

Annual Report



2016



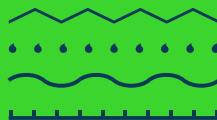
EMPRESAS COPEC



Sustainable commitment

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In Empresas Copec
we develop our investments
with a long term vision,
assuming a responsible
commitment with the
environment and
all our stakeholders



Corporate information

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Corporate information

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Board of Directors



**ROBERTO
ANGELINI**

Chairman
Industrial
Engineer

5.625.652-0



**JORGE
ANDUEZA**

Vice - Chairman
Civil
Engineer

5.038.906-5



**MANUEL
BEZANILLA**

Lawyer

4.775.030-K



**ANDRÉS
BIANCHI**

Economist

3.367.092-3

6
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**GABRIEL
BITRÁN**

Industrial
Engineer

7.033.711-8



**JUAN
EDGARDO
GOLDENBERG**

Lawyer

6.926.134-5



**ARNALDO
GORZIGLIA**

Lawyer

3.647.846-2



**CARLOS
HURTADO**

Commercial
Engineer

2.300.859-9



**TOMÁS
MÜLLER**

Commercial
Engineer

4.465.942-5



Senior Management



EDUARDO NAVARRO

Chief Executive Officer

Commercial Engineer

10.365.719-9



JOSÉ TOMÁS GUZMÁN

*Corporate Counsel and Secretary
of the Board of Directors*

Lawyer

6.228.614-8



RODRIGO HUIDOBRO

Chief Financial Officer

Industrial Engineer

10.181.179-4

7
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JORGE FERRANDO

Corporate Research Manager

Industrial Engineer

12.059.564-4



CRISTIÁN PALACIOS

*Director of Investor Relations
and Investments*

Commercial Engineer

13.234.980-0



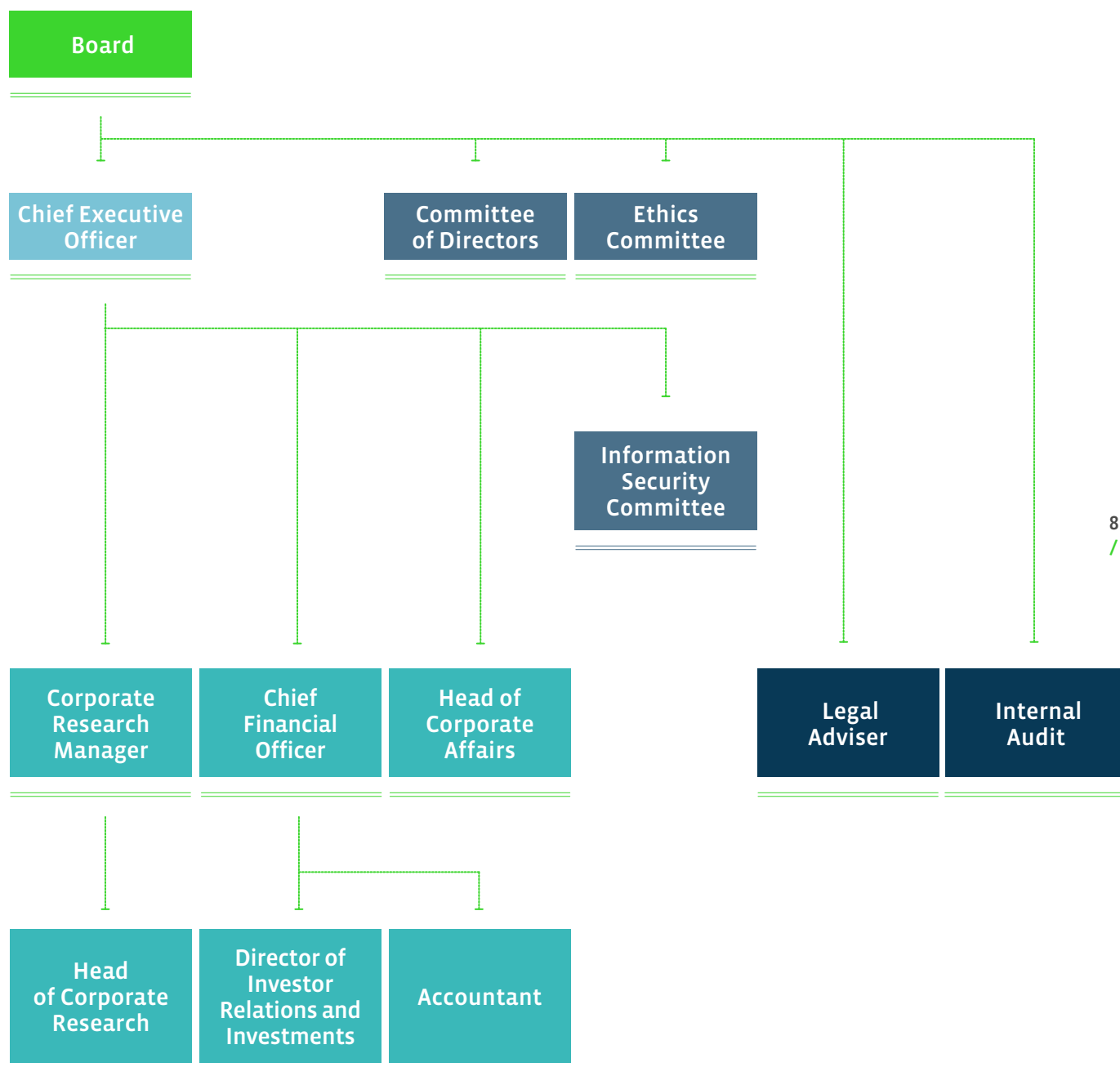
PAMELA HARRIS

Head of Corporate Affairs

Industrial Engineer

14.119.104-7

Administrative structure



Senior Management of Main Affiliates and Associates



9

FORESTRY

Matías Domeyko

Celulosa Arauco y Constitución S.A.

FUELS

Lorenzo Gazmuri

Copec S.A.

Joaquín Cruz

Abastible S.A.

Pablo Sobarzo

Metrogas S.A.

Roberto Hetz

Sonacol S.A.

FISHERIES

Arturo Natho

Corpesca S.A.

Rigoberto Rojo

Orizon S.A.

OTHER INVESTMENTS

Erwin Kaufmann

Alxar Minería S.A.

Sebastián Gil

Mina Invierno S.A.

Chairman's statement

“Year **2016** will undoubtedly hold a special place in the history of Empresas Copec.”



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DEAR SHAREHOLDERS:

Year 2016 will undoubtedly hold a special place in the history of Empresas Copec. The important productive expansion carried out in the forestry and energy areas materializes a strategy that has been consistent and sustained in time, which will also mark the trajectory for the coming years. Empresas Copec is changing, assuming greater challenges imposed by current times and a more relevant position in global markets.

The operations of Empresas Copec and its affiliates were developed in a complex international context, characterized by the emergence of political uncertainties throughout the world. The questioning of the traditional way of running countries, and the aggravation of several social and economic phenomena, have resulted in electoral surprises

in practically all geographies, challenging the opening of important blocs, even those leading the world trade. This, together with the growing relevance of China, has made financial markets and prices of raw materials volatile, all of which has transversally affected our exporting businesses.

At a national level, activity has remained at growth levels of less than 2% per year, significantly far from the goal of achieving a new development stage for Chile. Today's country has nothing to do with that one of 30 years ago. We have undoubtedly made great progress, as a result of an economic, political and institutional system that has been widely recognized and valued.

Logically, this progress has also involved new expectations and requirements in many areas. Many of them are shared by everyone, but upon which it is necessary to

“The important ***productive expansion carried out in the forestry and energy areas materializes a coherent and sustained strategy in time***, that also marks the trajectory of the next years.”

build solutions in a reflexive and consensual way, and to implement them with the necessary gradualness. In that, we have failed. The sudden structural changes in the solid institutions that distinguished our country, sometimes without the technical support we were used to, have negative impacts and do not help the country achieve the goals it has set for itself in the last decades. This weakening has undermined trust and has generated an unhealthy environment of uncertainty.

We are particularly concerned by the current anti-corporate climate, which raises the risk of every entrepreneurship, and thus affects Chile's attractiveness as a market for investment. On the other hand, as companies, we have the challenge of rethinking our role with a long-term vision. We must evolve and understand the new social requirements, finding proper answers.

It would be impossible to understand the growth of Chile over the last 25 years without considering the entrepreneurship factor. Today, however, that is being questioned. Therefore, we are challenged to build a new platform of credibility and legitimacy of the corporate action. The country needs to make growth and development for everyone; globalization and local development; industrialization and environment, compatible. It also needs productivity and innovation, competitiveness and strong corporate governance, among other matters.

As companies, we have taken note and learned from the junctures of recent years; it is time for society to notice these positive changes.

We cannot miss out opportunity to be a better country, doing things in a proper and responsible fashion. In order to answer many legitimate expectations, we must necessarily return to the path of growth, stability of legal structures and unity of the country around common projects.

Regarding our results, in 2016, Empresas Copec and its affiliates 2016 had profits for US\$ 554 million, figure that represents an increase of 2.8%, and which is mainly explained by a better non-operational performance. The operating flow, which represents the results of our activities, amounted to US \$1,738 million, experiencing a 13% drop.

Both the flow drop and the level of results reflect the challenging environment to which I have referred, marked by significantly lower prices in the forestry business, especially regarding pulp, an industry that has been affected by the simultaneous entry into the market of new efficient capacity and the strong importance China has gained regarding demand.

The aforementioned situation is a clear proof of the virtuous dynamic of competition, an inspiring force that reminds us of the permanent obligation to reinvent ourselves, seeking new ways of becoming increasingly competitive, reducing costs and innovating in order to always deliver more value to our counterparties. In this regard, during 2016, Arauco, our forestry affiliate, promoted an ambitious program oriented to modify the organizational structure in order to make it more simple, efficient and sustainable, and at the same time, leave the company in a better position to compete in global markets.

Another clear testimony of the strong will to continue growing as a company, guided by the same long-term perspective, is the investment figure for financial year 2016, which totaled US\$ 1,830 million. If we to this the agreement with ExxonMobil announced at the end of the year, which has not yet been materialized, investment commitments in 2016 exceed US\$ 2,500 million. A record figure, far exceeding our historical levels. Rather than expressing a willingness to raise the pace of investment, the increase is largely explained due to the fact that in 2016, we had the chance to consolidate, coincidentally, many initiatives that we had been pursuing for years in different areas, which I will detail below.

"In 2016, we had the chance to consolidate, coincidentally, many initiatives that we had been pursuing for years in different areas."

In addition to how impressive this total investment amount is, it is also worth revealing its composition, which gives an idea of where the relative emphasis of our growth efforts is located. First, it is worth mentioning that more than 98% was used for the forestry and fuel sectors, our main businesses. 74% of this amount corresponds to the fuel sector, very focused on sales and closely linked to the economic development of the markets where we participate. If we also take into account the disbursements relating to the expansion of the wood business, this percentage rises to 80%, evidencing our interest in balancing the portfolio of activities of Empresas Copec towards those having less fluctuating flows over time.

Another relevant vision is the itemization by geographical areas. More than 70% of our investment went abroad, a clear demonstration of the will to continue taking firm steps towards the operational internationalization of all business areas. This is a one-way process, where we move from a more exporting view, from Chile to the world, towards one that seeks to turn Empresas Copec into a multinational company, with presence in countries that deepen and also complement their competitive advantages. Chile, in the world.

For many years, our forestry and fishing products have reached more than 80 international destinations, through commercial offices. Today, we are structuring a highly relevant industrial and operative base throughout America, as well as taking the first steps in other continents. The productive presence of our companies already covers 16 countries.

In this regard, during 2016, the affiliate Arauco continued to significantly strengthen its operational internationalization process. In this sense, it is worth highlighting the acquisition, for US\$ 150 million, of 50% of the Spanish company Tafisa, an affiliate of the Portuguese group Sonae. This company manufactures and commercializes OSB, MDF, and PB panels, as well as sawn timber, through 2 panel plants and 1 sawmill

in Spain; 2 panel plants and one resin plant in Portugal; 4 panel plants in Germany and 2 in South Africa. The operation of all these facilities and the enhancement of Tafisa's commercial networks allowed for Arauco to successfully enter with its products into new markets, thus becoming the world's second producer of wood panels.

In the North American market, Arauco approved the investment in a new panel plant in the Grayling area, State of Michigan, with an annual production capacity of 800,000 m³. The startup of this new plant, which will involve disbursements for about US\$ 400 million, is expected for 2018. It is important to highlight the positive acceptance this project received from local communities and the authority, which carried out a short but very rigorous approval process.

The way in which projects are approved, the times and the certainty to develop them, are essential elements for the entrepreneurial impulse. While projects are stopped, the world and the markets change and, therefore, initiatives lose their force and appeal, and are left aside by an increasingly mobile capital, which seeks agility and economic and institutional opportunity.

We must have always a spirit of public-private collaboration, an essential basis to regain force of growth as a country. For our part, we reiterate our best willingness and commitment to contribute, from our role, to restore the conditions required to relaunch growth and, thus, the creation of economic and social wealth.

In Chile, the MAPA project increases the production capacity of the Arauco complex to up to 2.1 million tons per year, with state-of-the-art environmental equipment. This is a significantly relevant initiative for our country and the Region of Biobío, which would certainly inject dynamism into the economy of the area, into the heart of our activities, renewing and increasing the efficiency and productiveness

of our oldest facilities. Nevertheless, this initiative is paralyzed in judicial proceedings, despite it has the authorization of the Environmental Authority.

On the other hand, the textile pulp project in the Valdivia plant allows the company to be the country's first producer of this type of pulp, used as raw material to manufacture textile fibers and for medical uses. It would be generating an innovative product with greater added value, diversifying the offer to the market, and involving, at the same time, the entire value chain of local suppliers involved in its development. Given the original design of this plant, its transformation to this new type of fiber can be done in a very efficient manner, at a fraction of the cost involved in modifying any other facility of the industry and, also, with an environmentally friendlier production process. This project has the environmental authorization but is under judicial proceedings too.

During 2016, we also took another very important step in United States. This time in the fuel area, by purchasing, for US\$ 535 million, a network of 348 gas stations, mainly operating under the brand Mapco, in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee, and Virginia. In such a manner, it is the first time Copec takes its service philosophy beyond Latin America, benefiting from all those things learned in Chile and in the different countries where it participates through Terpel, thus entering a more developed and competitive market, with a greater emphasis on convenience stores and an interesting platform for future growth.

Hence, Copec is progressing along the path to internationalize its value offer, based on an excellent service, a quick understanding of changes and the generation of the best consumer experience. This certainly implies adapting to the reality of each market, avoiding mechanical transfers and rigidity in the business model, strengthening all of its networks and relying on the strength of each of its brands.

In this same line, Copec executed a regional agreement with ExxonMobil to produce and distribute Mobil lubricants in Chile, Colombia, Ecuador, and Peru, an

important complement to the fuel business we already operate in the region. This agreement, that is hoped to perfect during 2017, is based on a long and solid relationship dating back to 1959, where the American company was a pioneer in assigning the commercialization of its lubricants to a third party, back in 2003. Hence, our successful collaboration expands beyond our borders.

The agreement, totaling a US\$ 747 million investment, also includes the acquisition of the fuel business of ExxonMobil in Ecuador and Colombia, markets where we already operate through Terpel, and the operation and commercialization of aviation fuels at Lima's International Airport, an important regional aeronautical hub.

On the other hand, Abastible also expanded its presence to Peru and Ecuador, by purchasing from the multinational Repsol its liquefied gas distribution activities in those countries, operating under the brands Solgas and Duragas, leaders in their respective markets. The transaction involved a US\$ 335 million investment, and tripled the volume of LPG commercialized by Abastible, which thus became South America's third largest liquefied gas distributor. Meanwhile, in Chile, this affiliate continued gaining market share, especially regarding packaging, and receiving important acknowledgments that ratify its leadership and the loyalty of its consumers.

Regarding natural gas, Metrogas restructured its operations by means of a corporate division, which allowed grouping energy distribution activities into Metrogas, separating them from those relating to the supply of the product, which were transferred to the new company named Aprovechadora Global de Energía S.A. Hence, the assets and contracts corresponding to both the purchase and transportation and sale of gas to wholesale customers -including Metrogas- remained in the new company, thus providing greater transparency and a better management.

An important milestone of 2016 was the historical agreement to export natural gas to Argentina, which reflects the level of strength that the industry has achieved in Chile, and an important step to recover a greater energy

“This is the virtuous circle of entrepreneurship and competition, leading our companies to conquer their customers, day by day, through attractive offers.”

integration between both nations. Hence, the roles of seller and buyer were reversed.

None of this would have been possible without the large financial and logistical deployment with which Metrogas overcame the Argentinean gas supply crisis a decade ago, added to the daunting public-private initiative that ended with the start-up of GNL Quintero, the first liquefied natural gas import terminal in the Southern Hemisphere. During 2016, Aprovechadora Global de Energía sold all of its shares in GNL Quintero in US\$ 200 million, ceasing to be the owner of an already consolidated asset, whose availability is guaranteed under an agreement, thus achieving supply security in a more efficient manner.

Metrogas has repeatedly overcome great challenges, expanding its networks, managing to timely and conveniently supply natural gas to its residential and industrial customers, who have freely chosen this energy over other available alternatives, thus perceiving important savings and recognizing the company for its quality of service. In this sense, Metrogas continued the last financial year promoting an ambitious gasification plan for the following 10 years, aimed at delivering natural gas to seven other regions of the country. Hence, more than 800,000 families will be able to access this energy alternative, under a new regulation allowing to invest with a broad horizon.

This is the virtuous circle of entrepreneurship and competition, leading our companies to conquer their customers, day by day, through attractive offers. These same forces are also the ones that urge our companies to innovate, constantly reinventing themselves to always remain efficient and competitive for their clients.

An example of this is the evolution of our fishing companies, which have raised their attention from the

production of raw materials to a broader conception of the protein market, which also includes products for direct human consumption, functional foods, nutraceuticals and even pharmaceuticals, as well as exploiting the commercial power of its brands in new segments of the food market.

In this regard, it is worth highlighting the indirect acquisition of 30% of FASA, a Brazilian company engaged in the production of high-quality protein concentrates for animal feeding, and the operational consolidation of the Omega-3 concentrate plant of Golden Omega in Arica, thanks to unprecedented processes that are already patented. More than fishing companies, our companies are aimed at being key players in the field of nutrition, a sophisticated and attractive market, extremely competitive, which encourages us to go further each time, achieving new efficiency and productivity levels.

This same search allowed our associate Mina Invierno to face the difficulties relating to the complex commercial scenario of coal, through several rationalization actions to reduce costs. It is worth stressing in this case the enormous efforts made by the company's shareholders to sustain this initiative over time, to which we were invited more than a decade ago by the State of Chile, seeking to join forces and benefit from the national resources to face the country's energy challenges, reducing its reliance on imports. Mina Invierno is a modern facility, with the highest operational and environmental standards, and at the same time, it is a source of growth, employment and pride for the Region of Magallanes.

On the other hand, the affiliate Alxar continued the process to establish the mining potential of its asset portfolio in the north of the country, and to seek new development options in attractive scale operations that provide us with value, in order to keep going after the goal of being a reference in Chilean mining, under a management with the stamp and culture of Empresas Copec.

This seal involves a strong commitment to the communities that welcome us, which goes beyond our own production activities. We participate in numerous initiatives that reflect a long-term vision, helping to face the great challenges we face as society, with financial resources, human capital, technology, innovative capacity and management. Permanent contributions, for several decades, oblivious to fashions and with the profile that characterizes us.

Our commitment of so many years with education and culture was reflected in 2016, since we continued training teachers through Fundación Arauco; attracting, along with Enseña Chile, young professionals to the classrooms; and working with Fundación Belén Educa in vulnerable sectors of Santiago. The inauguration of Campus Arauco, Chile's first major project integrating technical-professional education with private industry. It is a work with high standards, located less than two kilometers away from the center of the city of Arauco, providing excellent education to the youth of said province and training our company's collaborators, in partnership with Duoc UC, under the educational model of alternation.

Convinced that innovative capacity is also a key axis for the country's economic and social development, at the beginning of the last decade, we undertook a commitment to promote it, by creating Fundación Copec-UC, subsequently, with the Fondo Privado de Capital de Riesgo and, more recently, with the inauguration of Centro de Innovación UC Anacleto Angelini. The latter is a space to exchange ideas, open to all companies and entrepreneurs, created in conjunction with Pontificia Universidad Católica de Chile, and that has become a true heart of innovation in Chile. These efforts should undoubtedly contribute to the significant task of raising the country's productiveness and competitiveness, directly linking university research with productive and entrepreneurial challenges.

During the year, we once again brought together thousands of young people in competitions promoting sports and a healthy way of living; we continue encouraging reading habits, supporting social housing and overcoming poverty, as well as upgrading neighborhoods thanks to the award-

winning project Elemental, among many other activities. As a result of all this, Empresas Copec was chosen in 2016 to integrate the select Dow Jones Sustainability Index, the world's main sustainability index, bringing together leaders in these matters from Chile and the world. This fact, along with multiple awards and recognitions obtained during the year, confirms how our business vision and our way of doing business is valued. A manner that must always be perfected, in light of the knowledge obtained from experiences and the new demands of society. I would like to specifically highlight the efforts made by the boards of our affiliates and associates during the year, in order to promote a permanent self-evaluation, and to approve and implement improvements in our policies, in order to continue raising standards in matters such as risk management, free competition, corporate governance, information security and transparency.

Before I conclude, I cannot omit mentioning the damage caused by the terrible fire that affected the south-central zone of our country at the beginning of 2017. Despite the enormous resources, we allocated to prevent and combat fire, both in our own properties and in their surrounding areas, the magnitude of this event, which compromised about 80 thousand hectares of Arauco, exceeded all containment capacities, striking us hard at the heart of our forestry activity. We are especially grateful for the work of the brigadiers, firefighters, service companies and our own personnel, who worked tirelessly in this tough fight, always having the safety of people and communities as a priority. Hundreds of thousands of hectares of our own forests and those of third-parties, cultivated for several years now, and supplying our industrial facilities, disappeared under the flames, along with the homes and properties of many of our collaborators and neighbors. The insurances we have taken will only cover part of these losses, and we have already begun to recover in the best and shortest time possible, the damaged heritage, supporting those people affected by the fires, and joining or leading general reconstruction plans, thinking about our own future and the one of those people around us.

Shareholders, this is the summary of financial year 2016. A year in which we continue carrying the seal of this Chilean company to the world and, at the same time, we

continue incorporating the best global practices into the national business. We grow, with humility and a sense of future. We remain attentive to the demands of time and the environment. We seek to understand and assimilate new cultures, other types of consumers and the diversity of their habits, as well as different institutional arrangements. These lessons must be transferred into our local reality, helping us to cross new thresholds as a company, as a society and as a country.

We are firmly committed to our principles and values, which we have shaped for several decades now. Sustainability and innovation, the continuous effort to add value to the activities and the consolidation of a productive and commercial presence in different continents, with a strong orientation towards natural resources and energy. We drive improvements in our corporate governance practices; turn those challenges of communities that welcome us into our own, generating value for everyone, transparently and with meaning.

I would like to once again thank you for the permanent support of our shareholders, directors, executives and employees, true protagonists of our work. I would also like to thank for the support of the financial markets, which do not hesitate when ratifying our trust, providing our company with the resources required to materialize its development strategy

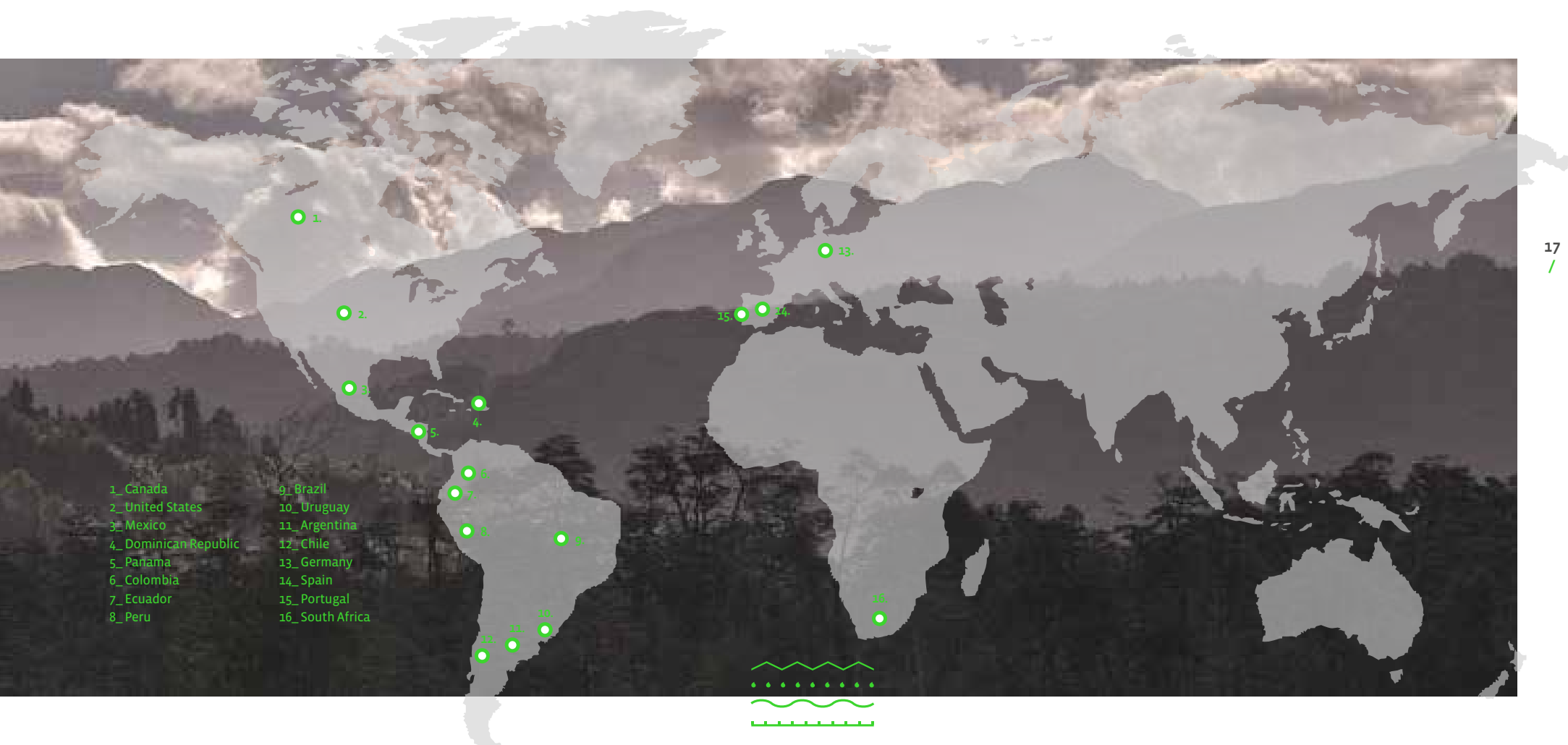
A strategy that is a way of doing business. The Empresas Copec mode.

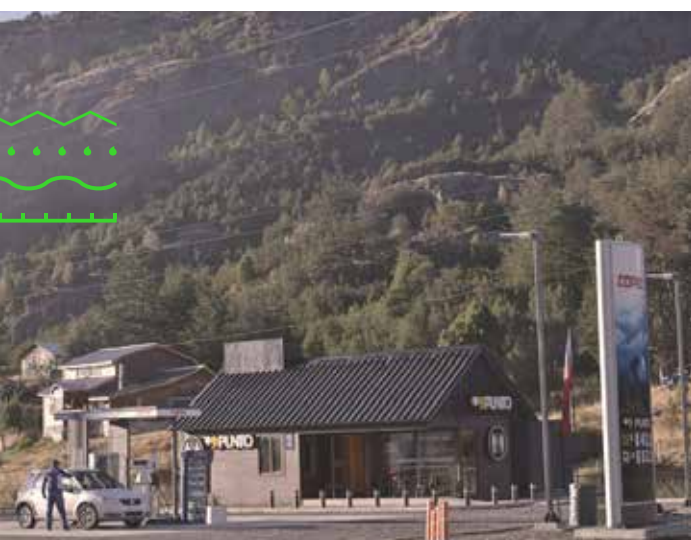


Roberto Angelini
Chairman



Empresas Copec / **at a glance**





Empresas Copec participates in two major business areas: natural resources, where it has clear competitive advantages, and energy, closely linked to the growth and productive development of countries.

This is how it is present in the forestry business through its affiliate Arauco, which produce market pulp, panels, sawn timber and energy, and is the company with the highest forest heritage in South America.

The company also participates in the distribution of liquid fuels, lubricants, liquefied gas, and natural gas, through its affiliates Abastible and Sonacol, and its associate Metrogas.

Additionally, it is present in metal mining, through Alxar, in coal mining, through Mina Invierno, and in the real estate business, through Inmobiliaria Las Salinas.

Empresas Copec also participates in the fishing business through its affiliate Igemar, which is present in the north and center-south zones of the country, manufacturing fishmeal and fish oil, preserves, frozen and concentrated Omega 3, and it is also a key player in the animal and vegetable protein industry.

In each of these businesses, the Company promotes important investment programs in order to increase the scale of its operations, expand its borders, benefit from synergies and significant cost advantages, and ensure the sustainability of the activities.

Empresas Copec has important production platforms in Chile, Germany, Argentina, Brazil, Canada, Colombia, Ecuador, Spain, United States, Mexico, Panama, Peru, Portugal, the Dominican Republic, South Africa, and Uruguay, and it commercializes its products in more than 80 countries on all five continents.

Empresas / Copec

/ FORESTRY BUSINESS

99.978%	CELULOSA ARAUCO Y CONSTITUCIÓN	99.948%	FORESTAL ARAUCO
		100.000%	ARAUCO INTERNACIONAL
		100.000%	ARAUCO BIOENERGÍA
		100.000%	MADERAS ARAUCO

/ FUELS BUSINESS

99.999%	COPEC	100.000%	MAPCO
		58.510%	TERPEL
99.134%	ABASTIBLE	40.800%	SONACOL
39.830%	METROGAS	12.000%	
39.830%	APROVISIONADORA	51.000%	INVERSIONES DEL NORDESTE
		99.990%	DURAGAS
		100.000%	SOLGAS

/ FISHERIES BUSINESS

81.933%	IGEMAR	66.800%	ORIZON	35.000%	GOLDEN OMEGA
		30.640%	CORPESCA	35.000%	

/ OTHER INVESTMENTS

100.000%	CAMINO NEVADO	99.961%	ALXAR MINERÍA
100.000%	LAS SALINAS	50.000%	MINA INVIERNO

STATEMENT OF FINANCIAL POSITION

Thousand dollars	2016	2015
Total assets	21,446,506	19,925,614
Total liabilities	10,961,006	10,069,741
Minority interest	530,306	496,238
Equity attributable to equity holders	9,955,194	9,359,635

INCOME PER BUSINESS AREA

Miles de dólares	2016	2015
Forestry	213,801	362,689
Fuels	299,969	386,988
Fisheries	(35,223)	(17,611)
Other Investments	75,638	(192,759)
Income	554,185	539,307

Indebtedness (Net Financial Debt / Equity)

0.49

INTERNACIONAL RISK RATING

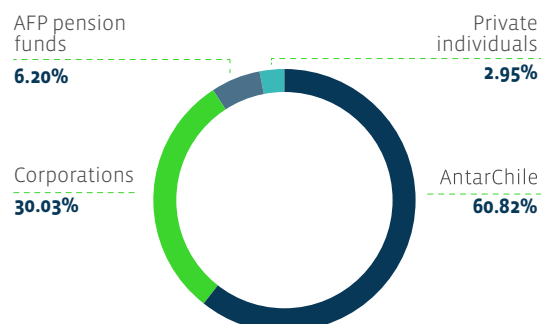
Standard & Poor's	BBB
Fitch Ratings	BBB

NACIONAL RISK RATING

Feller-Rate	AA-/1° Class Level 1
Fitch Ratings	AA-/1° Class Level 1

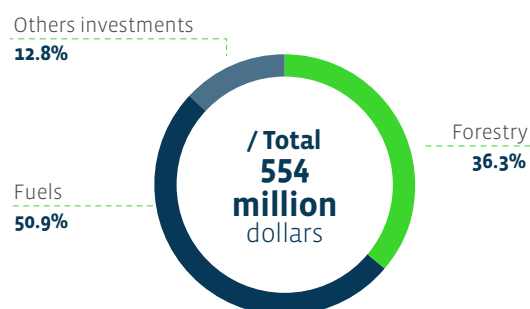
/ Ownership structure

December 31, 2016



/ Net Income

2016



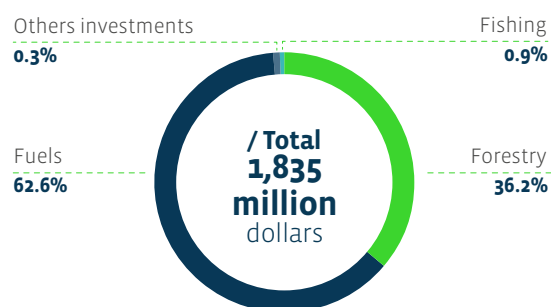
/ Consolidated sales

2016



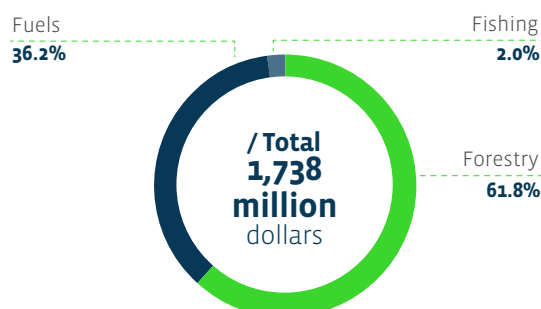
/ Consolidated investment

2016



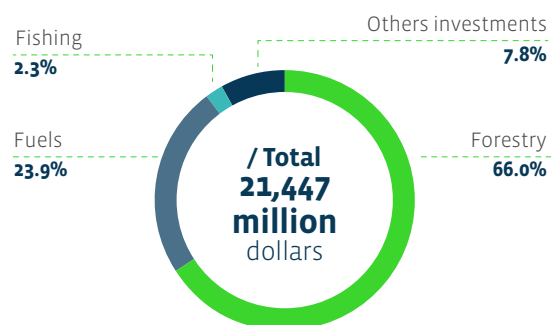
/ Consolidated EBITDA

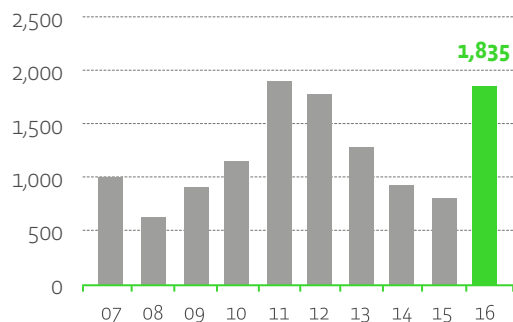
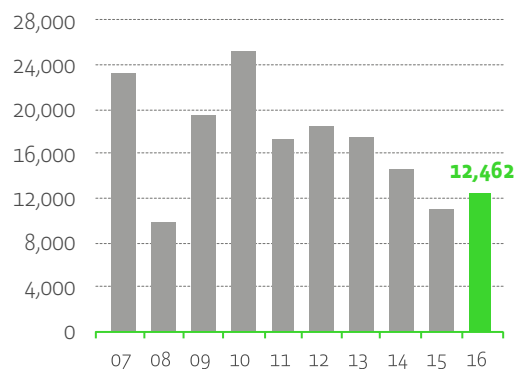
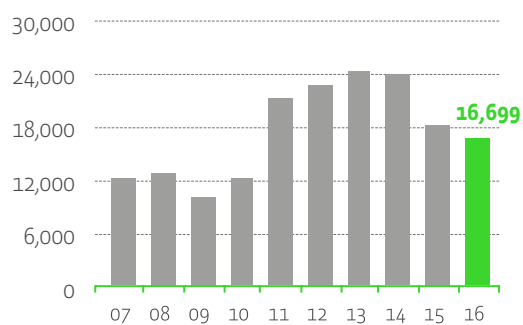
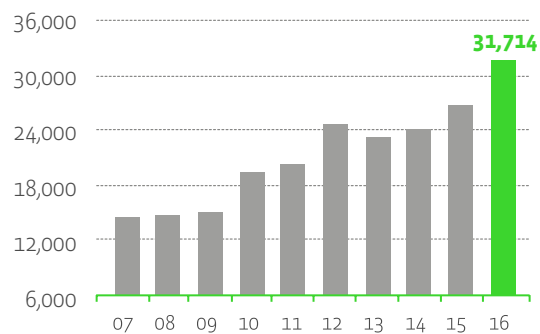
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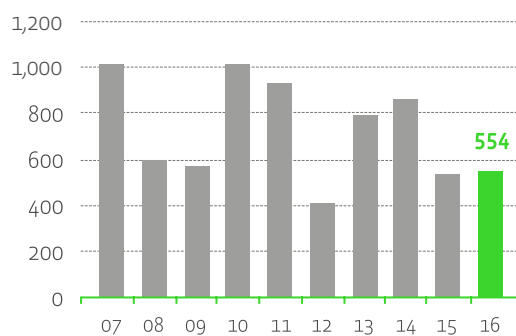


/ Consolidated assets

2016



/ **Consolidated investment**
million dollars

/ **Market capitalization**
million dollars

/ **Consolidated sales**
million dollars

/ **Consolidated personnel**

22
/

/ **Net income**
million dollars




Empresas Copec's History

23
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/ **History****Foundation** _____**1934**

Compañía de Petróleos de Chile is incorporated, with the purpose of commercializing and distributing fuels in the country.

Expansion of the Line of Business _____**1956**

Abastible is created, with the purpose of commercializing and distributing liquefied gas in the country.

24
/**Diversification** _____**1957**

Sonacol is incorporated, with the purpose of transporting fuels through an oil pipeline network. On the other hand, Copec assumes the representation and distribution of Mobil products.

1976

Copec buys Celulosa Arauco and Forestal Arauco.

1979

Copec acquires Celulosa Constitución, which later merges with Celulosa Arauco, constituting Celulosa Arauco y Constitución.

1980

Copec acquires Pesquera Guanaye.

New Leadership

1986

The Angelini Group acquires 41% of Copec's share capital.

1989

Fundación Educacional Arauco is created, in order to contribute to municipal education in the regions of Maule, Biobío and Los Ríos.

Major Investments

1990

Bioforest is incorporated, with the purpose of developing technologies in the area of forestry resources and pulp.

1991

Compañía Minera Can-Can, today Alxar Minería, is created with the purpose of exploring and exploiting medium-sized mining sites.

1992

Igemar is incorporated, after the merger of Pesquera Guanaye and Pesquera Iquique.

1994

Metrogas is founded, with the purpose of commercializing natural gas in the Metropolitan and O'Higgins regions.

1996

Arauco acquires Alto Paraná, one of the main pulp plants in Argentina.

1999

Corpesca is created, following the integration of the operating assets that the fishing companies Igemar, Eperva and Coloso had in the north of the country.

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Strategic Focus

2000

The Angelini Group achieves the control of Copec, after acquiring an additional 30.05% of the Company's shares. Meanwhile, in the south-central zone of Chile, SPK is incorporated, following the merger of the operating assets of the fisheries Igemar, El Quillay and Pacific Protein.

2002

Fundación Copec-Universidad Católica is created, in order to promote applied scientific research in the area of natural resources.

2003

Compañía de Petróleos de Chile Copec is incorporated as the affiliate in charge of the business of liquid fuels and lubricants, and the parent company becomes a financial holding company, which corporate name changes into Empresas Copec S.A.

2005

Arauco acquires pine plantations, an MDF board plant, a particleboard plant and a resin plant in Brazil.

Global scale

2006

Elemental is incorporated with the purpose of developing urban projects of social interest.

2007

Arauco and Stora Enso acquire forestry lands, a sawmill and 20% of a paper plant in Brazil. On the other hand, Mina Invierno is created in order to extract coal in the Region of Magallanes.



2008

Fundación Copec-UC creates the first Private Investment Fund of Chile uniting the academy and the company.

2009

Arauco and Stora Enso buy the assets of the business group Ence in Uruguay, incorporating Montes del Plata. Meanwhile, in the north of the country, Golden Omega is created in order to produce Omega 3 concentrates.

2010

Copec acquires the control of Terpel, the main fuel distributor in Colombia. Meanwhile, Orizon is founded in the south-central zone, after the merger of the fishing activities of SPK and San José.

2011

Abastible acquires 51% of Inversiones del Nordeste in Colombia. Meanwhile, in the United States, Arauco buys the Moncure board plant.

26
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2012

Arauco acquires Flakeboard Company Limited, incorporating seven board plants in the United States and Canada. On the other hand, Copec consolidates 58% of Terpel's ownership through a process of public offering of shares in Proenergía Internacional.

2013

Corpesca acquires 60% of the Brazilian company Sementes Selecta S.A., engaged in the production of soy protein concentrates (SPC).

2014

Empresas Copec and Universidad Católica de Chile inaugurate the Anacleto Angelini UC Innovation Center.

2015

Abastible increases its stake in Gasmar by 36.25%. On the other hand, Corpesca bids 30% of FASA, a Brazilian company engaged in the production of high quality protein concentrates for animal feeding.

2016 Highlights

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Business Areas

01.

Empresas Copec issued two bond series in the Chilean market, of 7 and 10 years, totaling about US\$ 154 million. Likewise, Arauco issued 10-year bonds in the local market, totaling UF 5,000,000.

02.

Empresas Copec enters the Dow Jones Sustainability Index Chile and the FTSE4Good Emerging Index.

03.

Arauco acquires 50% of the capital of the Spanish company Tafisa, an affiliate of the Portuguese group Sonae, which manufactures and markets OSB, MDF and PB panels, and sawn wood, through 2 panel plants and a sawmill in Spain; 2 panel plants in Portugal; 4 in Germany and 2 in South Africa. These facilities total an annual production capacity of 4.2 million m³ of panels. The acquisition represents a US\$ 150 million investment.

04.

Copec purchased from the North American company Delek US Holdings 100% of the shares of Mapco Express, Inc., Mapco Fleet, Inc., GDK Bear Paw, LLC, NTI Investments, LLC and Delek Transportation, LLC, Inc. The acquisition totaled US\$ 535 million, and involves the operation of 348 gas stations in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia.

05.

Abastible acquires all shares that the company Repsol had in the Peruvian companies Repsol Gas del Perú S.A. and Repsol Gas de la Amazonía S.A.C., and in the Ecuadorian companies Duragas S.A. and Servicio de Mantenimiento y Personal S.A. The operation involved a US\$ 335 million investment, and hence, Abastible becomes South America's third largest liquefied gas distributor.

06.
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Coppec executes a regional agreement with ExxonMobil to produce and distribute Mobil lubricants in Chile, Colombia, Ecuador and Peru, in addition to the operation and marketing of aviation fuels at Lima's international airport, and the fuel business of ExxonMobil in Colombia and Ecuador. The investment relating to these agreements amounts to US\$ 747 million.

07.
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Arauco approves the investment in a new panel plant in Grayling, Michigan, which annual production capacity will amount to 800,000 m³ of wood panels. The investment will reach US\$ 400 million, and it is expected to begin operating by late 2018.

08.
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Corpesca acquires 30% of FASA América Latina, a Brazilian company engaged in the production of high quality protein concentrates for animal feeding. The transaction required a US\$ 43 million investment.

09.
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Orizon announces the reopening of the San José de Coquimbo canning plant, which had been closed since 2013, for which it will invest more than Ch\$ 700 million. This facility will have a production capacity of 200,000 horse mackerel boxes per year, and it is expected to begin operating in January, 2017.

10.
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Metrogas carries out a corporate division, grouping the natural gas distribution activities into Metrogas S.A., and those of the supply business into Aproveionadora Global de Energía S.A.

11.
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Aproveionadora Global de Energía S.A. sells all its shares in GNL Quintero S.A., amounting to 20% of the ownership, in US\$ 200 million.

12.
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Arauco creates a new company, Arauco Nutrientes Naturales, aimed to escalate the commercialization and internationalization of different nutritional products of native forests.

13.
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Orizon inaugurates Lebu Fish, a cuttlefish processing plant with a production capacity of 800 tons per month, operating under a shared-value model, where the company includes the local community. The installation required an investment of about Ch\$ 560 million, which were contributed by the Japanese Red Cross, the Regional and Municipal Government, and Orizon.

29
/14.
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Mina Invierno receives the environmental approval to incorporate blasting to its coal mining process.

15.
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Golden Omega consolidates the productive operation of its Omega 3 concentrate plant, reaching optimal performance levels of fatty acids from fish oil.



16. /

Copec inaugurates two urban gas stations in La Serena, one in San Antonio and another one in Lampa, as well as a roadside gas station in the town of Pozo Almonte.

17. /

Abastible inaugurates a liquefied gas distribution office in Chiloé.

18. /

Metrogas inaugurates new natural gas stations for vehicles in La Florida, Maipú, Peñalolén and San Bernardo.

19. /

Terpel launches PagoClick, an application that allows users to buy fuel and products at Altoque Stores through their smartphones, and gives them access to their transaction history. This payment method will initially be available in about 450 service stations, and it is expected to reach an average of 13,000 transactions per month during its first year of operation.

20. /

Arauco launches Lookid, a didactic child's toy made of antibacterial wood panels of different sizes and shapes and connectors manufactured with recycled fishing nets, which allows manufacturing everything from chairs to rockets.

21. /

Metrogas reaches 1,000 connected customers in the Region of O'Higgins.

22. /

Arauco's Vesto melamine becomes the world's first board with a negative carbon footprint.

23. /

Empresas Copec publishes its First Sustainability Report, where it reports its performance in the environmental, social and economic areas.

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Relationship with the community

01.

Arauco inaugurates Campus Arauco, a Technical Training Center born thanks to an alliance with Duoc-UC, aimed at providing young people of the Province of Arauco and the workers of the affiliate of the forest company, with an education of excellence under the Educational model of alternation.

02.

Empresas Copec and its affiliates commemorate 10 years since the first time the Anacleto Angelini Fabbri Scholarship was awarded to finance higher technical studies of the best students graduated from the schools of Fundación Belén Educa.

03.

Arauco inaugurates a Cultural Center in the district of Arauco, an innovative architectural proposal privileging wood design and incorporating power efficiency aspects and cutting-edge technology.

04.

The Anacleto Angelini UC Innovation Center reaches 100 partner companies and institutions, reflecting the solid commitment of companies, organizations, academics, researchers, students, entrepreneurs and representatives of the public sector in the promotion of a pro-innovation culture and entrepreneurship in the country.





05.

Fundación Copec-UC gives the Awards for the 13th Version of the Contest on Natural Resource Development Projects, the 4th Version of Concurso de Contrapartes and the 4th Version of the Contest on Projects for Young Investigators.

06.

Fundación Educacional Arauco carries out its 9th Seminar: “Construyendo Confianza para la Mejora Escolar”.

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07.

Fundación Copec-UC carries out the International Seminar: “Bioingeniería, Ciencia y Tecnología para la vida”.

08.

Fundación Terpel carries out the 5th version of Diseña el Cambio, an initiative that rewards those projects aimed at transforming environments and implementing innovative and sustainable solutions to the community’s problems.

Awards

- 01.** **Roberto Angelini** is chosen by the readers of Diario Financiero as Best Businessman 2016. In turn, Empresas Copec is awarded with the first place in the category of International Expansion, and Metrogas with the third place in the categories Best Business Initiative and Best Public-Private Initiative.
- 02.** **Eduardo Navarro**, General Manager of Empresas Copec, is awarded as “Executive of the Year” by EY and El Mercurio newspaper.
- 03.** **Alejandro Aravena**, Executive Director of Elemental, is awarded with the Pritzker Prize 2016, the world’s most important architecture prize, annually awarded to an architect whose projects contribute to the social development of Humanity.
- 04.** **Arauco** was awarded with the first place of the ranking “Most Innovative Companies Chile 2016”, an annual study carried out by the ESE Business School of Universidad de Los Andes, along with La Tercera.
- 05.** **Abastible** is awarded with the first place in all categories of the Consumer Loyalty Award 2016.
- 06.** **Copec** gets the first place in “Service Stations” of the National Consumer Satisfaction Award, ProCalidad.
- 07.** **Metrogas** is once again recognized among the most innovative companies, according to the Most Innovative Companies Ranking.
- 08.** **Terpel** is recognized among the 20 companies having the best corporate reputation, according to the ranking Merco Empresas y Líderes Colombia 2016.
- 09.** **Sonacol** receives again the certification in the PEC Excellence program of the Mutual de Seguridad.



10. **Sonamar** is once again awarded by Mutual de Seguridad with the Occupational Safety and Health Certificate of the Competitive Company Program.

11. **Abastible** is awarded with the first place in the PXI - Praxis Xperience Index 2016 ranking of the liquefied gas industry, and with the second place at national level.

12. **Metrogas** is awarded with the first place in "Home Services" of the National Consumer Satisfaction Award.

13. **Arauco** is recognized as one of the country's most innovative exporting companies within the Innovative Behavior category, by Innovation Observatory of the Business Administration Department of the Faculty of Business and Economy of Universidad de Chile and the Management Development Center Unegocios.

14. **Terpel** receives the Investor Relations award of the Colombian Stock Exchange for providing legal, financial and commercial information in a transparent, timely and truthful manner.

15. **Sonacol** obtains international recognition from the company Dupont for successfully implementing the Safestart occupational safety system.

16. **Copec** receives RepTrack's Brand Reputation Award.

17. **Terpel** receives, from Icontec and the Chamber of Commerce of Bogotá, the certification in Good Practices of Innovation.

18. **The Municipal Library of Constitución** receives the international prize Wood Design & Building Award for its innovative wood architecture.

19. **Terpel's Deuna kiosks** are awarded with Premio Lápiz de Acero for the best design to promote products at sales points.





/ MISION

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.



/ VISION

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

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

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

To safeguard the safety and occupational health, striving to continually and steadily reduce the safety risks of its 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 its operations, supporting their development.

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

To comply with the regulations in force, contractual obligations and other commitments regulating its business and, in as far as it can, exceed the standards established.

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

To disseminate these commitments to its 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.

Corporate Governance

Principles_

The principles governing the corporate governance of Empresas Copec are based on the rules issued by the competent authorities and those defined by the Organization for Economic Cooperation and Development (OECD). These include the promotion of transparent and efficient markets, consistent with the rule of law; the correct allocation and monitoring of responsibilities between the different authorities; the protection of shareholders' rights, in order to facilitate their exercise and ensure an equitable treatment; the ongoing promotion of strategic advice; and the constant concern for management to be effectively monitored by the Board, and for it to represent all shareholders.

Through these principles, the Company makes sure that management, investment and productive action practices consider economic, social and environmental aspects, and that they become contributions that go beyond direct economic benefit and what the laws establishes.

This way of doing business, shared by each of its companies, is reflected in its concern to create sustainable value and to carry out a reflexive and informed long-term decision-making process, as well as its permanent commitment to social, human, and economic development.

Corporate Governance Structure_

The corporate governance structure of Empresas Copec plays a key role in ensuring that strategic and financial

decisions are taken within a framework of transparency, participation, and efficiency.

It mainly consists of the Board and Committee of Directors, in addition to the Ethics Committee, Information Security Committee, Crime Prevention Officer, Legal Advisor, Internal Audit, Risk Management Area, among others.

Board _

The Board consists of 9 members, who are elected every 3 years at the relevant Ordinary Shareholders' Meeting, and most of them are proposed by the controlling shareholder.

The Directors meet monthly in order to define and evaluate the Company's overall strategy; review, approve, and monitor key financial decisions, such as dividend policy and capital structure; control the management of the company's operations; analyze large investment projects, transactions and asset sales; ensure an effective and efficient risk management; guarantee representation of the financial statements; look out for the compliance with the law and with self-regulation standards; monitor the relationship with authorities and key market players; keep shareholders permanently informed; select the Chief Executive Officer and evaluate its performance, being empowered to remove it and supervise its replacement; and advise on the selection, evaluation, development and compensation of the Company's main executives.

Additionally, once a year, the Board conducts a training program with the objective of updating its knowledge on

best corporate governance practices, issues of inclusion, diversity and sustainability reports, risk management, failures, sanctions and conflicts of interest. During 2016, the members of the Board of Directors held the following training sessions: Best Corporate Governance Practices; Risk management; Conflicts of interest; Sustainability in corporate governance; Duties of diligence, care, loyalty, right of information and reservation affecting the Directors; Roles and responsibilities of the Board; Possible legal risks associated with the use of information technologies; Antitrust; Risk management and compliance.

On the other hand, remunerations assigned to the members of the Board are annually approved at the Ordinary Shareholders' Meeting, in accordance with the provisions of article 33 of Law No. 18,046. During 2016, they amounted to a monthly sum of 300 UF for Directors, 600 UF for the Vice Chairman, and 900 UF for the Chairman.

Its members are: Roberto Angelini Rossi, Jorge Andueza Fouque, Manuel Bezanilla Urrutia, Andrés Bianchi Larre, Gabriel Bitrán Dicowsky, Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, Carlos Hurtado Ruiz-Tagle and Tomás Müller Sproat.

Committee of Directors_

According to Article 50 bis of Law No. 18,046, the Committee of Directors consists of 3 members. They are elected from among the members of the Board, having the Independent Director, who is appointed with the votes of minority shareholders that are not related to the controlling shareholder, the right to integrate it by legal mandate.

The Committee of Directors meets in order to analyze strategic issues, that allow for the Company's management and investment decisions to be carried out safeguarding all shareholders' interests; propose to the Board the names of the independent auditors and private risk classifiers, for them to be suggested and approved at the relevant Ordinary Shareholders' Meeting; and periodically review the reports submitted by the independent auditors, the



Company's financial statements, risk management reports, transactions with related companies, remuneration policies and compensation plans for managers, main executives and employees.

On the other hand, the remuneration and operating expenses budget of the Committee of Directors are annually approved at the Ordinary Shareholders' Meeting, in accordance with the provisions of article 50 bis of Law No. 18,046. During 2016, the monthly remuneration paid was 100 UF for each of the members and the total budget amounted to 5,000 UF.

Its members are: Andrés Bianchi Larre, Gabriel Bitrán Dicowsky and Juan Edgardo Goldenberg Peñafiel.

Ethics Committee_

The Ethics Committee consists of 3 members elected by the Board, in order to provide advice in matters of ethics and to define, promote and regulate the correct behavior of workers, ensuring that it is consistent with the Company's principles.

The Ethics Committee meets in order to promote the values and behaviors promoted in the Code of Ethics; propose to the Board updates and amendments to such Code; and support the Crime Prevention Officer in the different control activities he executes, mainly in the process to identify and analyze complaints applying to the Prevention Model, the determination of investigations and the potential application of penalties in such regard.

Its members are: Juan Edgardo Goldenberg Peñafiel, José Tomás Guzmán Rencoret and Eduardo Navarro Beltrán.

Information Security Committee_

The Information Security Committee consists of 3 members elected by the Chief Executive Officer.

The Information Security Committee meets quarterly, in order to implement the policies, standards and procedures set out in the Information Security Model, and monitor its compliance.

Its members are: Rodrigo Huidobro Alvarado, Christopher Mac-Gregor Camus and Pamela Harris Honorato.

Interest groups_

Empresas Copec's main interest groups are investors and financial analysts, civil society, regulators, media and governmental institutions, among others.

For each of these groups, the Company has set out a series of procedures, instruments and channels that allow minimizing information asymmetries, facilitating a proper operation of the capital market and aligning the management's interests with those of the shareholders, the workers and the environment.

The company regularly provides all of its interest groups with transparent, truthful, and representative information;

promotes informed participation of all shareholders at the Shareholders Meetings, protecting their right to speak and vote; ensures that management and investment decisions take into account the interests of all shareholders.

On the other hand, the Company has a strict audit policy, which provides that the audit manager, the responsible partner or the audit firm rotate with a minimum frequency of once every 5 years, and whose objective is to protect the total independence of this process and to ensure the transparency of financial information.

Empresas Copec also has an Investor Relations area, in charge of serving and advising investors and analysts on the behavior of markets and the pace of businesses; make regular result presentations; issue communications; and participate in national and international conferences.

The Company also has a corporate website and a website for investors, through which it provides relevant and updated information, such as the Company's bylaws, minutes of the Shareholders' Meetings, financial statements, annual reports, sustainability reports, press releases, news and a list of analysts covering the Company, Manual for the Management of Information of Interest for the Market, Corporate Governance Practices and Procedures, Code of Ethics, Community Contribution Policy, Sustainability Policy, Risk Management Policy, Crime Prevention Policy, Antitrust General Policy, General Information Security Policy, among others. In addition to the foregoing, an application for mobile phones allowing for shareholders and investors to be informed of the latest news and publications is added.

Additionally, the Company has an institutional magazine circulating every 4 months, in order to provide information on the different initiatives developed by Empresas Copec and its affiliates, investments and notes of general interest.

The Company also has a confidential and anonymous complaint channel, that allows for any person having information on an act or event that constitutes a breach to law No. 20,393, or that departs from the principles established in the Code of Ethics, to directly report it to company's highest authorities.

Empresas Copec and the community

Empresas Copec and its affiliates maintain a strong commitment with the local development, with environmental and people's care, and with the promotion of culture, education, sports, innovation and scientific research. For this reason, each year they reaffirm their support for various initiatives in these areas.

Fundación Copec - Universidad Católica_

Fundación Copec - Universidad Católica promotes applied scientific research, encourages the creation of strategic alliances between public and private entities dedicated to research and development, and disseminates scientific and technological advances in the area of natural resources. Each year it carries out the National Contest of Development in Natural Resources Projects, the Contest for Young Investigators Projects and the Contest for Higher Education Students: "Aplica tu idea", providing technical, commercial and financial support. To this is added to a Private Investment Fund, which is managed by the Administradora General de Fondos Security, and has the support of the Corporación de Fomento de la Producción (Corfo), which provides finance to projects based on technological developments that have a strong potential for growth. During 2016, the Foundation carried out its twelfth International Seminar: "Bioingeniería, Ciencia y Tecnología para la vida", which was focused on disseminating the advances of this discipline in areas such as medicine and various productive sectors.

Fundación Educacional Arauco_

Fundación Educacional Arauco aims to contribute, through education, to provide the best development opportunities to children and young people, thanks to the design, development and implementation of teacher training programs in the boroughs of Maule, Biobío and Los Ríos. In its 27 years of experience, the Foundation has carried out programs in 34 boroughs, benefiting more than 575 schools and more than 5,000 teachers, who attend annually to about 100,000 students.

Enseña Chile_

Enseña Chile selects and trains young professionals who wish to dedicate their first working years to teach in vulnerable schools, in order to build a network of people with the necessary conviction and perspective to make an impact in the educational system, firstly from the experience in the classroom, and then from different sectors. To date, Enseña Chile has supported more than 60,000 students from 106 educational establishments in the regions of Aysén, Biobío, La Araucanía, Los Ríos, Los Lagos, Metropolitan, Tarapacá and Valparaíso.

Fundación Belén Educa_

Fundación Belén Educa is an institution that has 12 educational establishments located in vulnerable areas of the Metropolitan Region and has more than 13,000 students, to whom it offers a high-quality education, and constantly encourages the commitment of the families with the formation of their children. The Company and its affiliates support the Foundation through financial resources and participate actively in various initiatives, such as the Tutoring Program. The goal of this program is that the executives can transmit to students that are in their last year of high school the importance of continuing their studies and becoming good professionals. To this, the Expert Talks are added, which are instances in which executives visit a school of the Foundation to talk and guide high-school students in the process of choosing a career. To this is added the Anacleto Angelini Fabbri Fellowship, which is awarded each year to the most outstanding student of each establishment, to finance studies in a Technical

Training Center or in a Professional Institute. In 2016 were commemorated 10 years since the first time this scholarship was awarded.

Campus Arauco_

Campus Arauco is a higher education center developed from an alliance between Arauco and the Duoc UC Professional Institute, with the purpose of delivering an education of excellence under the alternation based educational model to the young people of the Arauco Province in the Biobío Region. The establishment, which required an investment of US\$ 8.5 million, has more than 30 teachers and 18 employees, as well as a Training Center to train the workers of the Arauco company. In 2016, it opened its doors to 209 students for the majors of Financial Management, Risk Prevention Technician, Electromechanical Maintenance Technician with specialty in Industries, and Technician in Electricity and Industrial Automation.

Arauco, Constitución and Cholguán schools_

The Arauco, Constitución and Cholguán schools are establishments open to the community that deliver high-quality education to the youth of these localities. Each year they are recognized nationally for their performance and academic excellence.

Anacleto Angelini UC Innovation Center _

The Anacleto Angelini UC Innovation Center is a space open to all companies and entrepreneurships, which allows stimulating the crossroad and interaction between the academy and the business community, with the objective of generating knowledge and applied innovations that can respond to the needs of the country. During 2016, the Center reached 100 member institutions, which reflects the strong commitment of companies, organizations, academics, researchers, students, entrepreneurs and representatives of the public sector with the promotion of a culture for innovation and entrepreneurship.

***Fundación Educacional Arauco** aims to contribute to education, through teacher training programs that provide to students a quality education.*

34
Boroughs



575
Schools



5,000
Teachers



100,000
Students



Elemental_

Elemental is a do tank developed jointly by the Copec affiliate, the Pontificia Universidad Católica and a group of professionals, aimed at reducing poverty and improving the quality of life of the families, with urban projects of public interest and social impact. To date, it has developed social housing projects in Antofagasta, Concepción, Copiapó, Iquique, Rancagua, Santiago, Temuco, Tocopilla, Valparaíso, Valdivia and Yungay, as well as Mexico and Switzerland. In 2016, Alejandro Aravena, one of its founders, received the Pritzker Prize, the most important distinction of architecture at a global level that is given annually to an architect, who through his projects, has contributed to the social development of Humanity.

Bioforest_

Bioforest is a scientific and technological research center that carries out studies aimed at increasing the quality, performance and productivity of the forest plantations and the pulp production process, as well as applying leading-edge procedures in the fields of genetics, site productivity, phytosanitary protection, wood properties

and biodiversity of the native vegetation. For that purpose, it has the Forestry, Biocel and Biopaneles areas, oriented to the research and development of forests, cellulose and panels, respectively.

Centro de Investigación Aplicada del Mar_

The CIAM was created in June, 2014, by Corpesca, Camanchaca and Serenor, with the purpose of promoting research in favor of the sustainability of the fisheries in the northern zone of Chile. At present, the information generated from the CIAM is critical for the decision making regarding the present and future of the fishing activity of the far north of Chile, both at industrial and artisanal level.

AcercaRedes_

AcercaRedes is an initiative promoted by the Arauco affiliate with the aim of establishing, in places far from the big urban centers, spaces that promote the association between local entrepreneurs, companies, technical, productive, guild, cultural, academic, corporate and commercial organizations within the boroughs, the region and the country, in order to promote the development of the communities.

Master Plan of Sustainable Reconstruction of Constitución_

The Plan of reconstruction sustainable PRES Constitución arises after Arauco, together with the Municipality of Constitución and the Ministry of Housing and Urbanism, comprised a consortium to address the reconstruction of Constitución, one of the cities hardest hit by the earthquake and tsunami in February 2010. So, as Arauco has promoted various initiatives under it and, to date, more than 75% are finished or in the implementation stage. Among them are the Municipal Library, Stadium Mutrun, the Cultural Center, the Yacht Pier, the School Enrique Donn Müller - with capacity for 900 students, the General Headquarters of the first company of firefighters and a stretch of the waterfront Echeverría, among others. Moreover, project of heated pools, allowing you to take advantage of the residual heat of



the cellulose plant for heating water, reaches 80% complete and is expected to be completed the first quarter of 2017.

Housing Plan_

The Arauco's Housing Plan is an initiative that seeks to contribute with a definitive housing solution for the employees of the company, contractors and related services, and for neighbors who are in the vicinity of its commercial and industrial operations, through the construction of high quality neighborhoods with innovation in wood, with standards of excellence in boroughs where there is a limited residential offer. To date, 1,391 houses have been built and 184 are under construction, which are distributed in the localities of Curanilahue, Yungay, San José de la Mariquina, Constitución and Los Álamos. Meanwhile, it is estimated that the second stage in Constitución will be completed in 2017, and other neighborhoods are being planned in Arauco, Curanilahue, Ránquil, Treguaco, Coelemu, Collipulli and Lota. The goal is to build an average of 500 houses per year.

Proyecto Raíces_

The Proyecto Raíces is an initiative promoted by the Copec affiliate that seeks to promote and rescue the local identity of the different places where its service stations are located through exterior and technological walls that show the attractions of each zone. During 2016, three new stations were added, reaching a total of 21. Additionally, through the intervention of eight service stations, the incorporation of the Pronto in Kiosko format to this Project was started by adding a green vegetation wall.

Viva Leer_

The Viva Leer program, promoted by Copec, has the purposes of encouraging reading through the collection of books that are sold directly at the service stations, the formation of a network of volunteers within the company, the implementation of a virtual platform to support schools, the family and community, and the donation of 75 school libraries open to the community. During 2016, the last 15 were inaugurated, which will receive technical advices until the end of 2017. With this, a cycle of 5 years is closed, in which a total of 75 libraries were implemented from Arica to Punta Arenas, 1,744,000 books were sold, and the commitment of Copec with the promotion of reading in Chile was consolidated. The renewal of this program is being evaluated by the company, in order to continue deepening its support to the schools and to expand its contribution in the country's education.

Brigada Metroambientalista_

Metrogas carries out its "Brigada Metroambientalista" program, through which it seeks to strengthen the educational contents of children and youths regarding environmental care and energy efficiency. This program is sponsored by the Ministry of Environment and the Chilean Agency of Energy Efficiency.

Diseña el Cambio Program_

In 2016, the Fundación Terpel carried out its fifth version of the Diseña el Cambio Program, which promotes the generation of ideas to transform environments and implement innovative and sustainable solutions to community problems. This time, more than 96,000 children and youths from 108 educational institutions of Colombia participated.

For its part, Corpesca has a collaboration agreement with the Diseña el Cambio Program in Chile, which seeks to transform the educational reality of the children and youth of the country, making them active protagonists in the improvement of their education, providing them with tools allowing to implement changes that can improve their environment, and enable them to achieve greater equality of opportunities.

Dual Education Programs_

Since 2003, Corpesca has been collaborating in the Dual Education Program with technical-professional education establishments in Iquique and Mejillones, allowing students to carry out part of their training inside the company. During 2016, the Instituto del Mar Almirante Carlos Condell, the Liceo Poitécnico Luis Cruz Martínez and the Liceo Juan José Latorre participated in this program.

Environmental Education Program_

Mina Invierno has been carrying out the Environmental Education Program for four years, which consists of offering talks and training in schools, followed by field visits, where the students can learn about the greenhouses and the reforestation work that is carried out by the company. In 2016, four establishments participated: Escuela Bernardo de Bruyne of Río Verde, Colegio Punta Arenas, Escuela Patagonia and the San Juan Therapeutic Community.

43 /

*In 2016, the **Fundación Terpel** carried out its fifth version of the Diseña el Cambio Program, which promotes innovative and sustainable solutions to community problems.*

96,000
Children and Youths



108
Educational Institutions
of Colombia





Supplier Development Program_

The Arauco affiliate permanently provides support to the local entrepreneurship of the surrounding communities to its productive facilities, through the Supplier Development Program, which consists of incorporating the local entrepreneurs to the list of suppliers of goods and services of the company.

Vineyard pole_

Arauco promotes a Technological Transfer Group that brings together several producers in the Ránquil and Portezuelo area, through an agreement with the Instituto Nacional de Innovación Agraria (INIA), aimed at improving the productivity and quality of the vineyards of the area, by training farmers and improving the competitiveness of partners. Additionally, the company is working on the development and sustainability of the Cucha-Cucha vineyard state, which is owned by the company and represents a relevant factor in this wine development project for the Ñuble province.

Support for sports_

Copec permanently supports outstanding national athletes such as Francisco “Chaleco” López and Ignacio Casale, and the Rally Mobil car show. Meanwhile, Mina Invierno annually holds the Copa Invierno, a soccer event

that in 2016 brought together 17 teams from different schools of Punta Arenas.

Children and Youth Orchestras Programs_

The Company and its affiliates support different Children and Youth Orchestras Programs in Chile, with the aim of contributing to the socio-cultural development and diffusion at the communal, regional and national level. Among them, the Curanilahue Orchestra is distinguished, which this year celebrated its 20 years of existence with a concert that had an attendance of more than 2,500 people.

Biofuels_

Arauco, together with CMPC, Masisa, Universidad de Concepción, Universidad Católica de Valparaíso and Fundación Chile, participates in the technological consortium Bioenercel S.A., which is an institution whose objective is to develop technologies that will allow the development of second generation biofuels from cellulose.

For its part, Copec, together with E-CL, the Pontificia Universidad Católica de Chile, Rentapack and Bioscan, is part of the Consorcio Tecnológico Empresarial Algae Fuels S.A., which is an institution that is working on the implementation of a pilot plant to produce biofuels from microalgae, in Mejillones.

Additionally, Copec participates in an initiative developed with the Universidad de La Frontera, whose objective is to produce biodiesel from rapeseed oil, in Temuco.

Meanwhile, Metrogas uses the biogas produced at the La Farfana wastewater treatment plant in the elaboration of city gas, thus reducing the emission of greenhouse gases and other contaminants.

Renewable energy_

Arauco owns eight plants of electric cogeneration from biomass and two support units in Chile, which totalize an installed capacity of 606 MW. They allow it to self-supply its energy needs in most of its industrial processes, leaving an available surplus for injection into the Central Interconnected System. Meanwhile, it has two electric cogeneration plants

in Argentina, which totalize an installed capacity of 78 MW, and it operates one in Uruguay with a capacity of 165 MW. In this way, the company reduces its emissions, contributing to mitigate the effects of the climate change, and participates in the international market of Emission Reduction Certificates ("ERCs"). During 2016, the company issued 110,000 certificates under the Clean Development Mechanism.

In addition, Copec has the project "Renova Copec", which incorporates the use of renewable energy in its service stations. For its part, Abastible has incorporated several applications allowing to complement the use of liquefied gas with renewable energies, such as solar.

Native Forest and Conservation Areas_

Arauco manages a network of parks between the regions of Maule and Los Ríos, and owns 409,000 hectares of native forest in Chile, Argentina, Brazil and Uruguay. The company maintains non-substitution agreements of native forest, carries out records of native species and develops programs of protection, conservation and restoration of the ecosystems. It also has areas of High Conservation Value, which correspond to forest areas of exceptional or critical importance, which are actively managed to conserve or increase high conservation values, based on a methodology that considers identification, management practices and monitoring.

Meanwhile, Mina Invierno has an Integrated Compensation Area of 690 hectares, which are intended for reforestation with lenga and ñirre. In addition to the relocation of affected species, it has a nursery of native species built as part of the reforestation plan, and 5,400 hectares where 1,000 sheep and 2,000 cattle coexist, in order to demonstrate that the livestock activity can be carried out simultaneously with coal mining.

Operational Standards_

Arauco has a custody chain system in its productive facilities, thanks to which it connects the final products with their origin, verifying that the supply does not come from protected or uncertified species. Additionally, their cellulose plants use the elemental chlorine free (ECF) technology in their bleaching process, while their plantations are

managed under responsible forest management practices. All of its industrial areas participate in the Clean Production Agreements and have modern technologies and equipment to reduce the environmental impact.

Meanwhile, Copec applies strict controls to all its production processes and carries out various initiatives to reduce its CO₂ emissions, such as the Via Limpia project, through which it seeks to resolve the difficulty that customers have with the handling of used oil and the removal of wastes that contain hydrocarbons.

Abastible has strict standards regarding emissions and handling of hazardous industrial waste, in order to ensure that all its production plants and distribution centers fulfill the current regulations. In particular, in the San Vicente Maritime Terminal, it carries out an environmental monitoring of the marine environment, which consists in the monitoring of the physical and chemical parameters of the resources of that area.

Corpesca maintains programs of Environmental Monitoring of the Marine Ecosystem, Monitoring and Control of Liquid Emissions, and Control of Gaseous Emissions, in order to ensure that the processes generate the least possible impact on the environment. Likewise, all its processes comply with the provisions of the DS No. 138, which regulates emissions to the atmosphere, the DS No. 148,

409,000

Hectares of native forest managed in Chile, Argentina, Brazil and Uruguay.



690

Hectares has Mina Invierno as Integrated Compensation Area, which are intended for reforestation with lenga and ñirre.





which regulates the management of hazardous waste, the DS No. 78, which refers to the storage of hazardous substances, and the DS No. 90, which regulates the liquid industrial wastes. During 2016, the company continued to develop improvements in the processes of all its plants with the aim of reducing the fuel consumption.

Meanwhile, Orizon seeks that all its production plants comply with the requirements of the General Environmental Law No. 19,300, the DS No. 90 and No. 609, which regulates the emissions of liquid industrial wastes, the DS No. 138, which regulates emissions to the atmosphere, and DS No. 78, which regulates the storage of hazardous substances. Additionally, the company has the IFFO-RS certification for its Coquimbo and Coronel fishmeal plants, whose main purpose is to ensure the sustainability of the fishery resources. Meanwhile, during 2016, Orizon implemented a Fisheries Law Management System at the Coronel Plant to review the degree of knowledge, compliance and responsibility in the conservation and management. During 2017, this system will also be implemented at the Coquimbo and Puerto Montt plants.

Training Programs_

Empresas Copec and its affiliates permanently carry out training programs for workers in order to enhance their skills and competences in different aspects of the business. In 2016, at a consolidated level, more than 934,000 hours of training were carried out, investing a total of US\$ 8.8 million.

Operational Safety Programs_

Arauco maintains in force the ISO and OHSAS international certifications in all its industrial installations, and it permanently implements training plans to strengthen the management in risk prevention, the compliance with the safety standards, the identification of possible contingencies and the use of prevention tools, among others.

For its part, Copec applies strict safety measures in the transport and storage of fuels, such as contingency

plans in plants, service stations and maritime terminals, prevention and control systems against fire, spills and accidents, satellite tracking of tanker trucks, and training and assessment programs for drivers.

Meanwhile, Terpel has the ISO, OHSAS and NORSOK certifications for the marketing, transportation, operation and supply of fuels, in addition to the ISO and OHSAS for the production, marketing and distribution of lubricants.

Abastible has the ISO and OHSAS certifications for the supply, storage and distribution process of bulk products in the Metropolitan Region. Additionally, it has a strict Security Management System that establishes requirements for the storage, transport and delivery of gas. In addition to that, it has the Integrated Emergency Transport System ("SIET" in Spanish), which aims to prevent accidents in the gas transportation process and prepare the organization for eventual emergencies.

At the same time, Sonacol performs permanent controls on all fuel transportation processes and carries out a remote monitoring of its valves, pipelines and facilities to avoid faults and leaks. In 2016, the company received once again the certification in the PEC Excellence Program of the Mutual de Seguridad, and obtained the international recognition of the Dupont company for the successful implementation of the Safestart work safety system.

On the other hand, Sonamar has procedures and sampling in the operations of loading and unloading of fuels, and training plans for the deck personnel that takes part directly in the works of fuel transfer. It should be mentioned that the company has the Safety and Occupational Health Certification of the Competitive Company program of the Mutual de Seguridad, and all its ships are certified by the demanding international navigation standards.

Finally, Metrogas has the Metroprev program, which seeks to promote the management in the area of risk prevention and occupational health through the detection, identification, evaluation, control and monitoring of risks.

Consolidated Financial Results /

During 2016, Empresas Copec recorded a consolidated net income, net of minority participation, of US\$ 554 million, 2.8% higher than the income recorded by December 2015. This variation is mainly explained by a greater non-operating income of the Company, due to an increase in the results in associates and joint ventures and more favorable exchange differences.

Gross Margin_

The Company's gross margin dropped by 9.8% compared to the previous year, totaling US\$ 2,763 million. It was mainly contributed by the affiliates Arauco (US\$ 1,262 million); Copec (US\$ 1,080) million; Abastible (US\$ 331 million); Sonacol (US\$ 50 million); and Igemar (US\$ 46 million).

Operating Income_

The operating income dropped by 27.2%, mainly due to lower income in all business lines of the forestry sector, arising from a general price level drop. On the other hand, in the fuel sector, the affiliate Copec recorded lower sales volumes and margins in the industrial channel in

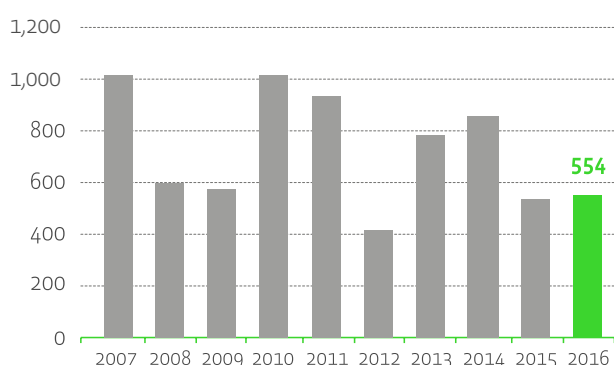
Chile, compensated by greater volumes and margins in the concessionary area and in Terpel, especially in its operation in Colombia. In turn, Abastible's margins and volumes in Chile and Colombia increased, in addition to the consolidation of the new operations of Solgas in Peru and Duragas in Ecuador.

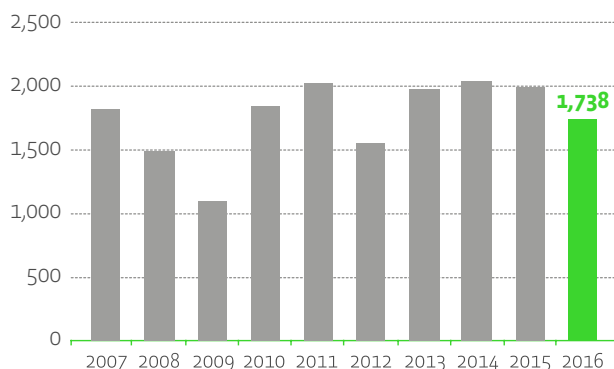
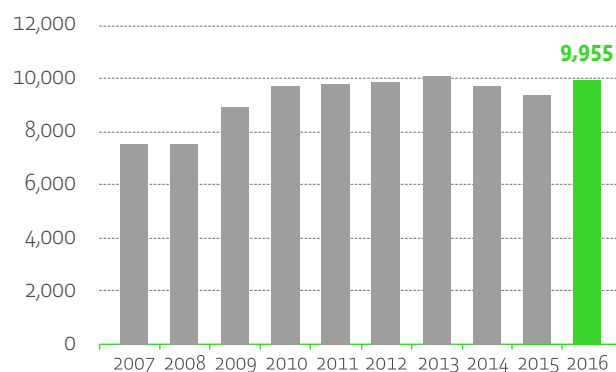
Other Income_

On the other hand, the non-operating income increased by US\$ 292 million, mainly due to a higher income in the associates and joint ventures, caused by the impairment in the affiliate Laguna Blanca, recorded in 2015, for US\$ 145 million, related to lower international coal prices. In addition to the foregoing, an extraordinary income of the affiliate Aproveionadora Global de Energía in 2016, due to the sale of its stake in GNL Quintero, a negative effect arising from losses of the associate Corpesca and more favorable exchange differences in the Parent company and the forestry and fuel sectors, relating to dollar depreciation during such period. This was partially compensated by an increase in the net financial expenses, arising from a higher level of debt.

47 /

/ Net income
millions dollars



/ Consolidated EBITDA
millions dollars/ Equity
millions dollars

Income of the Main / Affiliates and Associates

FORESTRY SECTOR

Arauco_

During the period, Arauco's profits totaled US\$ 214 million, unfavorable when compared to the US\$ 363 million recorded in the previous period. The difference is mainly explained by the lower sales in all business lines, due to a general price level drop, especially those of pulp. This was partially compensated by less unfavorable exchange differences and a higher income in the associates and joint ventures, partly due to acquisition of the stake in Sonae-Arauco.

FUEL SECTOR

Copec

During the period, profits of the affiliate Compañía de Petróleos de Chile Copec totaled Ch\$ 130,401 million, unfavorable when compared to the Ch\$ 197,042 million recorded in 2015.

In operational terms, the income dropped by 10.7%, relating to lower sales volumes and margins in the industrial channel in Chile, compensated by greater volumes and margins in the concessionary channel and in Terpel, especially in its operation in Colombia. In addition to the foregoing, a negative inventory revaluation effect.

Physical sales in Chile totaled 9.8 million m³, representing a 2.4% drop compared to the previous period, due to an 11.1% drop in the industrial channel. Meanwhile, the gas station network increased by 7.3%. In light of the foregoing, market share dropped to 58.1%. On the other hand, Terpel's physical fuel sales in Colombia, Panama, Ecuador and the Dominican Republic increased by 6.0%, 16.2%, 4.3% and 7.2%, respectively.

Meanwhile, the non-operating income had a negative variation due to greater financial costs, relating to the acquisition of Mapco in November 2016, and lower results due to exchange differences.

Abastible_

During the period, Abastible's profits totaled Ch\$ 49,177 million, representing a 419% increase. On the other hand, the operating result increased by Ch\$ 11,813 million, mainly due to greater volumes sold both in Chile and Colombia, and to the consolidation of the new operations of Solgas in Peru and Duragas in Ecuador, as from the months of June and October 2016, respectively.

Meanwhile, the non-operating income increased by Ch\$ 10,203 million, as a consequence of better results in exchange differences and in other income, partly

compensated by an increase in the financial expenses. On the other hand, the Ebitda increased by 22.3%, totaling Ch\$ 98,824 million.

The company's physical sales in Chile totaled 459,000 tons of liquefied gas, 5.8% higher than 2015. Meanwhile, in Colombia, Inversiones del Nordeste's physical sales totaled 188,000 tons of liquefied gas, representing a 4.2% increase compared to the previous year.

Sonacol_

In general, Sonacol's income totaled Ch\$ 23,133 million, representing a Ch\$ 2,114 million increase compared to the previous year. This increase is mainly explained by an 8.2% increase in volumes transported through oil pipelines.

Metrogas_

On April 1st, 2016, the division of Metrogas into two companies came into force: on the one hand, Metrogas S.A., grouping together the natural gas distribution activities, and on the other hand, Aprovisionadora Global de Energía S.A., the company resulting from the division, engaged in the supply business.

In general, Metrogas' profits totaled Ch\$ 47,291 million, representing a 16.7% drop compared to the previous year, explained by a lower operating income due to a sales volumes drop, and the division of the company, and a more negative non-operating income in Ch\$ 2,965 million. On the other hand, sales volumes -without taking into account the supply to power generation companies- increased by 12.7%, since industrial and residential-commercial sales increased by 17.4% and 6.1%, respectively.

On the other hand, Aprovisionadora Global de Energía's profits totaled US\$ 160.3 million, due to a positive non-operating income arising from the sale of 20% of the company's stake in GNL Quintero S.A. In addition to the foregoing, a US\$ 32.1 million operating income.

FISHING SECTOR

Pesquera Iquique-Guanaye_

During the period, Igemar recorded losses for US\$ 35.2 million, unfavorable when compared to the US\$ 17.6 million loss of 2015, arising from a US\$ 19.6 million non-operating income drop, due to the lower income of the affiliate Corpesca, related to a lower operating performance and to the impairment of fixed assets.

In operational terms, the income totaled US\$ 7.8 million, mainly explained by lower production costs, relating to a drop in international crude oil prices, to the rise in the average exchange rate and to a more efficient operation of the industrial fleet, due to nearby and more productive fishing areas. The Ebitda, on the other hand, reached US\$ 29.8 million, representing a US\$ 1.9 million drop.

Physical sales of fishmeal totaled 27,800 tons, 14.7% higher than the previous period. Meanwhile, physical sales of fish oil totaled 5,200 tons, 3.2% less than last year, whereas 16,300 tons of frozen products were marketed, 20.3% higher than the previous period. On the other hand, sales of preserves totaled 2,100,000 boxes, 0.9% more than last year. Processed fishing totaled 159,000 tons, an 8.4% drop.

In terms of prices, preserves increased by 2.1%, whereas fishmeal, fish oil and frozen products dropped by 4.3%, 1.4% and 6.0%, respectively.

Corpesca_

The accumulated income by December was a US\$ 79.2 million loss, unfavorable compared to the US\$ 17.1 million loss recorded in the previous period. This is a result of a US\$ 90.4 million operating income drop, due to a 14.9% drop in fishmeal prices, partly compensated by a 1.7% increase in fish oil prices. On the other hand, sales volumes of fishmeal and fish oil dropped by 28.9% and 87.5%, respectively.

In addition to the foregoing, there was a nonrecurring loss relating to the impairment of fixed assets, totaling Ch\$ 57.6 million.

Statement of / Financial Situation

Assets_

By December 31st, 2016, the consolidated current assets dropped by 4.6% compared to those existing by December 31st, 2015. A decrease in cash and cash equivalents stands out in this variation, due to the acquisition of fuel assets in the United States and liquefied gas distribution assets in Peru and Ecuador, along with the purchase of 50% of the stake of the company Tafisa in Europe, and a drop in the accounts receivable from related entities. This was partly compensated by an increase in current tax assets.

Non-current assets by December 31st, 2016, increased by 11.9% compared to those recorded in financial year 2015. This variation is explained by an increase in property, plant and equipment, and added value, due to the acquisitions of Mapco by the affiliate Copec, and of Solgas by Abastible. In addition to this, an increase in investments accounted for using the equity method, relating to the acquisition of Tafisa by the affiliate Arauco, and Camino Nevado's capitalization of accounts receivable from affiliates.

Liabilities_

Current liabilities increased by 35.9%, due to greater other current financial liabilities, mainly in the affiliate Arauco, and to a lesser extent, in the affiliates Copec, Abastible and Igemar.

Meanwhile, non-current liabilities increased by 2.5% compared to the last financial year, due to higher deferred tax liabilities relating to Solgas, an affiliate of Abastible in Peru, resulting from such country's tax reform.

Equity_

The Company's equity increased by 6.4% compared to December, 2015, due to an increase in the accumulated profits, in addition to a less unfavorable record in other reserves, resulting from the effect of the drop in the exchange rate on those affiliates which accountability is kept in currencies other than the US dollar.

Regarding dividends, in May 2016, the Company paid a dividend of US\$ 0.105473 per share, under the results of the previous year. In December, the Company also distributed an interim dividend of US\$ 0.066178 per share, under profits of financial year 2016.

Finally, by December 31st, 2016, the book value of Empresas Copec's shares was US\$ 7.659, and the profit per share was US\$ 0.43.

Investment Plan_

The investment plan for 2017 commits resources for about US\$ 1,983 million, intended to expand and maintain the Company's productive activities. About 62% is aimed at the fuel sector, 36% to the forestry sector, 1% to the fishing sector and 1% to other activities.



Business areas

51
/



Forestry Sector

52
/

/ **ARAUCO**

Arauco is one of Latin America's main forestry companies in terms of surface and yield of its plantations, production of market pulp, wood, panels, and energy.

The company offers a wide variety of sustainable and quality products for the paper, construction, packaging and furniture industry, in order to contribute to improve people's lives. For this purpose, it has an integrated operation of the production chain and a commercial structure capable of timely analyzing the demand and promptly detecting the customers' requirements, allowing for the production mix to be adapted to market conditions, making the best investment decisions and reducing the impact of fluctuations in supply costs.

Additionally, Arauco is a global company having a careful investment plan, and it is present in the world with the highest forest management standards and responsible management of its operations, aimed at differentiating itself through innovation and added value generation.

Products are marketed in all five continents, through representatives and sales agents. It also has commercial offices in 11 countries and an efficient logistics and distribution chain, which in 2016 allowed for its products to be delivered through 230 ports in Latin America, Asia, Oceania, Europe and North America, reaching more than 4,300 customers.

The company has 1.7 million hectares in Chile, Argentina, Uruguay, and Brazil. In the first 3 countries, the company owns 7 pulp plants, having a production capacity of 3.9 million tons per year. Meanwhile, in Chile, Argentina, and Spain it has 10 sawmills that annually produce 3.0 million m³ of wood. It also has 27 panel plant, which annual production capacity amounts to 8.9 million m³,

in Chile, Argentina, Brazil, United States, Canada, Spain, Portugal, Germany and South Africa. In addition to this, it has 8 power generation plants from biomass and 2 backup units in Chile, totaling an installed capacity of 606 MW, 2 generation plants in Argentina, with an installed capacity of 78 MW, 1 generation plant in Uruguay, with an installed capacity of 165 MW.

During 2016, Arauco's production reached 3.7 million tons of pulp, 2.7 million m³ of sawn timber and 5.3 million m³ of panels. Sales amounted to US\$ 4,761 million, of which 45.1% corresponded to pulp, 52.4% to wood and 2.5% to other products. Of the total, 92.8% went abroad, Asia and America being the main markets.

In terms of investment, the company acquired in US\$ 150 million the 50% of the capital of the Spanish company Tafisa, an affiliate of the Portuguese group Sonae, which manufactures and markets OSB, MDF and PB panels, and sawn wood, through 2 panel plants and a sawmill in Spain; 2 panel plants in Portugal; 4 in Germany and 2 in South Africa. These facilities total an annual production capacity of 4.2 million m³ of panels.

Additionally, the construction of a new particleboard panel plant (MDP) in Grayling, Michigan, United States, began, which will have an annual production capacity of 800,000 m³ of wood panels. The investment will amount to US\$ 400 million, and it is expected to begin operating by late 2018.

At the same time, the trial phase of the Bennettsville plant, in South Carolina, began, where a US\$ 30 million investment was made, aimed at increasing the production capacity of particleboard and melamine panels by 100,000 m³ per year.

On the other hand, Arauco continued progressing in the implementation of the new effluent

/ **ARAUCO**

treatment system at Arauco plant, which involves installing state-of-the-art biological treatment, enabling an even more efficient processing of effluents generated in the current production lines, the future Line 3 and other facilities of the Horcones Industrial Complex. These works will require a US\$ 120 million total investment and are expected to end in May 2017.

Meanwhile, in Chile, Arauco creates a new company, Arauco Nutrientes Naturales, aimed to escalate the commercialization and internationalization of different nutritional products of native forests.

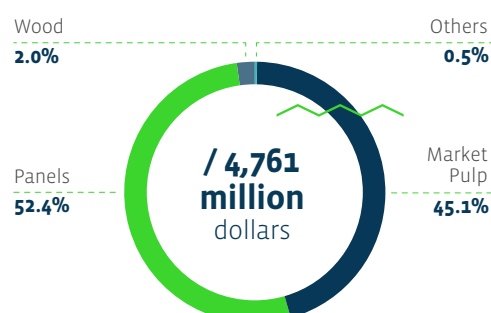
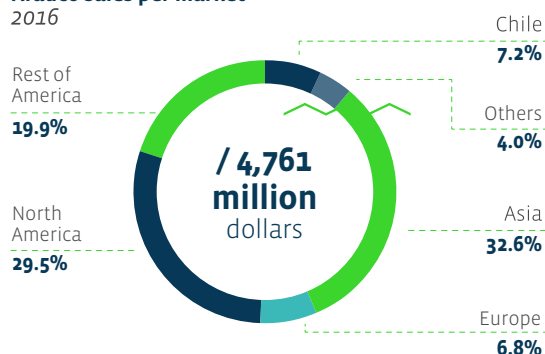
Likewise, it inaugurated Campus Arauco, a Technical Training Center born thanks to an alliance with Duoc-UC, aimed at providing young people of the Province of Arauco and the workers of the affiliate of the forest company, with an

education of excellence under the Educational model of alternation. It also opened a Cultural Center in the district of Arauco with an innovative architectural proposal privileging wood design and incorporating power efficiency aspects and cutting-edge technology.

It is worth mentioning that Arauco was awarded with the first place of the ranking “Most Innovative Companies Chile 2016”, an annual study carried out by the ESE Business School of Universidad de Los Andes, along with La Tercera. And it was recognized as one of the country’s most innovative exporting companies within the Innovative Behavior category, by the Innovation Observatory of the Business Administration Department of the Faculty of Business and Economy of Universidad de Chile and the Management Development Center Unegocios.

/ **Market Pulp Price**
US\$/ton

Source: Bloomberg

/ **Arauco sales per product**
2016/ **Arauco sales per market**
2016

/ FORESTRY

Arauco has 696,000 hectares of radiata pine, 307,000 hectares of eucalyptus, 22,000 hectares of other species, 409,000 hectares of native forest and 242,000 hectares for afforestation and other uses, distributed in Chile, Argentina, Brazil, and Uruguay.

This forest heritage is the basis for the competitiveness of Arauco's business areas, since it is the main raw material to supply all of its facilities. In light of the foregoing, its operations are executed under responsible forest management.

In Chile, the company has incorporated the PES Automated Inventory Management System, designed to monitor the state of plantations, their growth, quality and future projection. On the other hand, the company has implemented a plan to mechanize forestry works, which includes the incorporation of harvesting equipment in high-slope sites, GPS equipment that helps preventing the presence of workers at potentially risky sites, the use of drones and last generation vehicles.

In addition, Arauco is permanently committed in protecting native forest within its properties. In order to do so, it has strict protection and conservation programs and high-standard monitoring systems that allow identifying changes and promoting preventive and restorative actions.

Likewise, in all Areas of High Conservation Value, i.e., exceptional or critical forest areas,

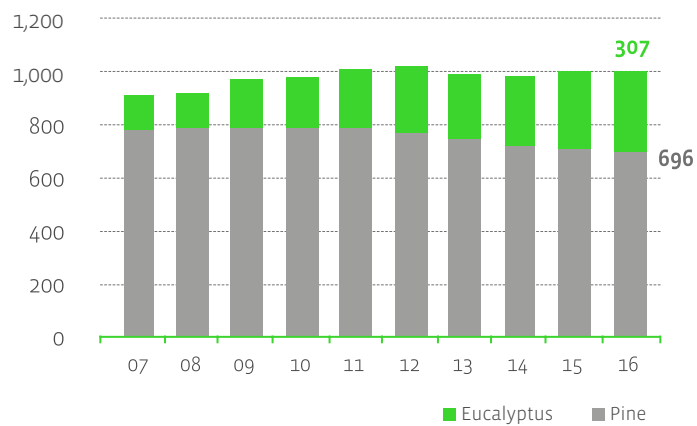
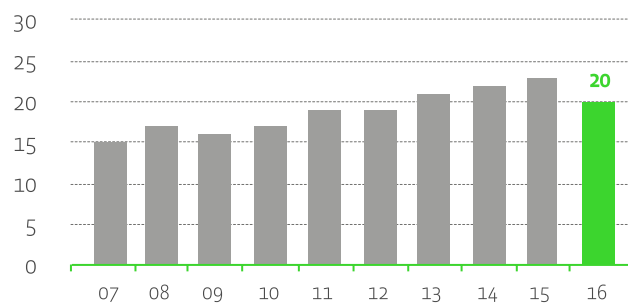
identification, management and monitoring practices are executed in order to maintain or increase their high conservation value.

Bioforest scientific and technological research center develops advanced research initiatives in areas such as biotechnology, genetics, phytosanitary protection, forestry, and studies on the characteristics and properties of different types of wood, as well as pulp optimization and research processes for new uses of pulp and panels. In order to do so, its team consists of 72 highly specialized researchers, in addition to a technological network that works under an open collaboration with more than 30 experts and the participation in several national and international organizations that are at the forefront in scientific industrial forestry, generating an exchange of information and experiences that enriches the company and the industry in general.

On the other hand, in Uruguay, it has the Forestry Technology Centre (CTF) of Montes del Plata, which in 2006 inaugurated 2,670 m² of greenhouses aimed at research and development.

During 2016, Arauco harvested 20 million m³ of logs and 10.8 million m³ of logs, chips and combustible material were purchased from third parties. Meanwhile, 31.8 million m³ were aimed at pulp plants, panels, and sawmills of the company, and 2.3 million m³ were sold to third parties.

/ FORESTRY

/ **Forest plantation inventory**
thousand hectares/ **Logs harvested**
million cubic meters

/ PULP

Arauco produces bleached pulp or kraft, raw or unbleached pulp and fluff, the main raw material to manufacture several types of printing and writing papers, tissue paper, packaging material, filters and fiber cement products, among others, from radiate pine (long-fiber), taeda pine (long-fiber) and eucalyptus (short-fiber). It is currently one of the largest market pulp producers in the world.

The company has 5 mills in Chile (Arauco, Constitución, Licancel, Nueva Aldea and Valdivia), 1 in Argentina (Alto Paraná) and 1 in Uruguay (Montes del Plata), operated through a joint venture with Swedish-Finnish company Stora Enso.

Arauco reaches a total production capacity of 3.9 million tons per year. All of its plants have the highest national and international certifications, and EFC (elemental chlorine free) technology is used for the bleaching of pulp.

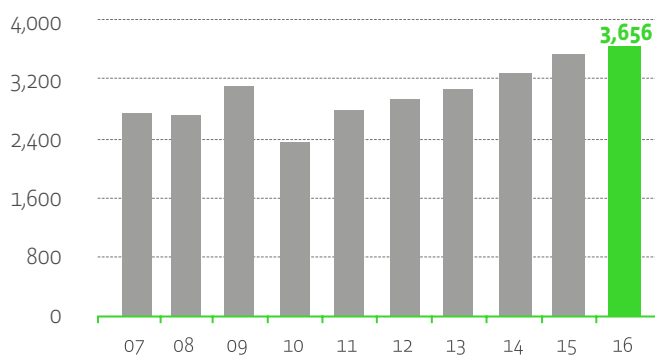
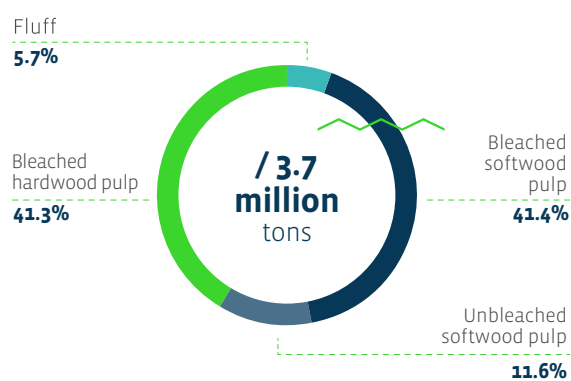
During 2016, the company's production totaled 3.7 million tons, 2.6% higher than the previous

period, which was mainly traded in Asia, Europe, and Latin America. Hence, Arauco's share in global sales reached 6.5% in bleached pine pulp, 4.6% in bleached eucalyptus pulp and 24.1% in unbleached pulp.

In terms of investment, as part of the project Modernization and Expansion of Arauco Plant (MAPA), Arauco continued progressing in the implementation of the new effluent treatment system, which involves installing state-of-the-art biological treatment, enabling an even more efficient processing of effluents generated in the current production lines, the future Line 3 and other facilities of the Horcones Industrial Complex. These works will require a US\$ 120 million total investment and are expected to end in May 2017.

On the other hand, Montes del Plata pulp plant received an important recognition from the shipping company Gearbulk for its port terminal's performance, which evidenced the best shipment performance of all ports where the international maritime transport company loads pulp.

/ PULP

/ Market pulp sales
thousand tons/ Market pulp production
2016

/ **WOODS**

Arauco manufactures and commercializes a wide variety of sawn wood, plywood and moulding products with different degrees of termination, appearance and value processes, for architecture, design, construction, packaging and remodeling.

The company is currently the main producer of wood in the southern hemisphere, and one of the most important worldwide, thanks to the quality and variety of its products, and to an efficient marketing and distribution strategy.

In Chile, the company has five panel plants, where plywood, particleboard, MDF and HB panels are manufactured, which total production capacity amounts to 1.6 million m³. Additionally, it has 8 sawmills and five remanufacturing plants, which production capacity amounts to 2.7 million m³ of sawn, 2.0 million m³ of dried and 420,000 m³ of remanufactured products.

In Argentina, it has two panel plants, where MDF and particleboard panels are manufactured, and which annual production capacities reach 300,000 m³ and 260,000 m³, respectively. Additionally, there is a sawmill and a remanufacturing plant, which production capacity amounts to 318,000 m³ of sawn and 67,000 m³ of remanufactured products.

On the other hand, it has two panel plants in Brazil, which production capacity amounts to 1.3 million m³ of MDF panels and 310,000 m³ of particleboard panels.

In turn, it has 8 plants in the United States and Canada, which total annual production capacity amounts to 1.5 million m³ of MDF panels and 1.5 million m³ of particleboard panels.

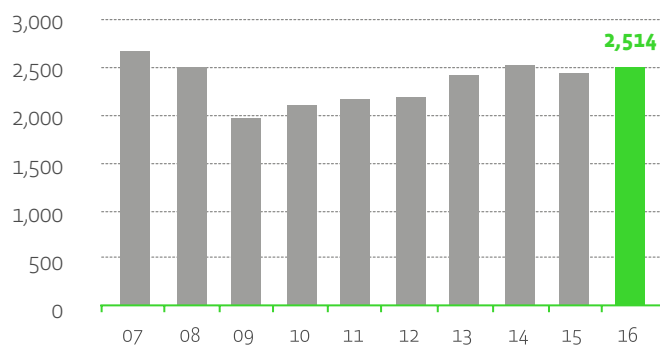
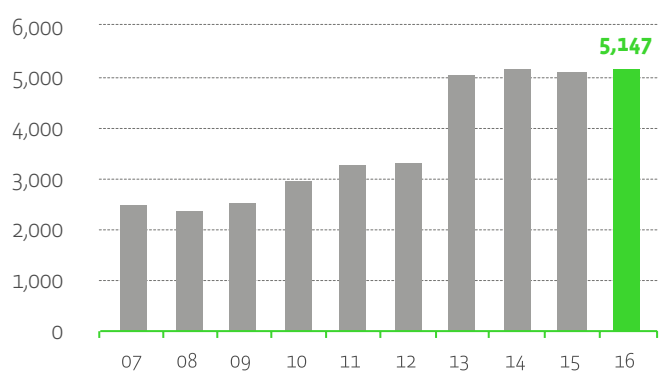
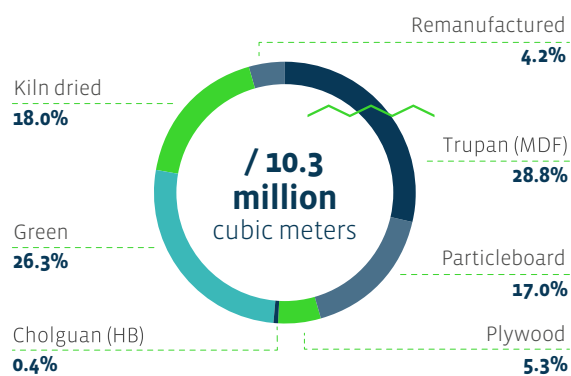
During 2016, the total panel production reached 5.3 million m³, compared to 5.4 million m³ in 2015. Meanwhile, the total production of sawn wood reached 2.7 million m³, representing a 1.8% negative variation compared to the previous year.

In terms of investments, the company acquired 50% of the capital of the Spanish company Tafisa, an affiliate of the Portuguese group Sonae, which manufactures and commercializes OSB, MDF and PB panels, and sawn wood, through 2 panel plants and a sawmill in Spain; 2 panel plants in Portugal; 4 in Germany and 2 in South Africa. These facilities total an annual production capacity of 4.2 million m³ of panels, and the acquisition represents a US\$ 150 million investment.

Additionally, the construction of a new panel plant in Grayling, Michigan was approved, which will have an annual production capacity of 800,000 m³ of wood panels. The investment will amount to US\$ 400 million, and it is expected to begin operating by late 2018.

At the same time, the trial phase of the Bennettsville plant, in South Carolina, began, where a US\$ 30 million investment was made, aimed at increasing the production capacity of particleboard and melamine panels by 100,000 m³ per year.

On the other hand, the Melamina Vesto product became the world's first board with a Negative Carbon footprint, and the marketing of Lookid, a didactic child's toy made of antibacterial wood panels of different sizes and shapes and connectors manufactured with recycled fishing nets, began.

/ **WOODS**/ **Sawn timber sales**
thousand cubic meters/ **Panel sales**
thousand cubic meters/ **Timber production**
2016

/ ENERGY

Arauco produces clean and renewable energy from forest biomass, in order to supply the energy requirements of its industrial facilities and to provide electricity surpluses to the energy matrix of those countries where it operates. Thanks to this, in Chile, the company has become one of the main non-conventional renewable energy generators.

Currently, Arauco has 8 power generation plants from biomass and 2 backup units in Chile, totaling an installed capacity of 606 MW. In Argentina, it has 2 generation plants, with an installed capacity of 78 MW, and in Uruguay, it has 1 generation plant, with an installed capacity of 165 MW.

It is worth mentioning that 5 generation plants in Chile and 1 in Uruguay are registered as greenhouse gas (GHG) emissions reduction projects under the Kyoto Protocol's CDM, and allow annual reductions of around 650,000 tons

of CO₂. Additionally, cogeneration project Viñales is registered under the "Verified Carbon Standard" (VCS).

During 2016, the company issued 109,844 Emission Reduction Certificates (ERCs) under the CDM, reaching a net accumulated emission of 3,499,193 ERCs, and net energy surpluses were 1,089 GWh.

In terms of investment, the company enabled a new dispatch room, in order to coordinate real-time operation of the electrical systems between the Arauco plants, the Center for Economical Load Dispatch (CDEC), the Central Interconnected System (SIC) and electricity companies.

In turn, it executed an agreement to neutralize the carbon footprint of Revista Capital and of EREDE 2016, an event that brings together about 600 people in the Biobío Region, through the use of Emission Reduction Certificates.

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Fuels Business

62
/

/ **COPEC**

Compañía de Petróleos de Chile S.A., Copec, commercializes and distributes lubricants and fuels in the country. It also operates in Colombia, Ecuador, Mexico, Panama, Perú and the Dominican Republic through its affiliate Terpel.

In Chile, the company has 634 service stations from Arica to Puerto Williams, 91 Pronto stores, 248 Punto businesses, and 19 fuel storage plants with a total capacity of 543,000 m³. Meanwhile, in Colombia, Ecuador, Panama, Perú and Mexico, it has a network of 2,217 gas stations, 329 of them are sales points for natural gas for vehicles under the Gazel brand.

During 2016, Copec's physical sales in Chile totaled 9.8 million m³, reaching a 58.1% market share. The highest sales recorded in this period were mainly due to a 7.1% increase in the service station network, which volume totaled 5.2 million m³. On the other hand, sales of the industrial channel underwent an 11.1% decrease, totaling 4.7 million m³.

Meanwhile, Terpel sold 9.2 million m³ of fuel, which implies a 6.1% growth compared to the previous year. Particularly, sales of natural gas for vehicles totaled 532,000 m³, 6.5% lower than the previous period, and the air segment increased by about 7.0% in aviation fuels, which sales totaled 1.5 million m³.

In terms of investments, Copec entered the US market after purchasing the North American company Delek US Holdings 100% of the shares of Mapco Express, Inc., Mapco Fleet, Inc., GDK Bear Paw, LLC, NTI Investments, LLC and Delek Transportation, LLC, Inc. The acquisition totaled

US\$ 535 million, and involves the operation of 348 gas stations in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia. This transaction will allow Copec realize the challenge of achieving a leading position in each of those markets.

Additionally, the company executed a regional agreement with ExxonMobil to produce and distribute Mobil lubricants in Colombia, Ecuador and Peru as well as the renewal of the contract in Chile. This convention, which should close in 2017, also includes the operation and marketing of aviation fuels at Lima's international airport, in addition to the business of fuels in Ecuador and Colombia. It is worth mentioning that the transfer of this business will take place within the time limit set by the authorities in the case of the latter country. Investment associated with these agreements amounted to US\$ 747 million.

At the local level, Copec inaugurated five service stations, among which stand out on road one in Pozo Almonte, focused on the attention of shippers with an infrastructure unpublished in the North of Chile, and one located in Nos. There are added three urban stations in La Serena, Lampa and San Antonio.

At the same time, the company continued implementing the new corporate image at its service station network. By the end of 2016, 160 service stations had already renewed their image and for the 2017 is expected to complete 45%.

In turn, the company undertook a total renewal of its Pago Click application, aimed at offering greater flexibility and providing a better user experience

/ **COPEC**

for customers. To the above, it adds the launch of the TCT Premium to the market of transport fleets cargo, which consists of a system, pioneer in Chile, of electronic rings that are attached to each truck-fuel ponds, providing maximum security and control of fuel consumption.

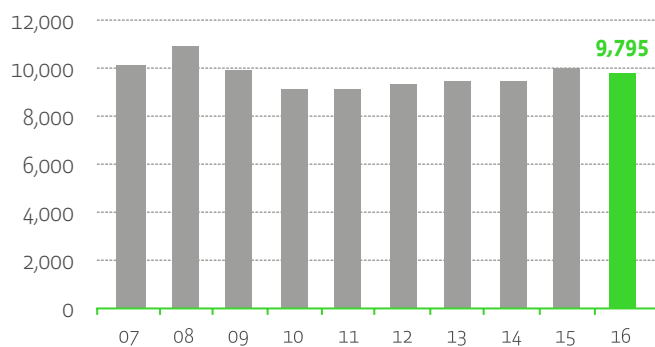
At the industrial level, thanks to the construction of a plant in Maipú, Copec became direct producer of BlueMax, solution used to reduce emissions of NOx from diesel engines, and until then the company bought to an external provider. Additionally, it began to operate the new barge of double tank "Tamina", which has a large storage capacity of marine diesel and is equipped with a

fast-charging system, allowing you to cater to all types of ships in Magallanes channels, especially through cruises and scientific ships plying to or from Antarctica.

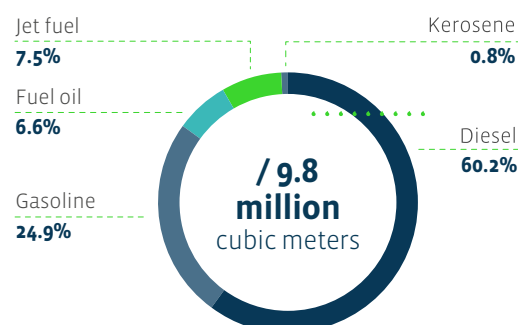
In terms of awards, Copec received the first place in "Gas Stations" of the National Consumer Satisfaction Award, and it was also recognized by RepTrack with the Brand Reputation Award.

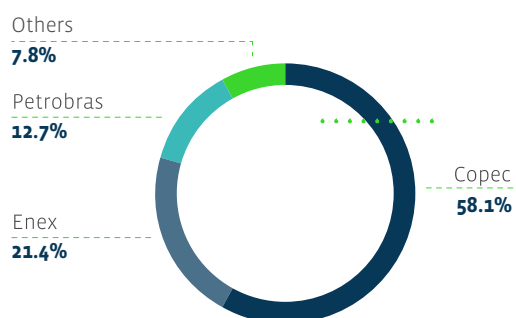
Finally, in January 2017, Copec will begin to supply with trucks of liquefied natural gas to one of the plants of the company Carozzi, which became its first LNG industry customer.

/ **Sales**
thousand cubic meters

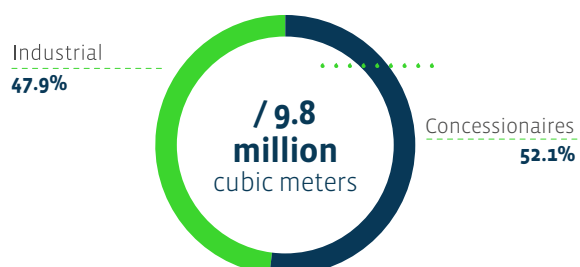


/ **Sales per product**
2016



/ **COPEC**/ **Liquid fuel market share**
2016

Source: Own estimates

/ **Sales per distribution channel**
2016

/ TERPEL

Terpel markets and distributes liquid fuels and natural gas in Colombia, Panama, Mexico, Ecuador, Peru and the Dominican Republic and, since 2010, is affiliate of Copec.

The company is the main fuel distributor in the Colombian market, and has a network of 1,986 service stations in Colombia, 127 in Panama, 58 in Ecuador, 38 in Peru, and 8 in Mexico. From these, 287 commercialize natural gas for vehicles in Colombia, 8 in Mexico, and 31 in Peru, under the Gazel brand. Meanwhile, it supplies jet fuel for aircrafts at the major airports in Colombia and the Dominican Republic.

During 2016, the company marketed 7.1 million m³ through liquid fuel service stations and industrial customers, which is a 7.1% increase compared with the previous year. On the other hand, the segment of natural gas for vehicles totaled sales of 532,000 m³, which is a 6.5% less than the previous period, and the aviation segment recorded an increase close to 7.0% in aviation fuels, reaching sales of 1.5 million m³. In this way, the company totaled 9.2 million m³ of fuel, with a growth of 6.1% and a leading position in all countries where it operates. Meanwhile, in the lubricants segment, sales of 39,000 m³ were registered, which represents a 14.4% increase compared with the previous year.

On the other hand, 36 service stations were inaugurated in Colombia, totaling 891 units with the new company image, which is equivalent to

48% of the network of stations in that country. To that, 8 new convenience stores of the Altoque brand are added, completing a total of 32 stores. With this result, Terpel continues to consolidate itself as the number one brand in the cars, taxi, and transport segments, and Altoque as the largest network of convenience stores in service stations in Colombia. Additionally, 14 carwash stations of Ziclos brand, 2 motorcycle wash stations, 16 kiosks of Deuna brand, and 14 exclusive fuel dispensers for motorcycles were implemented.

Meanwhile, 13 new service stations and 6 convenience stores were incorporated in Panama, Peru and Ecuador, expanding the coverage and presence of the brand in these countries. In addition, Terpel launched PagoClick, an application based on the Copec's experience, which allows users to purchase fuel and products in the stores through their smartphones and access their transaction history. This method of payment will be initially available in about 450 service stations and it is expected to reach an average of 13,000 transactions per month in its first year of operations.

On the other hand, thanks to the agreement reached between Copec and ExxonMobil in late 2016 for the production and distribution of lubricants of that brand in Chile, Colombia, Ecuador and Peru, depending on the authorization of the Colombian authorities, Terpel may be able to incorporate a world-leading brand of lubricants to its offer in the coming years.

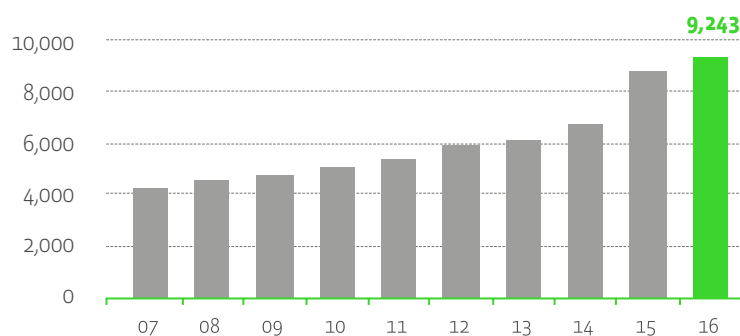
/ TERPEL

In terms of recognition, Terpel was distinguished among the 20 companies with the best corporate reputation, according to the Merco Empresas y Líderes Colombia 2016 ranking. It also received the Investor Relations (IR) recognition from the Colombian Stock Exchange for providing legal, financial and commercial information in a

transparent, timely and truthful manner. To this is added the certification in Good Practices of Innovation that is awarded by Icontec and the Chamber of Commerce of Bogotá, and the Lápis de Acero Award to their Deuna kiosks for the best design in the promotion of products in a shop.

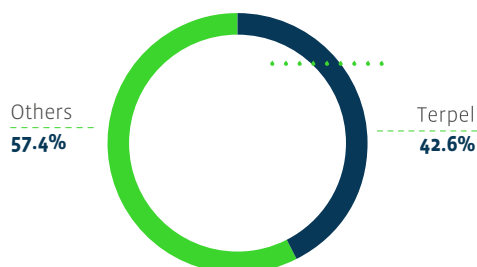
/ Sales

thousand cubic meters



/ Market share in Colombia

2016



Source: Own estimates

/ CONVENIENCE STORES

ArcoPrime operates convenience stores, restaurants and cafes associated with service stations, delivering to customers products and services with a high standard of quality. During 2016, the administration of the service stations that were operated by the affiliate Ades Ltda. is integrated into ArcoPrime's operations.

The company has 43 Pronto Urbano stores, from which 37 are in service stations, and 48 Pronto Carretera, all of which offer a wide variety of products and services. It should be noted that those that are located in the service stations operate 24 hours a day. In particular, within city there are three formats, 100, 190 and 300 square meters, with different offer levels of products and services. Meanwhile, on the highway there are three formats: Pronto Barra, which delivers a wide variety of services and foods that can be packaged or on a plate; Pronto Kiosco, which supplies a selective offer of quick products and elaborated products; and Truck Center, oriented to the transporters, with a service proposal designed considering their needs of food and rest on the route, which are located in San Javier and Copiapó. To that, 7 Fres&Co restaurants are added, which are located in places where there is a high office concentration in Santiago, under the Fres&Co Bistró Café and Fresco Mall modality, and 94 service stations.

On the other hand, the Arco Alimentos affiliate produces and distributes fresh, refrigerated and frozen high-quality foods in sandwich format,

prepared dishes and desserts. They are sold under the brands Fres&Co, Piacceri and Cresso in supermarkets, cafes, restaurants, convenience stores and catering companies. Additionally, starting in 2015, it markets two new hamburgers and wraps product lines in co-branding with La Crianza and Pancho Villa.

In addition, there are 248 Punto stores, which are managed by the same concessionaires of the service stations under the same quality standards that characterize Copec, offering a wide range of products and services 24 hours a day.

In 2016, ArcoPrime inaugurated on the highway the Pronto Chimbarongo, located in the Panamericana Sur. Additionally, it remodeled the baths of the Pronto Carretera of San Fernando, Maule and Los Angeles Sur, and the terraces of the Pronto Kiosco of La Serena, Coquimbo, San José de La Mariquina, Los Ángeles Norte, Parral, Chillán, Loncoche and Los Ángeles. During 2017, the remodeling of the Pronto Ciudad of Los Libertadores, Talcahuano and La Dehesa-El Rodeo will be completed, which are now under execution. On the highway, Pronto Nos on Route 5 Sur will be added. In the city, Pronto Chamisero in Santiago and Pronto Pérez Zujovic in Antofagasta, and a new Truck Center in a smaller format in Pozo Almonte will be added.

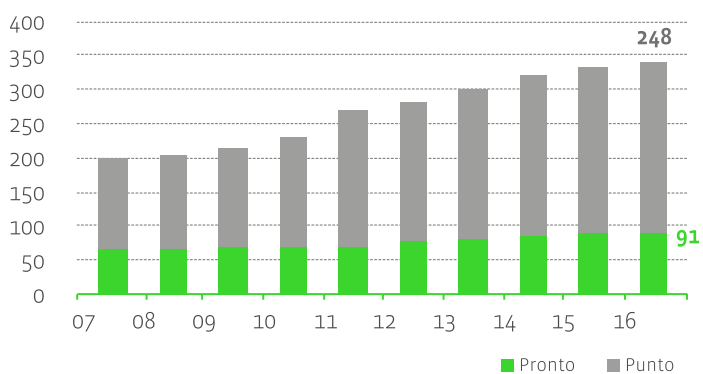
Additionally, the company incorporated the Lavazza cafe and the Melitta automatic

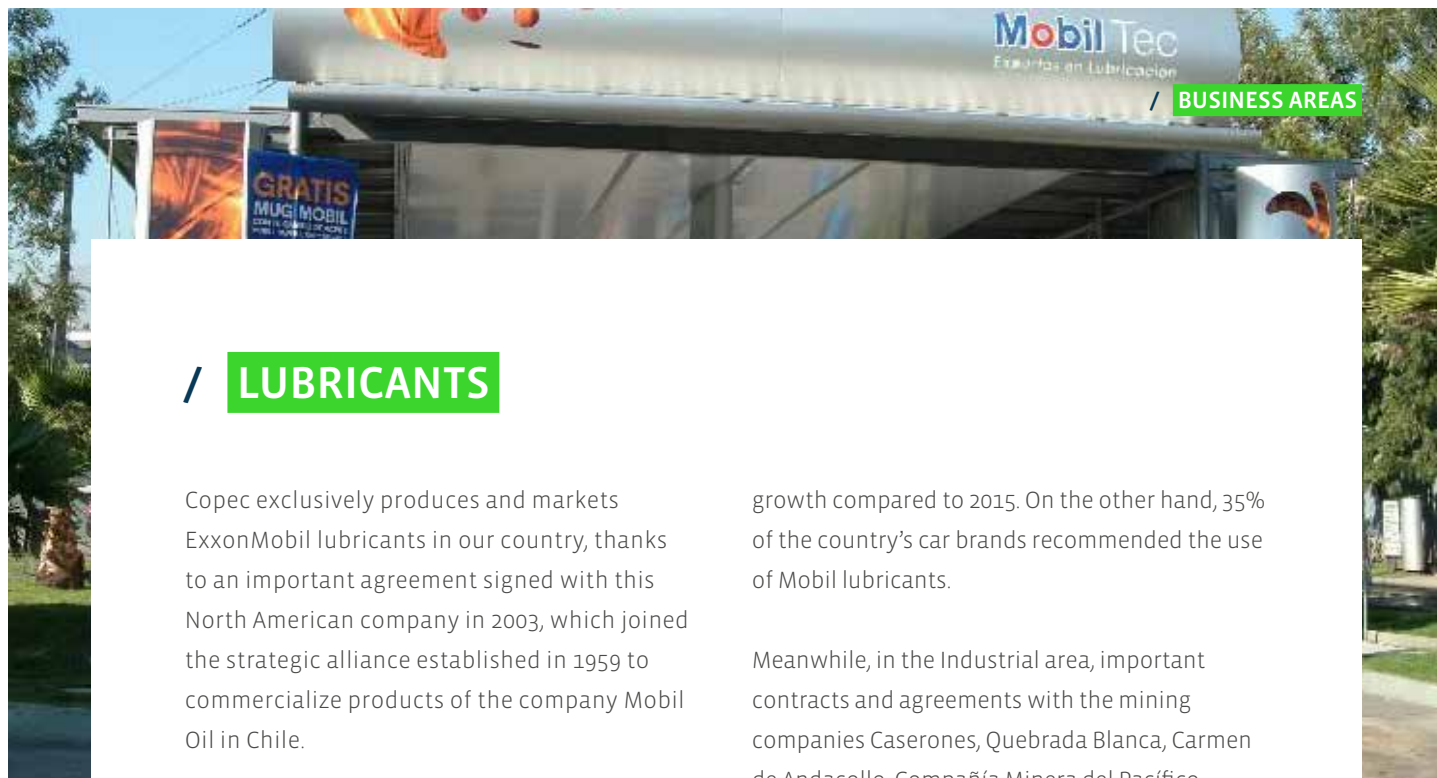
/ CONVENIENCE STORES

equipment at the end of 2015, in order to improve the quality of its products. As a result, in 2016, the coffee sales increased in 31.2% compared with the previous year. At the same time, the hamburger sandwich standard was optimized

and, on the occasion of the National Holidays, the shredded beef sandwich was launched in Italian, melted cheese and caramelized onions formats. In the last three months of the year, this product accounted for the 25% of the sandwich offer.

/ Number of convenience stores





/ LUBRICANTS

Copec exclusively produces and markets ExxonMobil lubricants in our country, thanks to an important agreement signed with this North American company in 2003, which joined the strategic alliance established in 1959 to commercialize products of the company Mobil Oil in Chile.

The company manufactures 70% of its more than 450 products at the lubricant plant located at Quintero, in the Region of Valparaíso. This facility has a production capacity of 124 million liters per year, is one of Latin America's most modern of its kind, and operates under ExxonMobil's strict Product Quality Management System program, which guarantees an operation with the highest quality and safety standards.

Lubricants are supplied under the Mobil brand to the automotive, transportation, industrial and mining markets, through gas stations, distributors, industrials and car brand representatives.

Complementarily to this, Copec has the affiliate "Vía Limpia", responsible for collecting about 40% of the solid and liquid waste containing hydrocarbons generated by the customers, to transform them into fuels that can be used by industries.

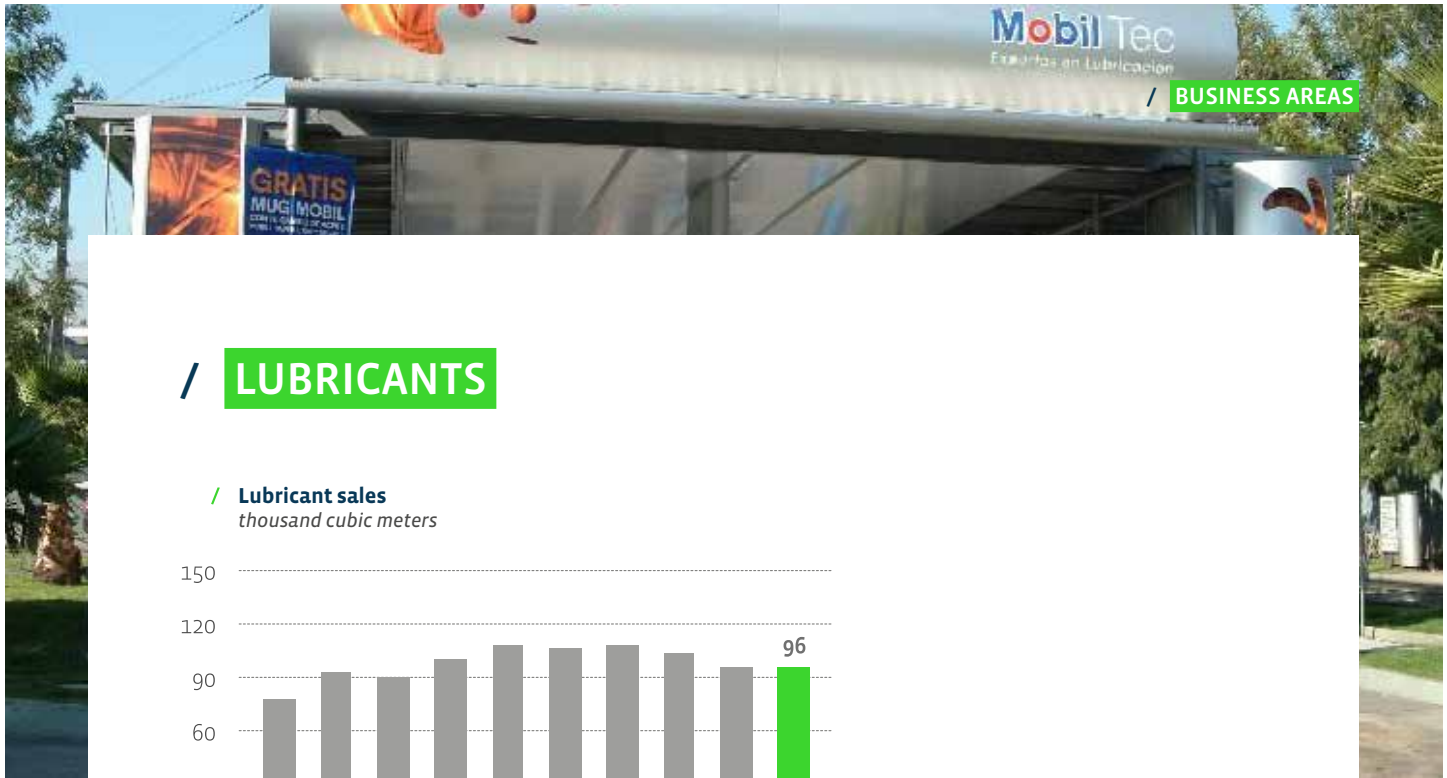
During 2016, physical sales of lubricants reached 96,000 m³, which is a 0.3% higher than the previous year, and the market share reached 46.3%. Specifically, more than 180,000 oil changes were made at the gas stations, which represents a 3%

growth compared to 2015. On the other hand, 35% of the country's car brands recommended the use of Mobil lubricants.

Meanwhile, in the Industrial area, important contracts and agreements with the mining companies Caserones, Quebrada Blanca, Carmen de Andacollo, Compañía Minera del Pacífico and Mantos Copper, were renewed. Additionally, the company was awarded with a supply and maintenance service contract for the centralized lubrication systems of shovels and drills with Minera Candelaria, and consolidated its presence in freight and passenger transport, serving clients such as Transportes Jorquera, Transportes Nazar, Subus, Alsacia and Turbus, among others.

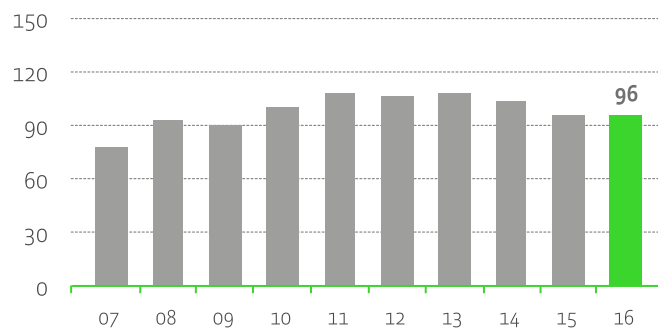
Additionally, an image change process with the new LUB brand began in the lubrication network at gas stations. During 2016, 24 points were renewed, and it is estimated that in 2018, the entire lubrication network will have this new image.

In terms of investments, Copec signed a regional agreement with ExxonMobil to produce and distribute Mobil lubricants in Colombia, Ecuador and Peru, the renewal of the contract in Chile, in addition to the operation and commercialization of aviation fuels at Lima's international airport, and the fuel business in Colombia and Ecuador. The investment relating to this agreement amounts to US\$ 747 million and, in case of materialize, these new business will be operated by the affiliate Terpel.

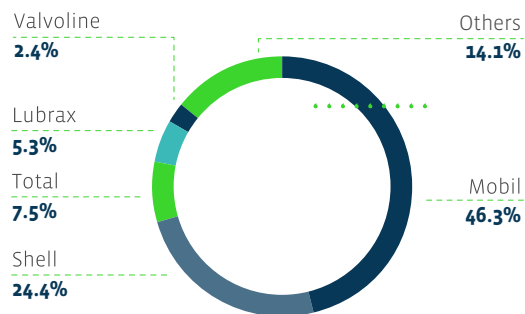


/ LUBRICANTS

/ Lubricant sales thousand cubic meters



/ Lubricant market share 2016



Source: Own estimates

/ SONACOL / SONAMAR

Sonacol transports petroleum-based fuels to the regions of Valparaíso, Metropolitan and O'Higgins, through a network of pipelines of 465 kilometers, which extends between San Fernando and Quintero. Meanwhile, Sonamar supplies fuel to the most remote areas of the country, thanks to a fleet of four tanker ships (Punta Angamos, Punta Gruesa, Abtao and Doña Ana), which have a total capacity to transport 180,000 m³.

Sonacol has 10 operation plants and two shipping centers in Maipú and Las Condes. All these facilities have been equipped with the highest technology, in order to deliver an efficient and safe service, in addition to fulfill the strict environmental standards.

During 2016, Sonacol transported 9.9 million m³ of fuels such as gasoline, diesel, kerosene and liquefied gas from petroleum, which represents an 8.6% increase compared with the previous year, and Sonamar transported 2.0 million m³ of fuels, which is 2.6% less than the volume registered during 2015. Sonacol's clients are Enap, Copec, Enx, Petrobras, YPF, Gasmar and Lipigas.

In terms of investments, Sonacol presented in December the Environmental Impact Study for the construction of a second pipeline that will supply the Arturo Merino Benítez airport in Santiago. This

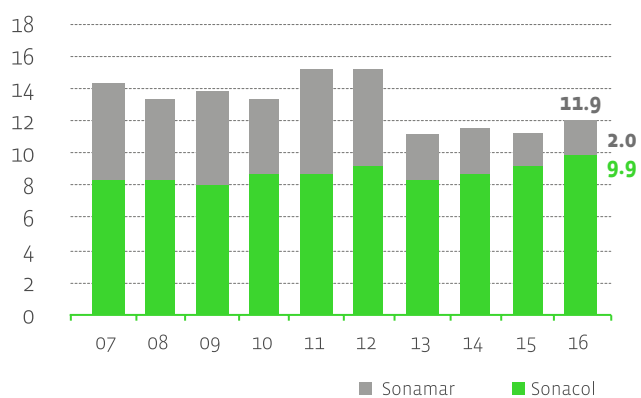
project, which would start its operations in late 2019, will require an investment of approximately US\$ 60 million, and will have an extension of 27.5 kilometers, and an initial transport capacity of 330 m³ per hour. For its part, the current infrastructure, which has a capacity to transport 160 m³ per hour, will be used as a backup unit.

Along with this, the company advanced in the improvement process of the San Fernando-Maipú pipeline, which is 140 kilometers long. This initiative presents an 80% of progress, and it will allow to increase the operation safety thanks to the increase in depth of some sections of the pipeline.

Additionally, Sonacol doubled the supply capacity at the San Fernando plant, being able to receive simultaneously clean products from the north and south of the country.

In another aspect, the company once again was certified in the PEC Excellence program of the Mutual de Seguridad, and obtained international recognition from the Dupont company for the successful implementation of the Safestart work safety system. For its part, Sonamar was distinguished by the Mutual de Seguridad with the Safety and Occupational Health Certification of the Competitive Company program.

/ SONACOL / SONAMAR

/ **Volume transported**
million cubic meters

/ ABASTIBLE

Abastible commercializes bottled and bulk liquefied gas for residential and industrial use. Additionally, it supplies liquefied gas for vehicles to taxis and companies' fleets through the Autogas gas stations, and supplies liquefied gas to vessels under the brand Nautigas. It also offers power efficiency, microturbine cogeneration and solar-gas solutions, consisting in the installation of solar panels in homes, businesses and industries, enabling the combined use of liquefied gas and solar energy to heat human consumption water.

Abastible is present across all of Chile, including Easter Island. It has 10 storage and packaging plants, 6.6 million cylinders, 57,000 tanks in homes, 23 sales and distribution offices, and a network of approximately 1,300 distributors. Additionally, it has a sea terminal in the Region of Biobío, which provides clean fuel wharfage services, and a liquefied gas storage plant having a 40,000 m³ capacity.

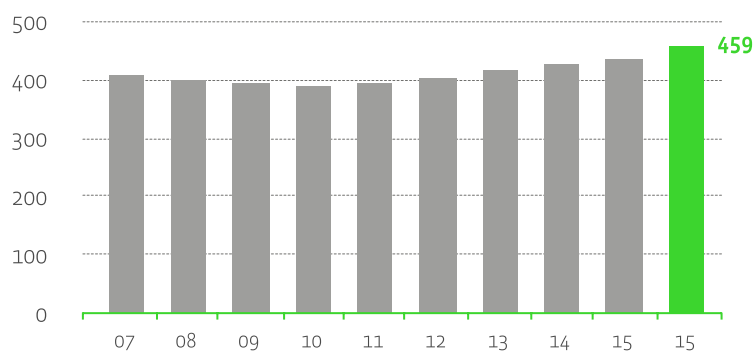
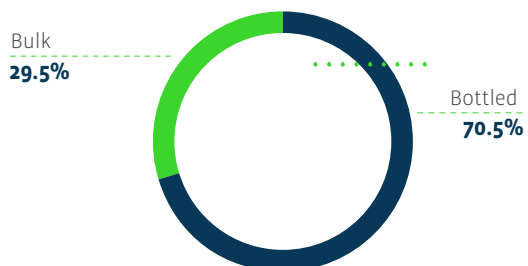
In Colombia, through Inversiones del Nordeste, it owns 5 companies engaged in distributing and commercializing liquefied gas, a cylinder factory, and a bottled and bulk gas trucking company.

During 2016, physical sales in Chile amounted to 459,000 tons, a 5.8% increase compared to the previous year, and customers exceeded 2 million. Meanwhile, in Colombia, physical sales totaled 205,000 tons, 4.0% higher than those recorded in 2015. Hence, the market share reached 34.7%.

In terms of investment, the company acquired all shares that the company Repsol had in the Peruvian companies Repsol Gas del Perú S.A. and Repsol Gas de la Amazonía S.A.C., and in the Ecuadorian companies Duragas S.A. and Servicio de Mantenimiento y Personal S.A. The previous operation involved a US\$ 335 million investment, turning Abastible into South America's third largest liquefied gas distributor. In Chile, it inaugurated a liquefied gas distribution office in Chiloé and a sales office in Viña del Mar.

Meanwhile, Abastible's business completed 6 decades, and moved its offices from the traditional location at Av. Vicuña Mackenna 55 to the new and modern facilities at Av. Apoquindo 5550.

Finally, this year, the company received important recognitions, including the first place in all categories of the Consumer Loyalty Award 2016.

/ **ABASTIBLE**/ **Sales**
thousand tons/ **Sales per product**
2016

/ **METROGAS / APROVISIONADORA**

Metrogas supplies natural gas to more than 657,000 residential, commercial and industrial customers in the Metropolitan and O'Higgins regions, through a distribution network of over 5,400 kilometers.

During 2016, Metrogas carried out a corporate division, grouping the natural gas distribution activities into Metrogas S.A., and those of the supply business into Aproveionadora Global de Energía S.A.

Commercially speaking, the physical sales of Metrogas totaled 1,076 million m³, which represents a 17.4% decrease compared with the previous period. This decrease is result of lower gas sales to electricity companies, which began being supplied by Aproveionadora Global de Energía as from the second quarter of the year. During such period, this new company's physical sales amounted to 1,006 million m³, which include the supply to Metrogas.

On the other hand, the company took the first steps in the Gasification Plan it presented at the end of 2015, which includes investments for US\$ 1.1 billion, and seeks to add 800,000 new customers in 10 years. For such purpose, the company requested distribution concessions in the cities of Arica, Iquique, Antofagasta, Copiapó, Valdivia, Osorno, and Puerto Montt, among others, and acquired sites to install satellite regasification plants. Along with this, Metrogas deepened its presence in the Metropolitan and O'Higgins regions, building new networks and incorporating new customers.

Meanwhile, Metrogas participated in a historic agreement to sell natural gas to Argentina, supplying 37 million m³ of natural gas to ENAP on the border with this country, company which

exported this fuel to the Argentinian company ENARSA. This reflects the level of robustness achieved by the natural gas industry in Chile, and represents an important step towards a greater power integration between both countries.

Additionally, the company launched its Heating Plan, aimed at transforming natural gas into the first home heating option. In this sense, and for the fourth consecutive year, Metrobolsas were marketed through new payment and distribution methods, and over 19 million m³ were sold, which represents a 50% increase compared to the previous period. Likewise, in order to seasonally adjust heating device sales, summer promotions were launched, offering significant discounts for customers purchasing these products.

Metrogas also inaugurated new natural gas stations for vehicles in La Florida, Maipú, Peñalolén and San Bernardo. With this, there are already 18 supply points in the Metropolitan Region, and over 7,000 converted vehicles.

On the other hand, Aproveionadora Global de Energía sold all its shares in GNL Quintero S.A., amounting to 20% of the ownership, in US\$ 200 million.

Finally, among the awards earned by Metrogas, we can highlight the first place of Premio Nacional de Servicio ProCalidad, elaborated by Revista Capital, in the category of Home Services, for the thirteenth consecutive time; the Outstanding Company award from the Most Innovative Companies Chile 2016 Ranking, in the Fuel Distribution sector, elaborated by the ESE Business School of Universidad de los Andes and La Tercera newspaper; the third place in "Best

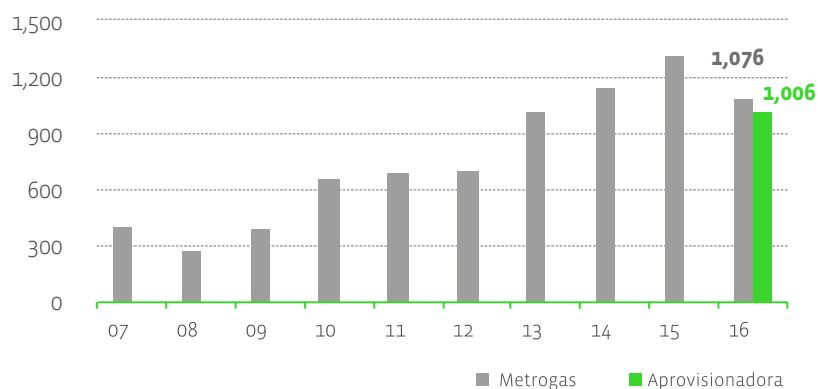
/ METROGAS / APROVISIONADORA

Business Initiative” for its Gasification Plan, award given by Diario Financiero; the third place in “Best Public-Private Initiative”, along with the Ministry of Energy, ENAP and Endesa, for exporting natural gas to Argentina; and the award as the country’s Best

Company of the Energy and Distribution sector, given by Monitor Empresarial de Reputación Corporativa, Merco, which rewards organizations for their ability to attract and retain talent.

/ Sales

million cubic meters equivalent

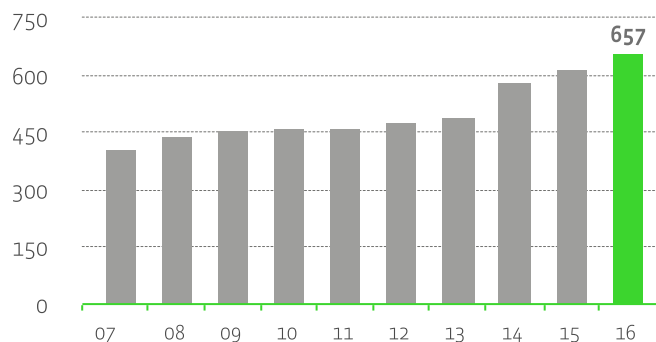


Metrogas: 2016' sales consider one quarter (January-March) prior to the division.

Aproveionadora: 2016' sales consider three quarters (April-December) and include the volume sold to Metrogas.

/ Number of Customers

thousands



/ INVERSIONES DEL NORDESTE

Inversiones del Nordeste markets and distributes liquefied gas to homes and industries in Colombia, through the regional companies Asogas, Gasan, Norgas, Colgas de Occidente and Gases de Antioquia. Additionally, it manufactures and markets storage cylinders and tanks through the company Cinsa, and it transports non-bulk and bulk liquefied gas by trucks through the company Cotranscol. In turn, Inversiones del Nordeste owns 33.33% and 28.22% of the gas distribution companies Montagas and Energas, respectively, and, since 2011, it is an affiliate of Abastible.

During 2016, Inversiones del Nordeste recorded profits greater than those of the previous financial year, thanks to a greater customer loyalty, the entry into markets where there was a low participation of liquefied gas, new businesses due to the substitution of other fuels, and transport fleet optimization, which allowed increasing product distribution levels. This, despite the restriction in the liquefied gas supply during the second half of the year.

In this scenario, the company's direct sales totaled 205,000 tons of liquefied gas, which represent a 4.0% growth compared to 2015. On the other hand,

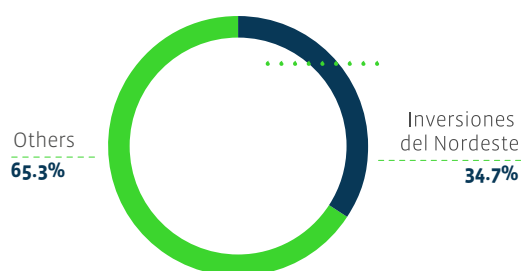
the market share reached 34.7%, and the number of customers exceeded 120,000.

In turn, Inversiones del Nordeste continued with the renewal plan of its cargo tank fleet, with greater load capacity, and commenced the entire operation of the new packaging plant in Ocaña.

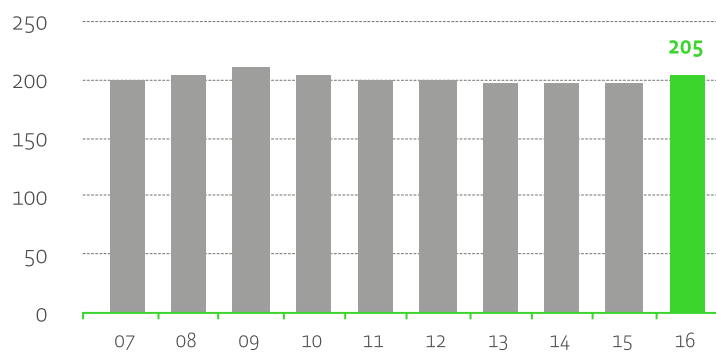
It is worth mentioning that during the year, regulatory authorities issued new regulations for the liquefied gas industry in Colombia, which relate to the modification of the re-inspection period for cylinders and tanks from 5 to 10 years, greater technical and safety requirements and the obligation of annual certifications issued by external entities enabled on regulatory compliances of the different locations. Additionally, a resolution determining the supply capacity of the distribution companies based on their investment in storage cylinders and tanks was issued in December.

In 2017, the company will carry out improvements to its packaging plants, for which it will invest about US\$ 4.3 million. It will also update the ISO 9001 certification and complete the certification process of the OHSAS 18001:2007 standard.

/ INVERSIONES DEL NORDESTE

/ **Liquefied Petroleum Gas Market Share**
2016

Source: Own estimates

/ **Sales**
thousands tons



Fisheries Business

80
/

/ ORIZON

Orizon manufactures products for human and animal consumption, such as fishmeal and fish oil, canned and frozen, which are marketed under the San José, Colorado, Lenga, Orizon, Atlas and Wirembo brands. Additionally, the company markets canned tuna, rice and legumes under the San José brand.

The company has three plants that produce fishmeal and fish oil; two of them are located in the Biobío Region and one in the Coquimbo Region, which totalize a production capacity of 290 tons of raw material per hour. To them are added a canning plant in Coronel, with a daily capacity to process 30,000 boxes, each one with 24 horse mackerel cans, a plant of frozen products in Coronel, with a production capacity of 600 tons of product per day, a plant of canned and individual quick freeze products (IQF) in Puerto Montt, with a daily production capacity of 60 tons of mussel and 2,000 boxes, each one with 48 mussel cans, and a plant of frozen products in Coquimbo, with a capacity to process 60 tons of products per day. In addition, it has an operational fleet of 8 ships, with a total warehouse capacity of 11,000 m³, and 390 hectares of operating concessions in the Los Lagos Region for the cultivation of mussel, with a production capacity of approximately 22,000 tons per year.

During 2016, Orizon's processed catch totaled 161,000 tons, which is equivalent to 22.6% of the industrial catches in the south-central zone of the country. From that total, 86,000 tons corresponded to its own catches, 67,000 tons corresponded to artisan catches, and 8,000 tons corresponded to purchases from third parties.

In this context, the production of fishmeal reached 25,000 tons, which represents an 8.4% decrease compared to 2015, and the oil production totaled 5,000 tons, which is 23.9% lower than the obtained production of the last year. For its part, the physical sales reached 28,000 tons of fishmeal, 5,000 tons of fish oil, 1.8 million boxes of canned products, and 17,000 metric tons of frozen products.

The fishmeal, fish oil and canned products were sold mostly in the domestic market, while the frozen products were mainly marketed in Spain, Peru, the United Kingdom, Japan, Russia and Chile.

It should be noted that, at the national level, Orizon reaches a market share in the production of fishmeal and fish oil of 11.9% and 5.9%, respectively. Meanwhile, in the human feeding segment, it has a market share of 65% in the canned horse mackerel, 12% in the canned tuna, 21% in the canned mussel, and 5% in rice.

In terms of investments, Orizon announced the reopening of the San José de Coquimbo canning plant, which had been closed since 2013, for which it will invest more than Ch\$ 700 million. This facility will have a production capacity of 200,000 horse mackerel boxes per year, and it will start its operations in January 2017.

On the other hand, the company inaugurated Lebu Fish, a cuttlefish processing plant with a production capacity of 800 tons per month, which operates under a shared-value model, in which the company includes the local community. The installation required an

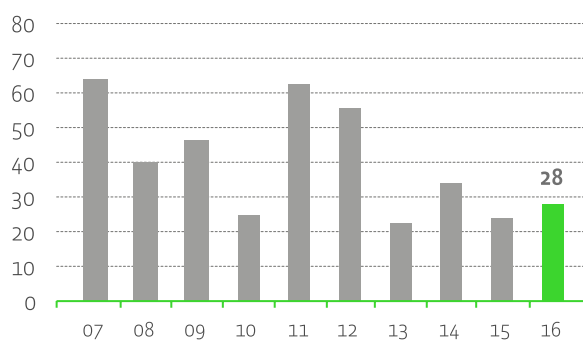
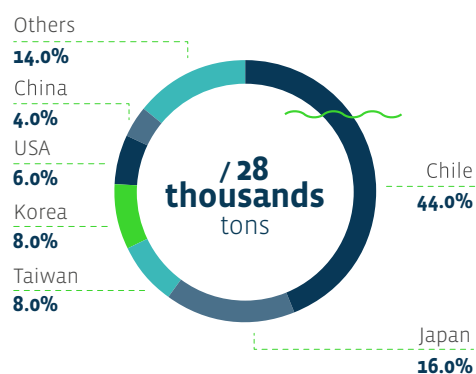
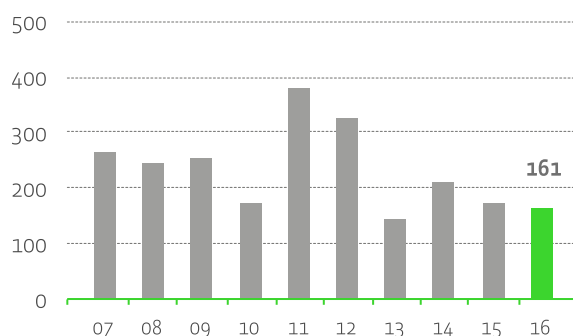
/ ORIZON

investment of approximately Ch\$ 560 million, which were contributed by the Japanese Red Cross, the Regional and Municipal Government and Orizon.

Meanwhile, the Calixto Project, which began in December 2015, with a total investment of US\$ 3 million and which is aimed to the automation and improvement of the productivity in the line

of canned horse mackerel, began its trial phase, with which it will start its operations at the end of January 2017.

Additionally, Orizon was recognized for the second time with the Effie Awards prize, a contest that distinguishes the most efficient brands in the country.

/ **Fishmeal Sales**
thousands tons/ **Fishmeal Sales per Market**
2016/ **Processed Catch**
thousands tons

/ **CORPESCA**

Corpesca is a leading company in the use of marine-proteins in Chile and the world, characterized by its permanent concern for the sustainable use of fishing resources and innovation in its processes and products.

In Chile, the company has a fleet of 48 ships that carry out fishing operations from Arica to Tal-Tal, totaling a 19,000 m³ warehouse capacity, which operates exclusively using the purse net technique. Additionally, the company has 2 fishmeal and fish oil processing plants in Arica, 2 plants in Iquique and 1 in Mejillones, which total a production capacity of 640,000 tons of raw material per hour.

On the other hand, In Brazil, through its affiliate Selecta, it has a plant that enables the production of protein concentrates and other soy derivatives, with an annual capacity to process 630,000 tons of raw material, equivalent to a production of 330,000 tons of soy protein concentrate (SPC) per year, which are mainly used by the aquaculture industry. Additionally, 130,000 tons of soy oil and other products can be produced in the industrial process, among which soy lecithin stands out, which is used as an ingredient for human consumption and, in particular, for the market for non-transgenic products due to its high added value.

In all of its processes, the company uses the best available technology. It keeps in force the HACCP (Hazard Analysis and Critical Control Points) quality assurance program in all of its plants, the GMP B2 international quality certification of the Product

Board of Animal Feed of the Netherlands at its plant in Arica, the international IFFO RS sustainability certification for the Spanish anchovy and sardine fishing, and the Certification of the National Service for Prevention and Rehabilitation of Drug and Alcohol Consumption (SENDA).

During 2016, the total catch of Corpesca reached 233,000 tons, corresponding to 87.4% of the industrial catch in the north of the country. From the previous total, 146,000 tons correspond to own catch and 87,000 tons to artisan catch.

Within such context, the company produced 52,000 tons of fishmeal and fish oil, 44.9% less than in 2015, and physical sales totaled 77,000 tons, 32.8% lower than those recorded the previous year. Meanwhile, 65% of fishmeal sales were exported, mainly to Asia and Europe, and 34% of fish oil sales were commercialized in Europe. In turn, Selecta processed 649,000 tons of soy.

In terms of investment, Corpesca acquired 30% of FASA Latin America, a Brazilian company engaged in the production of high quality protein concentrates for animal feeding. The transaction required a US\$ 43 million investment.

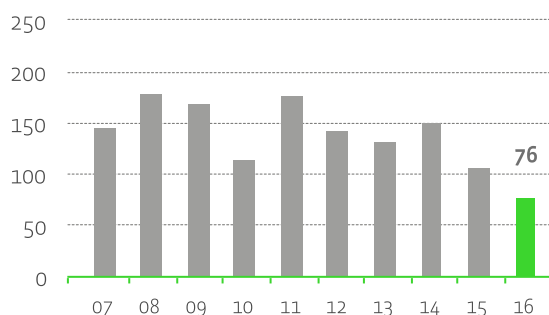
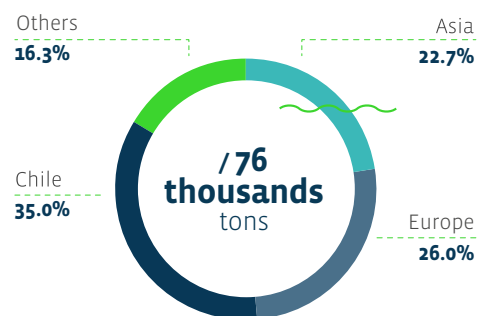
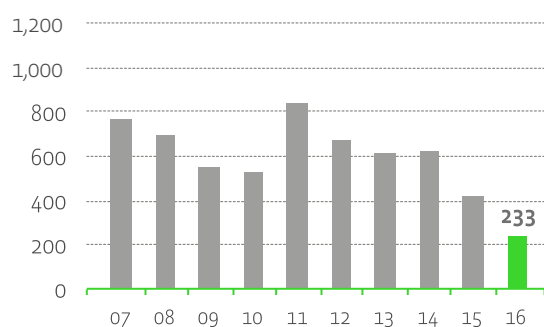
On the other hand, Selecta completed the construction of a soy oil plant with a capacity to process 15,000 tons per month.

Additionally, through the Center for Applied Research of the Sea, Corpesca has continued its

/ **CORPESCA**

significant contribution to the knowledge of the marine ecosystems of northern Chile. Research carried out by this Center has considered aspects such as the reproductive processes of anchovies, of birds of the marine ecosystem and the oceanographic phenomena affecting them.

As to awards, the company was distinguished by the Chilean Chamber of Construction for its proper management in the granting of training scholarships for labor reinsercion of unemployed people.

/ **Fishmeal Sales**
thousands tons/ **Fishmeal per Market**
2016/ **Processed Catch**
thousands tons/ **Corpesca's Fishmeal Price**
US\$/tons

Source: Bloomberg

/ GOLDEN OMEGA

Golden Omega produces and commercializes Omega 3 concentrates from fish oil, being the only company in the world vertically integrated towards fish catches. This enables for it to select the best raw materials and to offer a complete traceability in the supply chain.

In order to do this, it has a plant located in Arica, with a total capacity to produce 2,000 tons per year of finished product. This facility operates with two stages, the first one manufactures products with concentrations of up to 60% of Omega 3 fatty acids, and the second one produces concentrates with an Omega 3 fatty acid content of up to 85%, using its own patented elaboration process. These technologies allow producing Omega 3 concentrates of the highest quality, which stand out for their neutral and stable organoleptic properties over time.

Additionally, by-products used for different industrial purposes are obtained from the production process. Currently, Golden Omega is conducting studies to develop new products from currently generated by-products.

During 2016, the company's production totaled 1,473 tons of concentrates. 54.6% of the sales were marketed in Europe, 35.7% in the United States, 7.3% in Korea and 2.4% in other markets. It is worth mentioning that during this year, sales aimed at the

nutraceutical market increased by 40% compared to the previous year. However, in the pharmaceutical segment, sales were reduced by approximately 70%, due to an increased competition worldwide. As a result, the company's total sales fell by 30% compared to 2015.

Regarding production, Golden Omega implemented new improvements to its production processes, enabling for it to produce colorless products, a highly valued feature in the market.

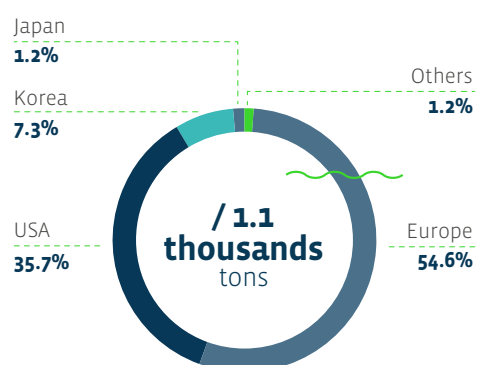
In terms of investments, the company continued progressing in the pharmaceutical validation process of its Omega 3 concentrate plant, which will allow for its products to be marketed as active pharmaceutical ingredients. This process is expected to be completed within the first half of 2018, upon the audit of the Federal Drug Administration of the United States.

In turn, Bioambar SpA has continued conducting studies and analyses to detect the potential benefits of Omega 3 concentrates on cellular health.

In 2017, Golden Omega will continue optimizing its product mix, in order to expand its client portfolio into markets such as South Africa, Israel and Singapore, among others, in order to continue with its steady growth in the nutraceutical market sales.

/ GOLDEN OMEGA

/ Sales per Market 2016





Other Investments

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/ ALXAR MINERÍA

Alxar Minería develops mining operations and projects in Chile and in the metal mining sector. It currently carries out explorations and evaluations of projects in gold, silver, and copper mining sites.

The company and its affiliates own mining properties in the regions of Arica and Parinacota, Atacama, and Valparaíso. They include the site El Bronce, in the Province of Petorca; and projects Choquelimpie, in the Province of Parinacota and Sierra Norte, in the district of Diego de Almagro, Chañaral Province. Additionally, the company owns a plant in Copiapó, aimed at producing doré from the recovery of gold and silver fines contained in minerals and tailings.

During 2016, Alxar Minería did not carry out commercial operations due to the end of operations at the site El Bronce. In light of the

foregoing, several studies and exploration works were conducted in order to estimate the resources and reserves of this site, to increase its production, and to define economies of scale.

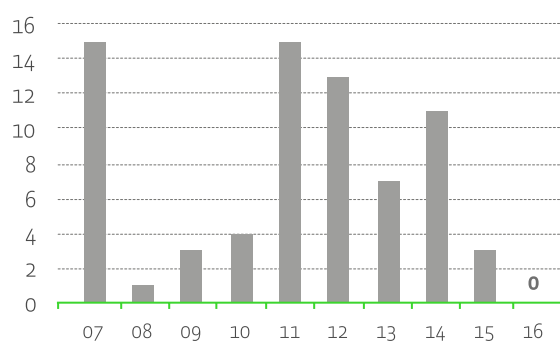
Likewise, the company continued making progress in the studies of the Sierra Norte project and searching for new opportunities to strengthen it. By December 2016, the project considered an approximate investment of US\$ 518 million and is expected to produce about 24,000 tons of copper fines per year during 12 years of operation.

At the same time, the company is constantly evaluating other investment alternatives, which consider both the acquisition of currently operating mining operations and the development of new projects.

/ ALXAR MINERÍA

/ Sales

thousand of gold ounces equivalent



/ Gold Price

US\$/ounce



Source: Bloomberg

/ **MINA INVIERNO**

Mina Invierno is dedicated to the extraction of sub-bituminous coal in Isla Riesco, in the Region of Magallanes, to supply the Chilean and international market.

The company owns four deposits called Adela, Elena, Río Eduardo and Invierno, which totalize reserves of 389 million tons. The latter is the only one that is currently in operation, and the company has the exploitation rights until 2017, being able to exercise a purchase option at the end of that year.

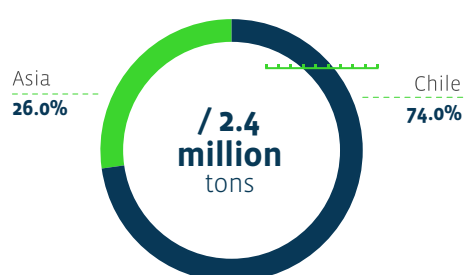
The coal is extracted using an open pit technique known as “rajo móvil”, which consists of the filling of the excavated areas as the material is extracted, in order to minimize the use of the outer surface. Complementarily, after a new environmental approval obtained in the second half of 2016, the company will incorporate drilling and blasting in the extraction process during 2017, which will facilitate the fracture of hard materials, as well as the wear reduction of the equipment and the achievement of a greater efficiency.

Mina Invierno also has a greenhouse called “Don Gonzalo”, which houses native species of the area; it also has an integrated compensation area of 680 hectares, mainly intended for reforestation with lenga and ñirre, in addition to the relocation of native species such as coipos and puyes. Finally it has 5,400 hectares in an area adjacent to the mine where coexist 1,000 sheep and 2,000 cattle, with the aim of demonstrating that the livestock activity can be carried out simultaneously with the coal mining.

During 2016, the company totaled a production of 2.4 million tons of coal, which represents a 22.0% decrease compared with the previous year. From the total sales, 74.0% were destined to the national market, where the companies AES Gener and Engie were supplied. Meanwhile, the remaining 26.0% was sent to the Asian market, mainly to India.

At the beginning of 2017, Mina Invierno will carry out a shipment to Spain, which will mark its return to the European market.

/ MINA INVIERNO

/ Sales per Market
2016/ Coal Price
US\$/ton

Source: International Coal Report

/ INMOBILIARIA LAS SALINAS

Inmobiliaria Las Salinas is aimed at developing the country's first certified sustainable neighborhood, in the lands that belonged to the former Las Salinas Plant.

This project, named Barrio Las Salinas, has a total area of 17 hectares, and it is located in the shoreline of Viña del Mar. In this place, Copec shared with other oil companies, such as Esso and Shell, for more than eight decades, lubricant manufacturing, fuel import and distribution tasks. Due to the increased tourism potential, in 2001, this group of companies signed an agreement with the Municipality of Viña del Mar, in order to agree the end of their activities in this area.

Since 2001, several environmental remediation works of the lands began, aimed at reconvertig the site and enabling its residential and commercial use, which were successfully completed in 2016.

These works involved the development of a Sampling Plan to have an updated, detailed and statistically representative environmental characterization of the soil and water of both the site and the beach. For this, more than 2,000 samples were obtained, which were analyzed by laboratories in Canada and the United States.

At the same time, the company has met with more than 145 representatives of the surrounding communities and with over 30 citizen organizations, in order to communicate, in an early citizen participation process, the remediation works that have been executed. It is worth mentioning that this urban dialogue process has been taking place since 2015, and has made possible for the company to establish collaborative dialogue channels with several representatives

of the city of Viña del Mar, thus identifying the city's development potential and its impact in the metropolitan area of Valparaíso.

The information obtained from these analyses was included in the Environmental Impact Study, which will be presented in 2017, and is aimed at eliminating the risk of the site for real estate development.

On the other hand, in 2012, the company carried out an international competition to elaborate a Master Plan that would allow establishing the general lines of the project, specifications and standards for residential, commercial use and public spaces. The tender was awarded to the urban design and planning company Sasaki Associates.

The developed Master Plan considers aspects such as integrating the new neighborhood into the city, promoting the diversity of uses and with structuring public spaces, generating social and environmental value, improving connectivity and mobility with the environment, and contributing to revitalize Viña del Mar through sustainable development. Its execution was completed in 2016, and it was presented to the different representatives of the community of Viña del Mar. One of the most relevant features of this initiative is that 40% of the land will be intended for spaces intended for public use, such as parks, pedestrian promenades, different types of roads and services. This is aimed at creating a large space open to the city, which balances the economic potentials of the project with the needs of Viña del Mar and its neighbors.

Complementary to this, in 2016, a Policy Plan was carried out in order to structure the different stages of the future neighborhood,

/ INMOBILIARIA LAS SALINAS

and studies, analyzes and modeling that will allow proposing the necessary mitigations for the Road Impact Study (which should begin during 2017), were completed.

Additionally, in 2017, Inmobiliaria Las Salinas expects to complete the LEED ND V4 (Leadership

in Energy and Environmental Design) sustainability certification process.

In light of the foregoing, the development of the project is expected to begin in 2019, and to end during 2025

/ Uses of the site 2016





Financial information

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/

General information /

Company ownership

Shareholder Name ⁽¹⁾	Taxpayer Code N°	N° of Shares	%
AntarChile S.A. ⁽²⁾	96.556.310-5	790,581,560	60.82
Banco de Chile on Behalf of Third Parties	97.004.000-5	54,470,042	4.19
Banco Itaú on Behalf of Investors	97.023.000-9	39,891,478	3.07
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
AFP Capital	98.000.000-1	20,161,323	1.55
AFP Provida	98.000.400-7	19,492,469	1.50
Banco Santander – JP Morgan	97.036.000-K	19,385,460	1.49
AFP Habitat	98.000.100-8	19,256,725	1.48
Forestal y Pesquera Copahue S.A.	79.770.520-9	18,692,371	1.44
Banchile Corredores de Bolsa S.A.	96.571.220-8	17,099,082	1.32
Subtotal		1,080,227,792	
Total Shares		1,299,853,848	

(1) Twelve major shareholders

(2) The shareholder AntarChile S.A. holds more than 10% of the company capital
There were 7,282 shareholders for the year ended December 31, 2016

95
/

/ CONTROLLERS

For the year ended December 31, 2016, Empresas Copec S.A. was controlled by the publicly-traded corporation AntarChile S.A., taxpayer code N° 96.556.310-5, owner of 60.820804% 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, 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 0.00187% of Empresas Copec S.A.'s stock and Mrs. Patricia Angelini Rossi is the direct owner of 0.00019% 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, taxpayer code N°13.026.010-1: 0.00005%, Mr. Maurizio Angelini Amadori, taxpayer code N°13.232.559-6: 0.00005%, Mr. Claudio Angelini Amadori, taxpayer code N°15.379.762-5: 0.00005%, Mr. Mario Angelini Amadori, taxpayer code N°16.095.366-7: 0.00005%, Mr. Franco Roberto Mellafe Angelini, taxpayer code N°13.049.156-1: 0.00006%,

Mr. Maximiliano Valdés Angelini, taxpayer code N°16.098.280-2: 0.00006%, and Ms. Josefina Valdés Angelini, taxpayer code N°16.370.055-7: 0.00006%. As already mentioned, AntarChile S.A. is controlled by its final controllers, with an agreement of acting jointly legalized, which has no limitations on the free disposal of shares, who are the above-mentioned Mrs. María Nosedá Zambra, 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 5.98434% of the shares issued by AntarChile S.A.; and a.2) Mrs. Patricia Angelini Rossi is the direct owner of 4.55509% of the shares issued by AntarChile S.A. Total shares of AntarChile S.A. directly owned by the final controllers: 10.53943%.

b) Shares of AntarChile S.A. owned indirectly 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 63.40150% of the shares issued by AntarChile S.A., and indirect owner of, through its subsidiary Inmobiliaria y Turismo Río San José S.A., 0.07330% of the shares of AntarChile S.A.. Inversiones Angelini y Compañía Limitada is controlled by the mentioned final contro-

llers, i.e., Mrs. María Nosedá Zambra, Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi, with a total shareholding of 64.95436% on the corporate rights broken down as follows: 1) Mrs. María Nosedá Zambra is the direct owner of 10.94402%; 2) Mr. Roberto Angelini Rossi is the direct owner of 12.71222% and indirectly of 16.99231% through Inversiones Arianuova Limitada, taxpayer code N°76.096.890-0, of which he has 99% of the corporate rights, and 3) Mrs. Patricia Angelini Rossi is the direct owner of 10.60649% and indirectly the owner of 13.69932% through Inversiones Rondine Limitada, taxpayer code N°76.096.090-K, of which she has 99% of the corporate rights. In accordance with the above, the controlling group of AntarChile S.A., defined above, has a total percentage of 74.01423%, directly and indirectly.

c) Mr. Roberto Angelini Rossi has by-law control of Inversiones Golfo Blanco Limitada, taxpayer code N°76.061.995-7, which owns 18.35703% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Golfo Blanco Limitada are: (i) Mr. Roberto Angelini Rossi with 0.00011% of the corporate rights; and (ii) Mr. Maurizio Angelini Amadori, taxpayer

code N°13.232.559-6, Mrs. Daniela Angelini Amadori, taxpayer code N°13.026.010-1, Mr. Claudio Angelini Amadori, taxpayer code N°15.379.762-5, and Mr. Mario Angelini Amadori, taxpayer code N°16.095.366-7 with 24.99997% of the corporate rights each. Mrs. Patricia Angelini Rossi also has by-law control of Inversiones Senda Blanca Limitada, taxpayer code N°76.061.994-9, owner of 14.79393% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Senda Blanca Limitada are: (i) Mrs. Patricia Angelini with 0.000014% of the corporate rights; and (ii) Mr. Franco Mellafe Angelini, taxpayer code N°13.049.156-1, Mr. Maximiliano Valdés Angelini, taxpayer code N°16.098.280-2, and Ms. Josefina Valdés Angelini, taxpayer code N°16.370.055-7, with 33.33329% of the corporate rights each.

Lastly, it is left on record that the aforementioned Inversiones Angelini y Compañía Limitada is the direct owner of 0.15075% of Empresas Copec S.A.'s stock, and the indirect owner, through its affiliate Inmobiliaria y Turismo Río San José S.A., of 0.04934% of the stock of 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 power:

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	16,127,425	1.24
Forestal, Constructora y Comercial del Pacífico Sur S.A.	91.553.000-1	10,638,898	0.82
Coinustria 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
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
Total		143,362,558	11.03

All these shareholders belong to the same business group (Matte Group), whose control is indirectly exercised by the following members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families who have an agreement of acting jointly legalized:

Patricia Matte Larraín, taxpayer code N°4.333.299-6 and her children María Patricia Larraín Matte, taxpayer code N°9.000.338-0, María Magdalena Larraín Matte, taxpayer code N°6.376.977-0, Jorge Bernardo Larraín Matte, taxpayer code N°7.025.583-9, and Jorge Gabriel Larraín Matte, taxpayer code N°10.031.620-K.

Eliodoro Matte Larraín, taxpayer code N°4.336.502-2, and his children Eliodoro Matte Capdevila, taxpayer code N°13.921.597-4, Jorge Matte Capdevila, taxpayer code N°14.169.037-K, and María del Pilar Matte Capdevila, taxpayer code N°15.959.356-8.

Bernardo Matte Larraín, taxpayer code N°6.598.728-7 and his children Bernardo Matte Izquierdo, taxpayer code N°15.637.711-2, Sofía Matte Izquierdo, taxpayer code N°16.095.796-4, and Francisco Matte Izquierdo, taxpayer code N°16.612.252-K.

/ TRANSFERS

The changes in the shareholdings of the major shareholders of Empresas Copec S.A. from December 31, 2015 through December 31, 2016 are outlined below.

Shareholder Name	RUT	N° of Shares	
		2016	2015
Banco de Chile on Behalf of Thirds Parties	97.004.000-5	54,470,042	50,018,392
Banco Itaú on Behalf of Investors	97.023.000-9	39,891,478	36,338,624
AFP Capital	98.000.000-1	20,161,323	17,793,828
AFP Provida	98.000.400-7	19,492,469	20,001,748
Banco Santander – JP Morgan	97.036.000-K	19,385,460	19,397,141
AFP Habitat	98.000.100-8	19,256,725	19,194,603
Banchile Corredores de Bolsa S.A.	96.571.220-8	17,099,082	13,938,242

/ SHAREHOLDING OF DIRECTORS AND SENIOR MANAGEMENT

For the year ended December 31, 2016, the direct and indirect shareholding of the directors and senior management of Empresas Copec S.A. was as follows:

Directors:

- a) Mr. Jorge Andueza Fouque is the direct owner of 108 shares accounting for a 0.000% shareholding of Empresas Copec and participates in companies which own 77,343 shares accounting for a 0.006% shareholding of the same company.
- b) Mr. Roberto Angelini Rossi is the direct owner of 24,242 shares, accounting for a 0.002% shareholding of Empresas Copec and participates in companies with a shareholding of the same company as reported in "Company Controllers."
- c) Mr. Manuel Bezanilla Urrutia has no direct shareholding of Empresas Copec and participates in companies which own 209,028 shares accounting for a 0.016% shareholding of the same company.
- d) Mr. Andrés Bianchi Larre has no direct shareholding of Empresas Copec and nor does he participate in companies with a shareholding of the same company.
- e) Mr. Gabriel Bitrán Dicowsky has no direct shareholding of Empresas Copec and nor does he participate in companies with a shareholding of the same company.
- f) Mr. Juan Edgardo Goldenberg Peñafiel is the direct owner of 10,000 shares which account for a 0.001% shareholding of Empresas Copec and participates in companies which own 4,541 shares accounting for a 0.000% shareholding of the same company.
- g) Mr. Arnaldo Gorziglia Balbi is the direct owner of 10,000 shares which account for a 0.001% shareholding of Empresas Copec.
- h) Mr. Carlos Hurtado Ruiz-Tagle is the direct owner of 10,000 shares which account for a 0.001% shareholding of Empresas Copec.
- i) Mr. Tomás Müller Sproat has no direct shareholding of Empresas Copec and nor does he participate in companies with a shareholding of the same company.

Senior Management:

- a) Mr. Eduardo Navarro Beltrán has no direct shareholding of Empresas Copec and nor does he participate in companies that are shareholders of the same company.
- b) Mr. José Tomás Guzmán Rencoret is the direct owner of 5,399 shares which account for a 0.000% shareholding of Empresas Copec and participates in companies that own 710,714 shares which account for a 0.055% shareholding of the same company.
- c) Mr. Rodrigo Huidobro Alvarado is the direct owner of 1,067 shares which account for a 0.000% shareholding of Empresas Copec.
- d) Mr. Jorge Ferrando Yáñez has no direct shareholding of Empresas Copec and nor does he participate in companies that are shareholders of the same company. Moreover, his wife in joint ownership of property, Mrs. María Cristina Silva Méndez, is the owner of 2,552 shares which account for a 0.000% shareholding of Empresas Copec.
- e) Mr. Cristián Palacios González has no direct shareholding of Empresas Copec and nor does he participate in companies that are shareholders of the same company.
- f) Mrs. Pamela Harris Honorato has no direct shareholding of Empresas Copec and nor does she participate in companies that are shareholders of the same company.
- g) Mrs. Jorge Valdivieso Scott has no direct shareholding of Empresas Copec and nor does she participate in companies that are shareholders of the same company.
- h) Mr. Ricardo Vargas Bernal is the direct owner of 42 shares which account for a 0.000% shareholding of Empresas Copec and participates in companies that own 400 shares which account for a 0.000% shareholding of the same company.

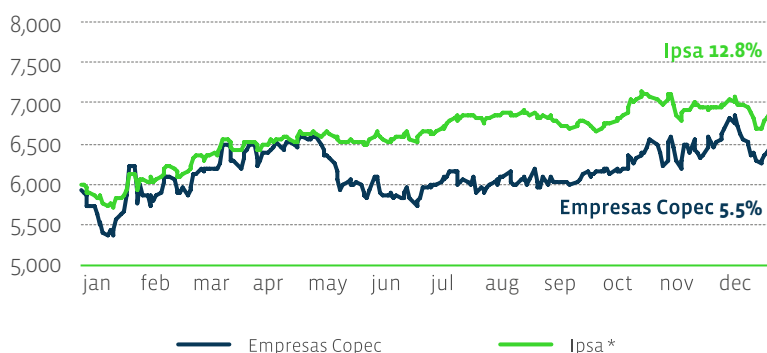
/ STOCK MARKET INFORMATION

Empresas Copec S.A. is listed on the Santiago Stock Exchange since October 2, 1935, under nemonic code COPEC.

For 2016, stock is traded on the stock exchange of Santiago, in the Valparaiso stock exchange and the electronic exchange of Chile, according to the following detail:

	N° of shares traded	Total amount traded (ThChs)	Average Price (Chs)
1Q - 2015	25,673,307	180,576,768	7,033.64
2Q - 2015	25,727,879	180,767,685	7,026.14
3Q - 2015	25,340,368	167,967,826	6,628.47
4Q - 2015	28,118,964	177,011,555	6,295.10
1Q - 2016	24,960,275	149,593,731	5,993.27
2Q - 2016	21,897,623	134,612,080	6,147.34
3Q - 2016	19,837,072	119,846,491	6,041.54
4Q - 2016	25,462,098	163,682,961	6,428.49

Meanwhile, the behavior of the stock's price in the Santiago Stock Exchange compared with the IPSA index during 2016 was the following:

/ Stock Price Empresas Copec
chilean pesos

*Adjusted Ipsa

/ CAPITAL STOCK

The company's subscribed and paid-up capital amounted to US\$ 686,113,724.13 for the year ended December 31, 2016, distributed into 1,299,853,848 subscribed and paid-up shares.

The balance sheet had profits of US\$ 554,185,935.62 for the year ended December 31, 2016, which is proposed to be distributed as follows:

PROFIT DISTRIBUTION	US\$
To cover interim dividend N°32 of US\$ 0.066178 per share paid in December 2016	86,021,727.95
To cover final dividend N°33 of US\$ 0.1068000 per share, to be distributed	138,824,390.97
To the accrued profit surplus fund	329,339,816.70
Total net income in the year	554,185,935.62

Should the Shareholders' Meeting approve the distribution proposed, the following will be the breakdown of the equity accounts:

FINAL BREAKDOWN OF THE EQUITY ACCOUNTS	ThUS\$
Paid-up capital	686,114
Other reserves	(1,009,473)
Withheld earnings	10,278,553
Total Shareholders' Equity	9,955,194

The Board agreed to propose to the Ordinary General Shareholders' Meeting, which will analyze this Annual Report, a final dividend distribution of US\$ 0.1068000 per share. This amount, plus interim dividend N°32 paid in December 2016, gives a total dividend distribution of US\$ 224.85 million, which accounts for 40.02% of the net income in 2016, according to the breakdown below:

DIVIDEND DISTRIBUTION	ThUS\$
Net income in the year according to the balance sheet	554,186
Adjustments to the distributable net income	7,639
Distributable Net Income	561,825
30% minimum legal dividend	168,548
Actual Dividends:	
Interim dividend distributed in December 2016 of US\$ 0.066178 per share	86,022
Plus: Final dividend proposed by the Board and to be distributed of US\$ 0.1068000 per share	138,824
Total dividends for income in 2016	224,846
Actual percentage of net income	40.02%

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	US\$/share
Final N°23	May 2012	0.180331
Interim N°24	December 2012	0.042713
Final N°25	May 2013	0.090779
Interim N°26	December 2013	0.103864
Final N°27	May 2014	0.126130
Interim N°28	December 2014	0.110882
Final N°29	May 2015	0.142471
Interim N°30	December 2015	0.059027
Final N°31	May 2016	0.105473
Interim N°32	December 2016	0.066178

/ DIRECTORS' COMMITTEE

Pursuant to circular letter N°1.956 of the Superintendency of Securities and Insurance (SVS), an ordinary board meeting held on May 28, 2016 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 Gabriel Bitrán Dicowsky. It should be noted that the latter is the independent Director and was appointed president of the Committee in a meeting held on May 18, 2016.

In 2016, the Committee fulfilled its duties and exercised the faculties set forth by law which, among other matters, entailed analyzing the reports submitted by the independent 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 such Title, noting that the operations undertaken were in accordance with market conditions.

The main activities undertaken by the Directors' Committee in the 2016 period are outlined below.

Meeting N°98, held on March 31, 2016

- 2015 financial statements and independent auditors' report.
 - It was agreed to approve the 2015 financial statements and the independent auditors' report.
- Contracts with related companies
 - Review of transactions with related companies in 2015, no remarks.
- Contract modification with related company.
 - It was agreed to recommend to the company Board the modification of the current contract with Servicios Corporativos SerCor S.A.
- Independent Auditors
 - It was agreed to propose to the company Board, so it in turn proposes this in the Ordinary General Shareholders' Meeting, the appointment of PwC as the company's independent auditors for 2016.
- Private risk rating agencies
 - It was agreed to propose to the company Board, so it in turn proposes this in the Ordinary General Shareholders' Meeting, the appointment of Fitch Chile Clasificadora de Riesgo Limitada and Feller Rate Clasificadora de Riesgo Limitada as the private risk rating agencies for 2016.

Meeting N°99, held on May 18, 2016

- Appointment of the president of the Directors' Committee
 - Mr. Gabriel Bitrán Dicowsky was appointed president of the Directors' Committee.
- Independent Auditors
 - Company's independent auditors, PwC, presented its Annual Audit Plan 2016.
- Review of the financial statements for the first quarter of 2016.
 - It was agreed to approve the financial statements for the first quarter of 2016.
- Contracts with related companies.
 - Review of transactions with related companies in the first quarter of 2016 with no remarks.

Meeting N°100, held on August 25, 2016

- Financial Statements for the first half of 2016 and Auditors' Reports.
 - It was agreed to approve the financial statements for the first half of 2016 and the external auditors' report.
- Contracts with related companies.
 - Review of transactions with related companies in 2016, no remarks.
- Audit to the Shares Department
 - Review of the report prepared by Deloitte about the audit to the Shares Department of Servicios Corporativos SerCor S.A.
- Corporate Governance
 - Review of corporate governance issues.

Meeting N°101, held on September 29, 2016

- Corporate Governance and Risk Management
 - Review of corporate governance issues and Servicios Corporativos SerCor S.A. presented risk management issues on Empresas Copec S.A.

Meeting N°102, held on November 21, 2016

- Financial Statements for the third quarter of 2016 and Auditors' Reports.
 - It was agreed to approve the financial statements for the third quarter of 2016.
- Contracts with Related Companies.
 - Review of transactions with related companies for the third quarter of 2016, no remarks.

Meeting N°103, held on December 26, 2016

- Internal control and progress status of the external audit.
 - The company acknowledged the internal control report submitted by the independent auditors PwC.
- Risk Management
 - Servicios Corporativos Sercor S.A. presented risk management issues on Empresas Copec S.A.
- Internal Audit
 - Servicios Corporativos Sercor S.A. submitted an internal audit report on Empresas Copec S.A.
- Transactions with related parties
 - The company approved the legal service fees of Portaluppi, Guzmán and Bezanilla Asesorías Limitada.
- Remuneration system for managers and senior officers
 - A review of the company's remuneration system for managers and senior officers was presented.

In 2016, the Committee incurred the following expenses for the exercise of its duties:

- US\$ 116,872 for remunerations paid to its members, which were approved in the last Ordinary Shareholders' Meeting.

The Committee prepared an annual management report, which will be reported in the next Ordinary Shareholders' Meeting.

/ BOARD OF DIRECTORS

Between January 1, 2016 until 26 April 2016 exerted as directors of the company Messrs. Jorge Andueza Fouque, Roberto Angelini Rossi, Andres Bianchi Larre, Mateo Budinich Diez, Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, Carlos Hurtado Ruiz Tagle and Bernardo Matte Larraín.

At the Ordinary Shareholders' Meeting held on April 27, 2016 was the election of the Board of the company for a period of three years, resulting elected Messrs. Jorge Andueza Fouque, Roberto Angelini Rossi, Manuel Bezanilla Urrutia, Andres Bianchi Larre, Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, Carlos Hur-

tado Ruiz Tagle, Tomás Müller Sproat and Gabriel Bitrán Dicowsky, this latter as independent Director.

In a company Board meeting held on April 28, 2016, was elected Mr. Roberto Angelini Rossi as President and Mr. Jorge Andueza Fouque as Vice President.

Board Remuneration

Pursuant to what is laid down in Law N°18.046, the Ordinary General Shareholders' Meeting held on April 27, 2016, agreed on the Board remuneration for this period.

The gross remunerations received by each director in the 2016 period were the following:

2016	Board	Directors' Committee
Roberto Angelini Rossi	US\$ 358,163	-
Jorge Andueza Fouque	US\$ 203,553	-
Manuel Bezanilla Urrutia	US\$ 94,229	-
Andrés Bianchi Larre	US\$ 109,324	US\$ 38,957
Gabriel Bitrán Dicowsky	US\$ 94,229	US\$ 31,410
Mateo Budinich Diez	US\$ 15,096	US\$ 7,548
Juan Edgardo Goldenberg Peñafiel	US\$ 109,324	US\$ 38,957
Arnaldo Gorziglia Balbi	US\$ 109,324	-
Carlos Hurtado Ruiz-Tagle	US\$ 109,324	-
Bernardo Matte Larraín	US\$ 15,096	-
Tomás Müller Sproat	US\$ 94,229	-

2015	Board	Directors' Committee
Roberto Angelini Rossi	US\$ 228,444	-
Jorge Andueza Fouque	US\$ 45,689	-
Manuel Bezanilla Urrutia	-	-
Andrés Bianchi Larre	US\$ 45,689	US\$ 22,844
Gabriel Bitrán Dicowsky	-	-
Mateo Budinich Diez	US\$ 14,528	US\$ 7,264
Juan Edgardo Goldenberg Peñafiel	US\$ 45,689	US\$ 22,844
Arnaldo Gorziglia Balbi	US\$ 45,689	-
Carlos Hurtado Ruiz-Tagle	US\$ 45,689	-
Bernardo Matte Larraín	US\$ 45,689	-
Tomás Müller Sproat	-	-

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 remuneration for serving as directors on the boards of the following affiliates:

2016	Arauco	Forestal Arauco	Arauco Internacional	Arauco Forest Brasil	Arauco do Brasil	Copec	Organización Terpel	Igemar	Orizon	Alxar
Roberto Angelini Rossi	US\$ 178,726	US\$ 55,425	US\$ 12,000	-	-	ThCh\$ 125,214	-	US\$ 100,646	US\$ 38,865	US\$ 20,858
Jorge Andueza Fouque	US\$ 178,726	US\$ 55,425	US\$ 12,000	-	-	ThCh\$ 69,047	US\$ 14,704	US\$ 38,580	US\$ 104,609	-
Manuel Bezanilla Urrutia	US\$ 261,450	US\$ 101,900	US\$ 33,000	-	-	ThCh\$ 31,431	-	US\$ 38,580	-	-
Andrés Bianchi Larre	-	-	-	-	-	-	-	-	-	-
Gabriel Bitrán Dicowsky	-	-	-	-	-	-	-	-	-	-
Mateo Budinich Diez	-	-	-	-	-	-	-	-	-	-
Juan Edgardo Goldenberg Peñafiel	-	-	-	-	-	-	-	-	-	-
Arnaldo Gorziglia Balbi	-	-	-	-	-	-	-	-	-	-
Carlos Hurtado Ruiz-Tagle	-	-	-	-	-	-	-	-	-	-
Bernardo Matte Larraín	-	-	-	-	-	ThCh\$ 6,184	-	-	-	-
Tomás Müller Sproat	-	-	-	-	-	ThCh\$ 31,431	-	-	-	-

2015	Arauco	Forestal Arauco	Arauco Internacional	Arauco Forest Brasil	Arauco do Brasil	Copec	Organización Terpel	Igemar	Orizon	Alxar
Roberto Angelini Rossi	US\$ 68,993	US\$ 55,336	-	-	-	ThCh\$ 90,214	-	US\$ 22,834	US\$ 22,880	US\$ 22,881
Jorge Andueza Fouque	US\$ 68,993	US\$ 55,336	-	-	-	ThCh\$ 18,043	US\$ 5,911	US\$ 22,834	US\$ 32,149	-
Manuel Bezanilla Urrutia	US\$ 82,826	US\$ 83,004	-	US\$ 4,000	US\$ 4,000	-	-	US\$ 22,834	-	-
Andrés Bianchi Larre	-	-	-	-	-	-	-	-	-	-
Gabriel Bitrán Dicowsky	-	-	-	-	-	-	-	-	-	-
Mateo Budinich Diez	-	-	-	-	-	-	-	-	-	-
Juan Edgardo Goldenberg Peñafiel	-	-	-	-	-	-	-	-	-	-
Arnaldo Gorziglia Balbi	-	-	-	-	-	-	-	-	-	-
Carlos Hurtado Ruiz-Tagle	-	-	-	-	-	-	-	-	-	-
Bernardo Matte Larraín	-	-	-	-	-	ThCh\$ 18,043	-	-	-	-
Tomás Müller Sproat	-	-	-	-	-	-	-	-	-	-

The next Ordinary General Shareholders' Meeting shall establish the directors' remuneration for 2017.

/ SENIOR MANAGEMENT

The following people were the company managers in 2016:

Eduardo Navarro Beltrán (CEO since October 1st, 2003); José Tomás Guzmán Rencoret (Legal Advisor and Secretary of the Board since June 29, 2008); Rodrigo Huidobro Alvarado (CFO since August 16, 2004); Jorge Ferrando Yáñez (Corporate Research Manager since August 16, 2004); Cristián Palacios González (Director of Investor Relations and Investments since June 1st, 2012); Pamela Harris Honorato (Head of Corporate Affairs since August 1st, 2014); Jorge Valdivieso Scott (Head of Corporate Research since March 17, 2016); Ricardo Vargas Bernal (General Accountant since January 31, 2005).

Management Remuneration

The remuneration and bonuses received by company managers in 2016 amounted to US\$ 2,289,000 (US\$ 2,234,000 in 2015), who on average received variable compensation of 32.3% of the remunerations. Bonuses are voluntary and are determined based on the company's results. In 2016, US\$ 168,000 were cancelled for severance payments made to the company's senior managers and officers.

Related Party Balances and Transactions

The information on related party balances and 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 reported the following significant or essential events to the Superintendency of Securities and Insurance (SVS) in 2016:

I. PARENT COMPANY

1.- On January 29, 2016, the company reported the following: "According to the International of Financial Reporting Standards (IFRS), the associated company Laguna Blanca S.A. and its affiliates, which operate the site of coal Mina Invierno, performed in 2014 a test of impairment for the value of their assets, which was carried out, inter alia, by the finding of selling prices lower than originally budgeted owing to a prolonged path to the decline in the international price of carbon. On the other hand, operating costs had proved to be greater than seen in the original evaluation of the project. The results of the mentioned test not required perform an impairment on assets in the year 2014.

However, given the deepening of the scenario of low international prices of coal registered during 2015, and in line with what they have been doing enterprises of the mining industry, Laguna Blanca S.A. and its affiliates have been carried out and completed a new test of impairment on the items of assets included in its balance sheet. The results, which have been validated with the company's external audit EY, involve a financial loss to Laguna Blanca S.A. of approximately US\$ 290 million, consisting of damages in amounts corresponding to properties, plants and equipment, realizable value of inventories, intangible and active deferred tax. Therefore, the negative effect on the results of Empresas Copec S.A. at December 31, 2015, proportional to their equity stake, will be approximately US\$ 145 million.

This extraordinary accounting effect does not implies a cash discharge. In the future, depending on the evolution of the prices of coal, operational costs or other critical factors, it new studies could be necessary to determine the economic value of the assets of Laguna Blanca S.A. The results of these analyses could generate the need to recognize additional losses, either partly reverse the losses generated in the current year by concept of deterioration.

On the other hand, the affiliate Compañía de Petróleos de Chile Copec S.A. has proceeded to the dissolution and liquidation of its affiliate Copec Investments Limited, incorporated abroad, through which kept 43.48% ownership of Colombian society Organization Terpel S.A. This operation is part of a process initiated in the year 2013, aimed at the simplification and improvement of the corporate structure through which Compañía de Petróleos de Chile Copec. is the owner of its shareholding in Terpel.

As a result of this operation, the affiliate Compañía de Petróleos de Chile Copec S.A. recorded a favorable effect on results in the last quarter of 2015 amounting to close to \$ 47 billion, equivalent to approximately US\$ 67 million, mainly resulting from tax losses associated with the liquidation of Copec Investments Limited. Empresas Copec S.A. will record all of this positive effect on its results to 31 December 2015.

All the amounts mentioned above are still pending final review by the administrations and external auditors of Empresas Copec and respective societies, so that they could suffer modifications, although these should not affect its orders of magnitude. Therefore, the Board of Empresas Copec S.A. has considered it necessary to, and has agreed unanimously to publicize these effects to the market, since, in both cases, are material amounts in relation to the annual income of the Company."

2.- On March 31, 2016, the company reported the following: "A company board meeting, held today, unanimously agreed to propose to the Company's Ordinary Shareholders' Meeting, summoned for April 27, the payment of a minimum compulsory final dividend indicated below, charged to the profits for the year ended December 31, 2015, and charged to income of such year:

Dividend N° 31 of US\$ 0.105473 per share, single series.

This dividend shall be paid in Chilean pesos, national currency, according to the "observed dollar" exchange rate published in the Official Gazette on May 6, 2016.

This dividend constitutes income for the shareholders. The company shall calculate and timely inform of the credit which, due to the mentioned dividend, corresponds to shareholders who pay the complementary global tax and additional tax.

If this dividend is approved by the mentioned shareholders' meeting, it shall be paid as of May 12, 2016, from 09:00 hours at the company share department, located at Avda. El Golf N°140, district of Las Condes, with normal business hours of 09:00 to

17:00 hours Monday through Friday. For those shareholders who have asked the company, the mentioned dividend shall be deposited in their checking account or they shall be sent their check by mail, accordingly.

Those shareholders listed in the company shareholders' registry at midnight, on May 6, 2016, shall be entitled to the dividend mentioned above, if it is approved by the shareholders' meeting.

The notification informing shareholders of the agreement reached by the mentioned ordinary shareholders' meeting about this dividend shall be published in the El Mercurio newspaper of Santiago, May 3, 2016 edition.

The mentioned dividend distribution shall have no effect on the company's financial standing.

The information contained in this significant event is reported as essential, in accordance with what is established by that Superintendency in Circular Letter N° 660 of 1986.

This communication is signed by the company CEO Mr. Eduardo Navarro Beltrán, who is duly empowered for this by the company Board."

3.- On April 11, 2016, the company reported the following: "I hereby inform you that the company will hold an Ordinary Shareholders' Meeting on April 27, at 11:30 hours, in the SOFOFA Auditorium, located at Avenida Andrés Bello N°2777, 2nd floor, district of Las Condes, Santiago, in which the following issues will be addressed:

a) Submit the company's financial statements for the year ended December 31, 2015, and the Board's Annual Report for the Shareholders' Meeting decision and report on the performance of corporate business; b) Designation of the Board's members; c) Report on the operations undertaken by the company to which Title XVI of Law N°18.046 refers; d) Establish the Board remuneration for the next year; e) Establish the remuneration and expense budget of the Committee to which article 50 bis of Law N°18.046 refers, report on its activities and release its annual performance report; f) Appoint the independent auditors and risk rating agencies; and g) Address any other issue of corporate interest of the competence of the type of Shareholders' Meeting mentioned.

As of April 14, 2016, shareholders can consult the company's financial statements closed for the year ended December 31, 2016, with their explanatory notes and the independent auditors' report on the company website at http://investor.empresascopec.cl/wp-content/uploads/2013/12/Estados_financieros_pdf90690000_201512.pdf.

Complying with the second subparagraph of article 59 of Law N°18.046, the website www.empresascopec.cl includes the rationale for the options of the appointment of the independent auditors to be submitted to the Shareholders' Meeting. Shareholders may obtain a copy of this on the same Company website.

Pursuant to what was agreed by the company board in a meeting held on March 31, 2016, the payment of minimum compulsory final dividend N° 31 of US\$ 0.105473 per share will be proposed to the mentioned ordinary general shareholders' meeting. The dividend shall be paid in Chilean pesos, national currency, according to the "observed dollar" exchange rate published in the Official Gazette on May 6, 2016. The dividend shall be paid in cash and shall be allocated to the profits of the year ended December 31, 2015, charged to income in such year. This dividend constitutes income for shareholders. The company shall determine and timely inform of the credit that for the mentioned dividend corresponds to shareholders who pay the complementary global tax and additional tax.

The company shall propose to the Shareholders' Meeting that the mentioned dividend be paid as of May 12, 2016, at the company's share department, at Avda. El Golf N°140, district of Las Condes, with normal business hours of Monday through Friday, 09:00 to 17:00 hours. Those shareholders who have so asked the company shall have the mentioned dividend deposited in their checking account or be sent a check by mail, accordingly.

Those shareholders listed in the company shareholders' registry at midnight on May 6, 2016, shall be entitled to the dividend mentioned above, if it is approved by the Shareholders' Meeting.

Regarding the above-mentioned dividend, I inform you that the total shares with a right to such dividend are 1,299,853,848 shares, single series.

Those shareholders registered in the company's Shareholders' Registry at midnight on April 21, 2016, shall be entitled to participate in the company's Shareholders' Meeting. The notifications of summons to this meeting shall be published on April 11, 18 and 25, 2016 in El Mercurio newspaper of Santiago.

The company shall send the SVS a digital copy of the 2015 Annual Report through the SEIL module of the SVS, complying with General Regulation N°30 of 1989."

4.- On April 20, 2016, the company reported the following: "Today, our affiliate Abastible S.A. ("Abastible") has agreed with Repsol S.A. ("Repsol") purchase its business of Liquefied Petroleum Gas ("LPG") in Peru ("Solgas") and Ecuador ("Duragas"), excluding the activities of Repsol in the retail market of automotive LPG in Peru (the "transaction"). The above has been carried out through a contract for the sale of shares that companies related to Repsol have Peruvian companies Repsol Gas del Peru S.A. and Repsol Gas de la Amazonía S.A.C., and Ecuadorian companies Duragas S.A. and Servicio de Mantenimiento y Personal S.A.

Designated contracts for sale are subject to the fulfilment of the conditions precedent referred to therein, which include certain certificates for the case of Solgas, and in turn, in the case of Duragas, the authorizations to be afforded the Ecuadorian authorities free competition and regulatory control of hydrocarbons. Expected that these conditions precedent are met during the next few months.

The price to pay for the transaction, whereas the value company or Enterprise Value, that is, free of debt and cash amounts to 980,000,000 of Peruvian Soles for Solgas and US\$ 33,000,000 for Duragas. If the net financial debt at the end of the transaction is similar to that recorded in the balance sheets of December 2015, the amount to be paid by the actions of Peruvian companies will amount to approximately US\$ 264 million, figure to be adjusted to the date of payment on the basis of criteria of net debt, working capital and exchange rate, among others. Actions of the Ecuadorian companies, the price to pay will be subject to similar criteria of settings.

Solgas is the brand of bottled LPG of greater prestige and tradition of the Peru, with sales of around 570 thousand tons per year, whereas the volume to wholesalers and end customers. The Company has a terminal for import of LPG with 10,600 tons of storage, 7 storage and packaging plants, 3.5 million own-brand cylinders, more than 5,000 ponds in customers, 57 tanks to supply plants and 62 trucks to supply distributors. Their participation amounts to about 26% on final consumers, in a market that has shown a strong dynamism in the last decade.

For his part, Duragas currently sells about 405 thousand tons of LPG per year, and has a market share of 37%. It has 4 storage and packaging plants, 1 plant repair and maintenance of cylinder, 4.3 million own-brand cylinders, 2,500 own ponds in customers and 13 tankers to supply plants and customers, among other assets.

For the affiliate Abastible this operation represents a new and important investment in the region, where currently participates in the markets of distribution of LPG in Chile and Colombia. With this new incursion, Abastible becomes the third South America's largest LPG operator.

The Company estimates that, once materialized described transaction, this will have positive effects on the results of Abastible, notwithstanding that by the time these are not quantifiable."

5.- On June 1st, 2016, the company reported the following: "On last April 20, the Society reported to that Superintendence that the affiliate Abastible S.A. ("Abastible") had agreed with Repsol, S.A. ("Repsol") purchase to the last of its Liquefied Petroleum Gas ("LPG") business in Peru ("Solgas") and Ecuador ("Duragas"), excluding the activities of Repsol in the retail market of automotive LPG in Peru (the "transaction"). Also, is pointed out that it had made through a contract for the sale of shares that companies related to Repsol have Peruvian companies Repsol Gas del Peru S.A. (Regapesa") and Repsol Gas de la Amazonia S.A.C. ("Regaamsac"), and the Ecuadorian companies Duragas S.A. and Servicio de Mantenimiento y Personal S.A.

Hereby informs that, having complied with the conditions precedent for the materialization of the sale of the shares of Regapesa and Regaamsac, Abastible, through its Peruvian affiliate GasBis Peru Holding S.A.C., has been in today to acquire all the shares of which were holders certain subsidiaries of Repsol in the mentioned Regapesa and Regaamsac.

The price paid for the Regapesa and Regaamsac actions amounted to the amount of US\$ 263,475,125.25, figure which may be adjusted subsequent to this date on the basis of criteria of net debt, working capital and exchange rate in accordance with the respective contract of sale of shares.

As noted in our communication dated April 20, Solgas is the brand of bottled LPG of greater prestige and tradition of the Peru, with sales of around 570 thousand tons per year, whereas the volume to wholesalers and end customers. The Company has a terminal for import of LPG with 10,600 tons of storage, 7 storage and packaging plants, 3.5 million own-brand cylinders, more than 5,000 ponds in customers, 57 tanks to supply plants and 62 trucks to supply distributors. Their participation amounts to about 26% on final consumers, in a market that has shown a strong dynamism in the last decade.

In regards to the purchase of Duragas in Ecuador, and as indicated in the Essential Fact already referred, its realization is subject to the fulfilment of the conditions precedent provided for in the respective contract of sale, which include authorizations to be afforded the Ecuadorian authorities free competition and regulatory control of hydrocarbons. Expected that such conditions are met during the next few months.

Empresas Copec S.A. estimated that the purchase of Solgas will have positive effects on the results of Abastible, notwithstanding that by the time these are not quantifiable.

On the other hand, reported also that, as stated yesterday in the Essential Fact sent by our affiliate Celulosa Arauco y Constitución S.A. ("Arauco"), Inversiones Arauco Internacional Limitada - affiliate of Arauco - materialized the subscription of 50% of the shares of Tableros de Fibras S.A., a Spanish affiliate of Sonae Industrias, which was renamed "Sonae Arauco" from yesterday.

The price paid by Arauco for the subscription of 50% of the shares in Sonae Arauco was the sum of € 137,500,000. The 50% remaining of Sonae Arauco will continue to be controlled by Sonae Industrias, which held a shareholders agreement.

One of the preceding conditions of the contract of subscription of shares was the total debt restructuring of the Group of companies of Sonae Arauco, for which the latter signed a contract of credit with various financial institutions, by a maximum amount of € 205,000,000.

With the materialization of this transaction, Sonae Arauco and its affiliates manufacture and commercialize MDF, PB and OSB wood panels, and timber, through the operation of 2 plants panels and a sawmill in Spain; 2 plants panels and one of resin in Portugal; 4 plants of panels in Germany; and 2 plants of panels in South Africa. In total, the production capacity of Sonae Arauco is approximately 1.45 million m³ of MDF; 2.27 million m³ of PB; 460 thousand m³ of OSB; and 100 thousand m³ of sawn timber.

Arauco believes that this transaction will have positive effects on its results, notwithstanding that by the time these are not possible to quantify."

6.- On June 30, 2016, the company reported the following: "Yesterday, the associated Global Aproveionadora de Energia S.A. (AGESA), signed with the company Enagas Chile SpA an agreement for the sale of all the shares that owns AGESA at GNL Quintero S.A., amounting to 20% of shares ownership of the latter. According to the agreement, the sale price amounts to US\$ 200 million.

This transaction is subject to the possible exercise by the rest of the shareholders of GNL Quintero S.A., of the right of pre-emption established in the corresponding shareholders Pact. It is estimated that the operation should improve during the present year 2016."

7.- On August 29, 2016, the company reported the following: "Our affiliated Compañía de Petróleos Chile COPEC S.A., hereinafter also "the Company" or "Copec", signed in August 27, 2016 an agreement with the American company "Delek US Holdings Inc", as it promises to which the acquisition of 100% of the shares and rights of five companies incorporated under the laws of the United States of America which operate 348 stations in that country, own most, and additionally supplied to 142 stations operated by third parties that sell fuel and have convenience stores.

The operation aims to the Company to acquire all of the shares of "MAPCO Express Inc.", "MAPCO Fleet Inc." actions, and social rights of the companies "GDK Bear Paw LLC", "NTI Investments LLC" and "Delek Transportation LLC".

Service stations operate with different brands, being the main one MAPCO. They are located and distributed in the States of Tennessee, Alabama, Georgia, Arkansas, Virginia, Kentucky and Mississippi, concentrating the greater part of them in Tennessee.

The mentioned affiliate estimates that the described acquisition represents an attractive opportunity, considering, among others, dealing with assets located in a geographical area with interesting demographic attributes and, at the same time, with one sufficient scale to be a competitive operation and serve as a platform for eventual Copec growth in the U.S. market.

The price agreed for the acquisition of these debt-free companies, amounts to the amount of US\$ 535 million, which includes 15 lands for future development, and value that will be paid at the end of the operation, met the agreed conditions, which are related to permissions, authorizations and other usual in these types of transactions. Expected that the closing occurs during the last quarter of this year.

Copec estimates that this transaction will have positive effects on its results, notwithstanding that by the time they are not possible to quantify."

8.- On October 4, 2016, the company reported the following: "On last April 20, the Society reported to that Superintendence that the affiliate Abastible S.A. ("Abastible") had agreed with Repsol, S.A. ("Repsol") purchase to the last of its Liquefied Petroleum Gas ("LPG") business in Peru ("Solgas") and Ecuador ("Duragas"),

excluding the activities of Repsol in the retail market of automotive LPG in Peru (the "transaction"). Also, is pointed out that it had made through a contract for the sale of shares that companies related to Repsol have Peruvian companies Repsol Gas del Peru S.A. (Regapesa") and Repsol Gas de la Amazonia S.A.C. ("Regaamsac"), and the Ecuadorian companies Duragas S.A. and Servicio de Mantenimiento y Personal S.A. Subsequently, and by the communication of the "Essential Fact" dated last June 1st, was informed of the materialization of the purchase of all the shares of Repsol in Regapesa and Regaamsac. Improvement of the sale of Duragas and Semapesa was pending, subject to the fulfilment of certain conditions precedent.

Hereby, reported that, having met the conditions precedent for the completion of the sale of the shares of the Ecuadorian companies Duragas S.A. and Servicio de Mantenimiento y Personal S.A., Abastible has been today, with effects for last October 1st, to acquire all of the shares that it was incumbent on Repsol butane S.A. an affiliate of Repsol, in the aforementioned companies. With this, the transaction has been after.

The price paid for the shares of these Ecuadorian companies amounted to the amount of US\$ 33,000,000, more net debt of US\$ 3,708,839.88 estimated at the end, which may be adjusted subsequent to this date on the basis of the final financial statements, in accordance with the respective contract of sale of shares.

As noted in our communication of last April 20, Duragas currently sells about 405 thousand tons of LPG a year and has a market share in Ecuador of 37%. It has 4 storage and packaging plants, 1 plant repair and maintenance of cylinder, 4.3 million own-brand cylinders, 2,500 own ponds in customers and 13 tankers to supply plants and customers, among other assets.

Empresas Copec S.A. estimates that Duragas purchase will have positive effects on the results of Abastible, notwithstanding that by the time these are not quantifiable."

9.- On November 8, 2016, the company reported the following: "In our communication of "Essential fact", dated last June 30, we inform the agreement of our partner Global Aproveionadora Energia S.A. (AGESA) with Enagas Chile S.A., for the sale of all the shares that owned AGESA at GNL Quintero S.A., amounting to 20% of shares ownership of the latter. As noted on that occasion, the transaction was subject to the possible exercise by the rest of the shareholders of GNL Quintero S.A., of the right of pre-emption established in the corresponding shareholders Pact.

In this regard, we inform you that, having met the time limits related to the mentioned rights, with this date AGESA proceeded to the signing of the contract for the sale of shares at GNL Quintero S.A. already referred. The sales price amounted to US\$ 197,365,113.

According to calculations made, this operation generates for Empresas Copec S.A. an income after taxes of approximately US\$ 52 million.

10.- On November 14, 2016, the company reported the following: "In our communication of Essential Fact dated last August 29, we inform you that our affiliated Compañía de Petróleos Chile COPEC S.A., hereinafter also "the Company" or "Copec", signed an agreement with the American company "Delek US Holdings Inc", as it promises to which the acquisition of 100% of the shares and rights of five companies incorporated under the laws of the United States of America which operate 348 stations in that country, own most, and additionally supplied to 142 stations operated by third parties that sell fuel and have convenience stores.

Hereby I inform that this date have been signed with the aforementioned Delek US Holdings Inc. the final documents of this transaction, in virtue of which Copec Combustibles has acquired all of the shares of "MAPCO Express Inc.", "MAPCO Fleet Inc" actions, and social rights of the companies "GDK Bear Paw LLC", "NTI Investments LLC" and "Delek Transportation LLC"; He has paid the purchase price; and it has taken control of the corresponding operations.

The price paid for the acquisition of these debt-free companies, amounts to the amount of US\$ 535 million, in addition to the box and setting by the deadline the working capital in the amount of US\$ 16.3 million.

As noted in our Essential Fact on August 29, the mentioned affiliate estimates that taking control of these companies in the United States represents an attractive opportunity for growth and international expansion, entering a market and geographical area with interesting demographic attributes, with one scale sufficient for a competitive operation and that can serve as a platform for an eventual growth in that country. It is also estimated that the transaction will have positive effects on its results, notwithstanding that by the time they are not possible to quantify."

11.- On December 16, 2016, the company reported the following: "Today, the affiliate Compañía de Petróleos de Chile Copec S.A. ("Copec Combustibles") has signed with Mobil Petroleum Overseas Company Limited and ExxonMobil Ecuador Holding B.V. (the "sellers" or "ExxonMobil"), several contracts that account for a regional agreement for the development and distribution of lubricant Mobil, which includes the markets of Colombia, Ecuador and Peru, as well as the renewal of their contractual relationship to Copec and Exxon Mobil in Chile since for almost sixty years.

The agreement also considers: (i) the operation and marketing of fuels to the Jorge Chavez international airport in Lima, Peru; and (ii) the transfer of fuels business that currently operates ExxonMobil in Colombia and Ecuador.

The transaction also includes the assets associated with these operations, such as plants and industrial facilities.

The agreement establishes that Copec Combustibles may assign the rights of distribution to one or more of its subsidiaries, including Organizacion Terpel S.A., Colombian society, hereinafter

designated "Terpel". Copec Combustibles estimates that a good way to optimize the business that is getting is to conduct it through Terpel, which will be offered, so it will perform the necessary steps in the instance of corporate governance Terpel corresponding and Colombia regulatory agencies, so is this affiliate which operate or acquire these businesses of ExxonMobil in Colombia Peru and Ecuador.

In addition, subject to the approval of the authorities of antitrust of Colombia, estimated it will be necessary to resell the operation and assets of fuel in that country. In this way, it will not retain that part of the business, given that the strategic focus of this transaction, in the case of Colombia, they are lubricants Mobil, leading brand in this market.

The agreement is based on the model of global integration of ExxonMobil with its dealers and the alliance which maintained with Copec Combustibles in Chile since 1957. The goal is to expand distribution of lubricants in other countries of the Andean region of South America and capture the growth opportunities offered by the markets of Chile, Colombia, Peru and Ecuador.

The operation will be materialized with the takeover by part of Copec Combustibles or Terpel, ExxonMobil Andean Holding LLC and its affiliates, a company with registered office in Delaware (USA), the company through which ExxonMobil controls the operation of lubricants and fuels in Colombia, as well as lubricants and aviation in Peru businesses. Additionally, Copec Combustibles (or Terpel, where applicable) will take control of ExxonMobil Ecuador Cía. Ltda., a company with registered office in Ecuador, through which the business of fuel in this country operates. Finally, ExxonMobil will yield to Copec Combustibles, which projected in turn pass it on to Terpel, their contracts of distribution of lubricants in the latter country.

Investment associated with these agreements will amount approximately to the amount of US\$ 747 million, of which US\$ 512 million correspond to the equity value ("equity value") of the acquired companies, more extra cash of approximately US\$ 235 million that they will have at the time of the closing of the transaction.

Finally, the financing of this operation considered the financial debt of Copec Combustibles and contributions of capital from its parent company Empresas Copec S.A.

Copec Combustibles estimated that this operation will have positive effects on its results, notwithstanding that by the time these are not quantifiable."

12.- On December 21, 2016, the company reported the following: "Today, Empresas Copec has proceeded to place bonds in the local market, bonds that are dematerialized and bearer, whose most relevant conditions are as follows:

1.- A) Bonds of Series "H", issued from the line of bonds approved by the Board of Directors dated July 31, 2014, registered in the securities register of the Superintendency of securities and

insurance with the N° 791, dated November 17, 2014. At the same time, the above-mentioned series of bonds was approved by the Board of Directors dated August 25, 2016 and October 27, 2016 and consists of Office N° 30.867 hint Superintendence, date of December 5, 2016.

This placement has been carried out by a total amount of Ch\$ 67,000,000,000, seven-year term. Interests are accrued from September 15, 2016, and will be paid semi-annually, on March 15 and September 15 of each year, counting from the day March 15, 2017.

The amortization of capital shall be carried out in six installments, the first one paid day, March 15, 2021 and the last September 15, 2023.

The issue reached a rate of 4.75% placement.

The bonds of Series "H" shall accrue on the capital outstanding, expressed in pesos national currency, an interest coupon of 4.75% annual, made, overcome, calculated on the basis of 180 days equal semesters, equivalent to a rate of 2.3474% semi-annual.

(B) Bonds of Series "I", issued from the line of bonds approved by the Board of Directors dated July 31, 2014, registered in the securities register of the Superintendency of securities and insurance with the No. 792 dated November 17, 2014. At the same time, the above-mentioned series of bonds was approved by the Board of Directors dated August 25, 2016 and October 27, 2016 and consists of Office N° 30.868 hint Superintendence, date of December 5, 2016.

This placement has been carried out for a total sum of 1,400,000 Unidades de Fomento ("UF"), 10-year term. Interests are accrued from September 15, 2016, and will be paid semi-annually, on March 15 and September 15 of each year, counting from the day March 15, 2017. The amortization of capital shall be made in a single fee payable from September 15, 2026.

The issue reached a rate of 2.44% placement.

The bonds Series "I" shall accrue on the outstanding capital, expressed in UF, an interest coupon of 2.30% annual, made, overcome, calculated on the basis of 180 days equal semesters, equivalent to a rate of 1.1435% semi-annual.

2.- These series of bonds have a rating of AA-local risk, under certificates granted by the Fitch Chile and Feller Rate risk classifiers.

3.- The placement agent was Credicorp Capital SA, Corredores de Bolsa, company with which there is no property relationship.

4.- Other relevant conditions of the above-mentioned bonds are as follows:

i) Bonds of Series "H" and "I" may be rescued from September 15, 2018.

(ii) Bonds will not have any warranty.

(iii) Funds from the placement above will be allocated 100% to finance projects of investment of the Society and/or its affiliates.

It is estimated that the placement of bonds that has been referred, will be significant effects in the statements of income of the Company".

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

1.- On October 25, 2016, the company reported the following: "Arauco advises that today has approved the start of construction of the "MDP Grayling" project, which will be located in the State of Michigan, United States of America (the "Project"). The Project will be developed by its affiliated American Flakeboard America Limited.

This Project consists of the construction and operation of a plant that will produce panels or boards (medium density particle board) MDP. He is expected to the productive capacity of the project to be 800,000 m³ of finished product per year, of which approximately 300,000 m³ will be coated with melamine paper.

It is estimated that the project will enter operations by the end of the year 2018, and that its sales will exceed the US\$ 200 million a year.

On the other hand, it is estimated that the Project will generate employment, in its stage of construction, for an average of 300 people (can reach up to a maximum of 600) and during the operation stage, for an average of 250 people.

This Project requires an estimated investment of US\$ 400 million investment to be financed with own resources.

Arauco believes that this project will have positive effects on the results of the Company, without prejudice that for the moment these are not quantifiable."

2.- On December 1st, 2016, the company reported the following: "Today, the Company has proceeded to place bonds in the local market, bonds that are dematerialized and bearer, whose most relevant conditions are as follows:

1.- Bonds of Series "S", issued from the line of bonds approved by the Board of Directors dated August 25, 2015, registered in the securities register of the Superintendency of securities and insurance with N° 825, dated December 30, 2015. At the same time, the above-mentioned series of bonds was approved by the Board of Directors dated October 27, 2016 and consists in the Officio N° 29667 of the Superintendence, date of November 22, 2016.

This placement has been carried out by a total amount of 5,000,000 Unidades de Fomento ("UF"), 10-year deadlines. The interests of vest from November 15, 2016 and will be paid Semiannually, on May 15 and November 15 of each year, starting from May 15, 2017. Amortization of capital shall be made in a single fee payable from November 15, 2026.

The issue reached a rate of 2.89% placement.

The Bonds of Series "S" shall accrue on the capital outstanding, expressed in UF, an interest coupon of 2.40% annual, made, over-come, calculated on the basis of semesters of 180 days, equivalent to a rate of 1.1929% semi-annual.

2.- This series of bonds has classification of local risk of AA-, under certificates granted by the Fitch Chile and Feller-Rate risk classifiers.

3.- The underwriter of placement was Santander brokers of stock exchange limited, company with which there is no property relationship.

4. The spreads on the bond issued by the Banco Central de Chile in UF ("BCU") to 10 years retrieved for the Series "S", was 124 basis points.

5. Other relevant conditions of the above-mentioned bonds are as follows:

(i) The bonds of Series "S" may be rescued from November 15, 2019.

(ii) Bonds will not have any warranty.

(iii) Funds from the placement referred to above, will be allocated 100% to the refinancing of liabilities in the short and/or long term of the Company and/or its affiliates, are expressed in national or foreign currency.

It is estimated the bond placement that has been referred, won't have significant effects in the States of the result of the Company".

III. AFFILIATE: FORESTAL CHOLGUÁN S.A.

1.- On March 24, 2016, the company reported the following: "In a company Board meeting held on that date, it was agreed to propose to our company Ordinary Shareholders' Meeting, summoned for April 26, payment of a minimum compulsory final dividend indicated below, which will be charged to the income of the year ended December 31, 2015.

Dividend N° 39 of US\$ 0.036927796 per share.

The dividend shall be paid in Chilean pesos, national currency, according to the "observed dollar" exchange rate to be published in the Official Gazette on May 4, 2016.

Should the above-mentioned dividend be approved by the shareholders' meeting, it will be paid as of May 10, 2016, from 09:00 hours at the company's share department, located at Avda. El Golf N°140, district of Las Condes, with normal business hours of 09:00 - 17:00 hours Monday through Friday. For those shareholders who have asked the company, the mentioned dividend shall be deposited in their checking account or they shall be sent their check by mail, accordingly.

Those shareholders listed in the company shareholders' registry at midnight on May 4, 2016, shall be entitled to the dividend mentioned above, if it is approved by the shareholders' meeting.

The notification informing shareholders of the agreement reached by the mentioned ordinary general shareholders' meeting about this dividend shall be published in the El Mercurio newspaper of Santiago on April 29, 2016.

The distribution of the dividend mentioned above will have no effect on the Company's financial standing.

The information contained in this letter is reported as essential, in accordance with what is established by the SVS in Circular Letter N° 660 of 1986."

IV. AFFILIATE: PESQUERA IQUIQUE GUANAYE S.A.

1.- On April 8, 2016, the company reported the following: "I hereby inform you that our company will hold an Extraordinary General Shareholders' Meeting on April 26, at 16:30 hours, at Avenida El Golf N°150, 16th floor, district of Las Condes, Santiago, in which the following issues will be addressed: a) Amend the bylaws to increase 5-7 the number of Directors of the Company; (b) Revoke the current Directors of the Company and to proceed to the complete renewal of the same; (c) Adapt provisions of the bylaws to the law N° 18.046 and its regulations, as a result of the changes which have taken these legal bodies and agree on a text updated and revised them; and (d) Take all the necessary agreements to materialize, legalize and formalize the statutory reforms that the Board agreed.

Immediately after and following the Extraordinary General Meeting designated above, in the same place of the latter, society held Ordinary General Shareholders' Meeting, to address the following: a) Submit the company's financial statements for the year ended December 31, 2015, the Annual Report and report on the performance of corporate business for decision by the Shareholders' Meeting; b) Report on the operations undertaken by the company to which Title XVI of Law N°18.046 refers; c) Establish the Board remuneration for the next year; d) Appoint the independent auditors; and e) Address any other issue of corporate interest of the competence of the type of Shareholders' Meeting mentioned.

As of April 12, 2016, the company's financial statements ended December 31, 2015 will be available to shareholders, with explanatory notes and the report of the external auditors, on the Company's website at http://www.igemar.cl/_file/179_eeff-diciembre-2015.pdf.

Complying with the second subparagraph of article 59 of Law N°18.046, the website www.igemar.cl includes the rationale for the options of the appointment of the independent auditors to be submitted to the shareholders' meeting. Shareholders may obtain a copy of this on the same Company website.

Those shareholders listed in the Company shareholders' registry at midnight on April 20, 2016, shall be entitled to participate in this meeting. The notification of summons to this meeting shall be published in the El Mercurio newspaper of Santiago on April 8, 14, and 21, 2016.

The company shall send the SVS a digital copy of the 2015 Annual Report through the SEIL module of the SVS, complying with General Regulation N°30 of 1989."

V. AFFILIATE: SOCIEDAD NACIONAL DE OLEODUCTOS S.A.

1.- On February 29, 2016, the company informed the following: "In a Board meeting held on February 26, 2016, it was agreed to summon the company's shareholders to the 17th Ordinary Shareholders' Meeting, to be held on March 21, 2016 at 08:00 hours at the head office, located in Santiago at Avenida Isabel La Católica N°4472, district of Las Condes, to submit the following issues for the consideration of the company's shareholders:

a) Approval of the Annual Report, balance sheet, financial statements and independent auditors' report for the year ended December 31, 2015; b) Distribution of the net income for the year ended December 31, 2015. The Board agreed to propose to the Ordinary Shareholders' Meeting to be held on March 21, 2016, to allocate all the profits of Ch\$ 21,019,097,436 in 2015 to a dividend, firstly covering those interim dividends distributed for the year ended December 31, 2016 and amounting to Ch\$ 16,000,427,938 and to distribute the balance of Ch\$ 5,018,669,499 as a final dividend of Ch\$ 50.18669499 per share on April 29, 2016; c) Information on the dividend policy agreed on by the Board for 2016; d) Report the information established in Title XVI of Law N°18.046 on corporations; e) Appoint the independent auditors for 2016; f) Fully renew the Board, due to the vacancy from the resignation of the directors, in compliance with what is laid down in the sixth article of the corporate by-laws; g) Address any other issues of corporate interest inherent to the Ordinary Shareholders' Meeting".

VI. ASSOCIATED: METROGAS S.A.

1.- On March 9, 2016, the company informed the following: "The Board agreed unanimously quote to Extraordinary Shareholders' Meeting of Metrogas S.A., for the day, May 26, 2016, at 11:00 in El Regidor N° 6, floor 8th, Las Condes, in order to submit to for consideration of Metrogas S.A. division and a new company that will be created under division that is referred to Aprovechadora Global de Energía S.A., on the basis of the consolidated financial statements audited to March 31, 2016 and the corresponding financial background."

/ SUBSEQUENT EVENTS

After December 31, 2016, the company informed the SVS of the following significant event:

I. PARENT COMPANY

1.- On March 9, 2017, the company informed the following: "Today, the affiliate Celulosa Arauco y Constitución S.A. ("Arauco"), in order to complement in the Essential Fact submitted by it on January 27, passed in relation to forest fires from its plantations, it has been reported as Essential Fact:

(a) As a result of the fires that have affected the country in the course of this year in several regions, especially those of the Maule and Biobío, Arauco has suffered burning approximately 80,000 hectares of forest plantations, which have value in their accounting of US\$ 240 million, according to IFRS accounting rules. This figure corresponds to approximately 6% of the IFRS value of total forest plantations of the affiliate, and approximately 2% of the total assets of Arauco.

(b) The affected plantations will be handled by Arauco to minimize the damage caused by the fires. It is estimated that this will allow a recovery end of between 10% and 20% of the countable amount of US\$ 240 million, above.

(c) In addition, planted forests affected by the fires have insurance, with their corresponding deductibles and limitations. By virtue of the foregoing, Arauco estimates that you can recover up to an amount of US\$ 35 million by this concept".

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

1.- On January 27, 2017, the company informed the following: "Since last week multiple fires have been occurring in the country, and in regard to the Company, in the regions of Maule and Biobío. For purposes of preventing and combating forest fires, Arauco has more than 1,300 professional brigades, duly trained and equipped for fire fighting. Also account for these purposes with 8 aircraft, 10 helicopters, more than 100 mobile teams carrying water, 120 watchtowers, 19 tracks of landing and specialized, as well as the support of specialized companies, national and international teams.

However, product of high temperatures, the action of the wind, low humidity, and complexity which means combat multiple bulbs that appear in different places simultaneously, the fire activity has increased significantly.

In the burned area, the company has approximately 80,000 hectares of plantations, whose degree of involvement may be determined once conditions permit to assess the damage, depending on the age of plantations, the intensity of the fire in different areas, and what were effectively achieved.

On the other hand, the sawmill El Cruce, of property of the affiliate Maderas Arauco S.A., whose damages are in evaluation was also affected.

Forest plantations and the sawmill affected by the fire have insurance, with their corresponding deductibles and limitations.

For now we are not in a position to specify the effects that these situations occur in the Company's results".

2. On March 9, 2017, the company informed the following: "Today, the affiliate Celulosa Arauco y Constitución S.A. ("Arauco"), in order to complement in the Essential Fact submitted by it on January 27, passed in relation to forest fires from its plantations, it has been reported as Essential Fact:

(a) As a result of the fires that have affected the country in the course of this year in several regions, especially those of the Maule and Biobío, Arauco has suffered burning approximately 80,000 hectares of forest plantations, which have value in their accounting of US\$ 240 million, according to IFRS accounting rules. This figure corresponds to approximately 6% of the IFRS value of total forest plantations of the affiliate, and approximately 2% of the total assets of Arauco.

(b) The affected plantations will be handled by Arauco to minimize the damage caused by the fires. It is estimated that this will allow a recovery end of between 10% and 20% of the countable amount of US\$ 240 million, above.

(c) In addition, planted forests affected by the fires have insurance, with their corresponding deductibles and limitations. By virtue of the foregoing, Arauco estimates that you can recover up to an amount of US\$ 35 million by this concept".

III. AFFILIATE: PESQUERA IQUIQUE GUANAYE S.A

1.- On March 8, 2017, the company reported the following: "The related company Corpesca S.A. reported, through Essential Fact, which in extraordinary Board session held today adopted agreements on the following matters:

a) In accordance to the International's financial reporting standards (IFRS), and as a result of market conditions, availability of fishing and production considered by his administration, Corpesca S.A. has been determined in the year 2016 a difference between the recoverable value of its assets and its rising book value to US\$ 57,573,000, generating a loss for impairment of assets by that amount. This deterioration is mainly associated to ships and other assets that are non-operational or with low projected utilization. This generated a net charge to income in the year 2016 US\$ 44,767,000. This extraordinary accounting effect does not an out of cash.

(b) It was agreed to convene Extraordinary General Shareholders' Meeting of Corpesca S.A. in order to treat a proposition of increasing capital of this company at US\$ 90 million, for the same day that is celebrated its Ordinary General Shareholders'

Meeting, and following this, during April and whose purpose is to strengthen the financial position of the company mainly enabling the reduction of its current debt burden.

(c) The increasing complexity and requirements of the fishing activity, as well as growth and challenges that represent other businesses of the company, other than the fisheries, make it necessary to establish appropriate structures for the better management and optimization of different areas of business. So it was agreed to start a study that proposed a restructuring plan, either through internal restructuring or through a corporate division. With respect to the agreement N° 1, in accordance with their interest in Corpesca S.A., corresponds to Pesquera Iquique - Guanaye S.A. accounting in consolidated financial statements from loss of the associated by the sum of US\$ 13,717,000 by concept of deterioration. The designated special accounting effect does not imply box output for Pesquera Iquique - Guanaye S.A."

/ SUPPLIERS AND CUSTOMERS

For each of the company's business segments, the suppliers that individually account for at least 10% of the total purchases made in the year for the supply of goods and services are as follows:

Arauco: no supplier has such concentration.

Copec: Enap Refinerías S.A. (54.3%).

Abastible: Gasmar S.A. (41.3%); Enap Refinerías S.A. (13.1%).

Sonacol: Chilquinta Energía S.A. (19.6%).

Igemar: no supplier has such concentration.

For each of the company's business segments, customers who individually concentrate at least 10% of the revenue are as follows:

Arauco: no customer has such concentration.

Copec: no customer has such concentration.

Abastible: no customer has such concentration.

Sonacol: Enap Refinerías S.A. (47.3%); Compañía de Petróleos de Chile Copec S.A. (35.5%).

Igemar: no customer has such concentration.

/ BRANDS

Empresas Copec owns the following brands: “Empresas Copec,” record N°s 742026, 742027, 742028 and, “EC”, record N°s 733767, 733768 and 733769.

The company’s business segments use the following brands to market their products:

a) Arauco: Arauco, AraucoPly, +Maqui, Arauco BKP, Arauco Celulosa, Arauco Color, Arauco EKP, Arauco Fluff, Arauco Lumber, Arauco Melamina, Arauco Moulding, Arauco PBO, Arauco UKP, Bastidores Finger, Cholguán, Deck, DecoFaz, Dimensionado, Duraflake, Durolac, Durolac Brillo, Faplac, Faplac Fondos, Fibrex, Hilam, Impregnado, Lookid, MDP, MSD, Oregón, OSB, Prism, Rollete, Trupán, Ultra PB, Vesto.

b) Copec: BlueMax, Chiletur Copec, Copec, Cupón Electrónico, EnRuta, GeoGas, Gverde, Lavamax, Lub, MobilTEC, Mundo Copec Latampass, NeoGas, NEOTAC, PagoClick, Pronto, Punto, Renova, Solvex, S.O.S Copec, Taxiamigo, TAE, TCT, Vía Limpia, Viva Leer, Voltex, Zervo.

c) Terpel: Alto, Altoque, Celerity, Club Gazel, De Una, Escuela Combustibles Aviación, Escuela de Isleros, Exacto Confianza, Fórmula 4, Forza, Gazel, Lubriton, Master, Masterlub, Max-Ter, Mi Estación, Mundo Terpel, Oiltec, Opese, Optimiza, PagoClick, Pits, Punto y Coma, Quick Shop, Sol, Spa Terpel, Tecnoil, Teresa, Terpel, Terplus, Ter-Matic, Ter-Ex, Tesos, Trac-Ter, Toque, Tunjo, Va y Ven, Ziclos, 2T Especial, 2T Náutico.

d) Mapco: Delta Express, Discount Food Market, East Coast, Fast Food and Fuel, Favorite Markets, Fleet Advantage, Good Livin’, Good Livin’ Market, Mapco, Mapco Express, Mapco Mart, My Deli, My Reward\$, Victory Fuels.

e) Abastible: Abastible, Autogas, Nautigas, Pausa, Solargas.

f) Inversiones del Nordeste: Asogas, Cinsa, Colgas, Gasan, Gases de Antioquia, Norgas.

g) Sonacol: Sonacol.

h) Igemar: Igemar.

i) Orizon: Atlas, Colorado, Lenga, Orizon, San José, Wirembo.

j) Alxar Minería: Compañía Minera Can-Can.

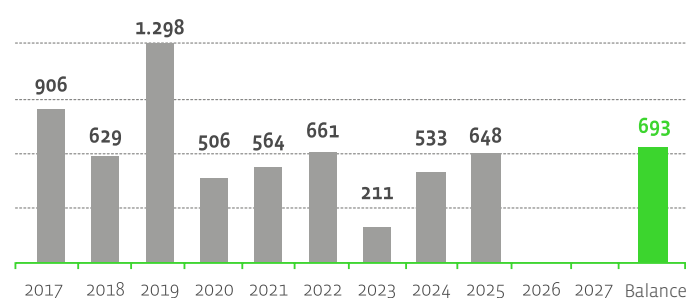
/ FINANCING, RISK AND INSURANCE

FINANCING

For the year ended December 31, 2016, the total consolidated financial debt amounted to US\$ 6,649 million, with short-term financial liabilities accounting for US\$ 180 million and long-term financial liabilities plus the short-term portion of long-term financial liabilities accounting for US\$ 6,469 million. The affiliate Celulosa Arauco y Constitución S.A. accounted for 68.6% of this amount, and its debt mainly consisted of bonds issued in the United States and expressed in US dollars. The affiliate Compañía de Petróleos de Chile Copec S.A. accounted for 15.3%, and its financial debt is mainly bank debt. 8.7% of the conso-

olidated debt was issued by the parent company Empresas Copec S.A., and consisted of bonds expressed in Unidades de Fomento.

Consolidated Empresas Copec had a financial debt to shareholders’ equity ratio of 0.49 times and a hedging ratio (EBITDA on financial expenses) of 4.8 times. Debt maturing in 2017 amounts to US\$ 906 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.

/ Financial debt maturity
Amounts expressed in millions of US dollars

RISK RATING

In 2016, the risk rating agency Feller Rate reaffirmed the rating and outlook for the shares of Empresas Copec, rating them as 1st Class, Level 1. Likewise, it gave it a credit rating of AA-. Moreover, Fitch Ratings maintained the rating given to the company’s shares as Level 1, and AA- for its credit rating. In regard to international ratings, Standard & Poor’s and Fitch Ratings gave the company a risk rating of BBB.

Concerning this, Empresas Copec S.A. has been recognized for its leadership in its two core businesses, its efficient cost structure and sound international presence of its forestry subsidiaries, its wide network, efficient logistics and strategic locations for fuel distribution, and the support of its controlling group. The downward trend of debt to historic levels was recognized.

RISK FACTORS

The Company has operations in different natural resource and energy areas through its affiliates and associates. 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 important affiliates are Celulosa Arauco y Constitución S.A., which operates in the forestry sector, and Compañía de Petróleos de Chile Copec S.A. in the fuels business. Both companies jointly account for about 87% of the group’s consolidated assets, and 87% of the EBITDA. They also account for around 94% of the accounts receivable and 87% of the bond and financial debt issues. Together with the parent company, they represent 95% of the consolidated placements. Most of the risks faced by

the Group therefore lie in these three units. The specific risks affecting each of them are analyzed below.

FORESTRY BUSINESS

The global market determines the wood pulp price and the regional market conditions. Prices fluctuate according to demand, production capacity, the commercial strategies adopted by the large forestry companies and pulp and paper producers, and the availability of substitutes.

As an example of the price sensitivity with all the other variables constant, a variation of $\pm 10\%$ in the average wood pulp price would mean a variation of net income in the year after tax of $\pm 64.8\%$ (equivalent to US\$ 141.0 million) and of shareholders' equity of $\pm 1.21\%$ (equivalent to US\$ 84.6 million).

In regard to the economic risks from interest rate variations, the affiliate had a fixed-rate debt to total consolidated debt ratio of approximately 87.1% for the year ended December 31, 2016, and this policy is in keeping with the industry in which it operates.

Most of the affiliates in the forestry business have their accounting in US dollars. Nevertheless, they are subject to the risk of losses from exchange rate variations of currencies when assets and liabilities are in currencies other than the functional currency defined by Arauco. With all the other variables constant, a variation of $\pm 10\%$ in the US dollar to Chilean peso exchange rate would mean a variation of net income in the year after tax of $\pm 5.28\%$ (equivalent to US\$ 15.1 million) and $\pm 0.10\%$ for shareholders' equity (equivalent to US\$ 6.9 million).

Likewise, with all the other variables constant, a variation of $\pm 10\%$ in the US dollar to Brazilian real exchange rate would mean a variation of net income in the year after tax of $\pm 1.22\%$ (equivalent to US\$ 2.7 million) and a change in shareholders' equity of $\pm 0.02\%$ (equivalent to US\$ 1.6 million).

FUELS BUSINESS

Through its affiliates Copec and Abastible, the company has a leading position in the Chilean liquefied fuel and gas market. It also operates in Colombia through its affiliates Terpel and Inversiones del Nordeste, and in Peru and Ecuador, through its affiliates Solgas and Duragas, companies recently acquired by Abastible. Also participates in the United States, through Mapco, company acquired by Copec at the end of 2016. In these countries, the supply gets an important part of local companies. Notwithstanding the foregoing, the company can access alternative fuel supply markets, enabling it to assure and optimize the supply and distribution of products to the public.

The major risk in the fuel and liquefied 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 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.

Notwithstanding this, at present the value of the company's

inventory is indeed affected by variations in international fuel prices. The company's policy is not to hedge the permanent stock as the increases and decreases that occur are offset in the long term. This is not the case with specific surplus stocks, for which due to the market price establishment methodology the company has not found a hedging instrument that mitigates this risk.

The affiliates in the fuels business, accounting for approximately 27.2% of the Company's total assets, have accounting in Chilean, Colombian, Peruvian and US 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.

FISHERIES BUSINESS

In the fisheries 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 concerning demand consumption in Asia in general, and China in particular.

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 general bank debt of companies is 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 using forwards or other financial instruments.

Sales agreed in currencies other than the US dollar 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 to the US dollar.

Regarding costs, the fisheries sector 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 subsidiaries and related companies in this business.

PARENT COMPANY

Lastly, the parent company risks are mainly related to its financial placements which for the year ended December 31, 2016 amounted to US\$ 713 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.

It should be noted that on December 22, 2009, the parent company issued a bond in the domestic market in UF (BECOP-C) of UF 7 million. The placement rate was 4.30% for a coupon rate of 4.25%. Interest is paid half yearly and the amortization of the capital will be paid in one single installment in 2030. The denomination currency of this liability (UF) differs from the functional currency of the parent company (US\$). However, these bonds were transferred to subsidiaries in the fuels business, whose functional currency is the peso, so the consolidated exposure to exchange rate variations for this is eliminated. This transfer also eliminates any liquidity risk at parent company level. A similar situation occurred with a new bond placement in the domestic market in UF (BECOP-E), made by the parent company on September 15, 2011. It amounted to UF 1.3 million, and the placement rate was 3.40% at a coupon rate of 3.25%. Interest is also paid half yearly and the amortization of the capital will be paid in one single instalment on July 31, 2021.

Similarly, on December 4, 2014, the parent company Empresas Copec made a new bond issue (BECOP-G) in the Chilean market for a total amount of UF 2.5 million. The placement rate was 2.88%, with a coupon rate of 2.70%. As with the previous issues, interest is paid quarterly, and the capital will be amortized in one single payment on October 15, 2024.

On December 21, 2016, the company made new bond issues in the local market. BECOP-H series, for an amount of Ch\$ 67,000,000,000, settled at a rate of 4.75%, same level as its rate of cover. Interest is paid semiannually and the capital is amortized from year five, and expires September 15, 2023. For his part, BECOP-I series, for a total of UF 1.4 million, settled at a rate of 2.44% and its rate of cover is 2.30%. Interests are also payable semiannually and the amortization of capital paid in a share, from September 15, 2026. All these issues have been fixed-rate, thereby mitigating the risk of

movements in interest rates.

Note N°4 to the financial statements provides more information about risk factors.

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 national insurance companies that agree on reinsurance for the bulk of the significant risks with first-class risk reinsurers 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 modifying existing coverage in keeping with what is offered in the market.

DIFFERENCE BETWEEN MARKET AND BOOK VALUES OF ASSETS

For the year ended December 31, 2016, there were no major differences between the market and book values of the company's main assets, with the exception of investments in subsidiaries and associates which, pursuant to the regulations laid down by the Superintendency of Securities and Insurance, were stated using the equity method of the respective companies.

PROPERTIES AND FACILITIES

For the year ended December 31, 2016, the parent company was the owner of its corporate headquarters from 2,714 m², located on Av. The 150 Golf. The company has no other concessions, land and/or relevant facilities, and nor has land reserved for future projects.

PATENTS, LICENSES AND FRANCHISES

For the year ended December 31, 2016, Empresas Copec S.A. had no patents, licenses and franchises.

HEADCOUNT

For the year ended December 31, 2016, the headcount of the parent company Empresas Copec S.A. amounted to 28 people, including 7 managers and senior executives and 12 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 31,714 employees, including 896 managers and senior executives and 8,894 professionals and technicians.

ORGANIZATIONAL DIVERSITY

For the year December 31, 2016, the breakdown of the organizational diversity of Empresas Copec S.A. was as follows:

N° of People	The Board	Senior Management	Rest of the Organization
Gender			
Male	9	6	15
Female	0	1	6
Nationality			
Chilean	9	7	19
Foreign	0	0	2
Age			
Less than 30 years	0	0	11
From 30 to 40 years	0	3	3
From 41 to 50 years	0	2	2
From 51 to 60 years	2	2	2
From 61 to 70 years	2	0	2
More than 70 years	5	0	1
Years of Service			
Less than 3 years	3	2	9
From 3 to 6 years	1	1	6
More than 6 and less than 9	0	0	0
From 9 to 12 years	4	1	2
More than 12 years	1	3	4

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The consolidated breakdown of the organizational diversity is shown below:

N° of People	Consolidated Headcount
Gender	
Male	22,523
Female	9,191
Nationality	
Chilean	18,140
Foreign	13,574
Age	
Less than 30 years	8,874
From 30 to 40 years	10,870
From 41 to 50 years	7,175
From 51 to 60 years	3,930
From 61 to 70 years	819
More than 70 years	46
Years of Service	
Less than 3 years	14,741
From 3 to 6 years	5,967
More than 6 and less than 9	3,130
From 9 to 12 years	2,862
More than 12 years	5,014

/ SALARY GAP

For the year ended December 31, 2016, the parent company had the following salary gap:

Position	Men	Women	Gap (%)
General Management	1	0	N/A
Management	2	0	N/A
Assistant management	2	0	N/A
Heads	1	2	48.7%
Analysts*	7	3	16.1%
Secretaries	0	3	N/A
Messengers	6	0	N/A

*Include analysts of the finance, studies and accounting areas with 0 to 5 years of experience



Summary of financial statements

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Assets

At December 31

	2016 ThUS\$	2015 ThUS\$
Current Assets	4,910,134	5,145,805
Cash and cash equivalents	1,289,413	1,584,765
Other current financial assets	185,046	174,981
Other current non financial assets	172,477	149,142
Trade and other receivables	1,358,381	1,347,354
Accounts receivable with related parties	46,530	76,669
Inventories	1,375,043	1,385,846
Biological assets	309,365	309,040
Current tax assets	166,221	110,781
Non current assets held for sale	7,658	7,227
Non Current Assets	16,536,372	14,779,809
Other non current financial assets	94,776	130,228
Other non current non financial assets	135,985	128,934
Non current fees receivable	32,958	43,151
Non current accounts receivable with related parties	25,187	7,464
Investment in associates through equity method	979,004	584,520
Intangible assets other than goodwill	811,178	645,999
Goodwill	410,587	167,725
Property, plant and equipment	10,117,664	9,277,204
Biological assets	3,592,874	3,520,068
Investment property	45,447	44,680
Deferred tax assets	290,712	229,836
TOTAL ASSETS	21,446,506	19,925,614

Liabilities and Equity

At December 31

	2016 ThUS\$	2015 ThUS\$
Current Liabilities	2,612,925	1,923,329
Other current financial liabilities	911,454	420,815
Commercial creditors and other accounts payable	1,419,909	1,300,485
Accounts payable to related parties	7,653	6,027
Other provisions	16,357	4,247
Current tax liabilities	44,683	18,981
Current provisions for employee benefits	8,654	8,611
Other current non financial liabilities	204,215	164,163
Non Current Liabilities	8,348,081	8,146,412
Other non current financial liabilities	5,738,043	5,734,926
Non current liabilities	940	804
Accounts payable to related parties	0	0
Other provisions	67,080	46,279
Deferred tax liabilities	2,304,547	2,172,746
Non current provisions for employee benefits	102,922	87,603
Other non current non financial liabilities	134,549	104,054
Net Equity	10,485,500	9,855,873
Share capital	686,114	686,114
Accumulated earnings (losses)	10,278,553	9,974,213
Other reserves	(1,009,473)	(1,300,692)
Equity attributable to equity holders of the company	9,955,194	9,359,635
Minority interest	530,306	496,238
TOTAL LIABILITIES AND NET EQUITY	21,446,506	19,925,614

Income Statement

For the years ended December 31

	2016 ThUS\$	2015 ThUS\$
Revenue	16,699,311	18,160,142
Cost of sales	(13,936,759)	(15,097,992)
Gross income	2,762,552	3,062,150
Other operating income	278,873	286,364
Distribution costs	(1,196,570)	(1,159,469)
Administrative expenses	(778,032)	(819,344)
Other operating expenses	(115,213)	(131,266)
Other income (loss)	(8,014)	(5,186)
Financial income	65,443	76,443
Financial costs	(361,519)	(351,335)
Income on investments in related companies and joint ventures	96,674	(125,940)
Exchange rate differences	22,692	(60,478)
Gains (losses) on net monetary position	(12,760)	(14,530)
Income before taxes	754,126	757,409
Income taxes	(157,481)	(186,440)
Net Income	596,645	570,969
Income attributable		
Income attributable to equity holders of the company	554,185	539,307
Income attributable to minority interests	42,460	31,662
Net Income	596,645	570,969
Earnings per share		
Common shares		
Basic earnings per share	0.4263441	0.4148982
Basic earnings per share from discontinued operations	0.4263441	0.4148982
Basic earnings per share from continuing operations	0.0000000	0.0000000
Diluted common shares		
Earnings per diluted share	0.0000000	0.0000000
Earnings per diluted share from discontinued operations	0.0000000	0.0000000
Earnings per diluted share from continuing operations	0.0000000	0.0000000

Comprehensive Income Statement

For the years ended December 31

	2016 ThUS\$	2015 ThUS\$
Net Income	596,645	570,969
Comprehensive income, net of tax		
Other comprehensive income does not reclassify to the income of the period	(5,568)	(2,310)
Gain (loss) for actuarial plans of defined beneficts	(5,594)	(1,530)
Participation of other comprehensive income of associates and joint ventures	26	(780)
Exchange difference on conversion	248,659	(705,656)
Gain (loss) for differences on conversion	248,659	(705,656)
Financial assets held for sale	276	(183)
Gain (loss) on fair value changes of financial assets held for sale	276	(183)
Cash flow hedges	67,919	1,424
Gain (loss) on cash flow hedges	67,347	1,427
Reclassification adjustments on cash flow hedges	572	(3)
Other comprehensive income		
Gain (loss) from investments in equity instruments	0	4
Gain (loss) for actuarial plans of defined beneficts	(2,706)	(618)
Participation of other comprehensive income of associates and joint ventures	0	(783)
Other comprehensive income, net of tax	314,148	(705,812)
Income tax related to other comprehensive income	(14,831)	368
Income tax related to plans of defined beneficts to other comprehensive income	0	649
Income tax related to investment in equity instruments	0	(1)
Income tax related to financial assets held for sale	(68)	41
Income tax related to cash flow hedges	(16,837)	(331)
Income tax related to plans of defined beneficts	2,074	10
Other comprehensive income	293,749	(707,754)
Total comprehensive income	890,394	(136,785)
Comprehensive income attributable		
Comprehensive income attributable to parent company	847,358	(167,323)
Comprehensive income attributable to non controlling interests	43,036	30,538
Total comprehensive income	890,394	(136,785)

Statement of Changes / in Equity

Current Period (ThUS\$)	Ordinary Shares Share Capital	Legal and statutory reserves	Reserves available for sale	Conversion Reserves	Beneficials Reserves	Hedge Reserves	Other Reserves	Other Reserves Total	Changes in Retained Earnings (Ac- cumulated Losses)	Changes in Equity Attrib- utable to Parent Company Shareholders, Total	Changes in Minority Interests	Changes in Net Equity, Total
Opening balance at January 1, 2016	686,114	3	(468)	(1,679,567)	(21,924)	(40,487)	441,751	(1,300,692)	9,974,213	9,359,635	496,238	9,855,873
Restated opening balance	686,114	3	(468)	(1,679,567)	(21,924)	(40,487)	441,751	(1,300,692)	9,974,213	9,359,635	496,238	9,855,873
Changes in equity												
Comprehensive income statement												
Net income	0								554,185	554,185	42,460	596,645
Other comprehensive income	0	0	207	248,203	(6,224)	50,387	600	293,173		293,173	576	293,749
Dividends	0								(224,643)	(224,643)	0	(224,643)
Other increases (decreases) through transfers and other changes	0	0	0	0	0	0	(1,954)	(1,954)	(25,202)	(27,156)	(8,968)	(36,124)
Changes in equity	0	0	207	248,203	(6,224)	50,387	(1,354)	291,219	304,340	595,559	34,068	629,627
Closing balance at December 31, 2016	686,114	3	(261)	(1,431,364)	(28,148)	9,900	440,397	(1,009,473)	10,278,553	9,955,194	530,306	10,485,500

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Previous Period (ThUS\$)	Ordinary Shares Share Capital	Legal and statutory reserves	Reserves available for sale	Conversion Reserves	Beneficials Reserves	Hedge Reserves	Other Reserves	Other Reserves Total	Changes in Retained Earnings (Ac- cumulated Losses)	Changes in Equity Attrib- utable to Parent Company Shareholders, Total	Changes in Minority Interests	Changes in Net Equity, Total
Opening balance at January 1, 2015	686,114	0	(326)	(974,990)	(19,658)	(41,622)	438,479	(598,117)	9,651,252	9,739,249	596,878	10,336,127
Restated opening balance	686,114	0	(326)	(974,990)	(19,658)	(41,622)	438,479	(598,117)	9,651,252	9,739,249	596,878	10,336,127
Changes in equity												
Comprehensive income statement												
Net income	0	0	0	0	0	0	0	0	539,307	539,307	31,662	570,969
Other comprehensive income	0	3	(142)	(704,577)	(2,266)	1,135	(783)	(706,630)	0	(706,630)	(1,124)	(707,754)
Dividends	0	0	0	0	0	0	0	0	(213,449)	(213,449)	0	(213,449)
Increases (decreases) through transfers and other changes	0	0	0	0	0	0	(21,583)	(21,583)	(2,897)	(24,480)	(131,178)	(155,658)
Increases (decreases) to changes in subsidiaries that do not involve loss of control	0	0	0	0	0	0	25,638	25,638	0	25,638	0	25,638
Changes in equity	0	3	(142)	(704,577)	(2,266)	1,135	3,272	(702,575)	322,961	(379,614)	(100,640)	(480,254)
Closing balance at December 31, 2015	686,114	3	(468)	(1,679,567)	(21,924)	(40,487)	441,751	(1,300,692)	9,974,213	9,359,635	496,238	9,855,873

Statement of Cash Flows

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Cash Flows from (used in) Operating Activities	1,511,847	1,526,269
Classes of cash receipts from operating activities		
Receipts from sales of goods and rendering of services	17,188,228	18,824,977
Receipts from premiums and claims, annuities and other policy benefits	342	6,122
Other cash receipts from operating activities	474,972	337,495
Classes of cash payments		
Payments to suppliers for goods and services	(14,735,214)	(16,256,561)
Payments to and behalf of employees	(815,407)	(700,736)
Payments from premiums and claims, annuities and other policy benefits	(6,605)	(4,307)
Other payments from operating activities	(287,671)	(242,975)
Dividends received	11,428	13,114
Interest paid	(221,215)	(232,646)
Interest received	60,239	39,590
Income taxes refund (paid)	(171,849)	(258,463)
Other inflows (outflows) of cash	14,599	659
Cash Flows from (used in) Investing Activities	(1,821,265)	(836,832)
Cash flows from loss of control of subsidiaries or other businesses	(835,264)	(10,090)
Cash flows from purchase of non-controlling interests	0	(22,202)
Other cash payments to acquire equity or debt instruments of other entities	(177)	0
Other cash payments to acquire joint ventures	(153,135)	0
Loans to related companies	(19,831)	(78,663)
Proceeds from sale of property, plant and equipment	22,143	11,918
Purchase of property, plant and equipment	(636,007)	(604,095)
Proceeds from sale of intangible assets	0	99
Purchase of intangible assets	(52,926)	(43,691)
Proceeds from other non current assets	1,859	650
Purchase of other non current assets	(157,320)	(126,366)
Cash advances and loans to third parties	(610)	(2,049)
Cash receipts from the repayment of advances and loans granted to third parties	456	0
Cash receipts from related parties	928	924
Dividends received	55,337	35,217
Interests received	1,187	53
Other inflows (outflows) of cash	(47,905)	1,463

Cash Flows from (used in) Financing Activities	(37,916)	(1,010,454)
Proceeds from shares issued	(791)	0
Payments of other equity interests	(234)	0
Proceeds from long term borrowings	567,092	193,803
Proceeds from short term borrowings	549,808	334,396
Borrowings to related parties	0	184
Payments of borrowings	(822,566)	(1,206,278)
Payments of finance leasing liabilities	(3,414)	(669)
Payments of borrowings to related parties	(251,105)	(296,686)
Dividends paid	(67,852)	(53,329)
Interest paid	(8,854)	18,125
Other inflows (outflows) of cash		
Net Increase (Decrease) in Cash and Cash Equivalents	(347,334)	(321,017)
Effect of exchange rate changes on cash and cash equivalents	52,542	(108,029)
Effect of changes in consolidation on cash and cash equivalents	(294,792)	(429,046)
Cash and cash equivalents at beginning of period	1,584,205	2,013,251
Cash and cash equivalents at end of period	1,289,413	1,584,205

Summary of Financial Statements

Principal Affiliates

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/ CELULOSA ARAUCO Y CONSTITUCIÓN S.A. AND AFFILIATES

BALANCE SHEET

At December 31

	2016 ThUS\$	2015 ThUS\$
Assets		
Current assets	2,722,360	2,686,412
Non current assets	11,283,821	10,983,979
TOTAL ASSETS	14,006,181	13,670,391
Liabilities		
Current liabilities	1,346,064	1,034,251
Non current liabilities	5,660,834	5,989,695
Total liabilities	7,006,898	7,023,946
Equity		
Issued capital	353,618	353,618
Other reserves	(728,042)	(949,360)
Accumulated earnings (losses)	7,329,675	7,204,452
Equity attributable to equity holders of the company	6,955,251	6,608,710
Minority interest	44,032	37,735
Net equity	6,999,283	6,646,445
TOTAL LIABILITIES AND NET EQUITY	14,006,181	13,670,391

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INCOME STATEMENT

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Gross profit	1,262,480	1,635,315
Profit (loss) before taxes	263,224	497,405
Income taxes	(45,647)	(129,694)
Profit (loss) after taxes	217,577	367,711
Profit (loss)	217,577	367,711
Profit (loss) attributable to equity holders of the company	213,801	362,689
Profit (loss) attributable to minority interests	3,776	5,022
Profit (loss)	217,577	367,711

STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Net cash flow from (used in) operating activities	773,584	853,650
Net cash flow from (used in) investing activities	(640,212)	(477,780)
Net cash flow from (used in) financing activities	(38,484)	(812,176)
Net Increase (Decrease) in Cash and Cash Equivalents	94,888	(436,306)
Effect of exchange rate changes on cash and cash equivalents	(2,660)	(34,821)
Cash and cash equivalents at beginning of period	500,025	971,152
Cash and cash equivalents at end of period	592,253	500,025

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Legal and statutory reserves	(4,084)	(878)
Conversion Reserves	168,884	(374,275)
Hedge Reserves	56,492	(2,374)
Other Reserves	26	(781)
Changes in Retained Earnings (Accumulated Losses)	125,223	219,888
Changes in Minority Interests	6,297	(9,871)
Changes in equity	352,838	(168,291)
Closing balance	6,999,283	6,646,445

/ COMPAÑÍA DE PETRÓLEOS DE CHILE COPEC S.A. AND AFFILIATES

BALANCE SHEET

At December 31

	2016 ThCh\$	2015 ThCh\$
Assets		
Current assets	1,070,749,197	1,050,851,806
Non current assets	1,871,988,680	1,465,151,192
TOTAL ASSETS	2,942,737,877	2,516,002,998
Liabilities		
Current liabilities	783,828,480	569,704,461
Non current liabilities	1,112,885,789	1,060,314,572
Total liabilities	1,896,714,269	1,630,019,033
Equity		
Issued capital	511,338,349	410,502,349
Other reserves	(209,755,735)	(195,488,611)
Accumulated earnings (losses)	586,340,725	521,140,396
Equity attributable to equity holders of the company	887,923,339	736,154,134
Minority interest	158,100,269	149,829,831
Net equity	1,046,023,608	885,983,965
TOTAL LIABILITIES AND NET EQUITY	2,942,737,877	2,516,002,998

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INCOME STATEMENT

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Gross profit	731,197,700	732,100,354
Profit (loss) before taxes	196,065,857	229,292,550
Income taxes	(48,808,827)	(24,702,294)
Profit (loss) after taxes	147,257,030	204,590,256
Profit (loss)	147,257,030	204,590,256
Profit (loss) attributable to equity holders of the company	130,400,658	197,042,165
Profit (loss) attributable to minority interests	16,856,372	7,548,091
Profit (loss)	147,257,030	204,590,256

STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Net cash flow from (used in) operating activities	364,018,769	405,046,106
Net cash flow from (used in) investing activities	(546,321,159)	(159,959,943)
Net cash flow from (used in) financing activities	152,899,482	(123,292,989)
Net Increase (Decrease) in Cash and Cash Equivalents	(29,402,908)	121,793,174
Effect of exchange rate changes on cash and cash equivalents	2,206,746	(3,521,052)
Cash and cash equivalents at beginning of period	311,070,842	192,798,720
Cash and cash equivalents at end of period	283,874,680	311,070,842

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Opening balance	885,983,965	821,408,571
Share Capital	100,836,000	-
Legal and statutory reserves	-	1,606
Reserves available for sale	49,889	(2,691)
Conversion Reserves	(8,217,991)	(41,384,789)
Hedge Reserves	(4,877,438)	3,201,759
Benefacts Reserves	(1,382,777)	(716,685)
Other Reserves	161,193	18,445,560
Changes in Retained Earnings (Accumulated Losses)	65,200,329	92,714,582
Changes in Minority Interests	8,270,438	(7,683,948)
Changes in equity	160,039,643	64,575,394
Closing balance	1,046,023,608	885,983,965

/ ABASTIBLE S.A. AND AFFILIATES

BALANCE SHEET

At December 31

	2016 ThCh\$	2015 ThCh\$
Assets		
Current assets	100,177,177	75,737,246
Non current assets	673,343,856	410,501,852
TOTAL ASSETS	773,521,033	486,239,098
Liabilities		
Current liabilities	101,605,533	46,371,338
Non current liabilities	367,837,109	224,672,983
Total liabilities	469,442,642	271,044,321
Equity		
Issued capital	248,508,932	4,947,076
Other reserves	(8,441,705)	(1,392,492)
Accumulated earnings (losses)	24,976,569	175,994,163
Equity attributable to equity holders of the company	265,043,796	179,548,747
Minority interest	39,034,595	35,646,030
Net equity	304,078,391	215,194,777
TOTAL LIABILITIES AND NET EQUITY	773,521,033	486,239,098

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INCOME STATEMENT

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Gross profit	222,450,091	158,417,696
Profit (loss) before taxes	74,179,279	52,163,435
Income taxes	(20,242,922)	(12,725,678)
Profit (loss) after taxes	53,936,357	39,437,757
Profit (loss)	53,936,357	39,437,757
Profit (loss) attributable to equity holders of the company	49,176,871	34,645,405
Profit (loss) attributable to minority interests	4,759,486	4,792,352
Profit (loss)	53,936,357	39,437,757

STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Net cash flow from (used in) operating activities	89,969,306	85,943,934
Net cash flow from (used in) investing activities	(241,104,340)	(42,975,894)
Net cash flow from (used in) financing activities	148,634,120	(26,208,462)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,500,914)	16,759,578
Effect of exchange rate changes on cash and cash equivalents	1,002,858	294,890
Cash and cash equivalents at beginning of period	37,299,358	20,244,890
Cash and cash equivalents at end of period	35,801,302	37,299,358

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Opening balance	215,194,777	210,748,125
Issued Capital	243,561,856	-
Legal and statutory reserves	27,206	(115,435)
Conversion Reserves	(5,636,552)	79,064
Hedge Reserves	(928,078)	(1,015,098)
Other Reserves	(511,789)	(395,007)
Changes in Retained Earnings (Accumulated Losses)	(151,017,594)	8,311,732
Changes in Minority Interests	3,388,565	(2,418,604)
Changes in equity	88,883,614	4,446,652
Closing balance	304,078,391	215,194,777

/ SOCIEDAD NACIONAL DE OLEODUCTOS S.A.

BALANCE SHEET

At December 31

	2016 ThCh\$	2015 ThCh\$
Assets		
Current assets	4,761,002	5,563,697
Non current assets	186,721,951	184,640,755
TOTAL ASSETS	191,482,953	190,204,452
Liabilities		
Current liabilities	37,312,742	37,121,729
Non current liabilities	82,434,011	81,346,523
Total liabilities	119,746,753	118,468,252
Equity		
Issued capital	59,575,440	59,575,440
Other reserves	0	0
Accumulated earnings (losses)	12,160,760	12,160,760
Net equity	71,736,200	71,736,200
TOTAL LIABILITIES AND NET EQUITY	191,482,953	190,204,452

INCOME STATEMENT

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Gross profit	34,031,448	31,848,258
Profit (loss) before taxes	30,491,595	27,226,280
Income taxes	(7,358,317)	(6,207,183)
Profit (loss) after taxes	23,133,278	21,019,097
Profit (loss)	23,133,278	21,019,097

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STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Net cash flow from (used in) operating activities	31,738,971	33,143,928
Net cash flow from (used in) investing activities	(6,743,219)	(9,436,335)
Net cash flow from (used in) financing activities	(25,008,136)	(33,216,305)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,384)	(9,508,712)
Effect of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents at beginning of period	1,028,389	10,537,101
Cash and cash equivalents at end of period	1,016,005	1,028,389

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThCh\$	2015 ThCh\$
Opening balance	71,736,200	71,736,200
Changes in equity	0	0
Closing balance	71,736,200	71,736,200

/ PESQUERA IQUIQUE-GUANAYE S.A. AND AFFILIATES

BALANCE SHEET

At December 31

	2016 ThUS\$	2015 ThUS\$
Assets		
Current assets	96,447	117,125
Non current assets	405,127	420,994
TOTAL ASSETS	501,574	538,119
Liabilities		
Current liabilities	60,808	44,629
Non current liabilities	126,047	142,246
Total liabilities	186,855	186,875
Equity		
Issued capital	347,457	347,457
Other reserves	(5,924)	(8,273)
Accumulated earnings (losses)	(125,732)	(90,492)
Equity attributable to equity holders of the company	215,801	248,692
Minority interest	98,918	102,552
Net equity	314,719	351,244
TOTAL LIABILITIES AND NET EQUITY	501,574	538,119

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INCOME STATEMENT

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Gross profit	46,369	39,189
Profit (loss) before taxes	(41,548)	(26,528)
Income taxes	2,639	4,103
Profit (loss) after taxes	(38,909)	(22,425)
Profit (loss)	(38,909)	(22,425)
Profit (loss) attributable to equity holders of the company	(35,223)	(17,611)
Profit (loss) attributable to minority interests	(3,686)	(4,814)
Profit (loss)	(38,909)	(22,425)

STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Net cash flow from (used in) operating activities	16,975	17,969
Net cash flow from (used in) investing activities	(22,779)	(31,512)
Net cash flow from (used in) financing activities	(4,223)	(7,436)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,027)	(20,979)
Effect of exchange rate changes on cash and cash equivalents	(623)	354
Cash and cash equivalents at beginning of period	11,958	32,583
Cash and cash equivalents at end of period	1,308	11,958

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Opening balance	351,244	399,085
Conversion Reserves	1,870	(2,554)
Hedge Reserves	652	(190)
Other Reserves	(173)	(7,609)
Changes in Retained Earnings (Accumulated Losses)	(35,240)	(17,631)
Changes in Minority Interests	(3,634)	(19,857)
Changes in equity	(36,525)	(47,841)
Closing balance	314,719	351,244

/ SOCIEDAD MINERA CAMINO NEVADO LTDA.

BALANCE SHEET

At December 31

	2016 ThUS\$	2015 ThUS\$
Assets		
Current assets	14,967	48,554
Non current assets	359,283	154,432
TOTAL ASSETS	374,250	202,986
Liabilities		
Current liabilities	140,189	352,641
Non current liabilities	117,632	13,717
Total liabilities	257,821	366,358
Equity		
Issued capital	354,105	69,105
Other reserves	(9,790)	(13,425)
Accumulated earnings (losses)	(227,906)	(219,115)
Equity attributable to equity holders of the company	116,409	(163,435)
Minority interest	20	63
Net equity	116,429	(163,372)
TOTAL LIABILITIES AND NET EQUITY	374,250	202,986

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INCOME STATEMENT

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Gross profit	0	(2,238)
Profit (loss) before taxes	(11,147)	(186,702)
Income taxes	2,354	3,826
Profit (loss) after taxes	(8,793)	(182,876)
Profit (loss)	(8,793)	(182,876)
Profit (loss) attributable to equity holders of the company	(8,791)	(182,871)
Profit (loss) attributable to minority interests	(2)	(5)
Profit (loss)	(8,793)	(182,876)

STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Net cash flow from (used in) operating activities	(4,085)	(7,852)
Net cash flow from (used in) investing activities	(17,698)	(49,455)
Net cash flow from (used in) financing activities	16,704	63,834
Net Increase (Decrease) in Cash and Cash Equivalents	(5,079)	6,527
Effect of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents at beginning of period	7,480	953
Cash and cash equivalents at end of period	2,401	7,480

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Opening balance	(163,372)	17,428
Share Capital	285,000	-
Hedge Reserves	3,635	(3,139)
Other Reserves	0	(9,293)
Changes in Retained Earnings (Accumulated Losses)	(8,791)	(168,363)
Changes in Minority Interests	(43)	(5)
Changes in equity	279,801	(180,800)
Closing balance	116,429	(163,372)

/ INVERSIONES NUEVA SERCOM LTDA.

BALANCE SHEET

At December 31

	2016 ThUS\$	2015 ThUS\$
Assets		
Current assets	805	741
Non current assets	68,512	78,950
TOTAL ASSETS	69,317	79,691
Liabilities		
Current liabilities	49	19
Non current liabilities	0	0
Total liabilities	49	19
Equity		
Issued capital	88,951	88,951
Other reserves	11,962	11,217
Accumulated earnings (losses)	(31,645)	(20,496)
Net equity	69,268	79,672
TOTAL LIABILITIES AND NET EQUITY	69,317	79,691

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INCOME STATEMENT

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Gross profit	0	0
Profit (loss) before taxes	(11,135)	(5,684)
Income taxes	(10)	27
Profit (loss) after taxes	(11,145)	(5,657)
Profit (loss)	(11,145)	(5,657)

STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThUS\$	2015 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
Net Increase (Decrease) in Cash and Cash Equivalents	0	0
Effect of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents at beginning of period	0	0
Cash and cash equivalents at end of period	0	0

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Opening balance	79,672	88,619
Conversion Reserves	593	(811)
Hedge Reserves	206	(60)
Other Reserves	(54)	(2,413)
Changes in Retained Earnings (Accumulated Losses)	(11,149)	(5,663)
Changes in equity	(10,404)	(8,947)
Closing balance	69,268	79,672

/ INMOBILIARIA LAS SALINAS LTDA.

BALANCE SHEET

At December 31

	2016 ThUS\$	2015 ThUS\$
Assets		
Current assets	742	598
Non current assets	133,661	105,552
TOTAL ASSETS	134,403	106,150
Liabilities		
Current liabilities	51,283	42,792
Non current liabilities	22,585	5,115
Total liabilities	73,868	47,907
Equity		
Issued capital	98,055	98,055
Other reserves	(6,501)	(9,976)
Accumulated earnings (losses)	(31,019)	(29,836)
Net equity	60,535	58,243
TOTAL LIABILITIES AND NET EQUITY	134,403	106,150

INCOME STATEMENT

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Gross profit	0	15
Profit (loss) before taxes	(2,789)	(2,171)
Income taxes	1,606	1,628
Profit (loss) after taxes	(1,183)	(543)
Profit (loss)	(1,183)	(543)

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STATEMENT OF CASH FLOWS

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Net cash flow from (used in) operating activities	(5,838)	(5,201)
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	5,832	4,823
Net Increase (Decrease) in Cash and Cash Equivalents	(6)	(378)
Effect of exchange rate changes on cash and cash equivalents	0	(69)
Cash and cash equivalents at beginning of period	21	468
Cash and cash equivalents at end of period	15	21

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Opening balance	58,243	68,667
Conversion Reserves	3,559	(9,881)
Defined benefit reserves	(84)	-
Changes in Retained Earnings (Accumulated Losses)	(1,183)	(543)
Changes in equity	2,292	(10,424)
Closing balance	60,535	58,243

/ EC INVESTRADE INC.

BALANCE SHEET

At December 31

	2016 ThUS\$	2015 ThUS\$
Assets		
Current assets	8	10
Non current assets	34	36
TOTAL ASSETS	42	46
Liabilities		
Current liabilities	34	31
Non current liabilities	0	0
Total liabilities	34	31
Equity		
Issued capital	20	20
Other reserves	16	16
Accumulated earnings (losses)	(28)	(21)
Net equity	8	15
TOTAL LIABILITIES AND NET EQUITY	42	46

INCOME STATEMENT

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Gross profit	0	0
Profit (loss) before taxes	(6)	(5)
Income taxes	0	0
Profit (loss) after taxes	(6)	(5)
Profit (loss)	(6)	(5)

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STATEMENT OF CASH FLOWS

For the years ended December 31,

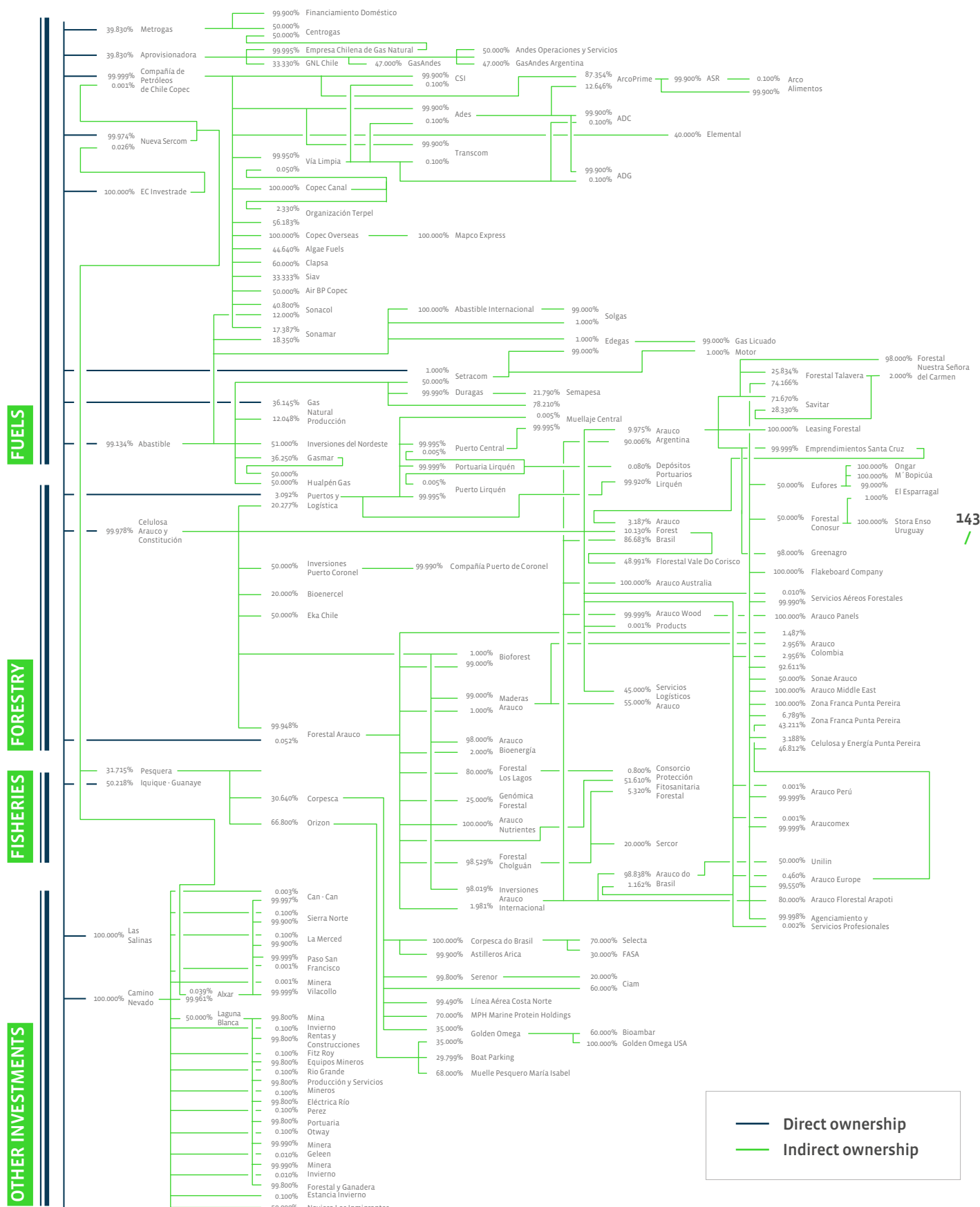
	2016 ThUS\$	2015 ThUS\$
Net cash flow from (used in) operating activities	(2)	(1)
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	(2)	(1)
Effect of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents at beginning of period	10	11
Cash and cash equivalents at end of period	8	10

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

	2016 ThUS\$	2015 ThUS\$
Opening balance	15	21
Conversion Reserves	1	(2)
Other reserves	(1)	0
Changes in Retained Earnings (Accumulated Losses)	(7)	(4)
Changes in equity	(7)	(6)
Closing balance	8	15

/ Ownership structure



/ Company Identification

- **CORPORATE NAME:**

Empresas Copec S.A.

- **CHILEAN TAXPAYER IDENTIFICATION NUMBER (RUT):**

90.690.000-9

- **TYPE OF ENTITY:**

Chilean publicly held stock company

- **BUSINESS ACTIVITY:**

Investments and Business Services

- **SECURITIES REGISTRY NUMBER:**

0028

- **LEGAL ADDRESS:**

El Golf 150, floor 17, Santiago de Chile

- **TELEPHONE:**

(562) 2461 7000

- **WEB PAGE:**

www.empresascopec.cl

- **INVESTOR WEB PAGE:**

investor.empresascopec.cl

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- **EXTERNAL AUDITORS:**

PwC

- **CREDIT RATING AGENCIES:**

Fitch Chile Clasificadora de Riesgo Limitada

Feller Rate Clasificadora de Riesgo Limitada

/ Corporate Purpose and Articles of Incorporation

CORPORATE PURPOSE:

a) Research, explore, industrialize, clear through Customs, import, export, elaborate, refine, mix, package, store, transport, buy, sell, distribute, and generally trade on its own behalf or for third parties hydrocarbons, their by-products and direct or indirect compounds, including lubricants, additives, mixtures, combinations and substitutes; chemicals of any kind, and any other source of natural energy capable of industrial or domestic use; b) Import, export, buy, sell, distribute, and generally trade on its own behalf or for third parties motorized vehicles and machinery, elements, equipment and other articles for agricultural, mining, fishery, industrial, commercial, electronic computing and domestic use purposes, their accessories and spare parts; c) Acquire, administer, manage and exploit on its own behalf or for third parties forest lands or those of forest capability, make paper, wood pulp and their derivatives, by-products and similar products; acquire and exploit sawmills and other industries that make raw materials to make paper, wood pulp and their by-products and/or wood in all its forms, sell, exploit and generally trade in and outside Chile the mentioned products, particularly wood, wood pulp and paper in all their forms; d) Acquire, administer, manage and exploit on its own behalf or for third parties agricultural real estate, and transform, industrialize and trade food and drinks of any kind or origin; e) Acquire, administer, manage and exploit on its own behalf or for third

parties agricultural real estate in general, develop real estate business and the real estate construction industry arising from this, like buildings, roads, bridges, canals, drainage, industrial facilities and similar, and the production and installation of goods and implements for such industry; f) Ground, air, sea and river freight on its own behalf or for third parties and undertake, on its own behalf or for third parties, port operations and activities, with these particularly including wharfage, lighterage, moving loads, storage, stowage and unloading of vessels and aircraft, and the promotion, development and exploitation of tourism in Chile; g) Manufacture, distribute and generally trade containers of any kind; h) Exploit electronic computer equipment in all its forms, and it can provide consultancy on company management and organization, market and feasibility studies and operative research; i) Undertake mining-related activities and business, including but not limited to prospection, reconnaissance, exploration and mining of mining deposits; and fishing or hunting of species and organisms with water as their normal habitat, and it may market them in any way; j) Participate pursuant to law in companies with a banking purpose, and generally in financial, insurance, warrants, storage and merchandise deposit services and in mutual and social security fund management.

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 1st, 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



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