<sup>3</sup> of panels. Sales were US\$ 4.374 billion, of which wood pulp accounted for 47.4%, sawn lumber for 16.1%, panels for 30.2% and other products for 6.3%. 89.4% of the total sales were exported to over 70 countries worldwide through the ports of Coronel, Lirquén and San Vicente. These all have cutting-edge infrastructure and hi-tech equipment, and the company has a 50% and 20% stake, respectively, of the former two ports.

In regard to investments, the company resumed operations of Line II of Arauco's wood pulp mill after shutting it down due to the serious damage caused by the earthquake in February 2010. Arauco also made progress with the construction of the medium density particleboard (MDP) mill at Teno, which will have a MDP production capacity of 300,000 m<sup>3</sup> a year and 240,000 m<sup>3</sup> of melamine. This project, which will entail an investment of around US\$ 130 million, will come on stream in the first half of



## Incorporation to the Santiago Climate Exchange



2012 and will supply the domestic market and countries on the Pacific coast like Peru, Ecuador and Colombia.

In the international area, Montes del Plata, a joint venture between the affiliate Arauco and the Swedish-Finnish company Stora Enso, started the construction of a wood pulp mill in Uruguay with a production capacity of 1.3 million tons a year, a port and a biomass-fired power generating plant. This project will entail a total investment of over US\$ 2 billion, and is scheduled to start up in the first half of 2013.

The company, jointly with the forestry company Klabin, acquired 100% of Florestal Vale do Corisco Ltda. in Brazil. The investment amounted to US\$ 473 million and includes 107,000 hectares in the State of Paraná, of which 63,000 hectares are planted. The affiliate Arauco Forest Brasil will own 49% of the assets and Klabin the remaining 51%. In addition, work continued with the Jaguariá mill to build a second MDF panel line with a production capacity of 500,000 m<sup>3</sup> a year. This operation will come on stream in the second quarter of 2012 and will increase Arauco's presence in the Brazilian market.

Moreover, Arauco acquired an industrial plant at Moncure in the United States, gaining an MDF line with a production capacity of 330,000 m<sup>3</sup> a year, a particleboard mill with a production capacity of 270,000 m<sup>3</sup> a year, and two melamine lines. This entailed an investment of around US\$ 62 million and gives the company large growth possibilities in North America.

On the other hand, Arauco continued to develop projects that assure environmental conservation and employee safety. Its facilities in Chile therefore have environmental certification pursuant to the International Standardization Organization (ISO) 14001 standard, sustainable forest management (CERTFOR) certification, which is a Chilean standard endorsed by the European Program for the Endorsement of Forest Certification (PEFC), chain-of-custody,

occupational health and safety certification pursuant to the Occupational Health and Safety Advisory Services (OHSAS) 18001 standard and ISO 9001 certification, and it has been working since 2009 to certify its forestry management pursuant to the Forest Stewardship Council (FSC) standard. Facilities in Argentina have ISO 14001, OHSAS 18001, ISO 9001 and FSC certification for some forest land and FSC controlled wood for the forest division Misiones. In Brazil, the company has chain-of-custody, ISO 14001, OHSAS 18001, ISO 9001, FSC and CERTFOR certification. Likewise, all the business areas operate in accordance with clean production agreements in Chile.

Furthermore, Arauco helps to control global warming by providing its own electricity to operations. It has seven biomass-fired electric power generating plants for this and two diesel backup generators in Chile, which have an installed capacity of 565 MW and they generate a surplus of 195 MW, which is injected into the Central Interconnected Grid (SIC). In Argentina, it has two electric power generating plants with a total installed capacity of 78 MW. It should be highlighted that in 2011 the company commissioned the 31 MW thermal plant at Complejo Forestal e Industrial Horcones, and made progress with the construction of the Viñales thermal plant, which will provide 41 MW in early 2012.

In June, Arauco and Denmark-based Nordjysk Elhandel signed an agreement to market 100,000 emission reduction certificates, equivalent to the same number of tons of CO<sub>2</sub> abated. This agreement is in addition to the 1,070,787 certificates sold in the last five years. Arauco also joined the Santiago Climate Exchange (SCX), created by Fundación Chile and Celfin Capital to help reduce the CO<sub>2</sub> emissions.

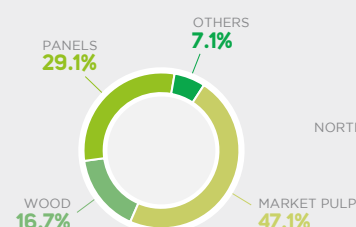
At the same time, Arauco was awarded the 2011 Sofofa-Capital Social Responsibility Prize, in the Large Company category, by the Federation of Chilean Industry (SOFOFA) and *Capital* magazine for its comprehensive and ongoing commitments



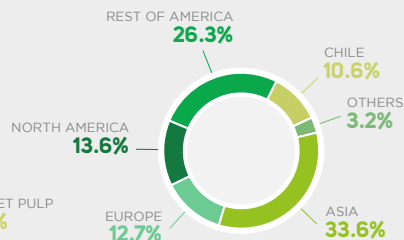


to social responsibility, and its sound business track record and good labor relations. Arauco was also awarded the Good Corporate Citizenship Prize 2011, in the large prize category, by the Chilean-North American Chamber of Commerce (AMCHAM) for implementing the Sustainable Reconstruction Plan (PRES) for the city of Constitución.

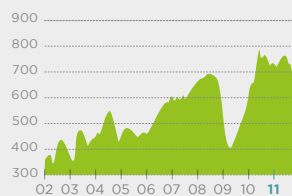
In the next few years, Arauco will work on consolidating its presence in the region and in North America, maintaining the characteristic excellence of its business operations and thereby continue to be a major player in the forestry industry and a global benchmark on the sustainable development of forest products.



**ARAUCO'S SALES PER PRODUCT**  
Total: 4,374 million dollars



**ARAUCO'S SALES PER MARKET**  
Total: 4,374 million dollars



**MARKET PULP PRICE**  
US\$/ton  
Source: Central Bank of Chile



## Acquisition of **107,000 hectares** of lands in Brazil

### FORESTAL ARAUCO

Forestal Arauco S.A. was established in 1989 as the parent company of Arauco's forestry affiliates to coordinate operations and define the development policies in this area.

Arauco currently has 743,000 hectares of plantations in Chile, 127,000 hectares in Argentina, 109,000 hectares in Brazil and 76,000 hectares in Uruguay, becoming one of the most extensive forestry landholdings in South America.

Its forestry landholdings in Chile amount to 611,000 hectares of radiata pine plantations, 129,000 hectares of eucalyptus, 3,000 hectares planted with other species, 201,000 hectares of native forest and 167,000 hectares allocated for forestation and other uses. Arauco's plantations in Argentina, Brazil and Uruguay amount to 176,000 hectares of taeda and elliotti pine, 93,000 hectares of eucalyptus, 12,000 hectares of other species, 189,000 hectares of native forest and 93,000 hectares earmarked for forestation and other uses.

Arauco's forest equity is the basis of the competitiveness of all its business areas. The company therefore takes particular care that its plantations are managed in accordance with stringent environmental standards and operations are certified pursuant to the ISO 14001 standard, the Chilean Sustainable Forest Management (CERTFOR) standard, and it has been working since 2009 to certify its forestry management pursuant to the Forest Stewardship Council (FSC) standard.

The company's main competitive advantage worldwide is the optimal use of forest resources, the rapid natural forest growth rate, biotechnological advances and the technical skill of its personnel. All these factors have helped Arauco to become one of the foremost producers of logs for pulp, sawmilling and panels in the Southern Hemisphere.

The company manages a network of parks and protected areas from the Maule to Los Ríos regions, where it promotes tourism and environmental education. It also has native forest



non-substitution agreements, and undertakes programs to protect and conserve the biodiversity.

This is in addition to the forest research work undertaken by Bioforest. This affiliate, established in 1990, develops advanced research projects in the biotechnology, genetics, phytosanitary protection, agricultural and livestock areas and studies on the properties and characteristics of different types of wood to learn more about the forestry resource for its suitable conservation and optimal use.

In the productive area, Arauco deploys a log merchandising system to optimize the use of the forestry resource. This process entails a real-time study of each log's characteristics to define the most efficient cuts required to maximize economic value. The cut logs are selected and distributed to the wood pulp and panel mills, remanufacturing facilities or sawmills. Wood by-products like bark, trimmings and sawdust are used as fuel to generate biomass-fired electricity or as other forestry products.

In 2011, the company planted 76,000 hectares and harvested 49,000 hectares; the total forestry production amounted to 19.6 million m<sup>3</sup> of logs and chips, and 8.1 million m<sup>3</sup> of logs and chips were purchased from third parties and industrial facilities of the same company. 23.1 million m<sup>3</sup> of the total available were

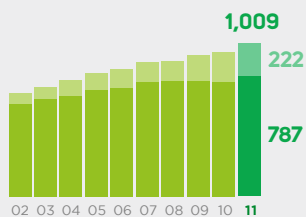




## Arauco and Klabin acquired 100% of Florestal Vale do Corisco

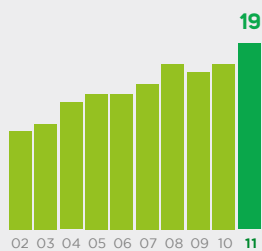
allocated to Arauco's wood pulp mills, panel mills and sawmills, and 2.9 million m<sup>3</sup> were sold to third parties.

Regarding investments, Arauco and Kablin S.A., a leading forestry company in Brazil, acquired 100% of Florestal Vale do Corisco Ltda. Arauco will own 49% of the Brazilian company and Klabin the remaining 51%. This operation entailed an investment of US\$ 473.5 million and includes 107,000 hectares of lands in the State of Paraná, of which 63,000 hectares are planted.



**FOREST PLANTATION INVENTORY**  
Thousand hectares

■ Pine ■ Eucalyptus



**LOGS HARVESTED**  
Million cubic meters



## Line II of Arauco's mill started a trial run in February

### CELULOSA ARAUCO

Celulosa Arauco y Constitución S.A. was established in 1976 from the merger of Celulosa Arauco S.A. and Celulosa Constitución S.A. The company is currently the leading non-mining exporter in Chile and one of the largest wood pulp producers in the world.

The wood pulp produced by Arauco is renowned by international markets for its quality and wide variety of uses and is made with raw material from own and third-party plantations. To produce it, radiata pine (long fiber) and eucalyptus (short fiber) are used in Chile and taeda pine (long fiber) in Argentina. The company produces three types of wood pulp depending on the raw material and process used: bleached or kraft pulp is used to make printing and writing paper, toilet paper, and industrial and wrapping paper; raw or unbleached pulp is used to make packaging paper, cardboard and fiber cement products; and fluff pulp, manufactured at the Alto Paraná (Argentina) mill, is mainly used to make absorbent products.

Arauco's competitors are Canada, the United States, Sweden and Finland in the long-fiber wood pulp market, and Brazil and Indonesia in the short-fiber wood pulp market. Arauco accounts for 6.3% of the worldwide sales of bleached pine wood pulp, 3.6% of the bleached eucalyptus wood pulp sales and 14.4% of the raw wood pulp sales.

The company has five wood pulp mills in Chile (Arauco, Constitución, Licancel, Nueva Aldea and Valdivia,) and one in Argentina (Alto Paraná). These industrial facilities have a production capacity of 3.2 million tons a year, which is mainly exported, with Asia and Europe being the main export markets.

All Arauco's mills have environmental certification and comply with the standards of national and international regulations. Moreover, they use elemental chlorine-free (ECF) technology, renowned internationally as the most modern in the industry, to produce bleached wood pulp.





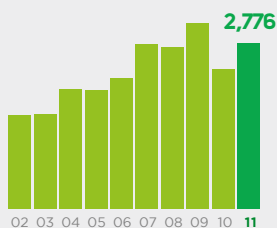
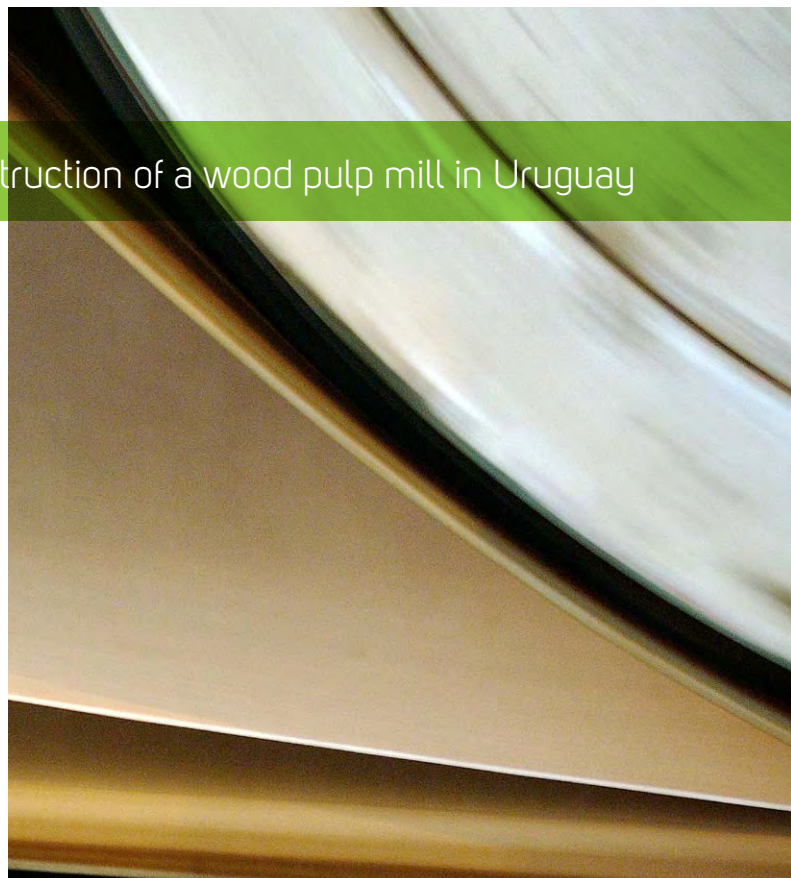


## Montes del Plata started the construction of a wood pulp mill in Uruguay

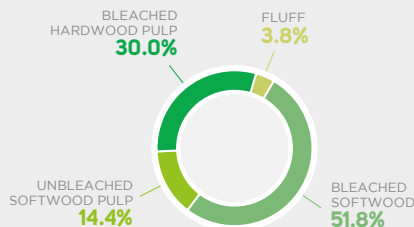
There was strong demand for wood pulp in virtually all regions in the first few months of 2011. This situation started to change as of the second quarter, mainly in Europe, the United States and China, due to the global financial uncertainty. In this scenario, the company's wood pulp output was 2.8 million tons.

Line II of Arauco's mill, with a production capacity of 500,000 tons a year, started a trial run in February 2011, after being compelled to stop operations due to the damage caused by the earthquake on February 27, 2010. This line was the company's only industrial unit that still had not returned to normal operations.

Montes del Plata, a joint and equal partnership between the affiliate Arauco and the Swedish-Finnish company Stora Enso, started the construction of a wood pulp mill in Uruguay with a production capacity of 1.3 million tons a year, a port and a biomass-fired power generating plant. This project will entail a total investment of over US\$ 2 billion and is scheduled to come on stream in the first half of 2013.



**MARKET PULP SALES**  
Thousand tons



**MARKET PULP PRODUCTION**  
Total: 2.8 million tons



## The construction of the **thermal power plant at Viñales** is completed



### ASERRADEROS ARAUCO

Aserraderos Arauco S.A. was established in 1993 to manage Arauco's sawmills and remanufacturing facilities and market its products. It is currently Chile's leading sawn lumber exporter and the company with the highest production capacity in the Southern Hemisphere.

The company has eight operative sawmills and four remanufacturing facilities in Chile, and one operative sawmill and one remanufacturing facility in Argentina. These facilities have a total sawmilling output capacity of 2.8 million m<sup>3</sup> a year, 2.3 million m<sup>3</sup> of dried lumber and 463,000 m<sup>3</sup> of remanufactured products.

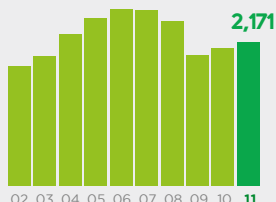
All these facilities have national and international environmental, quality assurance, and occupational health and safety certification.

The products manufactured by Arauco are mainly processed wood for packaging and pallets, and solid wood for the construction, furniture making and design industries. The company also produces moldings, edge-glued panels and laminated products, besides other intermediate supplies and products used in the furniture making and construction industries.

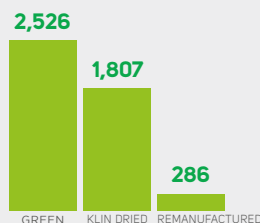
Approximately 87% of these products are sold in international markets, particularly North America and Asia. The company thereby delivers on its strategy of adding value to its forest products and meeting every demanding market requirements timely, efficiently and innovatively.

In the first half of 2011, there was a recovery of the sales price and volume of the sawn lumber business in most markets, particularly Asia. However, in the last quarter of the year financial uncertainty in Europe and a build-up of wood inventories in China slowed down the demand for these products, reducing the sales price. In this context, the company's total sawn lumber output was 2.5 million m<sup>3</sup>, 1.1% up on the previous year.

At the same time, Arauco completed the construction of the thermal power plant at Viñales with a 41 MW power rating. This plant, which will generate biomass-fired electricity and steam, will supply the entire Viñales complex and inject 30 MW into the Central Interconnected Grid (SIC). The works to modernize the El Colorado sawmill were also completed, which entailed an investment of US\$ 19.1 million.



**SAWN TIMBER SALES**  
Thousand cubic meters



**SAWN TIMBER PRODUCTION**  
Thousand cubic meters



## Arauco acquired a panel plant in USA in US\$ 62 million

### PANELES ARAUCO

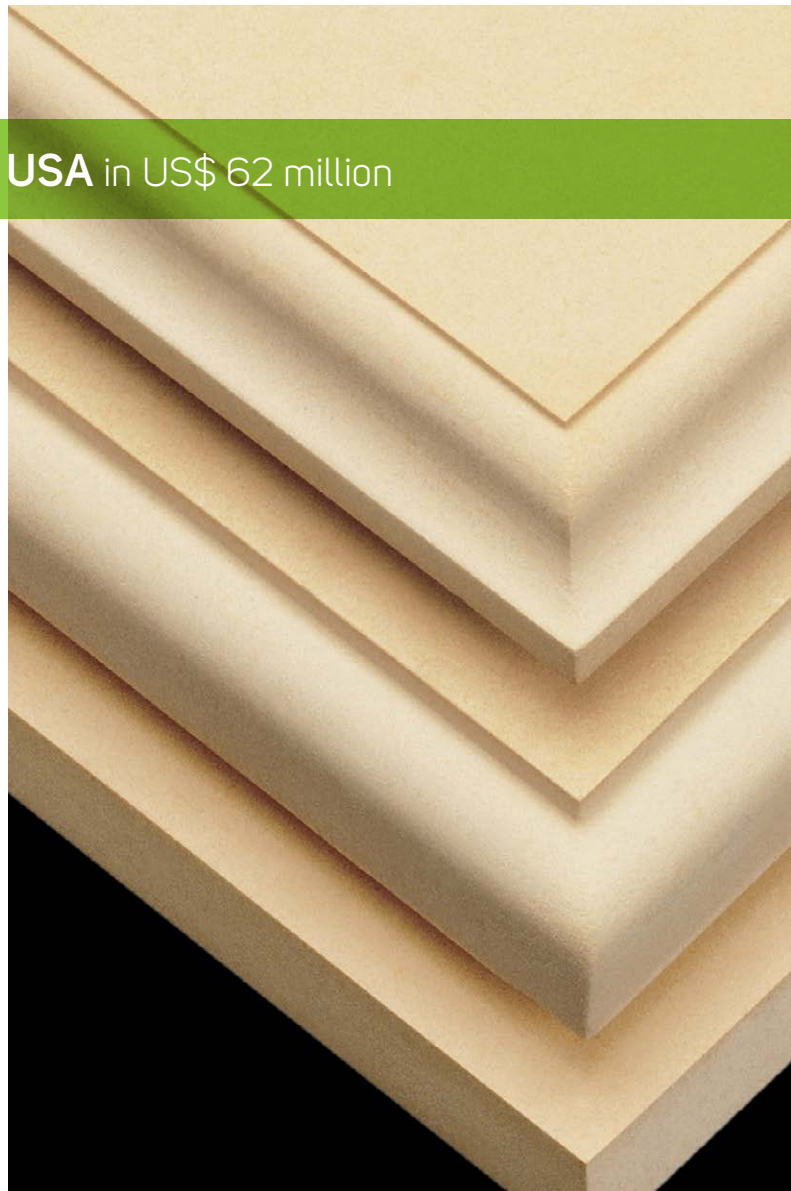
Paneles Arauco S.A. was established in 1995 to make better use of the wood produced in Arauco's forests and diversify the forest product offering.

The company currently produces AraucoPly-branded plywood panels to make decorative linings and bodywork; Trupán-branded medium density fiberboard (MDF), used to make moldings, flooring and furniture; Cholguán-branded hardboard (HB), which is used in furniture making and house construction; and Faplac-branded particleboard, which is used in applications that require corrosion resistance. The quality and variety of these products, and the efficient marketing and distribution strategy, enabling the company to timely and constantly meet customer demand, have made Arauco a leading producer in Latin America and one of the top ten panel producers in the world.

The company has three panel mills in Chile, where plywood panels, MDF and HB are made, with a total production capacity of 1.4 million m<sup>3</sup> a year. It also has two mills in Argentina and two in Brazil where plywood panels and MDF are made, with a total annual production capacity of 1 million m<sup>3</sup> and 530,000 m<sup>3</sup>, respectively. These facilities have a total production capacity of 2.9 million m<sup>3</sup> a year.

In 2011, the company's total production was 1% up on the previous year, mainly explained by higher sales in markets in North America, Europe, Asia and Oceania. MDF production was 1.1% up on that in 2010 and amounted to 1.5 million m<sup>3</sup>, particleboard output was 11.7% up on 2010 amounting to 760,000 m<sup>3</sup>, plywood production was 8.7% down on 2010 amounting to 670,000 m<sup>3</sup>, and HB panel production was 6.3% down on the previous year amounting to 53,000 m<sup>3</sup>.

At the same time, the company made progress with the construction of a medium density particleboard (MDP) mill at Teno, with an MDP production capacity of 300,000 m<sup>3</sup> a year and 240,000 m<sup>3</sup> of melamine. This project, which will entail an



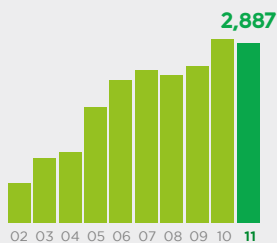


## Construction of a MDP mill at Teno progresses

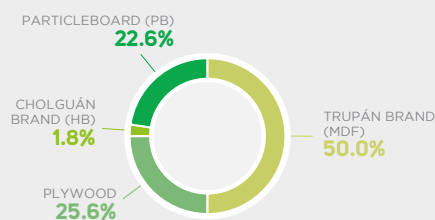
investment of around US\$ 130 million, will start up in the first half of 2012 and will supply domestic markets and countries on the Pacific coast like Peru, Ecuador and Colombia.

In addition, work continued to build a second MDF line at Jaguarialva in Brazil, which will have a production capacity of 500,000 m<sup>3</sup> a year. Operations will start up in the second quarter of 2012 and will expand Arauco's presence in the Brazilian market.

In December 2011, Arauco acquired an industrial plant at Moncure in the United States, gaining an MDF line with a production capacity of 330,000 m<sup>3</sup> a year, a particleboard mill with a production capacity of 270,000 m<sup>3</sup> a year, and two melamine lines. This entailed an investment of around US\$ 62 million and will give the company large growth possibilities in North America.



**PANEL SALES**  
Thousand cubic meters



**PANEL PRODUCTION**  
Total: 3.0 million cubic meters





## Montes del Plata will demand a total investment of over US\$ 2 billion

### ARAUCO INTERNACIONAL

Arauco launched its overseas expansion process in 1996 by acquiring the Argentine company Alto Paraná S.A. In 2005, it ventured into the Brazilian market by acquiring 100% of Placas do Paraná S.A. and 50% of Dynea Brasil S.A.

In 2007, Arauco signed an important agreement with the Swedish-Finnish consortium Stora Enso, one of the foremost producers of paper, packaging and processed wood. This partnership enabled the company to acquire 80% of Stora Enso Arapoti Empreendimentos Agrícolas S.A., 20% of Stora Enso Arapoti Indústria de Papel S.A. and 100% of Stora Enso Arapoti Serraria S.A.

Later in 2009, Arauco purchased 100% of Tafisa Brasil S.A. and stepped up its presence in the market in Uruguay by entering into a new partnership with Stora Enso to jointly purchase an equal share of 100% of the assets of the business group Ence S.A., also providing the forest lands both companies had in that country.

Arauco currently has 127,000 hectares of plantations in Argentina, 78,000 hectares in Brazil and 76,000 hectares in Uruguay. In regard to industrial assets, in Argentina it has a sawmill with a production capacity of 320,000 m<sup>3</sup> of sawn lumber a year, a remanufacturing facility with a capacity of 65,000 m<sup>3</sup> a year, an MDF panel mill that can produce 300,000 m<sup>3</sup> a year, a particleboard mill with a capacity of 260,000 m<sup>3</sup> a year, a resin plant, and a bleached and fluff wood pulp mill with a total production capacity of 350,000 tons per annum.

In Brazil it has two MDF panel mills with a production capacity of 715,000 m<sup>3</sup> a year, a particleboard mill with a production capacity of 270,000 m<sup>3</sup> a year, a resin plant, and 20% of a paper mill with a production capacity of 250,000 tons a year.

The company also has commercial offices in Argentina, Australia, Brazil, Canada, China, Colombia, the United States, Holland, Japan, Mexico and Peru to assure its customers a



close and personalized service. Products are exported to over 70 countries worldwide through the ports of Coronel, Lirquén and San Vicente. It should be highlighted that Arauco has a 50% and 20% stake, respectively, of the former two ports.

In 2011, the company started the construction of the second line of MDF panels at the Jaguariaíva mill in Brazil. This will increase the mill's output capacity in 500,000 m<sup>3</sup> a year.

Montes del Plata, a company controlled equally by Arauco and Stora Enso and which holds all the assets of both companies in Uruguay, started to build a wood pulp mill, which will have a production capacity of 1.3 million tons of wood pulp a year, a port and a renewable resource-fired power generating plant in that country. The investment will exceed US\$ 2 billion and this project is scheduled to come on stream in the first half of 2013.

Regarding investments, Arauco and Klabin S.A., a leading forestry company in Brazil, acquired 100% of Florestal Vale do Corisco Ltda. Arauco will therefore have a 49% stake in the Brazilian company, and Klabin will own the remaining 51%. This operation entailed an investment of US\$ 473.5 million and includes 107,000 hectares of lands in the State of Paraná, of which 63,000 hectares are planted, and will enable the company to step up its presence in Brazil.

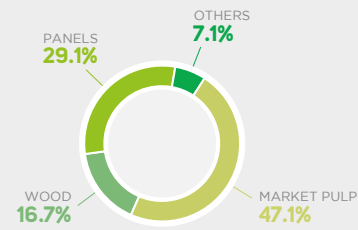


In December 2011, Arauco acquired an industrial plant at Moncure in the United States, gaining an MDF line with a production capacity of 330,000 m<sup>3</sup> a year, a particleboard mill with a production capacity of 270,000 m<sup>3</sup> a year, and two melamine lines. This entailed an investment of around US\$ 62 million and is an important gateway to the main consumer market in the United States and an export platform to Mexico.

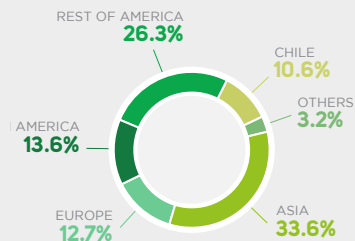




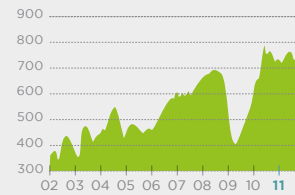
## ARAUCO



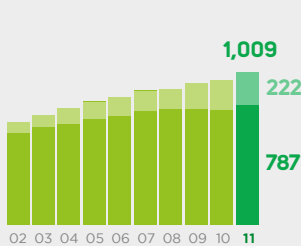
**ARAUCO'S SALES PER PRODUCT**  
Total: 4,374 million dollars



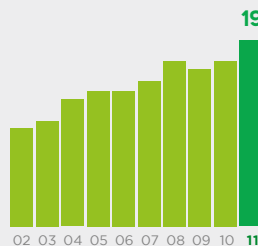
**ARAUCO'S SALES PER MARKET**  
Total: 4,374 million dollars



## FORESTAL ARAUCO

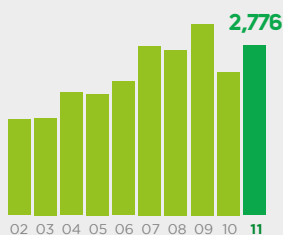


**FOREST PLANTATION INVENTORY**  
Thousand hectares  
■ Pine ■ Eucalyptus

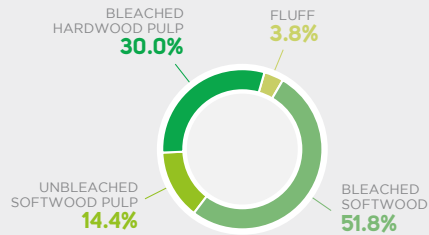


**LOGS HARVESTED**  
Milion cubic meters

## CELULOSA ARAUCO

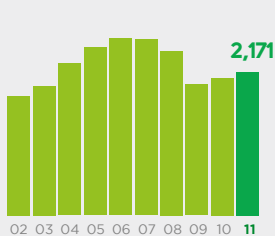


**MARKET PULP SALES**  
Thousand tons

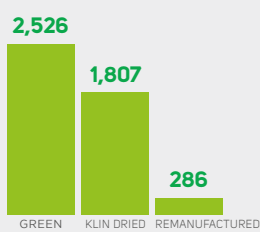


**MARKET PULP PRODUCTION**  
Total: 2.8 million tons

## ASERRADEROS ARAUCO

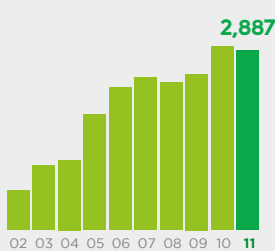


**SAWN TIMBER SALES**  
Thousand cubic meters

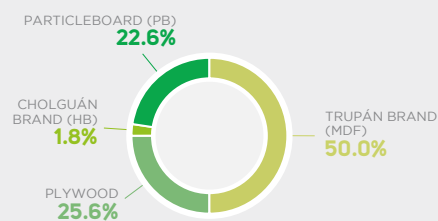


**SAWN TIMBER PRODUCTION**  
Thousand cubic meters

## PANELES ARAUCO



**PANEL SALES**  
Thousand cubic meters



**PANEL PRODUCTION**  
Total: 3.0 million cubic meters



# FUELS BUSINESS

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## Copec measured its carbon footprint



### COPEC

Compañía de Petróleos de Chile S.A., Copec, was established in 1934 to market and distribute fuels for domestic and industrial use in Chile. The company started operations in August 1935 with gasoline sales and over time it expanded its line of business and diversified its activities. It became an affiliate of Empresas Copec in 2003, holding the assets of the liquefied fuels and lubricants business. Later on in 2010, it started a historical internationalization process, gaining ownership of the Colombian company Terpel.

Copec now has the most extensive service station network in Chile with 621 sales points from Arica to Puerto Williams, 71 Pronto convenience stores and 200 Punto outlets. In addition, it has 17 fuel storage plants with a total capacity of 436,000 m<sup>3</sup>.

The affiliate Transcom is in charge of transporting products by road in its fleet of 134 tanker trucks, and transported 2 million m<sup>3</sup> in 2011. Sonacol transports liquefied fuels and gas from the refineries to distribution plants by means of oil pipelines, and Sonamar handles the ocean freight with its five oil tankers.

The company has a commercial strategy based on efficient logistics, modern management, rigorous selection of locations, service quality, comprehensive solutions, brand soundness and ongoing product and service innovation. All this has consolidated Copec's leadership and has strengthened customer loyalty and frequency, which is the focus of all the company's action.

Copec had physical sales of 9.2 million m<sup>3</sup> in 2011, a 0.7% year-on-year increase, due to 5.4% growth of the service station network, and a 2.4% drop in the industrial channel; giving it a market share of 58.8%.

Lower physical sales of 5.3 million m<sup>3</sup> in the industrial channel were mainly because of a drop in demand for diesel oil from electric power generating companies. Areas like mining, bunkering and aviation, the most important in the industrial channel, grew

13.6%, 31.8% and 15%, respectively. It should be highlighted that Copec had a 67% market share of large-sized mining.

The service station network attended over 265,000 customers a day and sold 3.8 million m<sup>3</sup> of fuel in the year, mostly gasoline and diesel oil. At the same time, the company inaugurated three urban service stations in Maipú, Quilicura and Vitacura.

In its constant quest to provide a quality customer service, Copec carried out a series of initiatives to offer a more modern and secure service. These included Zervo Autoservicio 7.0, an innovative self-service system that allows customers to pay directly at the gas pump, making it easier and quicker for them to pay. The company also launched the new *Dpaso* Copec outlets, which provide a 24-hour service of ATMs and machines with coffee, soft drinks, mineral water, fruit juice, sandwiches, chocolates, cookies and sweet and salted snacks. It also added IP technology to electronic payments at over 300 service stations, giving customers a quicker and more secure service.

In 2011, the company was once again awarded first place in the "Service Stations" category of the ranking of the best service quality companies made by *ProCalidad*.

In regard to investments, Copec made a takeover bid for Sociedad de Inversiones en Energía, gaining a 14.39% stake of such company. This operation entailed an investment of around US\$ 181 million and increased Copec's total indirect stake of Terpel to 39.1%. A long-term management strategy was thereby defined, aimed at service and competitiveness, and changes were made to the company's structure, which was reinforced with the integration of professional teams of both companies. Terpel agreed to sell all its assets in Chile for US\$ 320 million. This operation is awaiting authorization from the free competition authorities in Chile.

Moreover, in 2011 Copec secured financing of US\$ 750 million, of which US\$ 410 million are local debt and US\$ 340 million



## Construction of four additional tanks started at **Mejillones storage plant**



are international debt, and these proceeds will be allocated to refinancing local liabilities and the investment in Terpel.

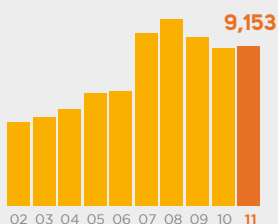
In the north of the country, Copec started the construction of four additional tanks at the Mejillones storage plant. These new aviation kerosene and gasoline storage tanks will have a total capacity of 25,000 m<sup>3</sup>. These facilities will entail an investment of US\$ 18 million and are scheduled to come on stream in late 2012, leading to the definitive closure of the plant in Antofagasta.

In the south of Chile, the Pureo storage plant, which has seven tanks with a total storage capacity of 67,000 m<sup>3</sup>, received its first oil tanker in March 2011. This initiative, at an investment of US\$ 50 million, will store and distribute gasoline, aviation kerosene and diesel oil to supply the entire Los Lagos Region.

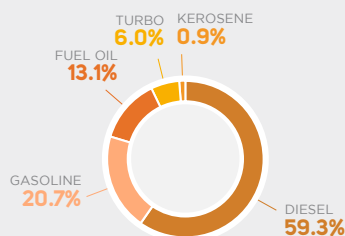
In the environmental area, Copec measured its carbon footprint, which was undertaken by the IDIEM of the University of Chile. In late October, it started the verification process, commissioned to the company CICS, which is expected to be completed in the first quarter of 2012.

In addition, in the community contribution area the company developed the *Viva Leer* (Long Live Reading) project, which is a Copec-designed program to encourage reading undertaken by *La Fuente* Foundation, which brings together schools, the community, the company, its employees and service station licensees to stimulate reading, volunteer activities and the donation of libraries.

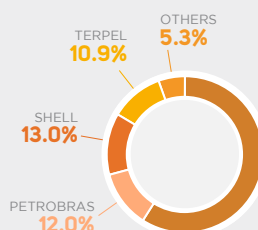
In 2012, Copec will continue to develop initiatives that provide a quality and innovative customer service, successfully taking on the energy challenges of those countries where it operates.



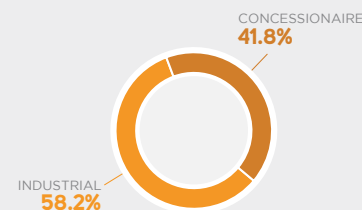
**COPEC'S SALES**  
Thousand cubic meters



**COPEC'S SALES PER PRODUCT**  
Total: 9.2 million cubic meters



**LIQUID FUEL MARKET SHARE**  
Source: Own estimates



**COPEC'S SALES PER DISTRIBUTION CHANNEL**  
Total: 9.2 million cubic meters



Total sales in Colombia amounted to **5,312 million liters**



## TERPEL

Terpel was established in 1968 to provide a solution to fuel shortages affecting the Santander region in Colombia. Later on, the company expanded to several regions in that country becoming one of the leading Colombian fuel distributors.

In 2001, Terpel merged all its assets into one single company called Organización Terpel. The objective of this initiative was to achieve unity in the strategic management of the business, administrative stability, generate synergies for customers and empower the brand. In 2007, Terpel ventured into the Chilean market after acquiring YPF's assets in the country.

In 2010, Organización Terpel became an indirect related company of Copec, when the latter acquired 100% of the rights of AEI Colombia Holdings Ltd. and of AEI Colombia Investments Ltd., companies that jointly have a 47.2% stake of Proenergía Internacional S.A., which holds 52.7% of the shares of Sociedad de Inversiones en Energía S.A. (SIE), which in turn holds 88.9% of the shares of Organización Terpel. Late that same year, the Chilean company acquired an additional 8.95% of Proenergía Internacional S.A. giving it a 56.15% shareholding of such company and giving Copec control of SIE and Organización Terpel.

The company now sells fuels in Colombia, Chile, Ecuador, Panama, Peru and Mexico, and has a network of 2,197 service stations, of which 299 sell natural gas through Gazel.

In 2011, the company's total sales in Colombia amounted to 5,312 million liters, 6.2% up on the previous year, giving it a 41% market share in that country. Moreover, the company started up the operations of Terpel Aviación at two international airports in the Dominican Republic.

In regard to investments, Copec made a takeover bid for SIE, gaining a 14.39% stake of such company. That operation entailed an investment of around US\$ 181 million and increased Copec's total indirect stake of Organización Terpel to 39.1%. Copec then started to bolster Terpel's organizational structure with the integration of professional teams of both companies, and it also defined a long-term management strategy, aimed at service and competitiveness. Terpel agreed to sell all its assets in Chile for US\$ 320 million. This operation is awaiting authorization from the free competition authorities in Chile.

In 2012, the Company expects to make a takeover bid for Proenergía Internacional, the parent company of Terpel. It will also continue to work on strengthening its network of service stations so they have the highest quality and innovation standards.



## Dpaso Copec outlets are launched



### CONVENIENCE STORES

ArcoPrime was established in 1998, when Copec partnered with the Spanish company Areas S.A., which has large experience and renown in running and operating convenience stores, restaurants and coffee shops.

ArcoPrime is currently running the Pronto chain of stores at service stations, managing fuel sales points and providing administration and franchise services. Through its affiliate Arco Alimentos, it also produces fresh and frozen foods marketed under the Fres&Co, Piacceri, San Cipriano and Cresso brands in supermarkets, coffee shops, restaurants, convenience stores and catering companies.

The company has 33 Pronto outlets in cities and 38 on highways, which are open 24 hours a day and are the most complete convenience store chain in Chile. They offer customers various products and services, like food, a coffee shop, restrooms, automatic teller machines, kids' game, Internet connection via Wi-Fi, and online transactions, among others. Due to the development and expansion of these Pronto outlets, the company has been able to add value to the Copec brand and provide its customers with new high quality services and products.

This network has 200 Punto outlets that are managed by the service station licensees themselves and offer customers a wide range of products 24 hours a day, maintaining Copec's renowned quality standards.

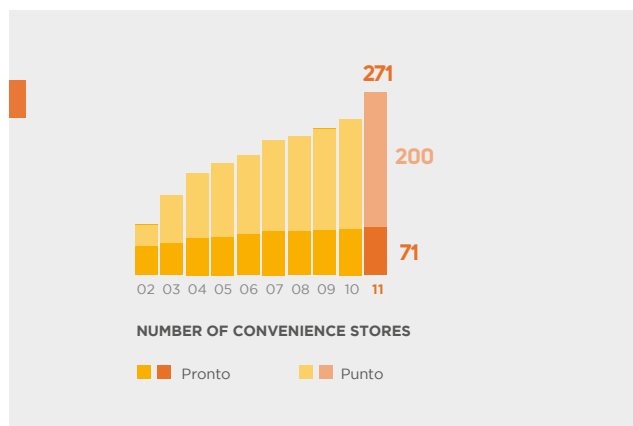
ArcoPrime also has a Fres&Co restaurant chain with four outlets located in areas with a high concentration of office buildings at different points in Santiago. These are self-service restaurants which offer customers a fast and healthy food alternative.

In 2011, the company inaugurated a Pronto outlet in Vitacura and refurbished Pronto outlets in Socos, Puerto Varas and Trafuln. 38 Punto outlets were also inaugurated, reaching a record number of 200 outlets.

The company also launched the new Dpaso Copec outlets, with an innovative 24-hour self-service system, which provides a service of automatic teller machines and machines with coffee, soft drinks, mineral water, juices, sandwiches, chocolates, cookies and sweet and salted snacks.

Likewise, "Combo Express," which are unique self-service food sales terminals in Chile, were launched at the Pronto Barra to improve service time and standards during peak hours.

In 2012, the company will continue to enhance its convenience store network throughout Chile by adding innovative top quality products and service to improve the customer experience.







## Begins to operate the **used oil processing plant at Quintero**



### LUBRICANTS

Copec ventured into the lubricant business in 1959 when it partnered with the US company Mobil Oil to market Mobil-branded products in Chile.

Mobil merged with Exxon in 1999 forming ExxonMobil, which is one of the leading lubricant companies worldwide and owner of the Esso and Mobil brands.

Copec and ExxonMobil renewed their partnership in 2003 for Copec to exclusively produce and market Mobil and Esso lubricants in Chile. This has enabled Copec to consolidate its leadership in this demanding and competitive market and made Chile one of the few countries where these brands are distributed through third parties.

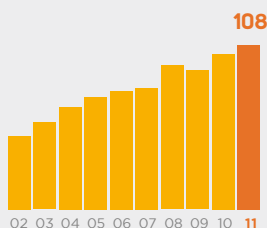
The lubricants sold by Copec are produced at the lubricant plant in Quintero, which has a production capacity of 124 million liters a year and operates according to the stringent quality and safety program called Quality Integrity Management System (QIMS) of ExxonMobil. The entire lubricant production is also controlled by the Quality Control Laboratory in accordance with the requirements and regulations of the Quality Practices and Guidelines (QP&G) of ExxonMobil.

In 2011, the company's lubricants sales amounted to 107,900 m<sup>3</sup>, 7% up on the previous year, in line with the greater economic growth, and both brands had a market share of 52.2%.

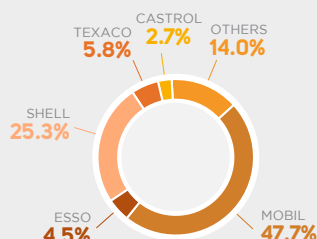
Copec launched a series of cutting-edge products to extend the time span between changes of oil and antifreeze/refrigerants in consumer and industrial markets, which lower the generation of waste oil and improve the performance of engines and machinery in which they are used, increasing their efficiency and reducing energy consumption.

For sustainable operations, jointly with the above-mentioned products Copec continues to undertake the *Via Limpia* (Clean Way) service program, by means of which it provides its customers with a way of managing and disposing of their used oil and other liquid and solid hazardous waste in accordance with current regulations and the best industry standards. The next step of this program is to add a used oil processing plant at Quintero to transform the solid and liquid waste containing hydrocarbons into fuel oil.

In 2012, Copec and ExxonMobil will continue to develop projects that offer customers comprehensive and top quality solutions.



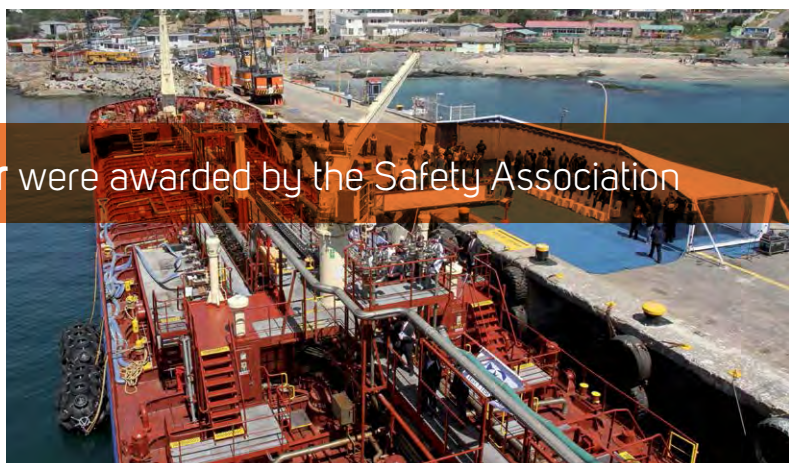
**LUBRICANT SALES**  
Thousand cubic meters



**LUBRICANT MARKET SHARE**  
Source: Own estimates



## Sonacol and Sonamar were awarded by the Safety Association



### SONACOL/SONAMAR

Coppec, 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 by-products. 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 Coppec in 2004 and the following year it split the ocean and land shipping businesses, thereby giving rise to Sociedad Nacional Marítima S.A., Sonamar.

Sonacol currently has a 465-kilometer oil pipeline network that runs from Quintero to San Fernando, which transports almost all the fuels for the Metropolitan Region. The company also has 9 pumping stations, a product delivery terminal and a central dispatch facility, all of them equipped with cutting-edge technology to provide an efficient and safe customer service. The company's operative processes are also undertaken in accordance with the most stringent safety and environmental protection standards.

Sonamar has a fleet of five oil tankers with a total capacity to ship 256,000 m<sup>3</sup> of oil and by-products to supply the domestic market.

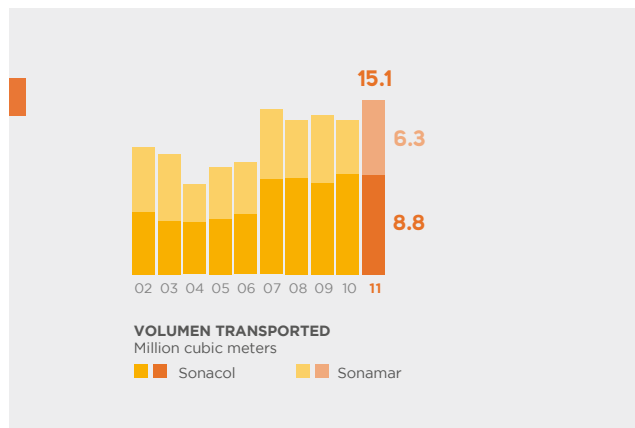
Sonacol piped 8.8 million m<sup>3</sup> of liquefied fuels in 2011, which was slightly higher than that of the previous year. Sonamar's vessels shipped 6.3 million m<sup>3</sup>, which was 39.4% up on 2010.

In regard to investment, Sonacol made improvements to the El Bato station to boost the transport capacity of the Quintero-Concón oil pipeline from the current 530 m<sup>3</sup> per hour to 690 m<sup>3</sup> per hour. It also started works at the Curacaví station to increase the transport capacity of the Concón-Maipú oil pipeline from 600 m<sup>3</sup> per hour to 890 m<sup>3</sup> per hour, which should be completed by late 2012.

Sonamar purchased the *Doña Ana* oil tanker, built at the Rousse Shipyard in Bulgaria. This new vessel, which has a transport capacity of 4,000 tons of fuel, started to operate in September 2011 and will enable the company to offer new customer services, help support the operations of the maritime sector, and provide bunkering services to other vessels that operate on Chile's coastline. It also added the *Punta Gruesa* oil tanker to replace the *Estrecho de Magallanes* oil tanker, which started operations in January 2012 and will ship about 64,000 tons of fuel.

At the same time, both companies constantly strive to assure employee health and safety. Sonacol was once again awarded first place in Chile in PEC certification in the transport category by the Safety Association of the Chilean Chamber of Construction, and Sonamar was the runner-up in the Competitive Company Occupational Health and Safety Program.

In the future, both companies will carry on making improvements to guarantee the high standards of safety and efficiency of their operations, conserve the environment and offer a top quality customer service.





## Abastible enters the colombian market after acquiring a **51% stake of Inversiones del Nordeste**

### ABASTIBLE

Abastecedora de Combustibles S.A., Abastible, was established in 1956 to market liquefied petroleum gas for residential, commercial and industrial use. It is currently an important player in the country's energy business, providing customers with comprehensive and safe energy solutions. This is due to a strategy based on operating efficiency and quality service, which is reflected by the continuous improvement of its processes and the ongoing search for innovative applications for its products.

Abastible's geographical coverage currently runs from the Atacama Region to the Magallanes Region, and it provides a safe and timely supply to over 1.5 million homes. Moreover, the company has a complete and modern infrastructure for the supply and distribution of liquefied petroleum gas, comprising 15 sales offices, seven storage and filling plants, six million gas bottles and 49,000 tanks. This is in addition to a network of approximately 1,500 distributors, a port terminal designed for liquefied fuel loading and unloading, and a 40,000-m<sup>3</sup> storage plant located in the San Vicente bay in the Biobío Region.

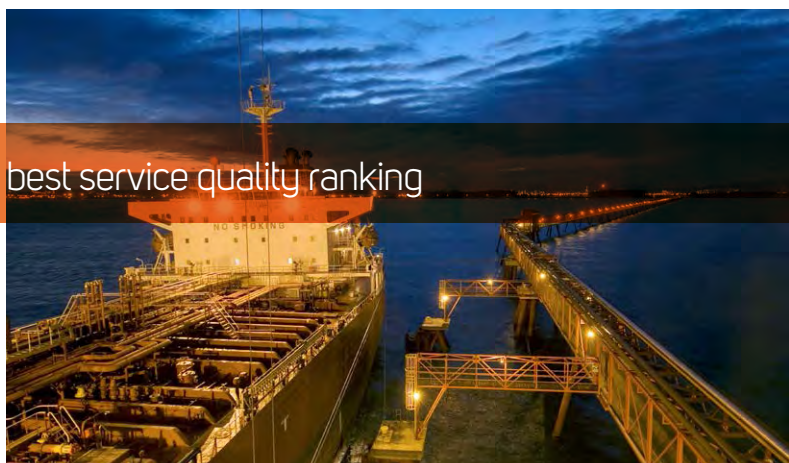
In 2011, Abastible attained a market share of 34.9% of the liquefied petroleum gas market in Chile with sales of 395,000 tons, a 1.9% year-on-year increase. This increase was mainly due to greater sales to industrial customers, including the salmon farming industry, and the greater use of liquefied petroleum gas in vehicles, driven by higher taxi conversion, and the extension of supply points.

Furthermore, Abastible made the first sales to the salmon farming industry in the Magallanes Region, and started to expand to the Arica and Parinacota, Tarapacá and Antofagasta regions, with investment in new liquefied petroleum gas storage and bottling plants and distribution centers, which are in the development stage. This will help Abastible to attain national coverage for its liquefied petroleum gas sales and services.





## Abastible was awarded first place in the best service quality ranking

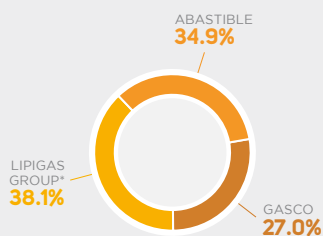


Regarding investments, Abastible started a historical internationalization process in 2011, after acquiring a 51% stake of Inversiones del Nordeste S.A., a leading company in the liquefied petroleum gas market in Colombia and owner of various regional distribution companies which supply almost all the departments in Colombia, with approximately a 34% market share. Inversiones del Nordeste is also the owner of a company which manufactures gas bottles and storage tanks and another trucking company to transport bottled and bulk gas. This operation entailed a total investment of US\$ 76.5 million for capitalization and purchase of shares, and enabled Abastible and Inversiones del Nordeste to establish a strategic partnership to leverage the experience each has in the liquefied petroleum gas market in their respective countries.

Abastible has also consolidated in the solar thermal energy business by installing solar panels in homes, businesses and industries, which allow for the dual use of liquefied petroleum gas and solar energy to heat water. This system is already supplying over 1,500 homes.

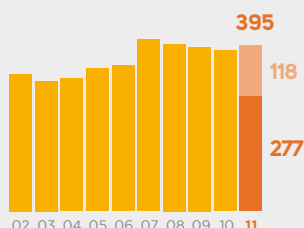
Abastible's ongoing concern about providing a quality service has been recognized by its customers in various surveys over the years. In 2011, the company was awarded first place in the *Empresas Transaccionales* category of the best service quality ranking made by *ProCalidad* and *Capital* magazine based on the consumer satisfaction level.

In the future, Abastible will continue to add new technology and services to meet customer requirements in an innovative way. The company will also work to consolidate its presence in the international market maintaining its characteristic high quality standard.



**LIQUEFIED PETROLEUM GAS MARKET SHARE**

Source: Abastible  
\*Lipigas, Codigas, Enagas and Agrogas



**ABASTIBLE'S SALES**  
Thousand tons

■ Bulk ■ Bottled





Abastible acquired a 51% stake of Inversiones del Nordeste in **US\$ 76.5 million**

## INVERSIONES DEL NORDESTE

Inversiones del Nordeste (IN) was established in 2004 to distribute liquefied petroleum gas to homes and industries in Colombia. It is now the leading company in the liquefied petroleum gas market in that country.

The company has five regional companies that distribute and market liquefied petroleum gas (Asogas, Gasan, Norgas, Colgas de Occidente and Gases de Antioquia), which supply virtually all the departments in Colombia. Inversiones del Nordeste owns a company that makes gas bottles and storage tanks and another bottled and bulk gas trucking company.

In 2011, physical sales were 200,000 tons, 1.9% down on the volume of the previous year, giving it a market share of about 34%.

In May 2011, Abastible completed and executed agreements on it entering Inversiones del Nordeste by gaining a 51% stake of that company. This operation entailed an investment of around US\$ 76.5 million, which was mainly allocated to capitalizing the Colombian company, giving it the resources needed to develop future plans.

Due to this, Abastible and Inversiones del Nordeste entered into a strategic partnership to leverage their experience with the development of liquefied petroleum gas in their respective countries to thereby be able to jointly address the Colombian market and its future growth.





## Metrogas started operations at the truck loading yard in the **Quintero terminal**

### METROGAS

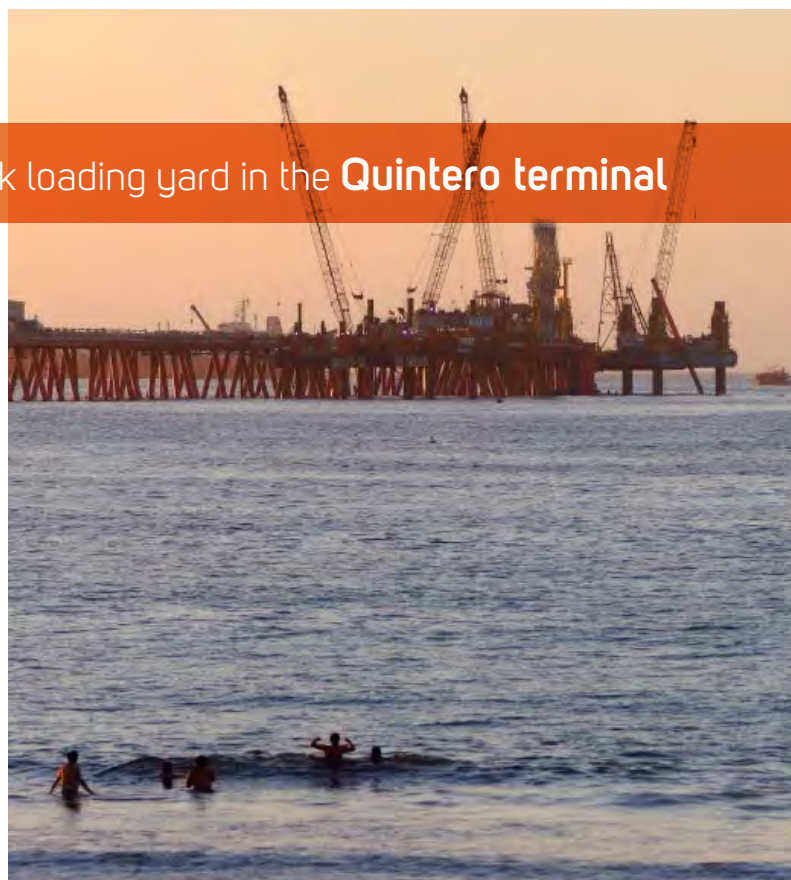
Metrogas S.A. was established in 1994 to distribute natural gas in the country. Since then, the company has played a major role in the domestic energy market, now supplying over 460,000 residential, commercial and industrial customers in the Metropolitan and O'Higgins regions by means of an over 5,000-kilometer long gas pipeline network.

The company also has a stake of the liquefied natural gas (LNG) regasification terminal at the port of Quintero, which was built as a joint initiative of Enap, Endesa, and the BG Group to boost the country's energy independence. This terminal has a 1,878-meter long dock to unload vessels with up to 180,000 m<sup>3</sup> of LNG, three storage tanks with a total capacity of 310,000 m<sup>3</sup>, and a regasification plant with three vaporizers to process 10 million m<sup>3</sup> of natural gas a day. In addition to this, there is a truck loading yard, operative as of 2011, which can handle up to 27 trucks a day.

In 2011, the company's physical sales climbed 5.8% on the previous year reaching 686 million m<sup>3</sup>, which is mainly explained by higher demand from industrial customers. Additionally, 348 million m<sup>3</sup> were distributed to the electric generation.

Regarding investment, Metrogas started operations at the truck loading yard in the Quintero terminal. This facility, with a loading capacity of 735,000 m<sup>3</sup> of natural gas, will enable Metrogas to expand its supply coverage by truck to consumption points that are farther away from the network.

Metrogas and Aguas Andinas continued to jointly operate the La Farfana biogas plant to use the biogas produced at the wastewater treatment plant to make city gas. This project also involves implementing a methanization plant in the future to convert biogas into biomethane, which can be used as vehicle fuel. This second phase of the project will entail an investment



of approximately US\$ 10.9 million and will allow the company to increase its share of the natural gas business for the automobile segment.

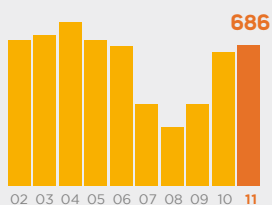
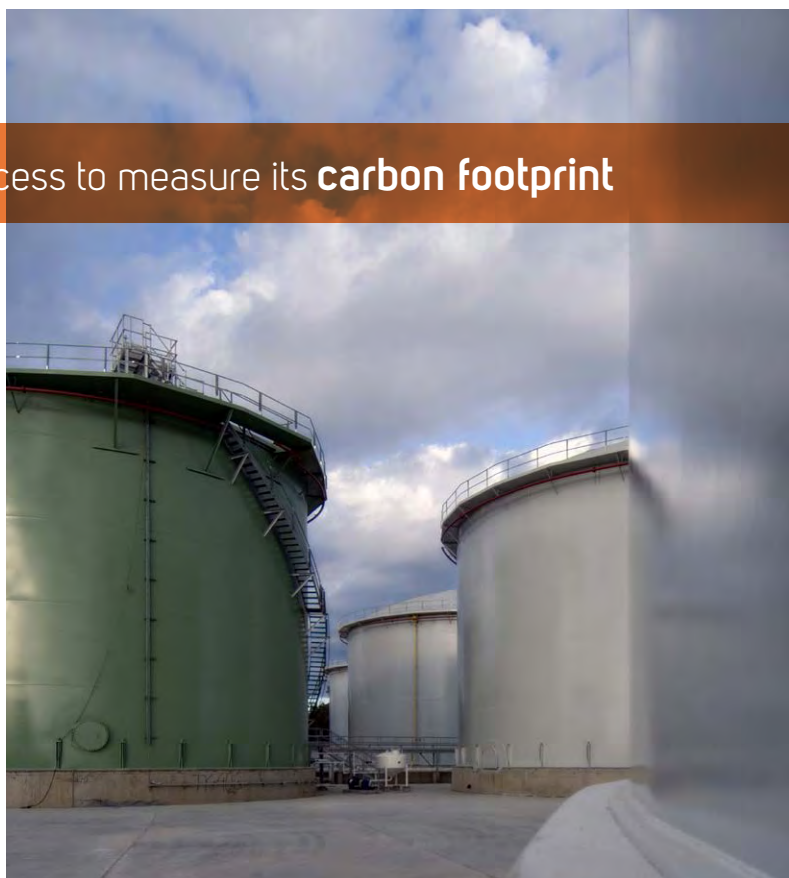
At the same time, Metrogas completed the process to measure and verify its carbon footprint, becoming one of the first service companies in Latin America with this measurement. Furthermore, as of June 2011 the company launched a new environmental management tool called the Green Tariff, which is a tariff system that allows customers to pay a small surcharge for each cubic meter of natural gas they use and thereby neutralize CO<sub>2</sub> emissions from consumption.

Metrogas strives to provide its customers a quality service and effective and timely energy solutions. This was recognized for the eighth year running when it was awarded first place of Household Services, member company category, based on the National Consumer Satisfaction Index drawn up by *ProCalidad* and *Capital Magazine*. The company was also distinguished nationally as one of the top ten companies for working parents, according to the ranking made by *El Mercurio's*, *Ya* magazine and *Fundación Chile Unido*.

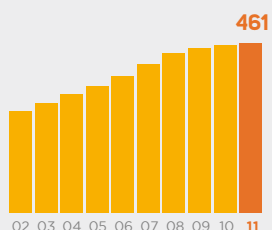


## Metrogas completed the process to measure its **carbon footprint**

In the future, Metrogas will carry on developing initiatives to provide a comprehensive, efficient and safe service to its industrial, residential and commercial customers, besides assuring the energy supply. Likewise, the company will continue to drive innovative and effective solutions aimed at expanding its supply coverage and extending its services to other regions.



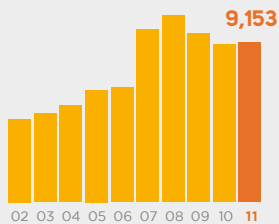
**METROGA'S SALES, SANTIAGO METROPOLITAN REGION**  
Million cubic meters



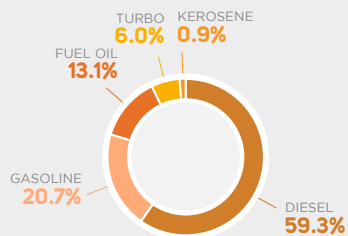
**NUMBER OF METROGA'S CUSTOMERS**  
Thousand



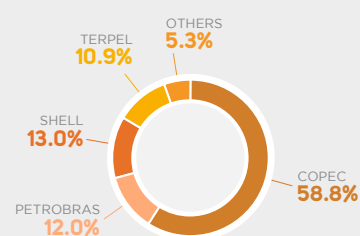
## COPEC



**COPEC'S SALES**  
Thousand cubic meters

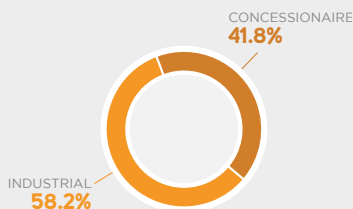


**COPEC'S SALES PER PRODUCT**  
Total: 9.2 million cubic meters



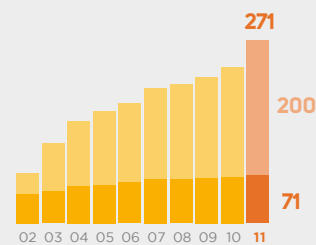
**LIQUID FUEL MARKET SHARE**  
Source: Own estimates

## COPEC



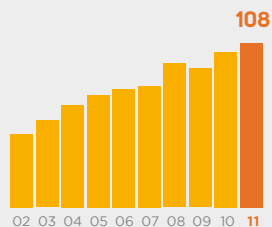
**COPEC'S SALES PER DISTRIBUTION CHANNEL**  
Total: 9.2 million cubic meters

## TIENDAS DE CONVENIENCIA

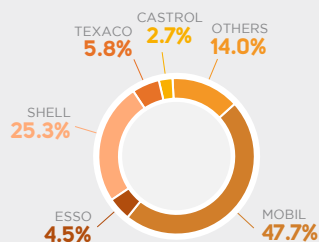


**NUMBER OF CONVENIENCE STORES**  
■ Pronto ■ Punto

## LUBRICANTES

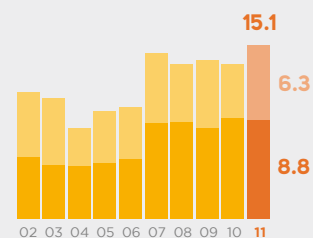


**LUBRICANT SALES**  
Thousand cubic meters



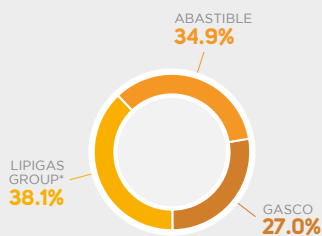
**LUBRICANT MARKET SHARE**  
Source: Own estimates

## SONACOL / SONAMAR

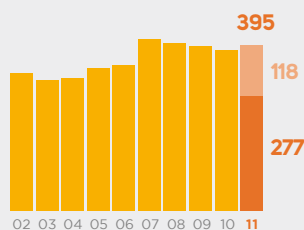


**VOLUMEN TRANSPORTED**  
Million cubic meters  
■ Sonacol ■ Sonamar

## ABASTIBLE

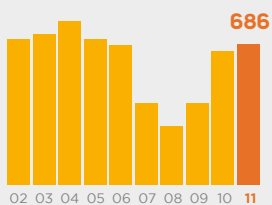


**LIQUIFIED PETROLEUM GAS MARKET SHARE**  
Source: Abastible  
\*Lipigas, Codigas, Enagas and Agrogas

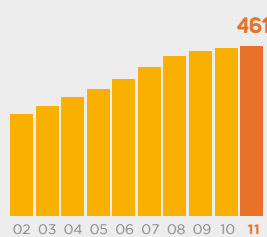


**ABASTIBLE'S SALES**  
Thousand tons  
■ Bulk ■ Bottled

## METROGAS



**METROGA'S SALES, SANTIAGO METROPOLITAN REGION**  
Million cubic meters



**NUMBER OF METROGA'S CUSTOMERS**  
Thousand





# FISHING BUSINESS

Igemar	79
Corpesca	81
Orizon	83
Fishing Business in Figures	85



## The construction of the Omega 3 concentrates plant **progresses**

### IGEMAR

Empresas Copec entered the national fishing business in 1980 after acquiring Pesquera Guanaye Ltda., which later merged with Pesquera Iquique S.A. into Pesquera Iquique-Guanaye S.A., Igemar.

The company currently operates in the north of Chile through its related company Corpesca S.A. and in the center and south of Chile through its affiliate Orizon S.A. Both companies have attained a leading position in their respective fishing areas and worldwide. Igemar has thereby been able to diversify the catch risk, reduce its exposure to changes in weather and sea conditions and leverage the wealth of the Chilean coastline.

Both companies have a strategy focused on meeting market needs efficiently and adapting to the changing conditions of the fishing business, all pursuant to current Chilean regulations, i.e., the Maximum Catch Limit (MCL) per vessel. Corpesca and Orizon embrace high quality standards for fishing operations and the productive process to guarantee their customers excellent product features.

Fishmeal is used to make animal feed due to its high protein, easy digestibility and its high Omega-3 fatty acid content, and it is sold both in the domestic market and in Europe and Asia.

Fish oil is used in the aquaculture, pharmaceutical and food industries due to its high protein and benefits of Omega-3 fatty acids in preventing cardiovascular diseases and protecting the neurological system. This product is mainly sold in the domestic market.

Canned and frozen seafood are mainly made from jack mackerel, mackerel, cuttlefish and mussels. They are mostly sold for human consumption in the domestic market.

Catches in the north of Chile amounted to 1.1 million tons in 2011, 56.3% up on the previous year. Total catches in the center and south of the country were 1.5% up on the previous year amounting to 1.3 million tons.

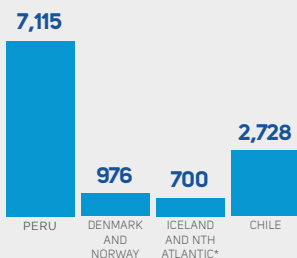
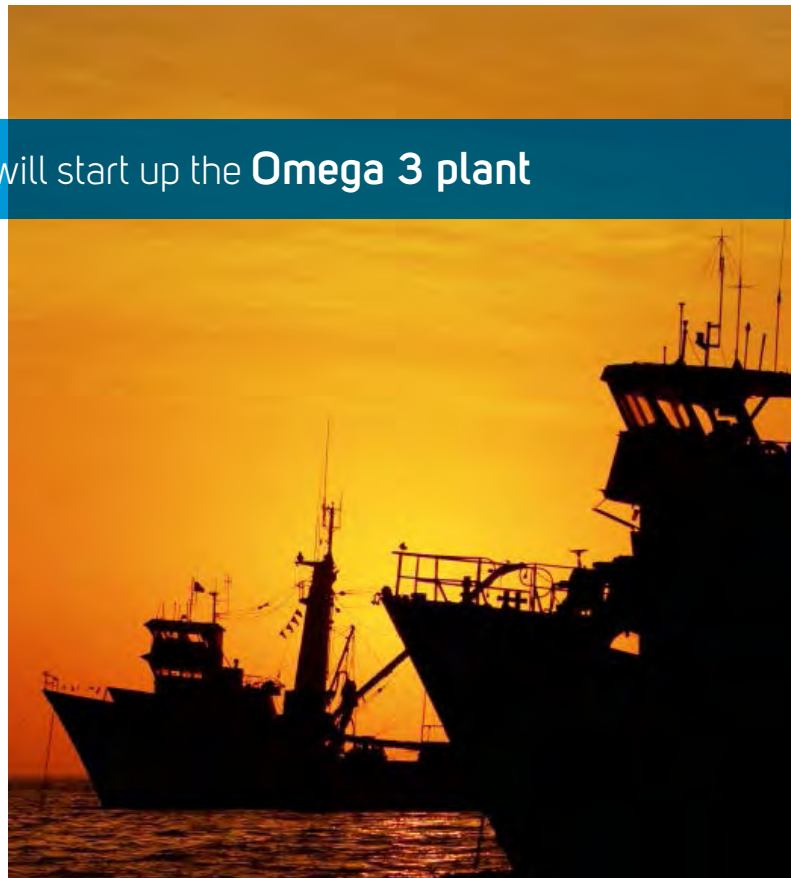




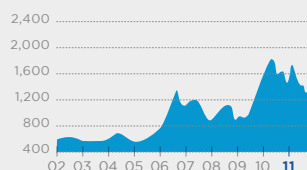
## In 2012 will start up the **Omega 3** plant

Regarding investments, Golden Omega S.A., of which Corpesca and Orizon each have a 35% stake, and Logística Ados S.A. with the remaining 30%, made progress with the construction of an industrial complex in Arica to produce Omega-3 concentrates from fish oil. This project, which will entail an investment of around US\$ 80 million, will start up in 2012 and will enable these companies to venture into the functional food market.

In the next few years, Corpesca and Orizon will carry on working on research and innovation projects to add value to their products, guarantee the right use of their resources and assure environmental conservation.



**WORLD'S MAJOR FISHMEAL AND FISH OIL EXPORTERS**  
Thousand tons  
Source: IFFO / \* Ireland, Faroe Islands and United Kingdom



**FISHMEAL PRICE**  
US\$ / ton  
Source: Central Bank of Chile



## Is carried out modernization of the **canning plant at Iquique**



### CORPESCA

Corpesca S.A. was established in 1999 from the merger of the operating assets of Igemar, Eperva and Coloso in northern Chile. This partnership streamlined operations, increased the production of higher quality fishmeal and consolidated its leading position in the market. Corpesca is currently the leading fishing company in the production of fishmeal and fish oil in Chile and one of the largest producers worldwide, having diversified its offering to the distribution and marketing of protein fishmeal made from different raw materials.

The company's success is the result of a strategy based on attaining output of maximum efficiency, flexible use of its installed capacity, meeting demand in stringent and dynamic markets, complying with all the current environmental regulations and constantly enhancing the technology used. That has enabled the company to meet its customer requirements and it is renowned as a highly competitive and reliable supplier.

Corpesca has fishmeal and fish oil processing plants in the ports of Arica, Iquique, Tocopilla and Mejillones, which jointly have a production capacity of around 1,000 tons of raw material an hour. The company also has a frozen seafood plant in Iquique that can process 100 tons of jack mackerel or mackerel a day for direct human consumption. It also has a cold storage plant that can store 6,000 tons of products. Furthermore, the company has a distribution plant in Puerto Montt to supply the salmon farming industry in the south of Chile.

It has a fishing fleet comprising 79 vessels with an authorized hold capacity of over 31,000 m<sup>3</sup> with cutting-edge technology.

Corpesca processed 846,000 tons of fish in 2011, which was 60.8% up on the previous year. This increase was due to greater anchovy landings and the company's high operating efficiency and flexibility.

Fishmeal and fish oil output was 212,000 tons, which was a 67.2% increase on that in 2010. Physical sales were up 50% and amounted to 186,000 tons of fishmeal and fish oil. 76% of the fishmeal was sold to international markets, mainly Europe and Asia. Fish oil was mostly exported to international markets.

Corpesca made large investments to modernize and maintain the fleet's operating standards, preserve the environmental conditions of the areas where it operates, ensure the high quality of the fishmeal and fish oil produced, and consolidate and diversify the productive capacity. The canning plant being built in Iquique will start up in the second quarter of 2012, and it will have a production capacity of 500 boxes of finished product per hour.

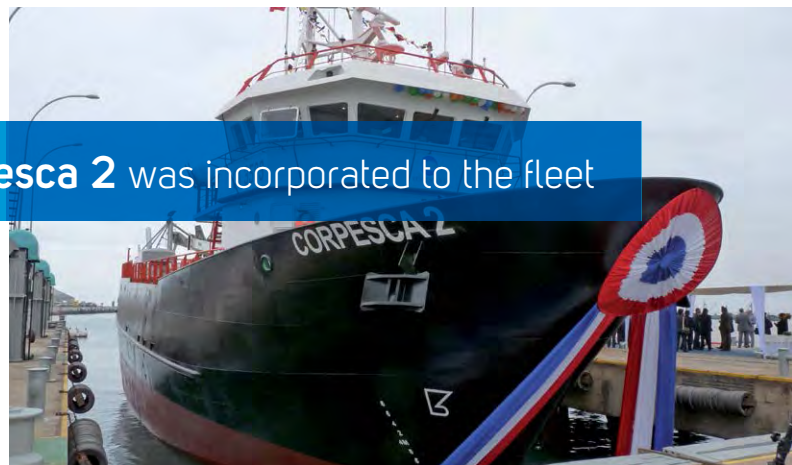
Furthermore, the company acquired the Corpesca 2 deep-sea fishing vessel for US\$ 9 million, which has cutting-edge technology and a hold capacity of 557 m<sup>3</sup>.

Golden Omega S.A., of which Corpesca and Orizon each have a 35% stake, and Logística Ados S.A. with the remaining 30%, made progress with the construction of an industrial complex





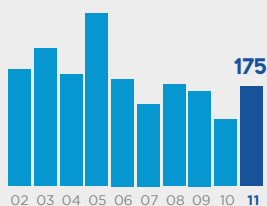
## The fishing vessel **Corpesca 2** was incorporated to the fleet



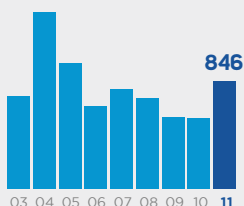
in Arica to produce Omega-3 concentrates from fish oil. This project, which will entail an investment of around US\$ 80 million, will start up in 2012 and will enable these companies to venture into the functional food market.

Corpesca maintained the Hazard Analysis and Critical Control Points (HACCP) quality assurance program effective at all its plants. This is certified by Chile's Directorate of Fisheries (SERNAPESCA) and guarantees its contaminant-free production.

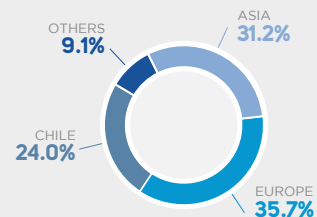
Corpesca will continue to drive initiatives in the next few years that will enable it to maintain maximum productive efficiency, guarantee customers high product quality, enhance marketing and logistics related to the distribution of protein fishmeal from other origins and, at the same time, strengthen its commitment to the communities in the north of Chile.



**CORPESCA'S FISHMEAL SALES**  
Thousand tons



**CORPESCA'S FISHMEAL SALES**  
Thousand tons



**CORPESCA'S FISHMEAL PER MARKET**  
Total: 175 thousand tons



## Orizon received “Friends of the sea - Sustainable Aquaculture” certification

### ORIZON

Orizon S.A. was established in 2010 after the merger of the operating assets of SouthPacific Korp (SPK), an affiliate of Pesquera Iquique-Guanaye, and Pesquera San José, belonging to Sociedad Pesquera Coloso. Igemar has a 50.1% stake of this new company, Pesquera Coloso 40%, and Pesquera Eperva has the remaining 9.9%.

Orizon currently aims to be a major player in the global food market, providing all its customers with quality food solutions from natural resources. To attain this, the company has three fishmeal and fish oil plants in the Biobío Region and one in the Coquimbo Region, which can jointly produce 350 tons of raw material per hour. The company also has two canned seafood plants in Coronel and Coquimbo, with a total production capacity of 48,000 boxes a day each containing 24 cans of jack mackerel, and one in Puerto Montt, which can process 2,000 boxes a day each containing 48 cans of mussels. It also has two frozen seafood plants in Coronel and one in Coquimbo, with a daily production capacity of 600 tons of jack mackerel and 60 tons of cuttlefish, and an individually quick frozen (IQF) seafood plant in Puerto Montt, which can produce 60 tons of mussels a day by means of an individually quick frozen process that reduces the deterioration of the product's characteristics and nutritional value.

Orizon also has an operative fleet of 10 vessels with a total hold capacity of over 12,000 m<sup>3</sup> that is fully refrigerated. Moreover, these vessels have permits to operate between the Tarapacá and Los Lagos regions, and the size characteristics and cold storage technology comply with the standards to ensure catch quality.

Orizon had own catches of 108,000 tons in 2011, which was 30.7% up on the previous year. This increase was mainly due to a higher catch quota percentage and to the fleet size as a result of the SPK and San José merger. The company had around a 30% share of nonprofessional fishing catches amounting to 270,000 tons.



It produced 59,000 tons of fishmeal, which was 88.1% up on 2010, and 15,000 tons of fish oil, which was an 83.1% year-on-year increase.

It sold 62,000 tons of fishmeal, 15,000 tons of fish oil and 1.6 million boxes of canned seafood, which were mainly sold in the domestic market. Frozen seafood sales amounted to 29,000 metric tons, and were mainly sold to Nigeria, China and Russia.

All these products sold by the company are made sustainably and conserving the environment. In 2011, Orizon therefore received “Friends of the Sea–Sustainable Aquaculture” certification for its mussel farming operations in the Los Lagos Region.

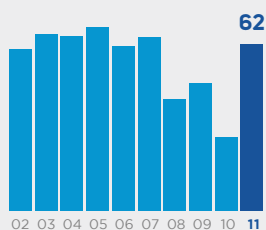
Regarding investments, Golden Omega S.A., of which Corpesca and Orizon each have a 35% stake, and Logística Ados S.A. with the remaining 30%, made progress with the construction of an industrial complex in Arica to produce Omega-3 concentrates from fish oil. This project, which will entail an investment of around US\$ 80 million, will start up in 2012 and will enable these companies to venture into the functional food market.



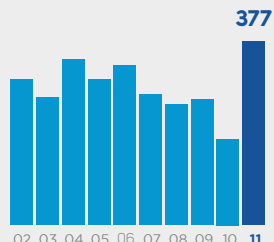
## The affiliate Bioambar partners with **Harvard University**

At the same time, Bioambar SpA, an affiliate of Orizon, signed a license contract with Harvard University for the exclusive use of a quality control method for fatty acid concentrates.

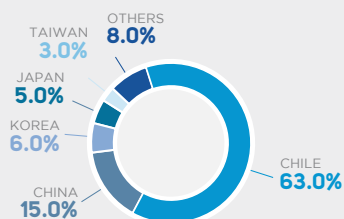
In the future, Orizon will continue to develop initiatives and projects to expand its product offering, venturing into product categories where it currently does not operate. This strategy will enable it to consolidate its presence in the food market by providing quality food solutions.



**ORIZON'S FISHMEAL SALES**  
Thousand tons



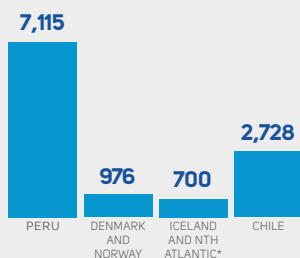
**ORIZON'S PROCESSED CATCH**  
Thousand tons



**ORIZON'S FISHMEAL SALES PER MARKET**  
Total: 62 thousand tons

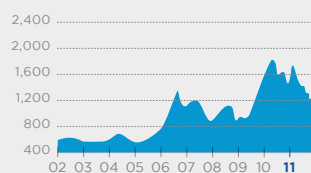


## IGEMAR



**WORLD'S MAJOR FISHMEAL AND FISH OIL EXPORTERS**  
Thousand tons

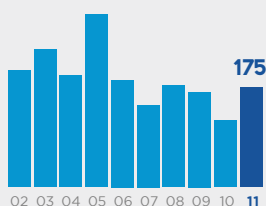
Source: IFFO / \* Ireland, Faroe Islands and United Kingdom



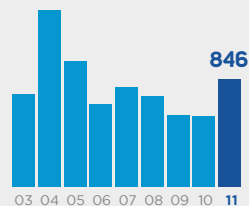
**FISHMEAL PRICE**  
US\$ / ton

Source: Central Bank of Chile

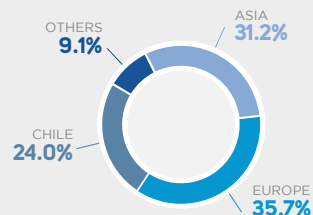
## CORPESCA



**CORPESCA'S FISHMEAL SALES**  
Thousand tons

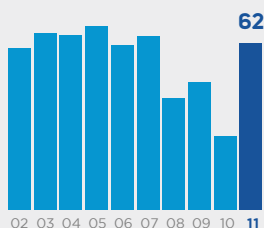


**CORPESCA'S FISHMEAL SALES**  
Thousand tons

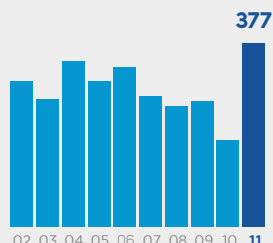


**CORPESCA'S FISHMEAL PER MARKET**  
Total: 175 thousand tons

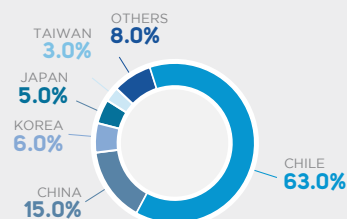
## ORIZON



**ORIZON'S FISHMEAL SALES**  
Thousand tons



**ORIZON'S PROCESSED CATCH**  
Thousand tons



**ORIZON'S FISHMEAL SALES PER MARKET**  
Total: 62 thousand tons





# OTHER INVESTMENTS

Guacolda	87
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Mina Invierno	90
Can-Can	92
Other Investments in Figures	94



Energy sales totaled **4,507 GWh**

## GUACOLDA ENERGÍA

Empresa Eléctrica Guacolda S.A. was established in 1992 to provide electricity to the Central Interconnected Grid (SIC). It is currently the leading electric power generating company in the small north of Chile and a major player in the development of the north of the country.

Guacolda Energía has a complex located in the Huasco district comprising four pulverized coal-fired power generating plants with a gross power rating of 152 MW each, giving it a total power rating of 608 MW. It also has a sea terminal that can receive vessels of up to 240 meters long, a stockpile yard that can store 400,000 metric tons of coal, and five own 223-kilometer long 110 Kv and 220 Kv transmission lines.

These plants have cutting-edge environmental technology including electrostatic precipitators, denitrifiers and desulfurizers to reduce emissions of particulate matter, nitrogen oxide and sulfur dioxide. That has enabled the company to double its generating capacity in the last few years and reduce its total emissions. Another characteristic of these units is that all these power plants can use coal of different qualities and calorie ratings, which is a significant competitive advantage for Guacolda Energía. Due to this flexibility, it can therefore get more competitive prices and a larger variety of suppliers.

In 2011, the electric market had a peak energy demand of 6,016 MW, 4.1% up on the previous year, driven by the country's economic growth. This year there was also an increase in the installed capacity of the SIC due to various power plants coming on stream and to the effects of default by Campanario and Tierra Amarilla, which affected the rest of the companies in the sector.



There was also lower generation by Guacolda Energía compared to 2010, because of the stoppage of Unit 2 for a few months for scheduled maintenance.

In that context, Guacolda had sales of 4,507 GWh, which was a 14.9% increase on 2010, explained by new supply commitments coming into force. Most of this power was supplied to large



## Preliminary work of **Unidad 5** progresses

mining companies in the Atacama and Coquimbo regions, like Candelaria, Enami and Maricunga, and the electric power distribution companies Chilectra, Conafe and Empresa Eléctrica Puente Alto.

Regarding investments, the construction of Unit 5 will commence in 2012. This new unit, which secured environmental approval in August 2010, will entail an investment of US\$ 405 million and will provide an additional gross power rating of 152 MW, fully complying with the most stringent standards in the industry and with current environmental regulations.

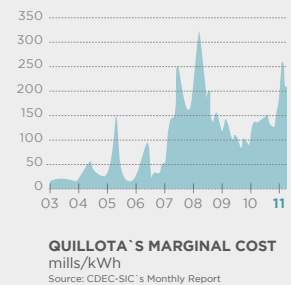
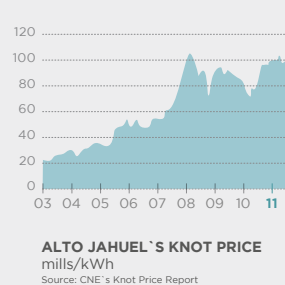
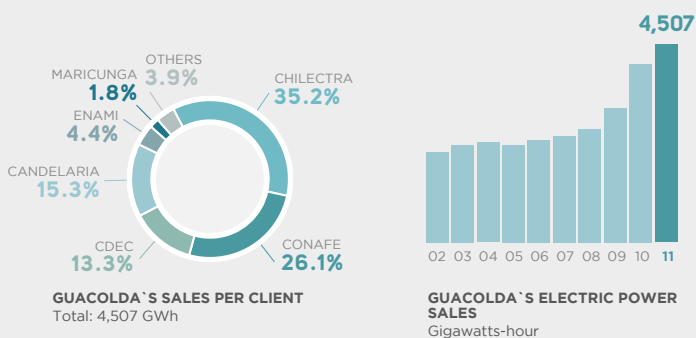
Guacolda entered into a contract with Hidroeléctrica Malla Rauco to purchase 100% of its energy and capacity, which is in addition to that it had with Hidroeléctrica Puclaro and Hidroeléctrica Trueno. The company thereby guaranteed that in 2011 at least 5% of its energy sold is from non-conventional renewable energy (NCRE) sources, as laid down in current regulations.

Similarly, Guacolda is analyzing NCRE generation projects, mainly wind, mini-hydraulic and biomass energy to take advantage of the opportunities in this area. The company also has the



support of research centers to study and test technologies that help to mitigate CO<sub>2</sub> emissions.

In 2012, Guacolda Energía will carry on developing initiatives to strengthen its commitment to the environment and the community.





Brings together the **assets and projects** of the mining sector

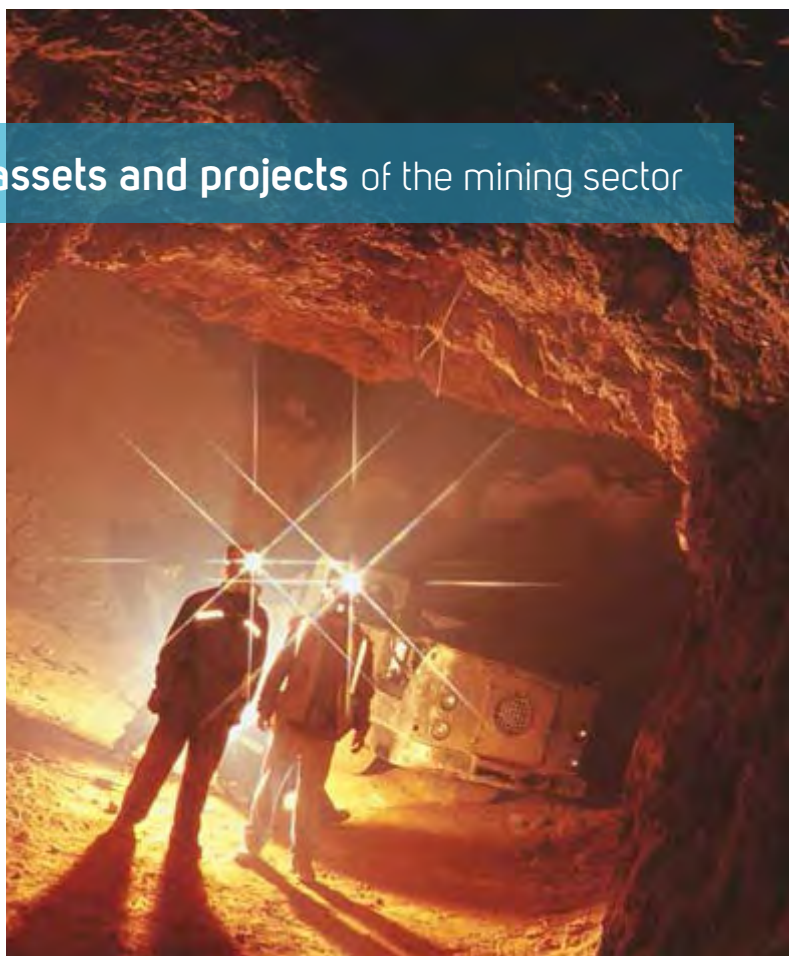
### CAMINO NEVADO

Sociedad Minera Camino Nevado Ltda. was established in 2011 as the parent company of the holding's companies in the mining sector. This new company will focus in one single entity the specialized management and know-how gained over decades in mining.

Through its affiliate Compañía Minera Can-Can, Camino Nevado operates in Chile's copper, gold and silver mining industry with mid-sized exploration and underground mining projects. Its related company Mina Invierno is in the coal mining industry, undertaking the most important private initiative in the Magallanes Region.

Camino Nevado thereby strengthens the strategic position of Empresas Copec in this sector and reaffirms the ongoing quest for new business opportunities, complementing operations and leveraging existing synergies.

The new structure will facilitate partnerships and the financing required for current and future projects in a sector with large growth and development opportunities.







## The most **cutting-edge greenhouse of the Patagonia** was inaugurated

### MINA INVIERNO

In 2007 Empresas Copec and Inversiones Ultraterra entered into a partnership to develop a coal mining project in the Magallanes Region, giving rise to Sociedad Minera Isla Riesco, now Mina Invierno. By means of this project, the company will supply the domestic energy market, leveraging the large advantages of coal from Magallanes for the electric sector compared to the coal currently imported. The benefits of this coal include its abundance and safe supply, it is simple to mine, it is closer to consumption points and it has a low sulfur content.

Mina Invierno currently has various coal deposits on Riesco Island, where the country's largest sub-bituminous coal reserves are to be found. Reserves amount to over 250 million tons and resources to 516 million tons, making mining viable for over 20 years.

In 2007, the company was the successful bidder in two tenders launched by Chile's Economic Development Agency (CORFO) for the call option exploration of the "Río Eduardo," "Mina Elena," and "Estancia Invierno" deposits. The former two became available to the company in early 2008, and exploration works started immediately, which confirmed reserves of 50 million tons. Hence, Mina Invierno exercised the call option for these deposits early in 2009.

In the case of "Estancia Invierno," the company has mining rights up to 2017 and, according to what was established in the contract with the Corfo, it may exercise the call option at the

end of 2017, should this be appealing. The company carried out drilling in 2010, which confirmed reserves of 119 million tons.

Mina Invierno also owns a deposit called "Adela," which has coal reserves of over 80 million tons.

In February 2011, Mina Invierno secured final environmental approval from the Magallanes and Chilean Antarctic Environmental Assessment Commission for its coal project in the district of Río Verde. In the first half of the year, the initial mining equipment was purchased and work started to build the facilities needed to carry out the mining operation.

The sea terminal, which can receive vessels of 140,000 tons and transfer up to 3,000 tons of coal per hour, started to be built in May 2011. This terminal will have a 500-meter long dock, a 500,000-ton stockpile yard, and cutting-edge technology to guarantee efficiency, operating safety and conserve the environment.

The company is developing a series of agroforestry, livestock and grazing projects on the land around the Estancia Invierno mine to show that the traditional activity in the area and coal mining can be undertaken simultaneously and harmoniously. These projects include the inauguration of the largest and most cutting-edge greenhouse with native species in Patagonia, built as part of the company's reforestation plan. To date, 200,000 lenga plants have been planted and the aim is to reach around one million trees in 12 to 15 years.



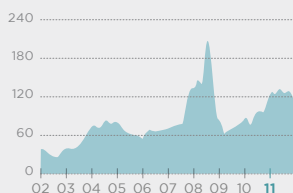


The company secured bank financing for **US\$ 450 million**



There is also a livestock project, which will conduct studies to show that coal does not affect the cattle breeding and production stages. The company has allocated 1,600 hectares of “Estancia Invierno” for cattle breeding and introduced 1,700 sheep and 300 cattle. This pioneer initiative in Chile will give the region knowledge of practices on cattle breeding innovation and grassland stewardship, among others.

To undertake this mining and port project the company has already secured bank financing of US\$ 450 million which it received in 2011. Operations should start up in the first half of 2013, and will have a positive impact on regional development and creating jobs. In the first stage this project will generate about 700 jobs, and at least 80% of these will be filled by workers and professionals from the Magallanes Region.



#### COAL PRICE

US\$/ton

Source: International Coal Report, Northwest  
Europe CIF 6,000 Kcal/Kg



## Acquisition of **Diego de Almagro** mining project

### CAN-CAN

Compañía Minera Can-Can S.A. was established in 1991 to develop mid-sized exploration and underground mining projects. Since then, it has operated in Chile's gold, silver and copper mining industry.

Can-Can currently owns mining properties in the Arica and Parinacota, Antofagasta, Atacama and Valparaíso regions, which are managed directly or through its affiliates. It also has an agitation leaching beneficiation plant in Copiapó to produce doré metal from the recovery of fine gold and silver contained in ores and tailings.

In 2011, the metal prices marketed by Can-Can reached exceptionally high levels. That was mainly due to strong demand for precious metals from China and other financial investors in the face of limited supply and the uncertainty arising from the global financial crisis. In this scenario, the company's total sales amounted to 15,000 ounces of gold equivalent, much higher than the figure of the previous year, which were sold in the United States and the domestic market.

Regarding investment, in January the company exercised the call option of Minera El Bronce de Petorca, a mid-sized mine which has significant reserves of gold, silver and copper. This operation entailed an investment of US\$ 35 million and started operations in March 2011.

In that same month, Can-Can was the successful bidder in the tender process of the Diego de Almagro project, a mining deposit which has large copper reserves. This operation entailed an investment of US\$ 40 million, and the necessary prefeasibility studies are underway to begin the construction of the mine and the ore treatment plant.



Furthermore, in November the company acquired the Botón de Oro gold deposit, also located in the province of Petorca. Drilling works and geological studies will commence in the first half of 2012, and commercial mining is scheduled for the second half of that same year.

Can-Can has continued to conduct geological studies of the Choquelimpie polymetal deposit in the Arica and Parinacota Region, which has proven fine gold and silver potential and the likely existence of a deep copper porphyry.

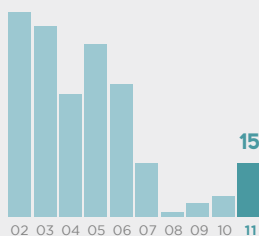
To optimize the management of these different projects, Can-Can established the affiliates Compañía Minera Sierra Norte S.A., which will be in charge of the Diego de Almagro project; Compañía Minera Paso San Francisco S.A., which will hold the assets of the leaching plant in Copiapó; and Compañía Minera La Merced S.A., which is in charge of Botón de Oro.



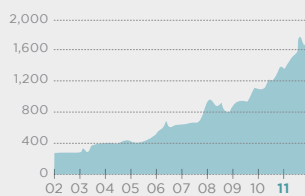
## Acquisition of **Mina El Bronce** of Petorca and **Mina Botón de Oro**

In 2011, Can-Can received recognition from the *Centro de Conservación de Patrimonio* and Regional Government of Valparaíso for its contribution to the *Alfombra de Flores Petorca-Hierro Viejo* cultural project.

In 2012, the company will carry on developing its mining projects and metallurgical processes to maximize the efficiency of its operations, taking advantage of its experience and making a contribution to the Chilean mining industry.



**CAN-CAN SALES**  
Thousand of ounces equivalent

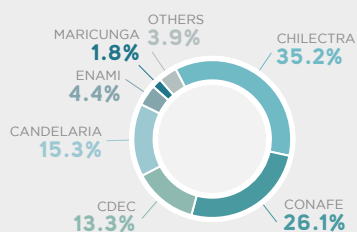


**GOLD PRICE**  
US\$/ounce  
Source: Bloomberg

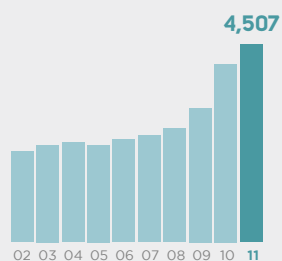




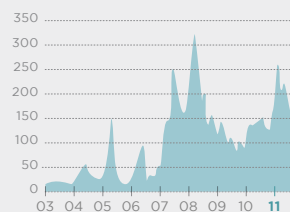
## GUACOLDA ENERGÍA



**GUACOLDA'S SALES PER CLIENT**  
Total: 4,507 GWh



**GUACOLDA'S ELECTRIC POWER SALES**  
Gigawatts-hour



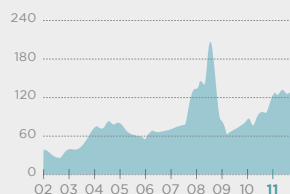
**QUILLOTA'S MARGINAL COST**  
mills/kWh  
Source: CDEC-SIC's Monthly Report

## GUACOLDA ENERGÍA



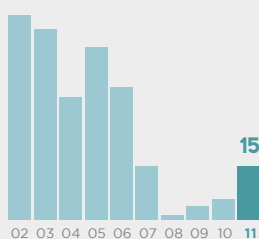
**ALTO JAHUEL'S KNOT PRICE**  
mills/kWh  
Source: CNE's Knot Price Report

## MINA INVERNO

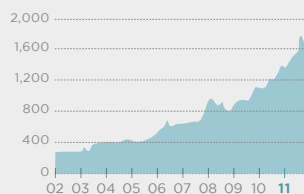


**COAL PRICE**  
US\$/ton  
Source: International Coal Report, Northwest Europe CIF 6,000 Kcal/Kg

## CAN-CAN



**CAN-CAN SALES**  
Thousand of ounces equivalent



**GOLD PRICE**  
US\$/ounce  
Source: Bloomberg



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## GENERAL INFORMATION

## COMPANY OWNERSHIP

SHAREHOLDER NAME <sup>(1)</sup>	Taxpayer Code N°	N° of Shares	%
AntarChile S.A. <sup>(2)</sup>	96.556.310-5	790,581,560	60.82
Forestal y Pesquera Callaqui S.A.	96.513.480-8	29,731,091	2.29
Viecal S.A.	81.280.300-K	29,439,066	2.26
Banco de Chile por Cuenta de Terceros	33.338.248-2	28,861,442	2.22
Banco Itaú por Cuenta de Inversionistas	33.338.288-1	27,226,040	2.09
Minera Valparaíso S.A.	90.412.000-6	22,027,125	1.69
AFP Provida	98.000.400-7	20,810,555	1.60
Forestal y Pesquera Copahue S.A.	79.770.520-9	18,692,371	1.44
AFP Habitat	98.000.100-8	16,941,076	1.30
Larraín Vial S.A. Corredora de Bolsa	80.537.000-9	16,783,235	1.29
Servicios y Consultoría Ltda.	93.865.000-4	15,446,423	1.19
Banchile Corredores de Bolsa S.A.	96.571.220-8	14,432,198	1.11
<b>Subtotal</b>		<b>1,030,972,182</b>	
<b>TOTAL SHARES</b>		<b>1,299,853,848</b>	

(1) Twelve major shareholders.

(2) AntarChile S.A. owns more than 10% of the Company capital.

At December 31, 2011 there were 8,411 shareholders.





## COMPANY CONTROLLERS

For the year ended December 31, 2011, Empresas Copec S.A. was controlled by the publicly-traded corporation AntarChile S.A., owner of 60.821% of Empresas Copec S.A.'s stock. In turn, the final controllers of AntarChile S.A. and hence Empresas Copec S.A. are Mrs. María Nosedá Zambra de Angelini, Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi. It is also left on record that some of the above-mentioned final controllers have a direct stake in Empresas Copec S.A., as follows: Mr. Roberto Angelini Rossi is the direct owner of 0.002% of Empresas Copec S.A.'s stock and Mrs. Patricia Angelini Rossi is the direct owner of 0.0002% of Empresas Copec S.A.'s stock.

It should also be noted that the following individuals related by kinship to the final controllers are the direct owners of the following percentages of Empresas Copec S.A.'s stock: Mrs. Daniela Angelini Amadori: 0.00005%, Mr. Maurizio Angelini Amadori: 0.00005%, Mr. Claudio Angelini Amadori: 0.00005%, Mr. Mario Angelini Amadori: 0.00005%, Mr. Franco Roberto Mellafe Angelini: 0.00006%, Mr. Maximiliano Valdés Angelini: 0.00006% and Mrs. Josefina Valdés Angelini: 0.00006%.

As already mentioned, AntarChile S.A. is controlled by its final controllers with an agreement of acting jointly entered into, who are the above-mentioned Mrs. María Nosedá Zambra de Angelini, taxpayer code N° 1.601.840-6, Mr. Roberto Angelini Rossi, taxpayer code N° 5.625.652-0, and Mrs. Patricia Angelini Rossi, taxpayer code N° 5.765.170-9. They exercise such control as follows: a) Shares directly owned by the final controllers: a.1) Mr. Roberto Angelini Rossi is the direct owner of 0.21127% of the shares issued by AntarChile S.A.; and a.2) Mrs. Patricia Angelini Rossi is the direct owner of 0.22528% of the shares issued by AntarChile S.A. Total shares of AntarChile S.A. directly owned by the final controllers: 0.43655%. b) Shares of AntarChile S.A. owned by the company controlled by the final controllers: Inversiones Angelini y Compañía Limitada, taxpayer code N° 93.809.000-9, is the direct owner of 63.4015% of the

shares issued by AntarChile S.A., and indirect owner of, through its affiliate Inmobiliaria y Turismo Río San José S.A., 0.073% of the shares of AntarChile S.A. Inversiones Angelini y Compañía Limitada is controlled by the mentioned final controllers, i.e., Mrs. María Nosedá Zambra, Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi, with a total shareholding of 52.118294%, broken down as follows: Mrs. María Nosedá Zambra, directly 10.944020%; Mr. Roberto Angelini Rossi, directly 5.377325% and indirectly 16.992312% through Inversiones Arianuova Limitada, taxpayer code N° 76.096.890-0, of which he has a 99.99% shareholding; and Mrs. Patricia Angelini Rossi, directly 5.105316% and indirectly 13.699321% through Inversiones Rondine Limitada, taxpayer code N° 76.096.090-K, of which she has a 99.99% shareholding. Moreover, Mr. Roberto Angelini Rossi has statutory control of Inversiones Golfo Blanco Limitada, taxpayer code N° 76.061.995-7, which has a 18.357026% shareholding of Inversiones Angelini y Compañía Limitada, whose partners are: (i) Mr. Roberto Angelini with a 0.00011% shareholding; and (ii) Maurizio, Daniela, Claudio and Mario Angelini Amadori with a 24.9999% shareholding each. Mrs. Patricia Angelini, has statutory control of Inversiones Senda Blanca Limitada, taxpayer code N° 76.061.994-9, which has a 14.793925% shareholding of Inversiones Angelini y Compañía Limitada, whose partners are: (i) Mrs. Patricia Angelini with a shareholding of 0.000013%; and (ii) Franco Mellafe Angelini, Maximiliano Valdés Angelini and Josefina Valdés Angelini with a shareholding of 33.33328%. Yolab Investment Corp., taxpayer code N° 59.008.790-4, with a 4.57746% shareholding, and Jean Pierre Corp., taxpayer code N° 59.008.780-7, with a 5.52542% shareholding, as shareholders of AntarChile S.A. are also members of the controller AntarChile S.A., with an agreement of acting jointly entered into. These two companies were established pursuant to the laws of the Republic of Panama. It should be noted that these two foreign companies are also partners of Inversiones Angelini y Compañía Limitada, a company referred



to in letter b) hereinabove, and have the following shareholding percentages: Yolab Investment Corp.: 0.550382% and Jean Pierre Corp.: 7.298763%. Lastly, it is left on record that the aforementioned Inversiones Angelini y Compañía Limitada is the direct owner of 0.1507% of Empresas Copec S.A.'s stock, and indirect owner, through its affiliate Inmobiliaria y Turismo Río San José S.A., of 0.049% of the shares of the mentioned Empresas Copec S.A.





## OTHER MAJORITY SHAREHOLDERS

The following shareholders control, directly or through some kind of relationship among them, over 10% of the Company's voting capital:

SHAREHOLDER NAME	TAXPAYER CODE N°	N° OF SHARES	%
Forestal y Pesquera Callaqui S.A.	96.513.480-8	29,731,091	2.29
Viecal S.A.	81.280.300-K	29,439,066	2.26
Minera Valparaíso S.A.	90.412.000-6	22,027,125	1.69
Forestal y Pesquera Copahue S.A.	79.770.520-9	18,692,371	1.44
Servicios y Consultoría Ltda.	93.865.000-4	15,446,423	1.19
Forestal, Constructora y Comercial del Pacífico Sur S.A.	91.553.000-1	10,638,898	0.82
Coindustria Ltda.	80.231.700-K	5,838,513	0.45
Cominco S.A.	81.358.600-2	5,513,550	0.42
Inmobiliaria Choapa S.A.	83.104.400-4	2,209,330	0.17
Inmobiliaria Rapel S.A.	83.104.700-3	1,164,237	0.09
Inmobiliaria y Forestal Chigualoco Ltda.	94.773.000-2	681,002	0.05
Agrícola e Inmobiliaria Las Agustinas S.A.	83.104.900-6	590,254	0.05
Inmobiliaria Bureo S.A.	83.164.900-3	275,500	0.02
Forestal Bureo S.A.	87.014.900-K	174,767	0.01
Others		940,431	0.07
<b>TOTAL</b>		<b>143,362,558</b>	<b>11.03</b>

All these shareholders belong to the same business group whose final controllers, in equal shares, are the following individuals: Mr. Eliodoro Matte Larraín, taxpayer code N° 4.436.502-2, Mrs. Patricia Matte Larraín, taxpayer code N° 4.333.299-6 and Mr. Bernardo Matte Larraín, taxpayer code N° 6.598.728-7.



## TRANSFERS

The changes in the shareholdings of the major shareholders of Empresas Copec S.A. December 31, 2010 through December 31, 2011 are outlined below.

Banco de Chile por Cuenta de Terceros increased its shareholding from 24,075,594 shares to 28,861,442 shares. Banco Itaú por Cuenta de Inversionistas also increased its shareholding from 22,163,592 shares to 27,226,040 shares. AFP Provida reduced its shareholding from 22,991,161 to 20,810,555 shares. AFP Habitat reduced its shareholding from 20,808,376 shares to

16,941,076. Larraín Vial S.A. Corredora de Bolsa also reduced its shareholding from 17,155,617 to 16,783,235 shares. Banchile Corredores de Bolsa S.A. increased its shareholding from 12,351,883 shares to 14,432,198 shares.

Moreover, in 2011 the Company's controller, directors, chief executive, managers and senior officers carried out the following transactions as financial investments:

### TOTAL SHARES PURCHASED

SHAREHOLDER	CURRENT RELATIONSHIP WITH EMPRESAS COPEC S.A.	NUMBER OF SHARES TRADED	UNIT PRICE (Ch\$)	TOTAL AMOUNT TRADED (Th Ch\$)	TRANSACTION DATE
Cristián Infante Bilbao	Executive of an affiliate	2,600	7,749.90	20,149,740	March 18

### STOCK MARKET INFORMATION

	NUMBER OF SHARES TRADED	TOTAL AMOUNT TRADED (ThCh\$)	AVERAGE PRICE (Ch\$)
Q1 - 2009	33,639,765	168,918,976	5,021.41
Q2 - 2009	37,001,596	236,013,756	6,378.48
Q3 - 2009	24,164,233	164,814,404	6,820.59
Q4 - 2009	40,017,780	293,935,156	7,345.11
Q1 - 2010	35,622,120	285,277,139	8,008.43
Q2 - 2010	38,141,998	316,286,875	8,292.35
Q3 - 2010	37,799,228	329,977,204	8,729.73
Q4 - 2010	35,745,939	330,359,858	9,241.89
Q1 - 2011	37,922,286	319,849,586	8,434.34
Q2 - 2011	34,245,778	296,669,018	8,662.94
Q3 - 2011	30,767,556	227,851,858	7,405.59
Q4 - 2011	39,212,542	271,803,315	6,931.54





## CAPITAL STOCK

The Company's subscribed and paid-up capital amounted to US\$ 686,113,724.13 for the year ended December 31, 2011, distributed into 1,299,853,848 subscribed and paid-up shares.

The balance sheet showed net income of US\$ 932,724,559.42 for the year ended December 31, 2011, which is proposed to be distributed as follows:

DISTRIBUTION OF NET INCOME	US\$
To cover interim dividend N°22 of US\$0.1101890 per share paid in December 2011 and agreed on October 2011	143,229,595.66
To cover final dividend N°23 of US\$0.1803310 per share, to be distributed	234,403,944.26
To the accumulated profit surplus fund	555,091,019.50
<b>TOTAL NET INCOME FOR THE PERIOD</b>	<b>932,724,559.42</b>

Should the Shareholders' Meeting approve the distribution proposed, the following is the breakdown of the capital accounts:

FINAL BREAKDOWN OF THE CAPITAL ACCOUNTS	THOUSANDS OF US\$
Paid-up capital	686,114
Other reserves	341,347
Accumulated profits	8,785,629
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>9,813,090</b>



The Board agreed to propose to the Ordinary General Shareholders' Meeting, which will analyze this Annual Report, a final dividend distribution of US\$ 0.1803310 per share. This amount, plus interim dividend N°22 paid in December 2011, gives a total dividend distribution of US\$ 377.63 million, which accounts for 40.00% of the net income of the 2011 period, according to the breakdown below:

DIVIDEND DISTRIBUTION	THOUSANDS OF US\$
Net income for the period according to the balance sheet	932,725
Adjustments to the distributable net income	11,358
<b>Net Income</b>	<b>944,083</b>
30% minimum legal dividend	283,225
<b>Actual Dividends:</b>	
Interim dividend distributed in December 2011 of US\$0.1101890 per share for 1,299,853,848 shares	143,230
Plus: Final dividend proposed by the Board and to be distributed of US\$0.1803310 per share for 1,299,853,848 shares	234,404
<b>TOTAL DIVIDENDS FOR THE 2011 PERIOD INCOME</b>	<b>377,634</b>
<b>Actual Percentage of Net Income</b>	<b>40.00%</b>



In the next few years, the Board plans to propose to the shareholders a final dividend distribution of 40% of the net income obtained in such years.

DIVIDENDS	DATE	Ch\$/SHARE
Final N°13	May 2007	85
Interim N°14	December 2007	60
Final N°15	May 2008	94

DIVIDENDS*	DATE	US\$/SHARE
Interim N°16	December 2008	0.103361
Final N°17	May 2009	0.078000
Interim N°18	December 2009	0.055573
Final N°19	May 2010	0.090150
Interim N°20	December 2010	0.102215
Final N°21	May 2011	0.202360
Interim N°22	December 2011	0.110189

\* The Company's accounting has been in US dollars as of January 1, 2008.



## DIRECTORS' COMMITTEE

Pursuant to circular letter N°1.956 of the Superintendency of Securities and Insurance (SVS), dated December 22, 2009, in an extraordinary meeting held on May 4, 2011, the Board appointed the members of the Directors' Committee referred to in article 50 bis of Law N°18.046. The members appointed were Messrs. Andrés Bianchi Larre, Juan Edgardo Goldenberg Peñafiel and Juan Obach González. The latter was appointed President of the Committee in a meeting held on May 24, 2011. Mr. Juan Edgardo Goldenberg Peñafiel is related to the controller, and Messrs. Andrés Bianchi Larre and Juan Obach González are unrelated.

In the 2011 period, the Committee fulfilled its duties and exercised the faculties set forth by law which, among other matters, entailed analyzing the reports submitted by the external auditors, the quarterly financial statements, the remuneration systems and compensation plans for senior managers and officers, and lastly the information concerning operations laid down in Title XVI of Law N°18.046 on corporations. Regarding the latter, it should be highlighted that the Committee reviewed the transactions referred to in that Title and confirm that the operations were made in accordance with market conditions.

The main activities undertaken by the Directors' Committee in the 2011 period are outlined below.

### Meeting N°63, held on March 29, 2011

- Review of transactions with related companies in 2010.
- Review of the financial statements for 2010 and report of the external auditors.
- Definition of the external auditors (PricewaterhouseCoopers) and risk rating agencies (Feller Rate and Fitch Ratings) to be suggested to the Board and proposed to the Shareholders' Meeting.
- Group Insurance Contract with the related company Cruz del Sur S.A.



- Proposal to renewal computer services contract with the related company Sigma S.A.
- Fees for legal advice to Portaluppi, Guzmán y Bezanilla.

### Meeting N°64, held on May 24, 2011

- Review of transactions with related companies in the first quarter of 2011.
- Review of the financial statements at March 31, 2011.

### Meeting N°65, held on August 24, 2011

- Review of the financial statements for the first half of 2011 and report of the external auditors.
- Review of transactions with related companies in the first half of 2011.

### Meeting N°66, held on October 27, 2011

- Audit Work Plan and Anti-Fraud controls.
- Financial investments policies of the Company and investment state.

### Meeting N°67, held on November 23, 2011

- Review of the financial statements at September 30, 2011.
- Review of transactions with related companies at September 30, 2011.

### Meeting N°68, held on December 29, 2011

- Remuneration systems and compensation incentives for the Company's senior managers and officers.
- Modification of the lease of offices to the affiliate Compañía Minera Can-Can S.A.
- Modification of the advice contract with the related company Servicios Corporativos Sercor S.A.

The Committee did not incur any expenses for the exercise of its duties in 2011, except the remuneration paid to three of its members, approved in the last Ordinary Shareholders' Meeting of Empresas Copec S.A., as outlined hereinbelow.

The Committee has prepared an Annual Management Report that will be informed in the next Ordinary Shareholders' Meeting.





## THE BOARD

Messrs. Roberto Angelini Rossi, Andrés Bianchi Larre, Carlos Croxatto Silva, Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, José Tomás Guzmán Dumas, Carlos Hurtado Ruiz Tagle, Nicolás Majluf Sapag and Bernardo Matte Larraín were Company directors until April 2011.

General Shareholders' Meeting held on April 27, 2011, elected the Company's Board of Directors for three years, with the following people elected: Jorge Andueza Fouque, Roberto Angelini Rossi, Andrés Bianchi Larre, Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, José Tomás Guzmán Dumas, Carlos Hurtado Ruiz-Tagle, Bernardo Matte Larraín and Juan Obach González.

In a Company Board Meeting held on April 28, 2011, Mr. Roberto Angelini Rossi was elected as Chairman and Mr. José Tomás Guzmán as Vice Chairman.

## BOARD AND MANAGEMENT REMUNERATION

Pursuant to what is laid down in Law N° 18.046, the Ordinary General Shareholders' Meeting held on April 27, 2011, agreed on the Board remuneration for this period.

The gross remunerations received by each director in the 2011 period amounted to: Mr. Roberto Angelini Rossi: US\$ 272,038 (US\$ 249,710 in 2010); Mr. José Tomás Guzmán Dumas: US\$ 108,815 (US\$ 99,884 in 2010); Messrs. Andrés Bianchi Larre, Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, Carlos Hurtado Ruiz-Tagle and Bernardo Matte Larraín: US\$ 54,408 (US\$ 49,942 in 2010); Messrs. Jorge Andueza Fouque and Juan Obach González: US\$ 36,222 (US\$ 0 in 2010); Messrs. Carlos Croxatto Silva and Nicolás Majluf Sapag: US\$ 18,186 (US\$ 49,942 in 2010).

Furthermore, the members of the Company's Directors' Committee received the following gross remunerations: Mr. Andrés Bianchi Larre: US\$ 27,204 (US\$ 22,976 in



2010); Mr. Juan Edgardo Goldenberg Peñafiel: US\$ 27,204 (US\$ 24,971 in 2010); Mr. Juan Obach González: US\$ 18,111 (US\$ 0 in 2010), and Mr. Nicolás Majluf Sapag: US\$ 9,093 (US\$ 24,971 in 2010).

No incentive plans such as bonuses, stock benefits, stock options or others existed in which the directors participated.

The parent Company directors listed below received the following gross compensation for serving as directors on the boards of the following affiliates in each period.

For their services at Celulosa Arauco y Constitución S.A.: Mr. Roberto Angelini Rossi US\$ 81,187 (US\$ 75,022 in 2010); Mr. José Tomás Guzmán Dumas US\$ 97,424 (US\$ 89,212 in 2010); Messrs. Carlos Croxatto Silva and Jorge Andueza Fouque: US\$ 64,949 (US\$ 60,019 in 2010). Furthermore, Mr. Carlos Croxatto Silva received US\$ 109,380 (US\$ 80,834 in 2010) and Mr. Jorge Andueza Fouque received US\$ 21,019 (US\$ 0 in 2010) for work other than his director functions.

For their services at Forestal Arauco S.A.: Mr. Roberto Angelini Rossi: US\$ 81,185 (US\$ 75,009 in 2010); Mr. José Tomás Guzmán Dumas: US\$ 97,422 (US\$ 90,011 in 2010); Mr. Carlos Croxatto Silva: US\$ 64,948 (US\$ 60,007 in 2010).

For their services at Industrias Forestales S.A.: Mr. Roberto



Angelini Rossi: US\$ 50,982 (US\$ 50,670 in 2010); Mr. Carlos Croxatto Silva: US\$ 30,077 (US\$ 50,670 in 2010), Mr. José Tomás Guzmán Dumas: US\$ 65,022 (US\$ 50,670 in 2010).

For their services at Compañía de Petróleos de Chile Copec S.A.: Mr. Roberto Angelini Rossi: ThCh\$ 78,762 (ThCh\$ 76,291 in 2010); Mr. José Tomás Guzmán Dumas: ThCh\$ 31,505 (ThCh\$ 30,500 in 2010); Messrs. Jorge Andueza Fouque, Arnaldo Gorziglia Balbi and Bernardo Matte Larraín: ThCh\$ 15,752 (ThCh\$ 15,258 in 2010).

For his services at Pesquera Iquique-Guanaye S.A.: Mr. Jorge Andueza Fouque: US\$ 27,493 (US\$ 18,841 in 2010) and Mr. Roberto Angelini Rossi: US\$ 27,493 (US\$ 24,933 in 2010).

For his services at Orizon S.A.: Mr. Roberto Angelini Rossi: US\$ 27,493 (US\$ 86,084 in 2010) and Mr. Jorge Andueza Fouque: US\$ 38,490 (US\$ 86,097 in 2010).

For his services at Compañía Minera Can-Can S.A.: Mr. Roberto Angelini Rossi: US\$ 27,204 (US\$ 24,971 in 2010).

The next Ordinary General Shareholders' Meeting shall establish the directors' remuneration for the 2012 period.

On the other hand, the remunerations and bonuses received by the Company's senior officials in the 2011 period amounted to Ch\$ 1,160 million. Bonuses are voluntary and are established based on the Company's results.

No severance indemnities were paid to the Company's senior managers and officers in the 2011 period.

## RELATED PARTY TRANSACTIONS

The information on related party transactions is set out in Note N°16 to the Company's financial statements, which are an integral part of this Annual Report.

## SIGNIFICANT EVENTS

The parent company and its affiliates informed the Superintendency of Securities and Insurance (SVS) of the following significant events in 2011:

### I. PARENT COMPANY

1.- On April 1, 2011, the SVS was informed of the following: "A Company Board meeting, held on March 31, 2011, agreed to propose to the Ordinary Shareholders' Meeting, scheduled for April 27, the payment of a minimum compulsory final dividend of US\$ 0.20236 per share, charged to income for the year ended December 31, 2010.

This dividend will be paid in Chilean pesos according to the exchange rate in force on May 6, 2011.

Those shareholders registered in the Company Shareholders' Registry as of May 6, 2011, will be entitled to this dividend, if it is approved by the Shareholders' Meeting."

2.- On May 19, 2011, the SVS was informed of the following: "Our affiliate Abastecedora de Combustibles S.A. (hereinafter referred to as "Abastible") has entered into agreements to become a partner of the Colombian company "Inversiones del Nordeste S.A.S." (hereinafter referred to as "IN") with a 51% stake. This will entail a total disbursement of around COL\$ 139 billion, which is equivalent to approximately US\$ 76.5 million, mainly allocated to capitalize IN to give it resources for its future development.



The completion of such agreements is subject to the results of due diligence, which will take 30 days as of this date, and this operation is therefore expected to be closed next June.

IN, through affiliates and related companies, operates in the liquefied petroleum gas (LPG) distribution market in most of the departments of Colombia. It has annual sales of 200,000 tons, giving it a market share of around 34%. Furthermore, IN owns companies that make gas bottles and storage tanks and transport bottled and bulk liquefied petroleum gas.

These agreements will give rise to a strategic partnership between IN and Abastible, leveraging their experience with LPG development in their respective countries to jointly address the Colombian market and their future growth.

Abastible's decision to venture into Colombia is part of its ongoing quest for business opportunities that leverage the strength the company has gained in such a competitive business area in Chile.

Regarding this, Colombia gives Abastible the possibility of expanding into an attractive market with new regulations, characterized by freedom of prices and brand ownership of the bottles used to distribute and consume liquefied petroleum gas. This market is evolving towards similar conditions to those in Chile, which will allow Abastible to widen its successful experience with service quality and increase the uses of liquefied gas. Colombia currently has large institutional strength and is suitable for foreign investment, which has led to large economic growth.

This operation is a new investment in Colombia and another step in the internationalization process and development of the business.

We deem that when this transaction has been completed it will have positive effects on the results of Abastible, notwithstanding the fact that these are not quantifiable at present."

**3.-** On July 1, 2011, the SVS was informed of the following: "A Company Board meeting, held yesterday June 30, 2011, reached the following agreements:

1. To establish an affiliate, which will hold the mining assets of Empresas Copec S.A., which account for approximately 0.87% of the Company's total assets. Such assets mainly comprise stock of corporations and stakes in limited partnerships, all affiliates or related companies of Empresas Copec S.A., and whose lines of business are directly related to mining operations.

2. To undertake commitments regarding the financing needed to carry out and develop the coal mining project of Inversiones Laguna Blanca S.A. and affiliates (hereinafter referred to as the "Project") and this financing will be provided by local financial entities. Such commitments consist of the following:

2.1 Financing for outlays: Empresas Copec S.A. shall make capital investments enabling the related company Inversiones Laguna Blanca S.A. and affiliates to maintain the equity required to undertake the Project, and Empresas Copec S.A. shall therefore invest a limit of US\$ 107.5 million for this, and this amount includes investments and subordinated loans already delivered so far.

2.2 Completion or termination financing: Empresas Copec S.A. shall provide financing by means of capital investment or subordinated loans /i/ if there are cost overruns regarding the Project investment budget; or /ii/ if it is necessary for the Project to pass the commissioning test, as this term is to be defined in the financing contract. The capital investment limit for this shall be US\$ 25 million.

2.3 Capital investment to exercise the call option of the mining claims. Empresas Copec S.A. shall make capital investment or



subordinated loans enabling Inversiones Laguna Blanca S.A. and affiliates to exercise and pay for the call option set forth in the "Call Option Contract of the Mining Claims," signed at the time with the Chilean Economic Development Agency (CORFO) for the mining claims called "Estancia Invierno". The maximum capital investment for this shall be the Chilean peso equivalent of US\$ 100.5 million. This commitment is subject to Inversiones Laguna Blanca S.A. and affiliates not opting for, before the expiry of the call option, an alternative way of mining or for assets replacing the "Estancia Invierno" mining claims, whose mining is technically and economically acceptable to creditors.

3. Lastly, and concerning what was already reported to this Superintendency as a significant event on May 19, I inform you that yesterday June 30, agreements were made and executed regarding the affiliate Abastecedora de Combustibles S.A. becoming a partner with a 51% stake of the Colombian company "Inversiones del Nordeste S.A.S" (hereinafter referred to as "IN"). That entailed a total investment of around COL\$ 139 billion, which was mainly allocated to capitalizing IN to give it the resources for its future development.

We deem that when this operation has been completed it will have positive effects on the Company's results, notwithstanding the fact that these are not quantifiable at present."

4.- On September 2, 2011, the SVS was informed of the following: "We have become aware that contracts were entered into in Santiago on September 2, 2011, pursuant to which Quinenco S.A. directly or through one or more affiliates, bound itself to acquire from "Organización Terpel Chile S.A." and "Petrolera Nacional S.A." (hereinafter jointly referred to as "Terpel") all their interests in their Chilean subsidiaries "Petróleos Transandinos S.A." and "Operaciones y Servicios Terpel Limitada" (hereinafter jointly referred to as the "Companies"). This transaction entails transferring the fuel

distribution business through service stations operated by the Companies throughout Chile and other related businesses.

The seller Companies are affiliates of "Organización Terpel S.A." of Colombia, of which our affiliate Compañía de Petróleos de Chile Copec S.A. (hereinafter referred to as "Copec") is the indirect controller.

The price of the transaction is US\$ 320 million, which would be adjusted according to debt and working capital variations.

The closing of this transaction is subject to meeting certain standard conditions for these kinds of negotiations, and particularly the prior approval by the Tribunal for the Defense of Free Competition of the application that shall be filed to such Tribunal, pursuant to what is laid down in its Resolution N°34/2011. Such resolution affected an application by Copec to establish the procedure for dispensing with its indirect stake in Organización Terpel Chile Ltda.

We would like to highlight that if the transaction is completed today, this would give Empresas Copec S.A. a financial profit before tax of about US\$ 28 million. The final terms of the closing of this operation will be timely informed, giving the actual amount of the profit generated."

5.- On September 15, 2011, the SVS was informed of the following: "The Company has placed dematerialized bearer bonds in the local market, and their most significant conditions are as follows:

1. "E" series bonds were placed, issued and charged to the bond line approved by the Board on October 29, 2009, and registered in the Securities Registry of the Superintendency of Securities and Insurance under N° 624 on December 11, 2009. In turn, the mentioned "E" series bond issuance and placement was approved by the Board on July 28, 2011.





This placement was made for a total of 1.3 million Unidades de Fomento (hereinafter referred to as "UF") with 10-year maturity. Interest shall accrue as of July 31, 2011, and shall be paid half-yearly on January 31 and July 31 each year as of January 31, 2012. The capital shall be repaid in one single installment payable on July 31, 2021.

The issuance attained a placement rate of 3.4%.

The "E" series bonds shall accrue compound past-due coupon interest of 3.25% per annum on the outstanding capital expressed in UF, calculated based on 180-day semesters, equivalent to a half-yearly rate of 1.6120%.

2. This bond series has a domestic risk rating of AA.

IM Trust S.A. Corredores de Bolsa was the underwriter, a company with whom there is no ownership relationship.

The spread on the "E" series bond with 10-year maturity issued by the Chilean Central Bank in UF ("BCU") was 115 base points.

3. The following are further important conditions of the mentioned bonds:

- i) The "E" series bonds can be redeemed as of July 31, 2014.
- ii) The bonds will have no guarantee whatsoever.
- iii) The proceeds from this bond placement will be allocated to financing the investment projects of the issuer and/or its affiliates.

It is deemed that the mentioned bond placement will have no major effects on the Company's financial statements."

**6.-** On October 28, 2011, the SVS was informed of the following: "Our affiliate Compañía de Petróleos de Chile Copec S.A. has acquired a direct shareholding of the Colombian company "Sociedad de Inversiones en Energía S.A." (hereinafter referred

to as "SIE") in a takeover bid for the latter company, which was completed in Colombia. SIE is one of the companies through which our affiliate controls "Organización Terpel S.A."

Based on this acquisition, Compañía de Petróleos de Chile Copec S.A. gained a 14.39% shareholding of SIE, and this has increased the total indirect stake of our affiliate in "Organización Terpel S.A." from 26.4% to 39.1%.

The cost of acquiring 14.39% of SIE was about US\$ 181 million.

It is deemed that the acquisition of stock reported in this letter will have positive effects on the financial statements of Compañía de Petróleos de Chile Copec S.A. and those of its parent company Empresas Copec S.A. in the long term. Nevertheless, such effects are not quantifiable at present."

**7.-** On November 4, 2011, the SVS was informed of the following: "Last night the Brazilian company Centaurus Holding S.A. agreed to buy 100% of the shareholding of the Brazilian company Florestal Vale do Corisco Ltda. (hereinafter referred to as "Vale do Corisco"). Arauco Forest Brasil S.A. (the Brazilian affiliate of our affiliate Celulosa Arauco y Constitución S.A., hereinafter also referred to as "Arauco") will have a 49% shareholding of Centaurus Holding S.A., and Klabin S.A. will own the remaining 51%. Klabin S.A. is a Brazilian corporation listed on the Sao Paulo Stock Market (Bovespa), and is a leading forestry and industrial company in Brazil.

Vale do Corisco has a forest equity of 107,000 hectares located in the State of Paraná, of which 63,000 hectares are already planted.

The total price paid for 100% of Vale do Corisco was US\$ 473.5 million. It is estimated this will be paid this month, when the conditions laid down in the contract for this have been met.



This transaction strengthens Arauco's position in the forestry business in Brazil to develop its industrial operations and assure the wood supply for future projects.

We deem this transaction will have positive effects on the results of Arauco and Empresas Copec, notwithstanding the fact that these are not quantifiable at present."

- 8.- On November 15, 2011, the SVS was informed of the following: "As we informed this Superintendency timely, our affiliate Celulosa Arauco y Constitución S.A. (hereinafter referred to as "Arauco") had insurance policies for the damage caused by the earthquake and tsunami of February 27, 2010, which provided coverage for physical assets and loss from downtime of the production of wood pulp, panels, energy and coverage for additional expenses in the sawmill area.

We hereby inform you that Arauco and the corresponding insurance companies have accepted the loss adjustment report for the mentioned damage and economic loss, and such report was made by the Crawford-Graham Miller Limitada loss adjusters.

According to such loss adjustment, Arauco will receive a total indemnity of US\$ 532 million, from which advances that currently amount to US\$ 278 million shall be deducted. Hence, Arauco will receive an additional amount of US\$ 254 million, which is expected to be paid before December 31, 2011. US\$ 158 million of this amount will be added as net income before tax to Arauco's 2011 income account. A similar amount shall be added as net income before tax to the 2011 income of Empresas Copec S.A."

- 9.- On December 29, 2011, the SVS was informed of the following: "Today, Arauco Panels USA, the US affiliate of Celulosa Arauco y Constitución S.A. (hereinafter referred to as "Arauco") agreed to buy an industrial mill, which has a medium density fiberboard (MDF) and high density fiberboard

(HDF) line, a particleboard (PB) line, and two melamine lines. These facilities are located at Moncure in North Carolina, United States of America (hereinafter referred to as the "Moncure Mill"). This agreement was made by means of an asset purchase and sale contract signed with the company Uniboard USA LLC.

The price was US\$ 56 million, plus US\$ 6 million for working capital, the latter subject to an adjustment based on the working capital amount available when the purchase is made. To close this transaction, several prior conditions set forth in the contract shall be met. This closing is expected to take place on February 15, 2012.

The Moncure Mill has one MDF line with a production capacity of 330,000 m<sup>3</sup>, a particleboard (PB) mill with a production capacity of 270,000 m<sup>3</sup> and also two melamine lines.

We deem that when this transaction has been completed it will have positive effects on the results of Arauco and Empresas Copec S.A., notwithstanding the fact that these are not quantifiable at present."

## II. AFFILIATE: CELULOSA ARAUCO Y CONSTITUCIÓN S.A.

- 1.- On January 18, 2011, the SVS was informed of the following: "As informed in the Company's significant events dated May 18, September 27 and October 16, 2009, Arauco and Stora Enso have made a series of investments to assure a strategic forestry base to undertake a project to build a wood pulp mill in the Oriental Republic of Uruguay. To achieve that objective, Arauco, through its affiliate Inversiones Arauco Internacional Limitada, and Stora Enso are partners with an equal share in a joint venture called Montes del Plata. This has forest equity in Uruguay of approximately 250,000 hectares of lands, of which about half have already been planted.



Counting on this strategic forestry supply base, Inversiones Arauco Internacional Limitada and Stora Enso have agreed to carry out a project to build a cutting-edge wood pulp mill with a guaranteed production capacity of 1.3 million tons of wood pulp a year, a port and a renewable resource-fired power plant at Punta Pereira in the department of Colonia in Uruguay. The total investment will be US\$ 1.9 billion.

It is forecasted that this wood pulp mill will start up in the first half of 2013. The wood supply will mostly come from the own forest plantations of Montes del Plata in various departments in the country. The project will be financed with approximately 40% of shareholder capital and 60% of third-party financing.

Arauco deems this project will have positive effects on the Company's results, notwithstanding the fact that these are not quantifiable at present."

- 2.- On January 28, 2011, the SVS was informed of the following: "In various communications we have reported on the progress made with the process of getting our industrial activities back to normal. As you are already aware, the Company's only industrial unit with normalization pending is line II of Arauco's mill in the district of Arauco in Region VIII, and this line has a production capacity of approximately 500,000 tons of wood pulp a year. This line has undergone a complex process of repair of the damage caused by the earthquake on February 27, especially its reclaim boiler, which is critical for resuming the production of such line.

I hereby inform you that the repairs to line II of Arauco's mill are in the final stage, and the reclaim boiler is in a start-up process. Accordingly, line II is expected to resume its productive operations in the first fortnight of February 2011."

- 3.- On February 10, 2011, the SVS was informed of the following: "As informed in the Company's significant events dated

January 18, 2011, Inversiones Arauco Internacional Limitada, an affiliate of the Company, and Stora Enso have agreed to carry out a project to build a cutting-edge wood pulp mill with a guaranteed production capacity of 1.3 million tons of wood pulp a year, a port and a renewable resource-fired power plant at Punta Pereira in the department of Colonia in Uruguay.

Regarding this, the 23rd Extraordinary Shareholders' Meeting of the Company was held today, which approved the Company granting a non-personal and limited surety to guarantee the obligations that the Uruguayan company Celulosa y Energía Punta Pereira S.A. (hereinafter referred to as "CEPP"), a related company of our Company, will take on pursuant to the Engineering Procurement and Construction (the "EPCs") Agreements to build the main areas of the wood pulp mill on behalf of the company or branch that Andritz AG forms in Uruguay to enter into the EPCs, which will eventually be signed to such end. This surety will be limited to the lower overall sum of (i) 50% of any and all amounts owed by CEPP pursuant to the EPCs; or (ii) the total and accumulated amount of € 189 million."

- 4.- On April 29, 2011, the SVS was informed of the following: "Today, the Company affiliate Arauco do Brasil S.A. approved the expansion project of the Jaguariaíva mill, located in the township of Jaguariaíva, State of Paraná, Brazil.

This project entails building and operating a MDF line with an estimated production capacity of 500,000 m<sup>3</sup> a year of finished product, a decorative paper impregnation line and a melamine press.

This project will require an estimated investment of US\$ 170 million, which will be financed with own resources.

Arauco deems this project will have positive effects on the Company's results, notwithstanding the fact that these are not quantifiable at present."



**5.-** On July 14, 2011, the SVS was informed of the following: "In a Company Board Meeting held today, the Board of Celulosa Arauco y Constitución S.A. reached the following agreements:

1. To create the position of executive vice-president in the company senior management, appointing Mr. Matías Domeyko Cassel to this position, who was the company general manager up to today.

The creation of the executive vice-president position is due to the sharp growth of Arauco's companies in the last few years, both regarding its business lines and its international expansion. It was therefore deemed appropriate to give the organization the best international practice on corporate governance of companies of a similar size and importance and thereby boost the management and development of the company and its affiliates.

The executive vice-president will report directly to the Board, and will mainly be focused on the company's strategic planning, development and international expansion, boosting the integration of the different businesses of the Arauco group of companies, adopting the best international practice on corporate governance, and generally strengthening the management and development of the company and its affiliates, and coordinating compliance with the guidelines established by the Board. The company general manager will report to the executive vice-president.

2. Mr. Cristián Infante Bilbao was named the new company general manager, who was previously working as the corporate management and development manager. Mr. Cristián Infante Bilbao has large experience with the company's business lines and in the last few years worked as an executive in charge of affiliates in Argentina and Brazil, and he was also very involved with the Montes del Plata wood pulp project in Uruguay.

Both Mr. Domeyko and Mr. Infante have taken office as of this date."

- 6.-** On July 29, 2011, the SVS was informed of the following: "As informed in the Company's significant events dated January 18, Inversiones Arauco Internacional Limitada, an affiliate of the Company, and Stora Enso have agreed to carry out a project to build a cutting-edge wood pulp mill with a guaranteed production capacity of 1.3 million tons of wood pulp a year, a port and a renewable resource-fired power plant at Punta Pereira in the department of Colonia in Uruguay.

Regarding this, the 24th Extraordinary Shareholders' Meeting of the Company held on July 29, 2011, which approved the Company granting a non-personal and limited surety to guarantee the obligations that the Uruguayan related companies Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A. undertake with the Inter-American Development Bank (IDB) regarding the granting of certain loans of up to US\$ 600 million (of which US\$ 200 million will be granted directly by such bank and the rest by BNP Paribas, DnB Nor, Nordea, Santander or other financial institutions to which the IDB transfers participation in that part of the loan), and on the other hand by entering into a loan contract being negotiated with Finnvera, a Finnish financial institution that gives loans for exports (Export Credit Agency, or ECA), for up to US\$ 900 million to be granted by BNP Paribas, DnB Nor, Nordea and Santander that might then be assigned to the Finnish Export Credit Limited, all with the aim of financing part of the mentioned mill construction project.

The total loans to be granted and mentioned in the foregoing paragraph shall not exceed US\$ 1.354 billion, and Celulosa Arauco y Constitución S.A. shall give individual security for 50% of such loans."





7.- On September 29, 2011, the SVS was informed of the following: "As informed in the Company's significant events dated January 18, Inversiones Arauco Internacional Limitada, an affiliate of the Company, and Stora Enso have agreed to carry out the "Montes del Plata" project to build a cutting-edge wood pulp mill with a guaranteed production capacity of 1.3 million tons of wood pulp a year, a port and a renewable resource-fired power plant at Punta Pereira in the department of Colonia in Uruguay.

To finance such project (of which the company has a 50% stake), today Arauco's related companies in Uruguay, called Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A., signed a loan contract of US\$ 454 million with the Inter-American Development Bank called the IDB Facility Agreement, and a loan contract of US\$ 900 million with various financial entities called the Finnvera Guaranteed Facility Agreement.

Moreover, and as our Company reported as a significant event on July 29, on this date Arauco signed a guarantee contract pursuant to which it granted an individual and limited guarantee to provide security for the obligations that the mentioned Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A. undertook in accordance with the IDB Facility Agreement and the Finnvera Guaranteed Facility Agreement. Both loans amounted to US\$ 1.354 billion, of which Celulosa Arauco y Constitución S.A. will individually provide security for 50% of such loans."

8.- On November 4, 2011, the SVS was informed of the following: "Last night, the Brazilian company Centaurus Holding S.A. agreed to buy 100% of the shareholding of the Brazilian company Florestal Vale do Corisco Ltda. (hereinafter referred to as "Vale do Corisco"). Arauco Forest Brasil S.A. (a Brazilian affiliate of Arauco) will have a 49% shareholding of Centaurus Holding S.A., and Klabin S.A. will own the remaining 51%.

Klabin S.A. is a Brazilian corporation listed on the Sao Paulo Stock Market (Bovespa), and is a leading forestry and industrial company in Brazil.

Vale do Corisco has a forest equity of 107,000 hectares located in the State of Paraná, of which 63,000 hectares are already planted.

The total price paid for 100% of Vale do Corisco was US\$ 473.5 million. It is estimated this will be paid in November 2011, when the conditions laid down in the contract for this have been met.

This transaction strengthens Arauco's position in the forestry business in Brazil to develop its industrial operations and assure the wood supply for future projects.

Arauco deems this transaction will have positive effects on the results of the Company, notwithstanding the fact that these are not quantifiable at present."

9.- On November 15, 2011, the SVS was informed of the following: "The earthquake and tsunami of February 27, 2010, hit the center and south of Chile, an area where Arauco and its affiliates undertake industrial operations. This affected virtually all the company's industrial complexes with varying degrees of damage.

Production was quickly normalized, with the exception of Line II of the wood pulp mill in the industrial and forestry complex of Horcones (Arauco), which resumed productive operations in the first fortnight of February 2011.

Arauco had insurance policies covering the damage caused by the earthquake and tsunami to our physical assets and for loss from production downtime of wood pulp, panels and energy, and coverage of additional expenses in the sawmill area.

We hereby inform the Superintendency that Arauco and the corresponding insurance companies have accepted the loss adjustment report for the damage and economic loss caused



by the mentioned earthquake and tsunami, and such report was made by the Crawford–Graham Miller Limitada loss adjusters. According to such loss adjustment, Arauco will receive a total indemnity of US\$ 532 million, from which advances that currently amount to US\$ 278 million shall be deducted. Based on this, Arauco will therefore receive US\$ 254 million, which is expected to be paid before December 31, 2011. US\$ 158 million of this amount will be added as net income before tax to Arauco's 2011 income account."

- 10.-** On December 29, 2011, the SVS was informed of the following: "Today, Arauco Panels USA, the US affiliate of Arauco, agreed to buy an industrial mill, which has a medium density fiberboard (MDF) and high density fiberboard (HDF) line, a particleboard (PB) line, and two melamine lines. These facilities are located at Moncure in North Carolina, United States of America (hereinafter referred to as the "Moncure Mill"). This agreement was made by means of an asset purchase and sale contract signed with the company Uniboard USA LLC (hereinafter referred to as "Uniboard")."

The price was US\$ 56 million, plus US\$ 6 million for working capital, the latter subject to an adjustment based on the working capital amount available when the purchase is made.

To close this transaction, various prior conditions laid down in the contract for this must be met. It is estimated such closure will take place before February 15, 2012.

The Moncure Mill has one MDF line with a production capacity of 330,000 m<sup>3</sup>, a particleboard (PB) mill with a production capacity of 270,000 m<sup>3</sup> and also two melamine lines.

Arauco deems that when this transaction has been completed it will have positive effects on the results of the company, notwithstanding the fact that these are not quantifiable at present."

### III. AFFILIATE: FORESTAL CHOLGUÁN S.A.

- 1.-** On March 28, 2011, the SVS was informed of the following: "A company Board meeting, held on March 28, 2011, agreed to propose to the Ordinary Shareholders' Meeting, scheduled for April 26, the payment of a final compulsory minimum dividend of US\$ 0.006270675 per share, charged to the income of the year ended December 31, 2010.

This dividend will be paid in Chilean pesos according to the exchange rate in force on May 3, 2011.

Those shareholders registered in the Company Shareholders' Registry as of May 3, 2011, will be entitled to this dividend, if it is approved by the Shareholders' Meeting."

### SUBSEQUENT EVENTS

#### I. AFFILIATE: CELULOSA ARAUCO Y CONSTITUCIÓN S.A.

- 1.-** On January 2, 2012, the SVS was informed of the following: "As of Saturday, December 31, 2011, there have been various outbreaks of fires in the Bío-Bío Region and, due to the high temperatures and strong winds, the fires intensified, affecting the plantations of Arauco's forestry affiliates, and also, as of the early hours of January 2, 2012, the Nueva Aldea industrial and forestry complex in the Ranquil district.

Up to that day, the fire had affected about 4,000 hectares of Arauco's plantations.

The fire that reached the Nueva Aldea complex seriously damaged the panel mill, which had a production capacity of 450,000 m<sup>3</sup> a year.

The fire did not damage any other facilities of the Nueva Aldea complex. Besides the panel mill, this has a wood pulp mill, a log plant, a sawmill and biomass-fired electricity generating plants. All the preventive action possible was taken so the fire would not reach these other industrial facilities.



As a prevention measure, Arauco shut down all the facilities of the Nueva Aldea complex, made sure its employees were safe and protected and none of them were harmed.

Arauco is assessing the damage caused by these fires, and we are therefore not yet able to quantify the effect on its results.

Lastly, it should be highlighted that the plantations and industrial assets have insurance coverage."

- 2.- On January 5, 2012, the SVS was informed of the following: "On January 4, 2012, Celulosa Arauco y Constitución S.A. established the price and conditions of the bonds issued in the United States of America on January 11, 2012 of US\$ 500 million. These bonds have 10-year maturity and an interest rate of 4.75% a year. The capital will be paid on the bond maturity date of January 11, 2022, and interest will be paid half yearly.

The proceeds from this issuance will be allocated to refinancing the company's liabilities and for other corporate purposes."

## II. AFFILIATE: COMPAÑÍA DE PETRÓLEOS DE CHILE S.A.

- 1.- On February 15, 2012, the SVS was informed of the following: "The financial Superintendency of Colombia authorized the takeover bid of Proenergía Internacional S.A. by the subsidiary Copec Investments Ltd.

The main characteristics of this takeover bid are:

- a) The beneficiaries shall be all those shareholders holding common and outstanding stock of Proenergía, other than Copec Investments, its parent company and/or subsidiaries.
- b) The aim is to acquire a minimum of one share and a maximum of 58,285,355 shares.
- c) Copec Investments currently holds 74,629,442 shares (56.15%).
- d) The target price to be paid for each share is COL\$ 9,280.

- e) The deadline for submitting acceptance is ten business days from February 27, 2012 to March 9, 2012.

- f) Copec Investments and the Colombian Financial Corporation signed a pre-agreement to sell 13,278,232 shares (9.99%) that the latter holds of Proenergía."

- 2.- On March 14, 2012, the SVS was informed of the following: "Today, by means of newsletter N° 068 of the Colombia Stock Market, 55,948,159 shares of Proenergía Internacional S.A. were awarded to Copec Investments Ltd., an affiliate of Empresas Copec S.A. in a takeover bid, whose acceptance deadline was March 9, 2012, at a price of nine thousand two hundred and eighty Colombian pesos (COL\$ 9,280) per share. As informed previously, Proenergía Internacional S.A. is the parent company of Sociedad de Inversiones en Energía S.A., which in turn is the parent company of Organización Terpel S.A.

As a result of the mentioned award, when the settlement and compensation of the operation have been completed, Copec Investments Ltd. will have a direct shareholding of 98.24% of Proenergía Internacional S.A.

This operation entails an investment of US\$ 294 million and will be completed over the next three business days.

The Company deems that when this transaction has been completed it will have positive effects on the results of Compañía de Petróleos de Chile Copec S.A. and its parent company Empresas Copec S.A. in the long term, notwithstanding the fact that these are not quantifiable at present."



## FINANCING, RISK FACTORS AND INSURANCE

### Financing

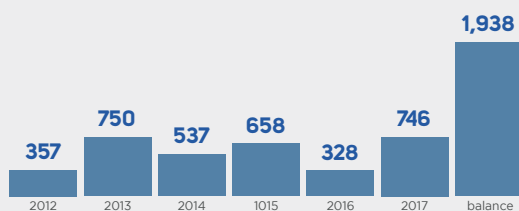
At December 31, 2011, the consolidated financial debt amounted to US\$ 5,313 million, corresponding US\$ 115 to current financial liabilities and US\$ 5,199 to non-current financial liabilities plus non-current financial liabilities of current portion. The affiliate Celulosa Arauco y Constitución S.A. accounted for 60.6% of this amount, and its debt mainly consisted of bonds issued in the United States and expressed in US dollars. 6.7% of the consolidated debt was issued by the parent company Empresas Copec S.A. and consisted of bonds expressed in "Unidades de Fomento".

Empresas Copec had a consolidated financial debt to shareholders' equity ratio of 0.51, a net financial debt to shareholders' equity ratio of 0.38 and a hedging ratio (EBITDA to financial expenses) of more than 6.7 times. Debt maturing in 2012 amounts to US\$ 357 million. Altogether, the Company has kept its financing capacity open on a favorable basis as domestic and foreign banks have a very good appraisal of the risk rating quality and financial performance of Empresas Copec.

### Risk Rating

In 2011, the risk rating agency Feller Rate reaffirmed the rating and outlook given to the shares of Empresas Copec, rating them as 1st Class, Level 1. Likewise, the Company maintained a credit rating of AA. Moreover, Fitch Ratings maintained the rating given to the Company's shares at Level 1 and AA for its credit rating. In regard to international ratings, Standard & Poor's and Fitch Ratings maintained the Company's risk rating as BBB+.

Concerning this, Empresas Copec S.A. has been recognized for the diversity of its activities, its efficient cost structure and sound international presence of its forestry affiliates, its leadership of Chile's fuels business, its favorable financial profile as a result of a moderate level of debt and diversified cash flow, and the successful business track record of the controlling group.



**DEBT MATURITIES**  
Million dollars





### Risk Factors

The Company has operations in different areas through its affiliates and related companies concerning natural resources and energy. The significant risk factors vary depending on the type of business. Based on this, the management of each of the affiliates carries out its own risk management in collaboration with the respective business units.

The most relevant affiliates are Arauco, with activities in the forestry business and Copec, with activities in the fuels business. Together these two companies represent approximately 86% of the Group's consolidated assets, 90% of EBITDA and 87% of net income. Additionally, they represent around 94% of receivables and 86% of bond issuances. Together with the Parent Company, they represent 97% of consolidated placements. Therefore, a significant portion of the risks faced by the Group lie within these three units.

#### Forestry Business

The variations in the sales prices of wood pulp and forestry products arise from global supply and demand factors, and affect the earnings of companies in the forestry business. Nevertheless, by maintaining one of the lowest cost structures in the industry, risks from price swings are limited.

As illustration of the sensitivity to prices, considering all other variables remain constant, a variation of  $\pm 10\%$  in the average price of wood pulp would result in a variation of  $\pm 11.19\%$  in net income for the period after taxes,  $\pm 1.97\%$  in equity and  $\pm 17.10\%$  in EBITDA.

The affiliate Celulosa Arauco y Constitución S.A. does not participate in forward operations or other hedging markets. In regard to the economic risks from interest rate variations, the affiliate had a fixed-rate debt to total consolidated debt ratio of approximately 87% for the year ended December 31, 2011, and this policy is in keeping with the industry in which it participates.

Most of the affiliates in the forestry business have accounting in US dollars and their accounts receivable, financial liabilities and most of their earnings are expressed in such currency. Due to this, exposure to exchange rate fluctuations is significantly reduced.

#### Fuels Business

The Company has a leading market position through its affiliates Copec and Abastible of the distribution of liquefied fuels and liquefied petroleum gas for automobiles and consumption in various productive sectors and services and for residential consumption. The supplies of these fuels are primarily obtained from the state-owned oil company Empresa Nacional de Petróleo (ENAP). Notwithstanding the foregoing, the Company can access alternative fuel markets to assure the supply and distribution of products to the public, resorting to international markets whenever local supply conditions make it necessary.

The major risk in the fuels and liquefied petroleum gas distribution business is essentially the distribution margin more than the prices of oil and its byproducts. The distribution margin mainly depends on competitive factors that arise daily in the Chilean market. Moreover, since they are products with a low price elasticity, possible oil price or exchange rate increases or decreases have little relative effect on the volumes traded in the market.

The affiliates in the fuels business, accounting for approximately 29% of the Company's assets, have accounting in Chilean pesos and their accounts receivable, financial liabilities and most of their earnings are expressed in such currency. Due to this, exposure to exchange rate fluctuations is significantly reduced. Nevertheless, for the parent company exchange rate variations affect the value in US dollars of investments in the sector and the income obtained.



### Fishing Business

In regard to the fishing business, the availability of pelagic species at the different fishing grounds is a determining factor of its results. A second risk factor is the market price of fishmeal and fish oil, which is obtained from the equilibrium of supply and demand, and Peruvian production is a decisive factor regarding supply, and consumption in Asia in general and China in particular concerning demand.

Since it is a sector that exports the bulk of its production, the result of its operations is sensitive to exchange rate variations, to certain financial return policies determined by the Chilean Central Bank and to export promotion policies of competitor countries. Fishmeal and fish oil are essentially traded in US dollars, and therefore virtually 100% of the company's earnings from this sector are indexed to this currency. Due to the nature of this, the bank debt of these companies is generally related to shipment advances in US dollars. Nevertheless, the necessary conversion of a large part of the resources to Chilean pesos is exposed to exchange rate variations, which is a risk that can be mitigated by issuing forwards or other financial instruments.

Sales agreed in non-US dollar currencies are generally converted to such currency by using forward sales contracts that convert such earnings into US dollars. This eliminates the risk of the volatility of these currencies compared with the US dollar.

Regarding costs, the fishing business is highly sensitive to the price fluctuations of fuels, specifically diesel and bunker oil.

Concerning regulations, the application of catch quotas, closed seasons and restrictions imposed by the authorities can have a significant effect on the production of affiliates and related companies in this business.

### Parent Company

Lastly, the parent company risks are mainly related to its financial placements, which at December 31, 2011 amount to US\$ 460 million. These are exposed to various risks, including interest rate, exchange rate and loan risks. Management provides written investment management policies, which establish the objectives of getting the maximum return for tolerable risk levels, maintaining suitable liquidity and reducing the levels of different kinds of risks. Such policies identify the instruments allowed and set limits for types of instruments, currencies, duration, issuers and risk rating. Moreover, investment operation and control mechanisms are determined.

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 (US dollars). However, these bonds have been transferred to the affiliates belonging to the fuel business, 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. Similar situation occurs with a new UF-denominated bond emission in the Chilean Market (BECOP-E) placed by the Parent Company on September 15, 2011 for a total amount of UF 1,300,000. The placement rate was 3.40%, for a nominal rate of 3.25%. Interest is paid semiannually, and the principal is amortized in a single payment on July 31, 2021.

More information on risk factors is set out in Note N°4 to the Company's financial statements.



### Insurance

The Company has insurance coverage for its principal assets against risks of fire, earthquake, loss from work stoppages, civil liability and others with lower effects on its equity. Hence, such risks are reasonably protected with first-class insurance companies that agree on reinsurance for the bulk of the significant risks with first-class risk underwriters based in Europe.

Each year the Company assesses the risks involved in its operating, commercial and administrative activities. This allows for suitable risk management, incorporating appropriate coverage or modification of existing coverage in keeping with what is offered in the market.

As a result of the earthquake that primarily affected the south-central region of Chile on February 27, 2010, where the Company develops its industrial operations, all the industrial complexes have launched their contingency plans which establish the shut-down of productive activities. At the same time, was started a process to determine the condition of each of the facilities and their damage.

More information on this issue is set out in Note N°26 to the Company's financial statements.

### DIFFERENCE MARKET AND BOOK VALUES

For the year ended December 31, 2011, there were no major differences between the market and book values of the Company's main assets, with the exception of investments in affiliates and related companies which, pursuant to the regulations laid down by the Superintendency of Securities and Insurance, were stated using the equity method of the respective companies.

### HEADCOUNT

For the year ended December 31, 2011, the headcount of the parent company Empresas Copec S.A. amounted to 22 people, including 6 officers and 9 professionals and technicians.

As of that same date, the consolidated headcount, i.e., that of Empresas Copec and those companies in which it has a shareholding of more than 50%, amounted to 20,195 employees, including 529 officers and 6,303 professionals and technicians.



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Chilean Pesos:	\$
Thousand of Chilean Pesos:	ThCh\$
United States Dollars:	US\$
Thousand of United States Dollars:	ThUS\$





## ASSETS

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Current Assets</b>	<b>5,635,568</b>	<b>5,844,423</b>
Cash and cash equivalents	1,131,981	1,739,692
Other current financial assets	93,141	72,846
Other current non financial assets	244,192	217,141
Trade and other receivables	1,747,144	1,729,362
Accounts receivable with related parties	209,781	98,387
Inventories	1,494,465	1,187,656
Biological assets	285,301	348,159
Current tax assets	71,967	80,446
Non current assets held for sale	357,596	370,734
<b>Non Current Assets</b>	<b>14,459,310</b>	<b>13,605,375</b>
Other non current financial assets	12,088	72,487
Other non current non financial assets	105,830	61,114
Non current fees receivable	20,449	8,577
Non current accounts receivable with related parties	2,460	491
Investment in associates through equity method	1,494,075	1,138,908
Intangible assets other than goodwill	754,182	698,371
Goodwill	165,501	159,450
Property, plant and equipment	8,110,397	7,747,150
Biological assets	3,463,166	3,446,862
Investment property	143,125	92,820
Deferred tax assets	188,037	179,145
<b>TOTAL ASSETS</b>	<b>20,094,878</b>	<b>19,449,798</b>



## LIABILITIES AND EQUITY

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Current Liabilities</b>	<b>2,704,683</b>	<b>2,559,403</b>
Other current financial liabilities	694,628	903,737
Commercial creditors and other accounts payable	1,306,496	1,079,290
Accounts payable to related parties	11,924	12,426
Other provisions	17,124	11,041
Current tax liabilities	223,757	105,048
Current provisions for employee benefits	5,729	5,627
Other current non financial liabilities	301,642	302,871
Liabilities included in groups held for sale	143,383	139,363
<b>Non Current Liabilities</b>	<b>6,591,145</b>	<b>6,101,215</b>
Other non current financial liabilities	4,617,992	4,068,519
Accounts payable to related parties	896	949
Other provisions	22,012	18,757
Deferred tax liabilities	1,664,095	1,787,123
Non current provisions for employee benefits	72,497	70,704
Other non current non financial liabilities	213,653	155,163
<b>Net Equity</b>	<b>10,799,050</b>	<b>10,789,180</b>
Share capital	686,114	686,114
Accumulated earnings (losses)	8,785,629	8,230,537
Other reserves	341,347	807,006
Equity attributable to equity holders of the company	9,813,090	9,723,657
Minority interest	985,960	1,065,523
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>20,094,878</b>	<b>19,449,798</b>



## INCOME STATEMENT

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Revenue	21,124,578	12,149,778
Cost of sales	(18,297,232)	(9,800,751)
<b>Gross income</b>	<b>2,827,346</b>	<b>2,349,027</b>
Other operating income	503,008	382,918
Distribution costs	(748,119)	(517,595)
Administrative expenses	(976,085)	(685,676)
Other operating expenses	(140,467)	(89,066)
Other income (loss)	10,369	(10,853)
Financial income	48,825	34,223
Financial costs	(303,571)	(242,430)
Income on investments in related companies and joint ventures	64,740	67,223
Exchange rate differences	(31,964)	(5,368)
Gains (losses) on net monetary position	(14,666)	(2,328)
<b>Income before taxes</b>	<b>1,239,416</b>	<b>1,280,075</b>
Income taxes	(249,111)	(244,741)
<b>Income from continuing operations after taxes</b>	<b>990,305</b>	<b>1,035,334</b>
Income from discontinued operations	4,465	0
<b>Net Income</b>	<b>994,770</b>	<b>1,035,334</b>
<b>Income attributable</b>		
Income attributable to equity holders of the company	932,725	1,013,789
Income attributable to minority interests	62,045	21,545
<b>Net Income</b>	<b>994,770</b>	<b>1,035,334</b>
<b>Earnings per share</b>		
<b>Common shares</b>		
<b>Basic earnings per share</b>	<b>0.718</b>	<b>0.780</b>
Basic earnings per share from discontinued operations	0.714	0.780
Basic earnings per share from continuing operations	0.003	0.000
<b>Diluted common shares</b>		
<b>Earnings per diluted share</b>	<b>0.718</b>	<b>0.780</b>
Earnings per diluted share from discontinued operations	0.714	0.780
Earnings per diluted share from continuing operations	0.003	0.000



## COMPREHENSIVE INCOME STATEMENT

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Net Income	994,770	1,035,334
<b>Other comprehensive income, net of tax</b>		
Exchange difference on conversion	(338,135)	189,758
Gain (loss) for exchange differences, before tax	(338,135)	189,758
<b>Financial assets held for sale</b>	<b>373</b>	<b>1,347</b>
Gain (loss) on fair value changes of financial assets held for sale	373	1,347
<b>Cash flow hedges</b>	<b>(32,213)</b>	<b>2,589</b>
Gain (loss) for cash flow hedges, before tax	(32,213)	2,589
Participation in other comprehensive income in associates and joint ventures	(24,342)	(22,242)
<b>Other comprehensive income, net of tax</b>	<b>(394,317)</b>	<b>171,452</b>
<b>Income tax related to other comprehensive income</b>		
Income tax related to financial assets held for sale on other comprehensive income	(74)	(229)
Income tax related to cash flow hedges on other comprehensive income	6,409	(795)
<b>Total income tax related to other comprehensive income</b>	<b>6,335</b>	<b>(1,024)</b>
<b>Other comprehensive income</b>	<b>(387,982)</b>	<b>170,428</b>
Total comprehensive income	606,788	1,205,762
<b>Comprehensive income attributable</b>		
Comprehensive income attributable to parent company	545,112	1,183,988
Comprehensive income attributable to non controlling interests	61,676	21,774
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>606,788</b>	<b>1,205,762</b>





## STATEMENT OF CHANGES IN EQUITY

	ORDINARY SHARES									
CURRENT PERIOD (THUS\$)	SHARE CAPITAL	RESERVES AVAILABLE FOR SALE	CONVERSION RESERVES	HEDGE RESERVES	OTHER RESERVES	OTHER RESERVES TOTAL	CHANGES IN RETAINED EARNINGS (ACCUMULATED LOSSES)	CHANGES IN EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS, TOTAL	CHANGES IN MINORITY INTERESTS	CHANGES IN NET EQUITY, TOTAL
Opening balance at January 1, 2011	686,114	384	172,802	(10,727)	644,547	807,006	8,230,537	9,723,657	1,065,523	10,789,180
Restated opening balance	686,114	384	172,802	(10,727)	644,547	807,006	8,230,537	9,723,657	1,065,523	10,789,80
Changes in equity										
Comprehensive income statement	0	0	0	0	0	0	932,725	932,725	62,045	994,770
Net income	0	299	(337,750)	(25,802)	(24,360)	(387,613)	0	(387,613)	(369)	(387,982)
Other comprehensive income	0	0	0	0	0	0	(377,633)	(377,633)	0	(377,633)
Dividends	0	0	0	0	6,186	6,186	0	6,186	(141,239)	(135,053)
Other increases (decreases) through transfers and other changes	0	0	0	0	(84,232)	(84,232)	0	(84,232)	0	(84,232)
Changes in equity	0	299	(337,750)	(25,802)	(102,406)	(465,659)	555,092	89,433	(79,563)	9,870
Closing balance at December 31, 2011	686,114	683	(164,948)	(36,529)	542,141	341,347	8,785,629	9,813,090	985,960	10,799,050



## STATEMENT OF CHANGES IN EQUITY

CURRENT PERIOD (THUS\$)	ORDINARY SHARES	RESERVES AVAILABLE FOR SALE	CONVERSION RESERVES	HEDGE RESERVES	OTHER RESERVES	OTHER RESERVES TOTAL	CHANGES IN RETAINED EARNINGS (ACCUMULATED LOSSES)	CHANGES IN EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS, TOTAL	CHANGES IN MINORITY INTERESTS	CHANGES IN NET EQUITY, TOTAL
	SHARE CAPITAL									
Opening balance at January 1, 2010	686,114	(734)	(16,754)	(12,494)	666,789	636,807	7,621,923	8,944,844	263,406	9,208,250
Restated opening balance	686,114	(734)	(16,754)	(12,494)	666,789	636,807	7,621,923	8,944,844	263,406	9,208,250
<b>Changes in equity</b>										
Comprehensive income statement	0	0	0	0	0	0	1,013,789	1,013,789	21,545	1,035,334
Net income	0	1,118	189,556	1,767	(22,242)	170,199	0	170,199	229	170,428
Other comprehensive income	0	0	0	0	0	0	(395,902)	(395,902)	0	(395,902)
Dividends	0	0	0	0	0	0	(9,273)	(9,273)	780,343	771,070
Other increases (decreases) through transfers and other changes	0	0	0	0	0	0	0	0	0	0
Changes in equity	0	1,118	189,556	1,767	(22,242)	170,199	608,614	778,813	802,117	1,580,930
Closing balance at December 31, 2010	686,114	384	172,802	(10,727)	644,547	807,006	8,230,537	9,723,657	1,065,523	10,789,180



## STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
<b>Cash Flows from (used in) Operating Activities</b>	<b>1,296,922</b>	<b>1,466,340</b>
Classes of cash receipts from operating activities		
Receipts from sales of goods and rendering of services	22,861,456	13,294,841
Receipts from royalties, fees, commissions and other revenue	2,630	0
Receipts from premiums and claims, annuities and other policy benefits	331,632	306,240
Other cash receipts from operating activities	278,656	172,301
Classes of cash payments		
Payments to suppliers for goods and services	(21,062,677)	(11,593,753)
Payments to and behalf of employees	(560,517)	(413,631)
Payments from premiums and claims, annuities and other policy benefits	(5,057)	(768)
Other payments from operating activities	(56,664)	(68,803)
Dividends received	15,336	14,206
Interest paid	(233,133)	(222,023)
Interest received	31,603	15,840
Income taxes refund (paid)	(294,031)	(43,954)
Other inflows (outflows) of cash	(12,312)	5,844
<b>Cash Flows from (used in) Investing Activities</b>	<b>(1,921,323)</b>	<b>(995,757)</b>
Cash flows used to obtain control of subsidiaries or other businesses	(267,913)	(292,040)
Cash flows used to purchase in associates	(242,360)	(8,000)
Other cash payments to acquire equity or debt instruments of other entities	(518)	0
Other cash payments to acquire joint ventures	(177,397)	(39,559)
Loans to related companies	(253,551)	0
Proceeds from sale of property, plant and equipment	25,432	11,626
Purchase of property, plant and equipment	(959,331)	(706,892)
Purchase of intangible assets	(118,796)	(1,673)
Proceeds from other non current assets	11,561	1,471
Purchase of other non current assets	(139,360)	(117,183)
Cash receipts from related parties	167,045	10,716
Dividends received	56,086	5,805
Interests received	670	0
Other inflows (outflows) of cash	(22,891)	139,972
<b>Cash Flows from (used in) Financing Activities</b>	<b>34,215</b>	<b>(9,861)</b>
Proceeds from issuing shares	16,472	5,167
Proceeds from issuing other equity instruments	(6)	0
Proceeds from long term borrowings	637,312	688,753
Proceeds from short term borrowings	2,177,245	674,574
Proceeds from borrowings	2,814,557	1,363,327
Borrowings to related parties	101	0
Payments of borrowings	(2,371,576)	(1,089,695)
Payments of borrowings to related parties	(477)	0
Proceeds from government grants	536	0
Dividends paid	(483,975)	(267,852)
Interest paid	(47,131)	(6,756)
Other inflows (outflows) of cash	105,714	(14,052)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(590,186)</b>	<b>460,722</b>
Effect of exchange rate changes on cash and cash equivalents	(17,862)	11,210
Effect of changes in consolidation on cash and cash equivalents	(608,048)	471,932
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,739,629</b>	<b>1,267,697</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,131,581</b>	<b>1,739,629</b>



# FINANCIAL STATEMENTS PRINCIPAL AFFILIATES

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Chilean Pesos:	\$
Thousand of Chilean Pesos:	ThCh\$
United States Dollars:	US\$
Thousand of United States Dollars:	ThUS\$



## Celulosa Arauco y Constitución S.A. and Affiliates

### BALANCE SHEET

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Assets</b>		
Current assets	2,462,660	3,152,116
Non current assets	9,995,062	9,354,216
<b>TOTAL ASSETS</b>	<b>12,457,722</b>	<b>12,506,332</b>
<b>Liabilities</b>		
Current liabilities	1,031,945	1,209,061
Non current liabilities	4,395,627	4,456,696
<b>Total liabilities</b>	<b>5,427,572</b>	<b>5,665,757</b>
<b>Equity</b>		
Issued capital	353,176	353,176
Other reserves	(96,821)	58,754
Accumulated earnings (losses)	6,683,252	6,320,264
Equity attributable to equity holders of the company	6,939,607	6,732,194
Minority interest	90,543	108,381
<b>Net equity</b>	<b>7,030,150</b>	<b>6,840,575</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>12,457,722</b>	<b>12,506,332</b>

### INCOME STATEMENT

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Gross profit	1,466,032	1,469,193
<b>Profit (loss) before taxes</b>	<b>773,285</b>	<b>898,767</b>
Income taxes	(152,499)	(198,018)
<b>Profit (loss) after taxes</b>	<b>620,786</b>	<b>700,749</b>
<b>PROFIT (LOSS)</b>	<b>620,786</b>	<b>700,749</b>
Profit (loss) attributable to equity holders of the company	612,553	694,750
Profit (loss) attributable to minority interests	8,233	5,999
<b>PROFIT (LOSS)</b>	<b>620,786</b>	<b>700,749</b>

### STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Net cash flow from (used in) operating activities	982,237	1,137,275
Net cash flow from (used in) investing activities	(1,208,857)	(669,414)
Net cash flow from (used in) financing activities	(481,184)	33,852
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(707,804)</b>	<b>501,713</b>
Effect of exchange rate changes on cash and cash equivalents	(20,129)	7,922
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,043,834</b>	<b>534,199</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>315,901</b>	<b>1,043,834</b>





## Abastecedora de Combustibles S.A. and Affiliates

### BALANCE SHEET

At December 31

	2011 ThCh\$	2010 ThCh\$
<b>Assets</b>		
Current assets	49,584,708	41,323,078
Non current assets	356,201,228	244,399,852
<b>TOTAL ASSETS</b>	<b>405,785,936</b>	<b>285,722,930</b>
<b>Liabilities</b>		
Current liabilities	56,032,621	30,049,427
Non current liabilities	158,962,640	116,491,625
<b>Total liabilities</b>	<b>214,995,261</b>	<b>146,541,052</b>
<b>Equity</b>		
Issued capital	4,947,076	4,947,076
Other reserves	1,251,591	(307,728)
Accumulated earnings (losses)	149,629,721	134,526,387
Equity attributable to equity holders of the company	155,828,388	139,165,735
Minority interest	34,962,287	16,143
<b>Net equity</b>	<b>190,790,675</b>	<b>139,181,878</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>405,785,936</b>	<b>285,722,930</b>

### INCOME STATEMENT

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Gross profit	100,953,371	75,277,882
<b>Profit (loss) before taxes</b>	<b>39,182,270</b>	<b>36,076,155</b>
Income taxes	(8,368,055)	(5,056,839)
<b>Profit (loss) after taxes</b>	<b>30,814,215</b>	<b>31,019,316</b>
<b>Profit (loss)</b>	<b>30,814,215</b>	<b>31,019,316</b>
Profit (loss) attributable to equity holders of the company	30,206,669	31,016,527
Profit (loss) attributable to minority interests	607,546	2,789
<b>Profit (loss)</b>	<b>30,814,215</b>	<b>31,019,316</b>

### STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Net cash flow from (used in) operating activities	31,741,906	42,265,332
Net cash flow from (used in) investing activities	(46,562,940)	(20,923,178)
Net cash flow from (used in) financing activities	7,240,362	(73,293,304)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(7,580,672)</b>	<b>(51,951,150)</b>
Effect of exchange rate changes on cash and cash equivalents	396,938	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>19,075,244</b>	<b>71,026,394</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>11,891,510</b>	<b>19,075,244</b>



## Sociedad Nacional de Oleoductos S.A.

### BALANCE SHEET

At December 31

	2011 ThCh\$	2010 ThCh\$
<b>Assets</b>		
Current assets	5,600,399	5,612,157
Non current assets	176,793,021	170,431,275
<b>TOTAL ASSETS</b>	<b>182,393,420</b>	<b>176,043,432</b>
<b>Liabilities</b>		
Current liabilities	22,991,570	23,849,261
Non current liabilities	76,528,651	69,320,972
<b>Total liabilities</b>	<b>99,520,221</b>	<b>93,170,233</b>
<b>Equity</b>		
Issued capital	59,575,440	59,575,440
Other reserves	0	0
Accumulated earnings (losses)	23,297,759	23,297,759
<b>Net equity</b>	<b>82,873,199</b>	<b>82,873,199</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>182,393,420</b>	<b>176,043,432</b>

### INCOME STATEMENT

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Gross profit	25,890,800	24,406,689
<b>Profit (loss) before taxes</b>	<b>22,795,303</b>	<b>21,248,100</b>
Income taxes	(4,646,485)	(3,746,455)
<b>Profit (loss) after taxes</b>	<b>18,148,818</b>	<b>17,501,645</b>
<b>PROFIT (LOSS)</b>	<b>18,148,818</b>	<b>17,501,645</b>

### STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Net cash flow from (used in) operating activities	26,509,489	22,510,036
Net cash flow from (used in) investing activities	(8,900,263)	(7,567,841)
Net cash flow from (used in) financing activities	(16,797,908)	(14,760,132)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>811,318</b>	<b>182,063</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>612,328</b>	<b>430,265</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,423,646</b>	<b>612,328</b>



### Pesquera Iquique - Guanaye S.A. and Affiliates

#### BALANCE SHEET

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Assets</b>		
Current assets	152,692	191,871
Non current assets	635,516	595,543
<b>TOTAL ASSETS</b>	<b>788,208</b>	<b>787,414</b>
<b>Liabilities</b>		
Current liabilities	126,600	102,075
Non current liabilities	105,197	138,734
<b>Total liabilities</b>	<b>231,797</b>	<b>240,809</b>
<b>Equity</b>		
Issued capital	347,457	347,457
Other reserves	(11,016)	(12,761)
Accumulated earnings (losses)	(11,953)	(13,853)
Equity attributable to equity holders of the company	324,488	320,843
Minority interest	231,923	225,762
<b>Net equity</b>	<b>556,411</b>	<b>546,605</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>788,208</b>	<b>787,414</b>

#### INCOME STATEMENT

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Gross profit	34,701	14,521
<b>Profit (loss) before taxes</b>	<b>(10,017)</b>	<b>(10,159)</b>
Income taxes	2,961	2,218
<b>Profit (loss) after taxes</b>	<b>(7,056)</b>	<b>(7,941)</b>
<b>Profit (loss)</b>	<b>(7,056)</b>	<b>(7,941)</b>
Profit (loss) attributable to equity holders of the company	1,900	(5,114)
Profit (loss) attributable to minority interests	(8,956)	(2,827)
<b>Profit (loss)</b>	<b>(7,056)</b>	<b>(7,941)</b>

#### STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Net cash flow from (used in) operating activities	43,323	8,442
Net cash flow from (used in) investing activities	(70,076)	(2,787)
Net cash flow from (used in) financing activities	4,731	6,112
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(22,022)</b>	<b>11,767</b>
Effect of exchange rate changes on cash and cash equivalents	257	1,029
<b>Cash and cash equivalents at beginning of period</b>	<b>31,037</b>	<b>18,241</b>
<b>Cash and cash equivalents at end of period</b>	<b>9,272</b>	<b>31,037</b>

**Copec International INC.****BALANCE SHEET**

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Assets</b>		
Current assets	238	238
Non current assets	0	0
<b>TOTAL ASSETS</b>	<b>238</b>	<b>238</b>
<b>Liabilities</b>		
Current liabilities	9	8
Non current liabilities	0	0
<b>Total liabilities</b>	<b>9</b>	<b>8</b>
<b>Equity</b>		
Issued capital	100	100
Other reserves	0	0
Accumulated earnings (losses)	129	130
<b>Net equity</b>	<b>229</b>	<b>230</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>238</b>	<b>238</b>

**INCOME STATEMENT**

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>(2)</b>	<b>(2)</b>
Income taxes	0	0
<b>Profit (loss) after taxes</b>	<b>(2)</b>	<b>(2)</b>
<b>PROFIT (LOSS)</b>	<b>(2)</b>	<b>(2)</b>

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Net cash flow from (used in) operating activities	0	0
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	0	0
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>238</b>	<b>238</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>238</b>	<b>238</b>

**EC Investrade INC.****BALANCE SHEET**

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Assets</b>		
Current assets	15	16
Non current assets	32	32
<b>TOTAL ASSETS</b>	<b>47</b>	<b>48</b>
<b>Liabilities</b>		
Current liabilities	19	17
Non current liabilities	0	0
<b>Total liabilities</b>	<b>19</b>	<b>17</b>
<b>Equity</b>		
Issued capital	20	20
Other reserves	(2)	(2)
Accumulated earnings (losses)	10	13
<b>Net equity</b>	<b>28</b>	<b>31</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>47</b>	<b>48</b>

**INCOME STATEMENT**

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>(3)</b>	<b>(4)</b>
Income taxes	0	0
<b>Profit (loss) after taxes</b>	<b>(3)</b>	<b>(4)</b>
<b>PROFIT (LOSS)</b>	<b>(3)</b>	<b>(4)</b>

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Net cash flow from (used in) operating activities		
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	0	0
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>16</b>	<b>17</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>15</b>	<b>16</b>





### Sociedad Minera Camino Nevado Ltda.

#### BALANCE SHEET

At December 31

	2011 ThUS\$	2010 ThUS\$
<b>Assets</b>		
Current assets	32,075	-
Non current assets	56,162	-
<b>TOTAL ASSETS</b>	<b>88,237</b>	<b>-</b>
<b>Liabilities</b>		
Current liabilities	32,067	-
Non current liabilities	0	0
<b>Total liabilities</b>	<b>32,067</b>	<b>-</b>
<b>Equity</b>		
Issued capital	69,105	-
Other reserves	(13,957)	-
Accumulated earnings (losses)	1,022	0
<b>Net equity</b>	<b>56,170</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>88,237</b>	<b>-</b>

#### INCOME STATEMENT

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Gross profit	-	-
<b>Profit (loss) before taxes</b>	<b>1,022</b>	<b>-</b>
Income taxes	-	-
<b>Profit (loss) after taxes</b>	<b>1,022</b>	<b>-</b>
<b>Profit (loss)</b>	<b>1,022</b>	<b>-</b>

#### STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThUS\$	2010 ThUS\$
Net cash flow from (used in) operating activities	-	-
Net cash flow from (used in) investing activities	(32,065)	0
Net cash flow from (used in) financing activities	32,075	0
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>10</b>	<b>-</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>10</b>	<b>-</b>



## Compañía de Petróleos de Chile Copec S.A. and Affiliates

### BALANCE SHEET

At December 31

	2011 ThCh\$	2010 ThCh\$
<b>Assets</b>		
Current assets	1,258,290,878	918,625,183
Non current assets	1,217,869,765	1,104,313,279
<b>TOTAL ASSETS</b>	<b>2,476,160,643</b>	<b>2,022,938,462</b>
<b>Liabilities</b>		
Current liabilities	735,886,082	533,505,644
Non current liabilities	847,721,228	516,927,600
<b>Total liabilities</b>	<b>1,583,607,310</b>	<b>1,050,433,244</b>
<b>Equity</b>		
Issued capital	408,421,597	408,421,597
Other reserves	(77,965,956)	(40,867,503)
Accumulated earnings (losses)	323,350,634	330,004,826
Equity attributable to equity holders of the company	653,806,275	697,558,920
Minority interest	238,747,058	274,946,298
<b>Net equity</b>	<b>892,553,333</b>	<b>972,505,218</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>2,476,160,643</b>	<b>2,022,938,462</b>

### INCOME STATEMENT

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Gross profit	514,666,412	331,063,225
<b>Profit (loss) before taxes</b>	<b>149,257,166</b>	<b>122,679,712</b>
Income taxes	(35,435,742)	(15,510,483)
<b>Profit (loss) after taxes</b>	<b>113,821,424</b>	<b>107,169,229</b>
<b>PROFIT (LOSS)</b>	<b>115,973,562</b>	<b>107,169,229</b>
Profit (loss) attributable to equity holders of the company	95,413,409	105,957,797
Profit (loss) attributable to minority interests	20,560,153	1,211,432
<b>PROFIT (LOSS)</b>	<b>115,973,562</b>	<b>107,169,229</b>

### STATEMENT OF CASH FLOWS

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Net cash flow from (used in) operating activities	73,708,577	135,610,179
Net cash flow from (used in) investing activities	(198,648,735)	(140,083,474)
Net cash flow from (used in) financing activities	190,680,622	(13,242,271)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>65,740,464</b>	<b>(17,715,566)</b>
Effect of exchange rate changes on cash and cash equivalents	7,013,566	(1,846,515)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>133,130,979</b>	<b>152,693,060</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>205,885,009</b>	<b>133,130,979</b>

**Servicios de Combustibles Ltda.****BALANCE SHEET**

At December 31

	2011 ThCh\$	2010 ThCh\$
<b>Assets</b>		
Current assets	2,114,084	2,129,101
Non current assets	61,749,127	55,613,116
<b>TOTAL ASSETS</b>	<b>63,863,211</b>	<b>57,742,217</b>
<b>Liabilities</b>		
Current liabilities	0	4,515
Non current liabilities	10,278	15,390
<b>Total liabilities</b>	<b>10,278</b>	<b>19,905</b>
<b>Equity</b>		
Issued capital	74,012,984	74,012,984
Other reserves	9,704,446	4,207,077
Accumulated earnings (losses)	(19,864,027)	(20,497,749)
<b>Net equity</b>	<b>63,853,403</b>	<b>57,722,312</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>63,863,681</b>	<b>57,742,217</b>

**INCOME STATEMENT**

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>294,339</b>	<b>(722,090)</b>
Income taxes	328,884	186,761
<b>Profit (loss) after taxes</b>	<b>623,223</b>	<b>(535,329)</b>
<b>Profit (loss)</b>	<b>623,223</b>	<b>(535,329)</b>

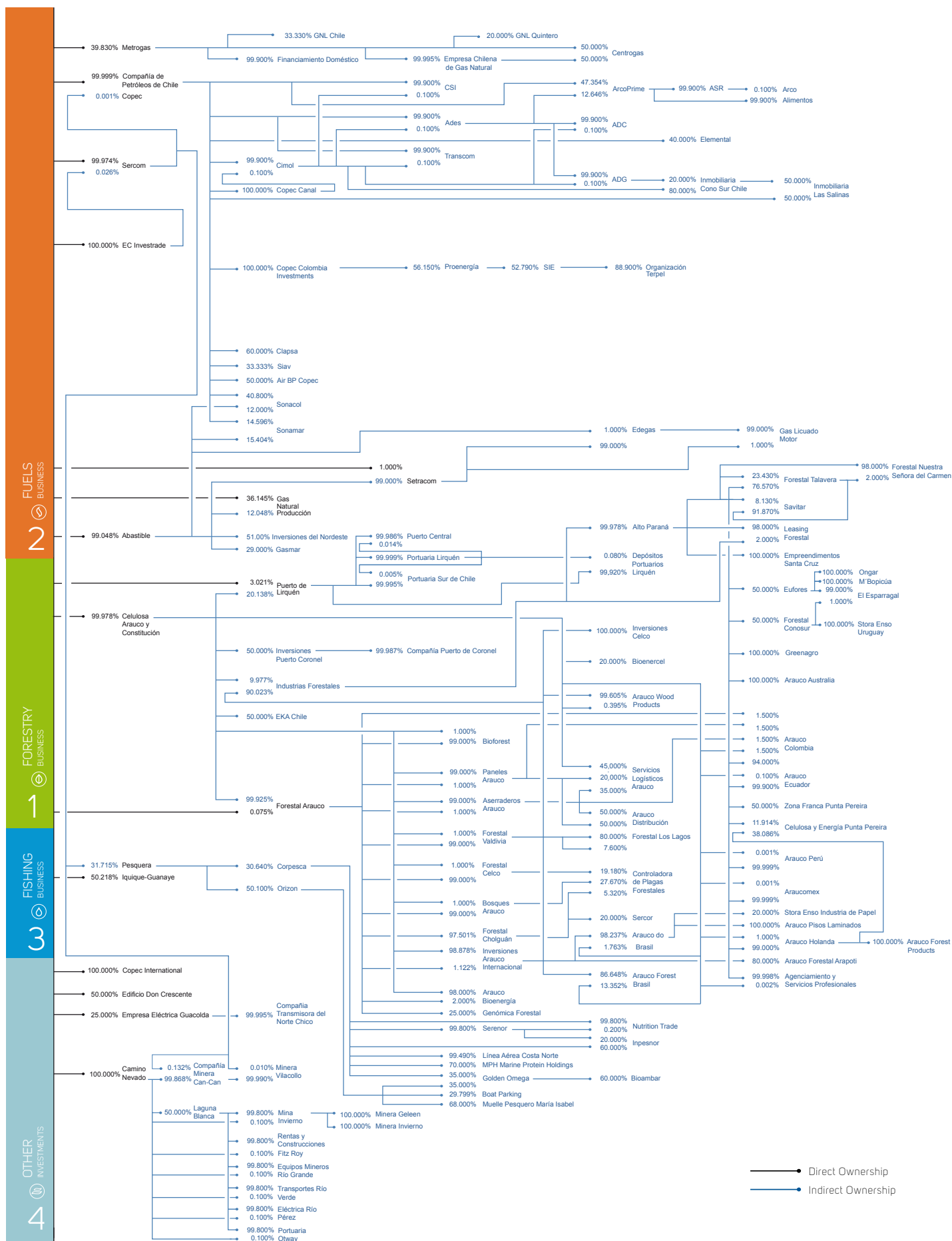
**STATEMENT OF CASH FLOWS**

For the years ended December 31,

	2011 ThCh\$	2010 ThCh\$
Net cash flow from (used in) operating activities	17,479	5,307
Net cash flow from (used in) investing activities	0	327,082
Net cash flow from (used in) financing activities	321	36,500
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>17,800</b>	<b>368,889</b>
Effect of exchange rate changes on cash and cash equivalents	10,506	(10,758)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>364,422</b>	<b>6,291</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>392,727</b>	<b>364,422</b>



# OWNERSHIP STRUCTURE







# CORPORATE NAME



## CORPORATE NAME

### **Empresas Copec S.A.**

#### **77th Annual Report**

**Corporate Name:** Empresas Copec S.A.

**Chilean Taxpayer Identification Number (RUT):** 90.690.000-9

**Business Activity:** Investments and Business Services

**Legal Address:** El Golf 150, piso 17, Santiago de Chile

**Type of Entity:** Chilean publicly held stock company

**Securities Registry Number:** 0028

**External Auditors:** PricewaterhouseCoopers

#### **Articles of Incorporation**

The Company was established under public deed dated October 31st, 1934, signed in the presence of the Santiago Notary Mr. Luis Azócar, and was authorized by Supreme Decree N° 3,610, dated November 22nd, 1934. The corresponding registration was made on folio 1,813 N° 1,008, and folio 1,829, entry N° 1,009, in the Santiago Trade Registry of 1934. The corporate bylaws have been amended on several occasions, noteworthy amongst which were: the amendment made under public deed dated April 20th, 1982, in the presence of the Santiago Notary Mr. Andrés Rubio, when the bylaws were restated to adapt them to the requirements of Chilean Law N° 18,046; an amendment to increase equity capital, now divided into 1,299,853,848 shares of no par value, in accordance with a public deed dated January 29th, 1988, in the presence of Mr. Andrés Rubio, published in the Chilean Official Gazette of February 10th, 1988, and registered on folio 3,268 N° 1,690, of the Trade Registry of Santiago's Real Estate Registry of 1988; and, finally, an amendment set out in public deed dated May 7th, 2003, in the presence of the Santiago Notary Mr. René Benavente, which changed the name of the Company to Empresas Copec S.A., effective October 1st, 2003, the required excerpt of which was published in the Chilean Official Gazette of May 31st, 2003 and was registered on folio 14,697, N° 11,252, of the Trade Registry of Santiago's Real Estate Registry of 2003; and an amendment made under



public deed dated September 12th, 2008, in the presence of the Santiago Notary Mr. Félix Jara, when the currency of the capital stock laid down in the Company's bylaws was changed, of the financial accounting registries and of the issuance of the Company's financial statements, from pesos of the Republic of Chile to US dollars, effective as of January 1, 2008, and all as laid down in "Transitory Article Four" of the company's bylaws, and this provision is added to the bylaws. The required excerpt of which was published in the Chilean Official Gazette of October 10th, 2008 and was registered on folio 46,937, N° 32,354, of the Trade Registry of Santiago's Real Estate Registry of 2008.





***EMPRESAS COPEC***