

2007 ANNUAL REPORT **MASISA**



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MASISA is the Leader in Latin America in the production and commercialization of wood boards for furniture and interior architecture.





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ABOUT THIS ANNUAL REPORT

This year MASISA's Annual Report includes information regarding the company's performance during 2007 both in the financial and sustainable development areas.

This new publication seeks to respond to the interest of those who follow MASISA's performance in its different aspects, assuring to include topics demanded by current legislation and matters relevant to all stakeholders. It additionally reflects the importance of integrating social and environmental issues in the company management.

In the past MASISA published its Annual Report in a separate manner, following the standards of Chilean legislation and a biannual Sustainability Report. This Annual Report includes both documents.

MASISA's report on social and environmental issues follows the guideline of the "Global Reporting Initiative"-GRI-G3 (www.globalreporting.org) and the guideline (in its draft form) of WWF "Guidelines on Corporate Responsibility Reporting for the Forest Industry" (www.wwf.org).

This Annual Report also had the backing of the WWF (World Wildlife Fund), organization that offered a complete and useful critical analysis of the content of 2005-2006 Sustainability Report. Representatives from the WWF visited our operations in Chile and presented important suggestions for this new Annual Report (Their travel report and their evaluation of the prior report are available at www.masisa.com).

The external verification of the Annual Report was entrusted to Ernst & Young in the financial area and by a "Citizens' Verification Panel". The results of both processes can be inquired in the respective reports published in this Annual Report (The complete report of the Citizens' Panel is available at www.masisa.com).

Information regarding our actions and management results of the Triple Bottom Line in 2007 is presented around the fundamental axis of the company strategy: the creation of financial value, the value proposal for our clients and stakeholders, developments in human capital and improvements in productive processes.



Information on the social and environmental performance of all the companies controlled by MASISA is included herein, i.e., either through shareholding control or in those in which MASISA has administrative control. Similarly, information is offered regarding the management focus in relations where MASISA exercises a significant influence, but does not have control, mainly its service suppliers and neighboring communities to its industrial operations, as well as those where it does not have any significant influence but mean important challenges for the company, as well as relations with the Mapuche communities in Chile.

CONTACT

In order to obtain greater information on the 2007 Annual Report or regarding MASISA's performance, please contact us.

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For the WWF it is a pleasure to see the results of our collaboration with MASISA, and the future perspectives regarding such collaboration. This year we were invited to give our opinion regarding the Sustainability Report 2004-2005, seeking to have the 2007 Annual Report improve its content according to the definition of the WWF of an "ideal corporate report".

This work did not constitute an assessment on MASISA's performance per say in itself, although the general conclusion is that MASISA takes its social and environmental responsibilities very seriously. Its Annual Report is very complete and the level of detail offered regarding the impacts is, in its most part, very good. MASISA achieved compliance of 76% in reference to the WWF guidelines. If such result is compared with the European pulp and paper industry (the 49 largest companies according to their sales, analyzed by the WWF), MASISA would rank in the top 5%. Initial reviews regarding the MASISA competitors in the lumber/board products sector suggests that MASISA is also a leader in this industry sector in terms of its reports.

The scope of the external certifications of MASISA's activities is particularly impressive, including the FSC certification for forestry handling and custody chain, ISO 9001, ISO 14001 and OHSAS 18001. The detailed reference to the GRI and WWF guidelines is also relevant as well as the fact that it is the only company in Latin America that offers 100% of its boards under the E-1 European Standard relative to low formaldehyde emissions.

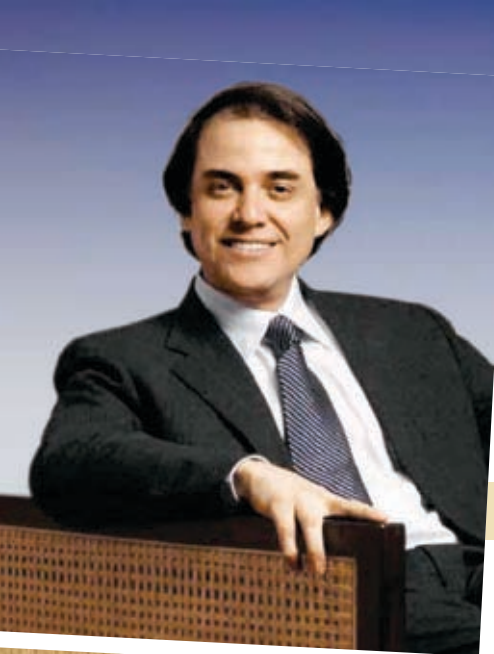
MASISA received the award "Leaders for a Living Planet 2006" from the WWF for its serious commitment to identify and protect High Value Preservation Forests in Chile and develop mechanisms to improve the benefits of local communities in its operation areas certified by the FSC.

We hope that in this and future reports we will see more information regarding the progress and the milestones reached. WWF will closely work with MASISA in order to assure the achievement of these commitments and thus maintain MASISA's involvement in leadership initiatives in Latin America; we hope to jointly build a future where we can all live in harmony with nature.

Daniel Arancibia

LAC Forest Coordinator
Latin America & Caribbean Programme
World Wildlife Fund





MESSAGE FROM THE CHAIRMAN

2007 was a year of important achievements for MASISA within a growth scenario for most of the countries in Latin America, notwithstanding the symptoms of a recession in the US economy – particularly in the construction sector and the financing of housing for the low income sectors –, the successive weakening of the US dollar with its effects in the exports of Latin American countries, and the increase in costs, mainly in energy and power. Within this outlook, I have accepted the immense challenge of succeeding Julio Moura, who was the company's Chairman of the Board of Directors until mid December 2007, having built along with the MASISA team, an extraordinary platform to face with solvency and capacity the opportunities and challenges of the near future.

Financial results show a positive and significant progress: the net goals up to 2007 increased 8.9% in comparison to 2006, reaching US\$ 965.8 million. The Company's net profit grew 39.3% reaching US\$ 41.1 million. The good performance of the Boards Business Unit offset lower sales and results of the MDF moldings, finger joint moldings and sawed lumber.

MASISA was able to offset the decrease in sales in the US market with important growth in volume and prices in the board business in Latin American countries.

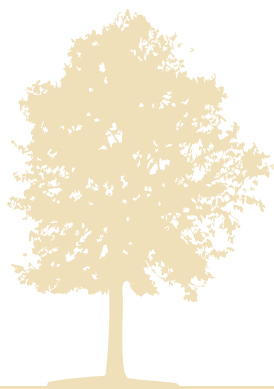
It is worth underscoring the start-up of the new MDF boards plan located in the city of Cabrero, Chile, with an annual production capacity of 340,000 m3 of boards. Investment in this complex was of more than US\$ 90 million, of which almost US\$ 6 million were invested in state-of-the-art technology in order to minimize the impacts on air, water and soil, allowing a cleaner environment, free from contamination. In September 2007, MASISA's Board of Directors ap-

proved the construction of an MDP board plant in Brazil, which will have a production capacity of 750.000 m3 annually and a line of melamine that will have the capacity to coat or overlay 300,000 m3 annually of boards.

MASISA has decided to focus on its main business, the production and commercialization of lumber boards for furniture and interior architecture, which in December 2007 subscribed a binding agreement for the sale to Louisiana-Pacific South America S.A. (LP) of 75% of the board plant Oriented Strand Board (OSB) of the industrial complex of Ponta Grossa, Brazil, whose capacity is of 300,000 m3 annually. The definite closing of this transaction is subject to normal commercial conditions for this type of events and verifications. It is expected to happen during the first months of 2008.

Similarly, and with the objective of continuing to reinforce our presence in Brazil, in January 2008 MASISA and Brascan Brasil Ltda., subscribed a shares purchase-sales contract through which MASISA acquired an indirect shareholding participation in the Brazilian affiliated company of Tafibrás called Tafisa Brasil S.A., controlled by the Sonae Group. The operation reached US\$ 70 million.

In addition, Sonae Industry and MASISA have taken on the commitment of working during the next months in the implementation of a combination of the businesses of Tafisa Brasil and MASISA's Brazilian affiliate called MASISA do Brasil, whether through the merger of the aforementioned companies or through another legal structure of these characteristics, in order to position the new merged entity as a leading company in the Brazilian market.



Quality, closeness to our customers and innovation, added to the company's good environmental and social performance, are the pillars supporting the commitment towards trust, which differentiate us as a company.

The company strategy defines a priority consolidating a customer focused culture, with a solid brand in the different markets where it is present, aspect that sets the grounds and backing in building trust and in the quality products and services that we offer. The "MASISA más confianza" (MASISA more trust) campaign that we launched this year, conveys the attributes of the MASISA brand to our different stakeholders.

Quality, closeness to the client and innovation, added to the company's good environmental and social performance are the pillars behind the commitment of trust that differentiate us as a company. These pillars must be aligned in a zealous manner with internal processes and the training of employees in order to be more consistent with the goal of consolidating our Latin American leadership in the production and commercialization of lumber boards for furniture and interior architecture.

In this respect, the Placacentros network is being strengthened throughout the region by means of initiatives such as the implementation of a contract migration process from brand licenses to franchise-type contracts. At the closing of 2007 we have 324 outlets in all of Latin America.

Our employees are the most important link in the MASISA chain of trust, which is why enormous progress has been made with different initiatives, such as the formalization of policies in the talent management area, the implementation of strategic projects including surveys and commitment actions in the performance management system, and the compensations program. On the other hand, we continue making important efforts to create a zero accident culture and maintain a healthy and safe labor environment for all of our employees.

MASISA is committed to the principles of the United Nations Global Agreement. It is a challenge to communicate the best manner possible, both within the company; as well in to all of society, what we are doing in order to place such precepts into practice.

All industrial plants operate under the ISO 14001 certifications in environmental management and under OHSAS 18001 certification for industrial health and safety, while the overall number of forestry plantations is certified under the Forest Stewardship Council - FSC.

100% of the board production produced by MASISA complies with the European Standard E-1, which identifies products that have low emissions of formaldehyde, thus assuring the well-being and health of people. This certification was backed after a complex research was carried out in 2007, which included an audit of all the company's board plants.

MASISA wants to be a positive player in the societies in which it operates. In this respect, a special commitment has been acquired that commits the company in reference to the climate change and poverty in our region, two problems affecting the societies, and markets and that in addition mean a business opportunity for the company.

In 2007 we were the first Chilean company in becoming a part of the Chicago Climate Exchange, committing towards the reduction of our CO2 emissions in 6% by 2010.

In reference to the problem pertaining to poverty in the region, we are progressing towards the generation of businesses that include the people located in the lower income sectors, incorporating them in a systematic manner to MASISA's value chain, with the great creativity

and enthusiasm shown by our employees, main characters behind these initiatives that I can personally give witness of. Work has been performed in all the countries where MASISA is present, developing different programs, from the formation of carpenters and micro-entrepreneurs in the Placacentros, up to the development of basic furniture for social housing.

A good Corporate Government generates value for the company and it is an essential requirement to assure compliance with the company's vision and commitment, since it allows its interested publics to have confidence in the company management and the seriousness behind its control environment. Thus, in October, the Corporate Governance Code was made know, making formal the business practices of MASISA and its affiliates, which is based in the highest standard of control, ethics and entrepreneurial transparency.

Definitely, 2007 was a year of important challenges that have been confronted in a correct manner, offsetting in a timely manner negative impacts versus the positive ones, which had been started in advance. I am convinced that thanks to the excellent corporate governance platform of the company, its excellent relations with different stakeholders, and particularly, the capacity of its team led under the direction of Enrique Cibié, and understanding the great opportunities offered by the industry, we will continue walking on a path of important achievements.

Roberto Salas
Chairman





ABOUT MASISA

**Trade Name**

MASISA S.A.

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Inscription Number in the Securities Register No.

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Type of entity

Publicly-traded corporation

External Auditors

Ernst & Young

MASISA S.A., hereinafter "MASISA", or the "Company"



VISION

Being acknowledged as a leading company in Latin America in the production and trade of wood boards for furniture and interior architecture. This is achieved by trying hard to be the best choice for our customers and by creating economic value within ethical as well as social and environmental responsibility principles, thus, achieving the greatest profitability in industry.

MISSION

Creating value for our shareholders, customers and society through commitment and team work, along with sustainable and efficient management of our forests and productive processes, and through nearness and transparency regarding our customers, communities and suppliers.

Developing a reliable trademark which predicts the markets needs through innovation in products and services, which responsibly works in favor of environment and society, and also guarantees the sustainable development of business and creates a better lifestyle for present generations and those to come.

VALUES – LEADERSHIP BRAND

The company has identified certain attributes that it wants its leaders to be most recognized for. These attributes, which it is promoting through different efforts, form the MASISA Leadership Brand and are:

Motivation

Agility

Service

Innovation

Sustainability

Accountability

DECLARATION OF BUSSINES PRINCIPLES

Set of values and principles that guide the action of all employees and serve as a framework of reference for decision making in all the different business scopes. These are communicated and reinforced in a periodic manner to all the company employees. These are available at www.masisa.com and include the following:

1. Economic results
2. Corporate behavior
3. Individual conduct
4. Relations with our customers
5. Relations with our employees
6. Relations with our communities
7. Relations with our associates, suppliers and third parties
8. Open and transparent dialogue
9. Health, safety and the environment

The company's main business is the production and commercialization of wood boards for furniture and interior architecture, which represents more than two thirds of its sales and is managed through the Wood Boards Business Unit. The other company Business Units are considered to be synergic to the Wood Boards Business Unit.



ACTIVITIES AND BUSINESSES

WOOD BOARDS BUSINESS UNIT

The Wood Boards Business Unit is MASISA's main business and commercializes wood boards in Latin America as well as in different countries in the rest of the world. Its main products are: MDF wood board, particle wood board and OSB wood boards.

The company has an installed capacity of 2.6 million m³ annually for the production of wood boards.¹

MASISA has 9 wood board industrial complexes in Chile, Argentina, Brazil, Venezuela and Mexico, all of which have ISO 14.001 and OHSAS 18.001 certifications. Similarly, the company has the ISO 9.001 certification –or it is undergoing the process to obtain it – in all its markets.

During 2007 an MDF line was added in Cabrero, Chile, with an annual capacity of 340,000 m³ and it is mainly focused on the external market.

All the MASISA wood boards have the European E-1 certification for the low emission of formaldehyde.

RETAIL BUSINESS UNIT

In Latin America, MASISA has a competitive key advantage: its important distribution network configured through the local sales outlets called Placacentros MASISA.

The Placacentros have been an innovative and successful format, with a strategic importance for MASISA. They have the mission of being the specialized chain store for the small and medium size furniture manufacturer, preferred by its customers and suppliers in all Latin America.

The Placacentros are commercial outlets that form a distribution network that operate under a similar concept to a franchise with the same brand format. As of December 31, 2007, the company had a network of 324 Placacentros outlets distributed in 10 countries in Latin America.

being a relevant player the MDF moldings, finger joint moldings and solid wood doors.

The Company has a sawing capacity of 700.000 m³ annually for the production of sawn wood, in 3 complexes in Brazil, Chile and Venezuela. In addition, it has re-manufacturing plants in which value is added to the sawn wood and MDF wood board from our Wood Boards Business Unit.

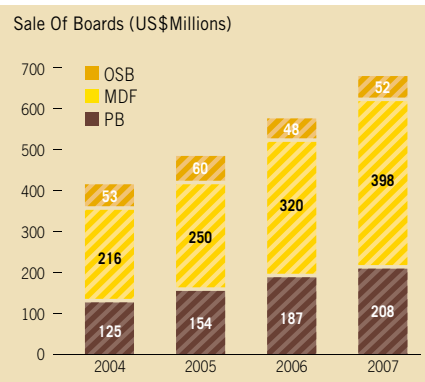
All the plants and industrial complexes have ISO 14.001 and OHSAS 18.001 certifications.

MASISA strengthens its market position and its industrial assets through the intermediation of sawn wood products, being one of the main players in this business sector in Chile.

SOLID WOOD BUSINESS UNIT

The strategic role of the Solid Wood Business Unit is to add value to forest products, generating residues, which is the main factor of production of the wood board business. This guarantees competitive supply to our plants and generates synergies for the joint operation and administration of industrial complexes.

MASISA commercializes sawn wood products supplied from pine and eucalyptus plantations, and high quality value added products,



1. In December 2007, MASISA and Louisiana-Pacific South América S.A. (LP) – Chilean company related to the US Company Louisiana-Pacific Corporation – subscribed a binding agreement tending to the sale by MASISA to LP of 75% of the Oriented Strand Board structural wood board plant (OSB) located in the industrial complex of Ponta Grossa, Brasil. The decision to sell the OSB plant, which has a production capacity of 300.000 m³ annually, is due to MASISA's intention on concentrating in its core business. The definite closing of the aforementioned purchase – sale is subject to normal business conditions for this type of transaction and to the verifications that are expected to conclude during the first few months of 2008.

FORESTRY BUSINESS UNIT

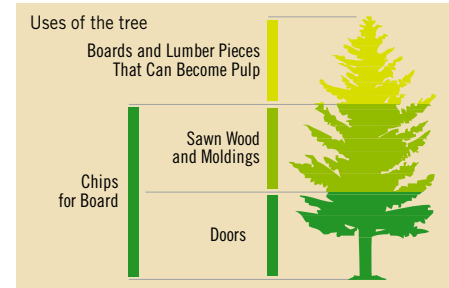
The strategic role of the Forestry Business Unit is to supply the MASISA's industrial Business Units – on the short and long-term – an adequate fiber balance, at a competitive cost and maximizing the company's economic value of forestry investments. This Unit is focused on developing and maintaining forests with quick growth species under economic, social and environmental sustainability criteria.

The Forestry Business Unit administrates equity of 243,000 hectares of pine and eucalyptus plantations, distributed in Chile, Brazil, Argentina and Venezuela. It has 64,000 hectares of reserve and protection areas of natural forests.

The forestry handling of plantations is carried out under a diversification strategy. Thus, this Unit has generated a forestry mass of first quality genetic material, whose products are focused on different industries and markets, whether due

to the type of species, different qualities or the size of lumber pieces, etc. This portfolio of highly demanded forestry species (Pine and Eucalyptus), added to the application strategy of different handling schemes in order to produce different types and quality of lumber pieces, allow strongly decreasing the market risk of the assets of the Forestry Business Unit.

On its on-going search for generating value, the company has started small-scale pioneer projects for the sustainable handling and use of the native forest in association with third parties. This allowed the handling operation to be self-financed. As a result of this action, this equity increased its economic value. The company will continue to classify, within its native forest equity, the surfaces that are susceptible to continue being handled in the manner described above.



All plantations have the Forest Stewardship Council (FSC), ISO 14001 and OHSAS 18001, certifications with the exception of the plantations of Forestal Argentina whose renewal is currently pending.

The percentages to take advantage of the tree and the use given to each one of its parts depend on the particular characteristics of the handling of the forest from which it is extracted.

PRODUCTS MIX

MASISA has an extensive mix of products for the furniture industries and interior architecture, which are manufactured by following strict quality controls and the highest environmental and social standards, in line with our commitment towards sustainable development.

MDF

MDF are fiber wood boards. They are characterized by the excellent terminations that are achieved, a lower wear and tear of tools and an important savings in paint on comparing it with other types of wood boards. MASISA manufactures the MDF wood board with different characteristics, formats and thicknesses, which are commercialized as rough finished board or coated with foil or melamine.

PARTICLE WOOD BOARD

Particle wood boards are manufactured with chips, wood shavings and saw dust. They are characterized for being resistant and light. These wood boards are used in furniture manufacturing, mainly in those applications where flat terminations are required. MASISA manu-

factures particle wood board with different characteristics, formats and thicknesses, and commercializes them as rough finished board or board coated with foil or melamine.

MELAMINE COATED WOOD BOARDS

These are re-coated wood boards on both sides with decorated sheets impregnated with melamine-type resins, which grants a totally closed surface, free from pores, hard and resistant to superficial wear and tear. An extensive array of colors and textures allows offering the market the best variety in wood designs and colors.

OSB WOOD BOARDS

It is a structural wood board manufactured from wood chips or shavings, oriented in crossed layers in order to increase their strength and rigidity. Its mechanical resistance, insulation and capacity to absorb different requests can be underscored, being considered as an excellent construction material. On being a wood board that is also light weighted, it is used for the manufacturing of packing and structuring furniture.

MOLDINGS

Moldings are commercialized in different profiles and thicknesses. They are mainly used to carry out terminations in wall-floor, wall-roof combinations, and in door and window frames, by means of thresholds, ledges and opposing frames, respectively.

MASISA produces MDF moldings and Finger-Joint Moldings.

SAWN WOOD

MASISA produces sawn dry wood, it is commercialized in several thicknesses and lengths and it is fundamentally used in the manufacturing of packing or pallets, furniture and in the construction industry.

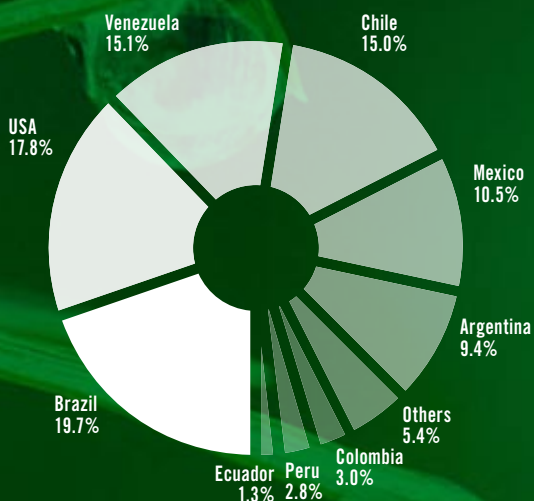
SOLID WOOD DOORS

These are doors manufactured in pine in different designs, formats and sizes, which are used as entrance doors, in interior hallways and closets.





Markets Diversification



MARKETS

The largest market for MASISA is Latin America, which represents 76.8% of the total company sales, while the United States represents 17.8%.

As of December 31, 2007, Brazil represents 19.7% of sales. In this country, despite facing strong local competition, MASISA has reached an important position as an MDF wood board supplier for the furniture industry in the southern region.

MASISA United States, which represents 17.8% of the company sales, mainly commercializes MDF moldings, finger - joint moldings and solid wood doors. Most of the company products are sold through intermediaries that amount to close to 40, which mainly service the residential construction industry and large distributors of the home center-type.

Venezuela represents 15.1% of the company sales, and mainly commercializes its products through the Placacentros network.

Chile represents 15.0% of the company sales up to December 2007 and it is the fourth most important market for the company. The commercialization of wood boards in Chile is mainly carried out through the independent distributors' network who service the furniture industry, within which the Placacentros network is included.

Mexico represents 10.5% of MASISA's sales. This country, strictly an importer of forestry products, is the main sawn wood market for the company. Other important products for MASISA in this country are the MDF wood boards and the particle wood boards.

MASISA Argentina is one of the most important manufacturers of MDF wood board and particle wood board. This country represents 9.4% of the overall company sales up to December 2007.

Colombia is a market in which special emphasis has been placed in terms of its growth perspective up to December 2007 and its represents 3.0% of the company consolidated sales, which are distributed in their most part through the Placacentros present in such market.

Peru and Ecuador are today 2.8% and 1.3% of the consolidated sales up to December 2007, respectively, which are distributed in their most part through the Placacentros network.

	2007		2006	
	Million of US\$	%	Million of US\$	%
Brazil	190.4	19.7%	145.7	16.4%
USA	172.3	17.8%	230.2	26.0%
Venezuela	146.3	15.1%	92.4	10.4%
Chile	144.6	15.0%	144.3	16.3%
Mexico	101.6	10.5%	117.2	13.2%
Argentina	90.9	9.4%	69.6	7.9%
Colombia	28.8	3.0%	25.2	2.8%
Peru	26.7	2.8%	21.0	2.4%
Ecuador	12.4	1.3%	10.0	1.1%
Others	51.8	5.4%	30.8	3.5%
Total	965.8	100.0%	886.5	100.0%

ACKNOWLEDGEMENTS

2006

WWF “Líderes por un planeta vivo” (“Leaders for a Living Planet”) This award, granted for the first time in Chile, recognized MASISA for its commitment with the community and for strengthening and intensifying the FSC certification system and for its commitment on identifying the high value forests in order to preserve the existing ones within its patrimony and thus create a portfolio of protected areas.

Exports Award. MASISA Argentina, leader in exports for the seventh consecutive year. Granted by the Ministries of the Economy and Foreign Affairs, Argentina.

Environmental Accountability Fritz Müller Award. MASISA Rio Negrinho, Brasil. Gobierno del Estado de Santa Catarina y Fundación para el Ambiente (FATMA) (Government of the State of Santa Catarina and the Foundation for the Environment).

2007

Rainforest Alliance “Precursor de Prácticas Sustentables” (“Corporate Sustainable Standard-Setter”). This is a business strategy based on the following entrepreneurial practices that have made MASISA the winner of this award: sustainable development, dialogues with the communities, commitment with the environment, ethical and responsible businesses, development of human capital and businesses that improve the quality of life of people.

IR Global Ranking. One of the companies that has the best Corporate Government within Latin America. MASISA was acknowledged for having one of the best entrepreneurial corporate governments in Latin America, resulting from the ranking carried out by the by the US financial consulting that also deals with investors, MZ Consult. This recognition to MASISA's corporate government was delivered within the framework of 2007 version of the “IR Global Ranking” (Global Ranking of Relations with Investors) and made reference to the good company practices adopted by MASISA. These practices are based in structured processes, principles of individual and corporate principles, by-laws, and the definition of instances and independent and supplementary channels, such as the Shareholders' Meeting, the Board of Directors and the Board of Directors' Committees (Audit, Directors, Compensation and Disclosure Committees). Jointly, these practices contribute towards the sustainable development of the company, its employees and society, as a whole.

Top Móbile. MASISA Brazil was awarded for the second consecutive year, the award in the category of Suppliers of the Furniture Industry as the manufacturer of MDF wood board most recognized in Brasil.

Empresa Familiarmente Responsable (Familiarly Responsible Company). MASISA Mexico received this award granted by the Labor and Social Security Secretariat of Durango (STPS). It additionally received the award for the 2007 Ecological Merit (Mérito Ecológico 2007) delivered by the Natural Resources and the Environment Secretariat of Durango, Mexico.

Best of the Best in Germany. Bausch Decor, manufacturer of decorative papers, received the Interzum Best of the Best Award, with the MASISA nature wood board, produced in the MASISA Brazil factory, in Ponta Grossa. The product is among the eight most innovative, establishing MASISA as the first company in the world in manufacturing wood boards with the Syncrone Pore Technology for furniture, which assures the perfect synchronicity between the design and the wood grains.

Premio Bravo de Negocios (Bravo Business Award). Enrique Cibié, Chief Executive Officer of MASISA was elected as the best Chief Executive Officer of the year in Latin America for a company having up to US\$1,000 million annually in sales. The Category was Entrepreneurial Leader of the Year. Latin Trade Magazine.

One of the best companies in which to work. MASISA Argentina received this award from the Magazine Apertura.

Instituto Argentino de Normalización y Certificación (Argentinean Normalization and Certification Institute). MASISA Argentina has the pride of being one of the few companies in Argentina that has been certified for its Integrated Management System, which considers objectives relative to Quality, Safety and Occupational Health and the Environment.

Premio Paranaense de Calidad en Gestión (PPQG, Parana Award for Quality in Management). MASISA Brazil received the distinction granted by the Brazilian Institute of Quality and Productivity.

Premio Innovación Social 2007 (2007 Social Innovation Award). This award is granted by EUREKA, civil non-profit association, which distinguishes the Easy Assembly Project of MASISA Venezuela. This contest has the objective of recognizing initiatives of individuals, organizations and entrepreneurial foundations focused on producing positive modifications to the different problems suffered by society. The MASISA Proyecto Arnefácil (MASISA Easy Assembly) was granted the award in the category Entrepreneurial Foundations, applied to the Revenue Generation line.

Award for Exports. Masisa Chile received the award “Excelencia Exportadora de Manufacturas y Servicios” (Exporting Excellence in Manufacturing and Services) by the Asociación de Exportadores de Manufactura (ASEXMA, Association of Manufacturing Exporters).

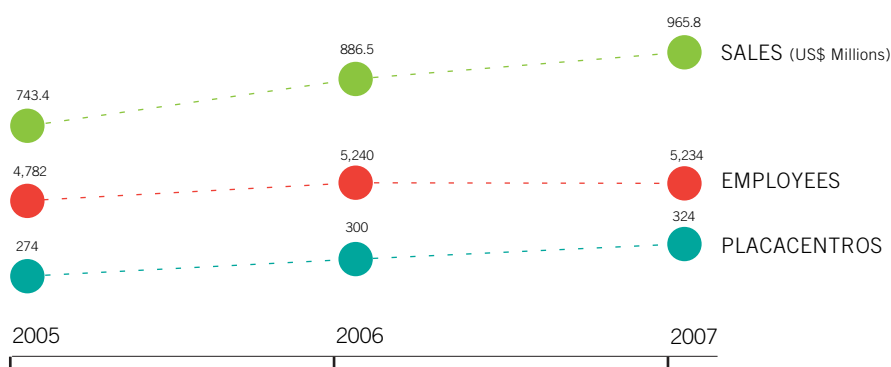
Case Studies on MASISA:

Businesses in the Pyramid Base:

- University of California Berkeley, Hass School of Business
- World Resources Institute
- SEKN
- IESE Barcelona

Sustainability Management:

- Professor Pablo Rodrigo, Universidad Adolfo Ibáñez (Chile).
PhD Thesis: ESADE, Barcelona.



HISTORICAL BACKGROUND

2007

A binding agreement is signed to sell 90% of its shareholding participation in Forestal Argentina S.A., 80% to Los Boldos S.A. and 10% to Grupo Nueva S.A. Masisa places bonds for UF 2,500,000. In September, the Board of Directors approved the construction of a Medium Density Particleboard (MDP) wood boards plant in Montenegro, in the state of Rio Grande do Sul, (Brazil). The industrial investment is of US\$119 million. The start-up of the MDF Plant is initiated in Cabrero (Chile), which has an annual capacity of 340 thousand m³.

In December, Masisa and Louisiana-Pacific South America S.A., subscribed a binding agreement tending towards the sale of part of Masisa to LP of the 75% of the Oriented Strand Board ("OSB") structural wood board plant located in the industrial complex of Ponta Grossa, (Brazil).

2006

Masisa places bonds in the market local for UF 4,750,000.

The company's new strategic plan that will be developed in the next few years is approved. The main points agreed to are the definition of the main business, the establishment of a new competitive strategy, and a financial and investment plan according to the established plans and objectives.

2005

In November Masisa increased its participation in Forestal Tornagaleones S.A., from 60.45% to 94.91%. In October Forestal Tornagaleones increased its shareholding participation in Forestal Argentina S.A., from 50.10% to 98.68% through the purchase of an accrued shareholding minority interest of 48.58% for approximately US\$24.3 million. Masisa successfully finalized a capital increase implying the issue of 622.5 million new shares that allowed collecting funds for US\$ 117.37 million.

Terranova and Masisa

In May the shareholders of Terranova S.A. and those of the old Masisa S.A approve the merger of both companies by means of the incorporation of the old Masisa S.A in and with Terranova S.A.. Similarly, the change of name of the merged company is approved from Terranova S.A. to Masisa S.A.

Terranova S.A. inscribes its ADR program in the Securities and Exchange Commission of the United States (SEC).

2004

The Boards of Directors of Terranova S.A. and Masisa S.A. agree to propose to their respective shareholders the merger by means of incorporation of Masisa S.A. in and with Terranova S.A.

Masisa duplicates the capacity of MDF moldings in Argentina. In Chile operations start for an MDF moldings line with a capacity of 36,000 m³ annually.

2003

The company Terranova S.A. becomes the legal continuation of the companies Forestal Terranova S.A., Andinos S.A., and Sociedad Forestal Millalemu S.A. Masisa takes on the management of the operations of Fibranova C.A., Venezuelan affiliate of Terranova, which own a particle wood board plant and an MDF Plant in Puerto Ordaz.

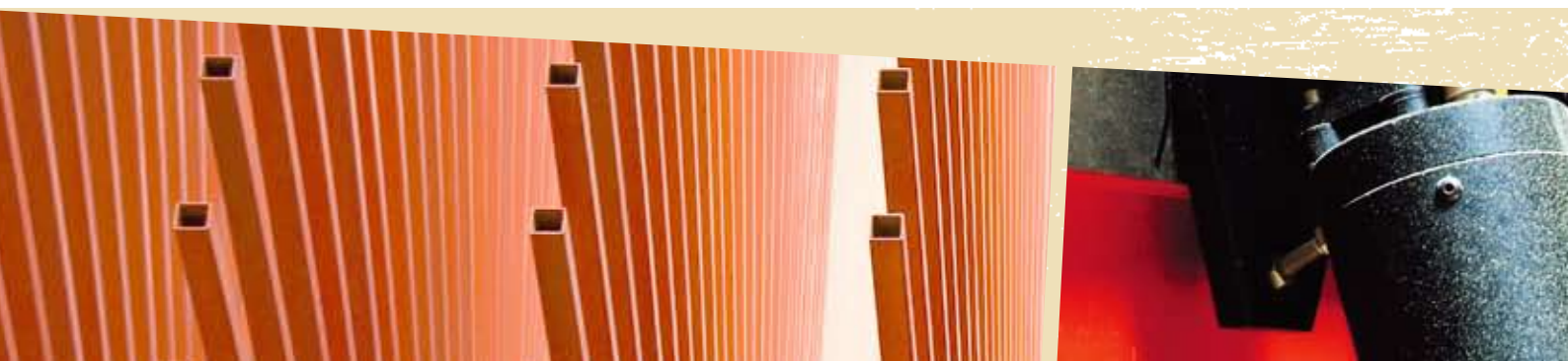
Masisa starts its operations of an MDF moldings line in Argentina.

2002

Forestal Terranova S.A. sells to Masonite International Corporation the overall total of its shareholding participation in its related company Fibermold S.A. Simultaneously, Terranova Internacional S.A. sold to the same company, the overall total of its shareholding participation in its related company Premdor México S.A. de C.V.

Terranova acquires the total number of shares that Maspanel S.A. owned in Masisa S.A., equal to the 43.16% of the shareholding equity, with which Forestal Terranova increased its participation in Masisa from 8.7% to 51.9%, going on to become the controlling shareholder of Masisa S.A.

Masisa acquires an agglomerate wood boards plant in Durango, Mexico. Masisa Ecuador S.A. and Masisa Partes y Piezas Ltda. are also created.



2001

Terranova Venezuela finishes its construction, beginning the sawmill start-up and the wood boards plant. Terranova Brazil starts its activities and Terranova Internacional S.A. materializes the purchase of its forestry assets in Venezuela to the company Manufacturas de Papel S.A. In addition, it incorporates Forestal Terranova Guatemala S.A., Comercializadora T&T C.A. and Masnova de Mexico S.A. de C.V. Masisa Argentina starts the operations of its thin MDF plant, with a capacity of 120,000 m³/year. Masisa do Brazil begins its operations of the OSB plant in Latin America, with an annual capacity of 300,000 m³/year.

2000

MASISA ends the construction of the Terranova Brazil plant and the moldings plant of Terranova Forest Products, Inc., beginning its start-up process. Forestal Terranova S.A. sells to Masisa S.A. the overall total of its shareholding participation in its affiliate Fibranova S.A., located in Cabrero. In January 2001, Forestal Terranova S.A. has access to a participation of 8.798% of the above company. Masisa acquires Fibranova S.A., Chilean competitor in MDF (actual Cabrero Plant). Masisa Brazil starts the operations of its MDF plant, with an annual capacity of 240,000 m³, in the new industrial complex of Ponta Grossa.

1999

Through its affiliate Terranova Internacional S.A., the company acquired 50% of the Mexican company Premdor Mexico S.A. de C.V., in order to have access to the Latin American doors market. In September Oxinova C.A., in Venezuela was incorporated. Similarly, the construction of the new sawmill of Andinos S.A. was started in Cabrero, Chile.

1998

Masisa acquires from its Chilean competitor of agglomerate wood boards, Tableros Nobel S.A., affiliate of its competitor Infodema S.A. In Charleston, South Carolina, United States, the molding plant and a distribution center started being developed.

In Venezuela the affiliates Andinos C.A. and Fibranova C.A. were incorporated. The first one starts with the construction of a sawmill and a drying plant. In December, the Canadian company Premdor, Inc., became part of the ownership of Fibermold S.A., through its Chilean affiliate Premdor S.A. Commercial affiliates were incorporated in Mexico, Costa Rica and Colombia.

1997

Maderas y Sintéticos del Peru S.A.C., is created in order to commercialize Masisa's products. The companies Terranova de Venezuela C.A. and Terranova Brazil Ltda., are incorporated through which the forest plantations are acquired and the development of the industrial projects begins.

1996

Masisa starts the production of MDF in Chile in the industrial complex of Mapal. The affiliate Terranova Forest Products, Inc., is created and Terranova Internacional S.A. is incorporated in order to develop industrial projects related to the exploitation and commercialization of products derived from the forestry business.

1995

Continuing on with the expansion in Latin America, Masisa do Brazil Ltda., as well as Forestal Argentina S.A., affiliate of Forestal Tornagaleones S.A. are created.

1994

Masisa Argentina starts the operations of its agglomerate wood board plant, becoming the pioneers in that country. One year later operations of its MDF plant start. Forestal Terranova S.A. becomes the parent company for the three forestry companies, exercising the administration of Sociedad Forestal Millalemu S.A., Andinos S.A. and Fibranova S.A. At the end of this year, Compañía de Inversiones Suizandina S.A. reached a 45% shareholding participation of Terranova.

1993

Masisa begins to be quoted in the New York Stock Exchange (hereinafter NYSE), through its ADR program.

1992

The international expansion plan of Masisa begins, with the creation of Masisa Argentina.

1989

The affiliate Químicos Coronel is created for the supply of adhesive resins.

1984

Masisa acquires Maderas y Paneles S.A., producer of agglomerate wood boards, leader at the time in Chile.

1970

Masisa starts to be traded in the Santiago, Chile Stock Exchange.

1968

Masisa acquires its competitor Maderas Aglomeradas Pinihue S.A.

1967

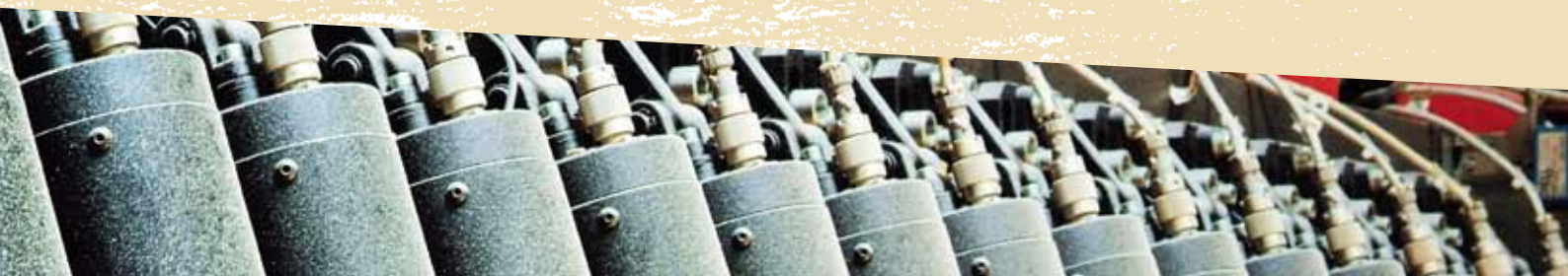
The affiliate Forestal Tornagaleones is created, dedicated to the sowing and administration of forest plantations.

1965

The operation of the plant in Valdivia starts, producing veneer, doors and tulip wood.

1960

The company "Maderas Aglomeradas Ltda." was incorporated, which later became Masisa, the first producer of agglomerate wood boards in Chile.



MASISA operates under alignments that govern the relations with its shareholders, and stakeholders, through practices of equity, accountability and integrity in order to promote compliance of the Company's Vision, Business Principles and its Triple Result Strategy.

CORPORATE GOVERNANCE

Counting on a good Corporate Government for MASISA promotes the efficient and effective management of its resources in order to maximize value for its shareholders and stakeholders long-term.

CORPORATE GOVERNMENT STRUCTURE

BOARD OF DIRECTORS

The Board of Directors was appointed on June 6, 2005 for a statutory three-year period, and is the highest administering entity of the company and represents the interests of all the shareholders and stakeholders, independently from who chose its members.

The Board of Directors is formed by seven members appointed by the Regular Shareholders' Meeting, of which five board members, including the Chairman or Vice-Chairman were appointed with the votes of the controlling shareholder Grupo Nueva and the two independent board members were appointed with the votes of the minority shareholders (Enrique Seguel and Antonio Tuset), fundamentally the Chilean Pension Fund Adminstrating Companies.

For MASISA the independent board members have a very relevant role. They form part with the absolute majority the Board of Directors Committee, entity that has the faculties of control and they participate in the Audit and Compensations Committee.

The MASISA General Manager is appointed by the Board of Directors. The fundamental role of the Board of Directors is to approve the company strategy and monitor its compliance. No member of Board of Directors holds positions in the operational administration of the company.

DIRECTORS

Roberto Salas Guzmán, Chairman¹

Economist, Universidad Católica de Guayaquil, Ecuador
Programa de Desarrollo Gerencial Kellogg (Ecuador Management Development Program),
Business School Program of Advanced Management Wharton Business School
Passport: 080051385-5

Ronald Jean Degen, Vice-Chairman - Electric Engineer

Mauá School of Engineering, Sao Paulo
Brasil Post-graduate degree in Automation, ETHZ, Zürich, Suiza
MBA, University of Michigan, United States
RUT: 21.727.243-2

Antonio Tuset Jorratt, Director – Business Administration

Greater and Auditing Accountant, Universidad de Chile
Post-graduate Degree in Philosophy, Universidad of the Andes, Chile
RUT: 4.566.169-5

Carlos Marín Olalla, Director²

Business Administration Mayor, School of Business of Valparaíso,
Universidad Adolfo Ibáñez, Chile MBA, Stanford University, United States
RUT: 8.412.209-2

Enrique Seguel Morel, Director

Chilean Army General (r)
MBA, ESADE, Barcelona, Spain
RUT: 3.116.588-1

Jorge Carey Tagle, Director

Attorney, Universidad Católica de Chile,
Master of Comparative Jurisprudence, New York University, United States
RUT: 4.103.027-5

Juan Carlos Méndez González, Director

Agronomist Engineer, Pontificia Universidad Católica de Chile (PUC)
Masters in Agricultural Economy PUC, Chile. Master of Arts in Economics,
University of Chicago, United States
RUT: 4.402.519-1



First Row: Enrique Seguel Morel, Jorge Carey Tagle, Antonio Tuset Jorratt, Ronald Jean Degen
Bottom Row: Carlos Marín Olalla, Enrique Cibié Bluth, Roberto Salas Guzmán, Juan Carlos Méndez González

COMMITTEES OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS COMMITTEE

This committee was created in April 2001, and its members are as follows: Enrique Seguel (Chairman), Antonio Tuset and Juan Carlos Méndez (the first two are Board Members appointed with the votes of the minority shareholders). This committee reviews the financial statements and the external audit reports, proposes the external auditors and the risk rating agencies – which are appointed annually in the Shareholders' Meeting –, it evaluates transactions with related parties and the transactions in which a director, company manager or main executive has interests, and advises regarding the compensations paid to the top company executives.

AUDIT COMMITTEE

Created in June 2005 it is formed by Antonio Tuset (Chairman), Enrique Seguel, Ronald Jean Degen and Carlos Marín³. Among other functions, the Audit Committee is responsible for assuring the integrity of the financial statements, it reviews the accounting policies, safeguards the legal compliance of the company, evaluates annually the external auditor in its function, its fees, independence and qualifications, evaluates possible claims and lawsuits and the strategies in order to manage such risks. This committee is the one in charge of supervising and managing the Chief Auditing Officer.

REMUNERATION COMMITTEE

This committee is formed by Enrique Seguel (Chairman), Antonio Tuset, Ronald Jean Degen and Carlos Marín³. Its functions are listed as follows: approve the compensation paid to the MASISA General Manager, review the level of wages of each second line executive along with the composition of the compensations structure, criteria for the payment of variable bonuses, benefits associated to the job position and other retention strategies for key personnel.

REVIEW COMMITTEE

This committee is formed MASISA's corporate executives: Enrique Cibié (Chief Executive Officer, who chairs the committee), Eugenio Arteaga (Chief Financial Officer), Patricio Reyes (General Counsel), Juan Carlos Araya (Corporate Controller) and Luis Zúñiga (Chief Auditing Officer). This committee is responsible for supporting the General Manager and the Chief Financial Officer, regarding the issue of information that the companies makes public to the market and its public stakeholders.

1. In Board of Directors Session No. 156, dated November 28, 2007 the Director Julio Moura presented his resignation, effective and in force starting from December 19, 2007. Julio Moura was also serving as Chairman of the Board of Directors of the company. At that same instance Roberto Salas was appointed as Director, effective and in force starting from December 19, 2007. Afterwards, at Board of Directors Session No. 157 dated December 19, 2007, Roberto Salas was appointed as Chairman of the Board of Directors.

2. In Board of Directors Session No. 156 dated November 28, 2007 the Director Patrick Nielson, presented his resignation effective and in force starting from December 19, 2007. At that same instance Carlos Marín Olalla was appointed as Director, effective and in force starting from December 19, 2007.

3. Starting December 19, 2007.

SELF-EVALUATION PROCESS OF THE DIRECTORS

Each year a self-evaluation performance process is carried out by the Board of Directors as the directing entity of the company. The self-evaluation is backed by formal processes with scopes and manner of qualification that have been previously defined. The Chairman of the Board of Directors is responsible for leading the self-evaluation process.

MANAGEMENT

Management has the primary responsibility for the design, dissemination, follow-up, effectiveness and updating of the Corporate Government Strategy. It is assisted by the corporate functional and operational levels and provides leadership and establishes the necessary parameters in order to assure an adequate and effective control environment at all levels, being directly involved in order to achieve the planned objectives. The compliance of such roles is carried out through adequate internal control processes that include periodic meetings with the key teams and visits to the countries and business units where MASISA has operations.

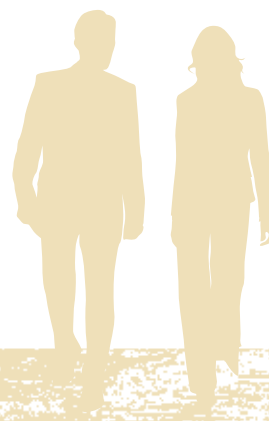
The level of authority exercised by Management is the one formally delegated by the Board of Directors through the Authority Delegation Policy. In order to support the board members and the Audit Committee in the complete, timely and adequate issue of the company's financial information towards its public stakeholders, the company instituted the aforementioned Disclosure Committee.

RISK MANAGEMENT

MASISA has a formal risk management process as support for complying with its strategic objectives. The management and risk evaluation process is led by the Corporate Internal Audit Unit, through a methodology and support tool called "Risk Management System" ("SAR", according to its acronym in Spanish for Sistema de Administración de Riesgos), which provides a common focus, structured and based on prevention, in order to back and support Management in its decision making process.

This process comprises all the business risks, among them, risk evaluation for the social and environmental dimension completely aligned with the Company's Triple Bottom Line Strategy.

The risk management methodology and its monitoring is the accountability of the Company's Board of Directors, supported by the Audit Committee, to which the Internal Corporate Audit Unit reports in order to assure independence in its evaluations.



GOVERNANCE AND TRANSPARENCY PRACTICES

CORPORATE GOVERNANCE CODE

In November 2007, MASISA became the first Chilean company to issue its Corporate Governance Code formally approved by the Company's Board of Directors. The objective of this Code is to formalize the governance practices and validate compliance with all applicable legal requirements in matters pertaining to good governance.

HANDLING OF CONFLICT OF INTERESTS

MASISA has a formal process for the handling of situations which could involve a potential conflict between the interests of its employees and those of the company. Any potential conflict is channeled through the Legal Corporate Counsel for its adequate treatment according to the internal company alignments and legislation in force.

In order to guarantee the adequate knowledge and administration of matters that could originate conflict of interests, the Board Members and employees annually subscribe – or every time any change is produced related to what has been previously informed -, regarding their businesses, activities, or main investments in which they have interests, whether directly or through any of their related people.

USE OF PRIVILEGED INFORMATION

MASISA has a formal policy and procedures for handling and publishing information that could affect the price of the shares, as well as also for information regarding the transactions of financial instruments carried out by people who have privileged information. In such policy, MASISA limits the number of people having access to privileged information and minimizes the time that elapses between the generation and the disclosure of such information.

RELATIONS WITH INVESTORS (IR)

MASISA has taken on the commitment of delivering to the investors community all relevant information, in the quickest and most transparent manner possible, always taking care to maintain the highest levels of integrity and complying with the Corporate Governance goals¹.

1. On February 20, 2008 and in order to reduce its operational expenses, the Board of Directors of MASISA decided to delist from the New York Stock Exchange its American Deposit Shares (hereinafter "ADSs"), terminate its ADR's program and seek to deregister its securities before the US SEC ("Securities and Exchange Commission").

It is important to underscore that MASISA will maintain the high Corporate Governance Standards that characterize the company. Similarly, the relations and communications with investors and other stakeholders will continue to be in charge of the professional team of MASISA's Investor Relations in a systematic and transparent manner. The Quarterly Telephone Conferences on Results, Press Releases on Quarterly Results and the Press Releases of a general nature will be maintained in English.

CLAIMS CHANNEL

MASISA has communication channels for direct or anonymous claims related with the observation of its Entrepreneurial Principles, Ethical Conduct Code, Conflicts of Interest and any other related topic that entails a possible regulatory non-compliance, in its internal control environment, its financial statements and situations or facts that require the attention of Management and/or the Board of Directors.

A timely, independent, confidential analysis is assured for all claims filed without any repercussions for the parties issuing such claims through structured and monitored processes by the company's Audit Committee.

Claims received during 2007

Status	Number
Received	24
Solved	21
In process	3

External Channels Available:

In writing addressed in a confidential envelope to: The Secretary of the Audit Committee, at the Corporate Offices of MASISA S.A.
Av. Apoquindo 3650, 10th floor, Las Condes, Santiago, Chile.

Through Internet:
E-mail addressed to: principios@masisa.com





MAIN SHAREHOLDERS

MASISA's shares are traded in the New York Stock Exchange (NYSE), the Stock Exchange of Santiago Chile, the Stock Exchange of Valparaiso and the Electronic Stock Exchange of Chile.

As of December 31, 2007 the corporate equity of MASISA S.A. was divided into 5,667,750,881 shares. The main shareholders are GrupoNueva S.A., investment companies, Pension Fund Administrating Companies (AFP), foreign investors through the ADRs system and investment funds.

The controlling shareholder of MASISA S.A. is the Chilean company GrupoNueva S.A., owner of 53.31% of the shareholding equity of MASISA (31.10% in a direct manner and 22.21% indirectly through of its Chilean affiliate Inversiones Forestales Los Andes S.A.)¹.

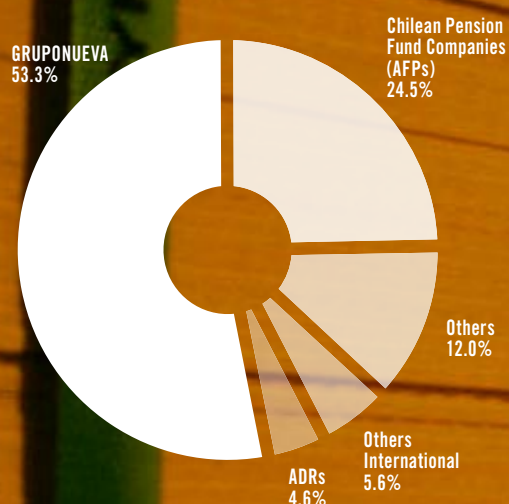
The main 12 shareholders of the subscribed and paid-in capital having the right to vote up to December 31, 2007, are as follows:

Name or Trade Name	N° of Shares	Participation
GRUPO NUEVA S.A.	1,762,466,482	31.10%
INVERSIONES FORESTALES LOS ANDES S.A.	1,258,801,116	22.21%
AFP PROVIDA S.A. ²	399,585,981	7.05%
AFP HABITAT S.A. ²	367,291,423	6.48%
Citibank Chile Cta.de Terceros Cap.XIV Res	318,301,309	5.62%
AFP CUPRUM S.A. ²	303,956,792	5.36%
The Bank of New York according to newsletter N° 1375 of the SVS	259,556,782	4.58%
AFP SANTA MARÍA S.A. ²	142,430,233	2.51%
AFP BANSANDER S.A. ²	120,196,769	2.12%
AFP PLANVITAL S.A. ²	52,906,887	0.93%
MONEDA SA AFI PARA PIONERO FONDO DE INVERSION	50,043,000	0.88%
COMGEST GROWTH PLC-COMGEST GROWTH EMERGI	50,000,000	0.88%

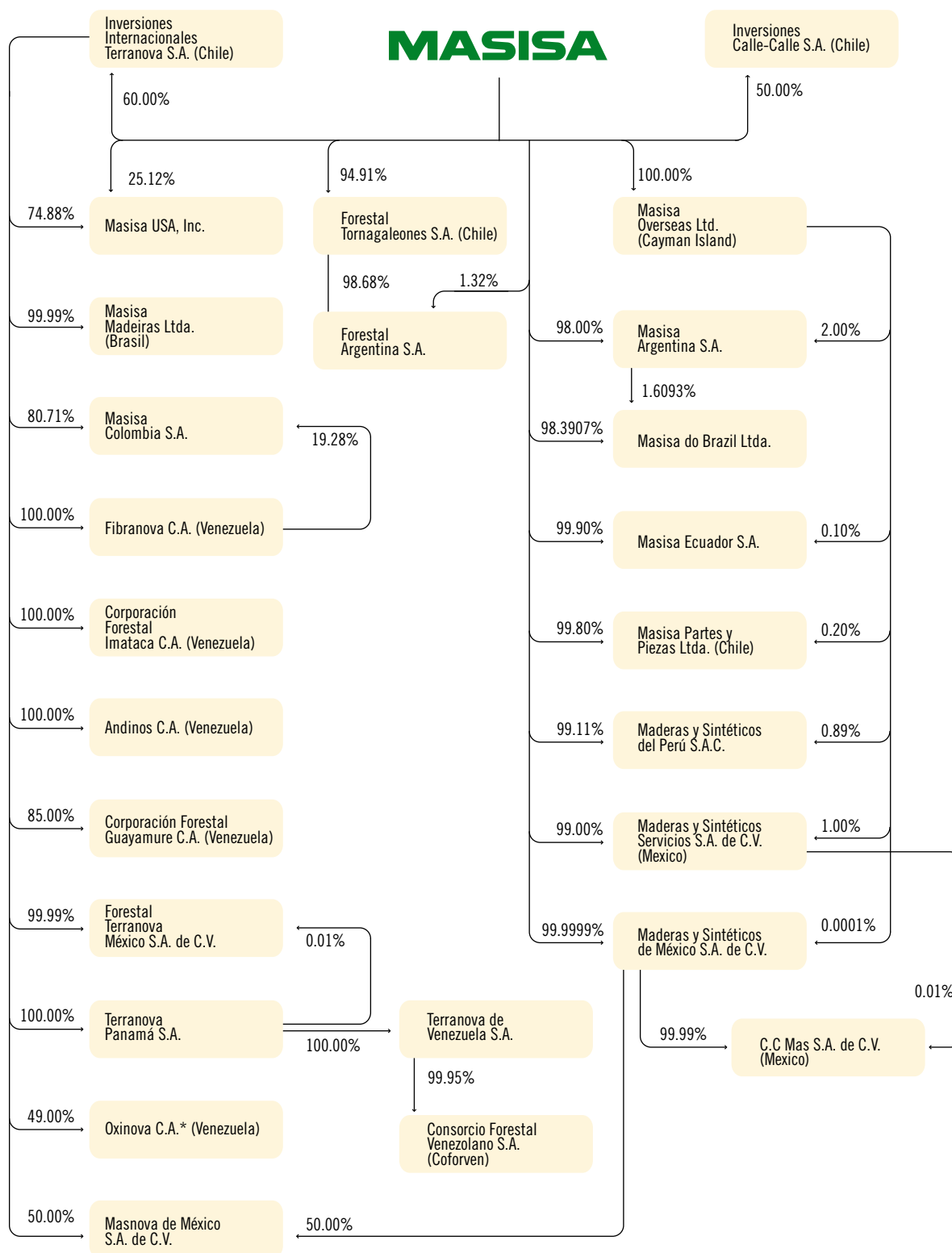
1. Dated March 20, 2008, GN Inversiones Limitada, a company related with GrupoNueva, acquired 700 million shares of MASISA, with which GrupoNueva increased its participation as a company controller in 65%.

2. AFP includes the A, B, C and D Funds.

Main Shareholders



CORPORATE STRUCTURE



* Dated January 31, 2008, Fibranova C.A. acquired from Oxiquim Inversiones Internacionales Limitada 51% of the shareholding participation that the last mentioned company had in Oxinova, Masisa S.A. then going on to control 100% of Oxinova C.A.





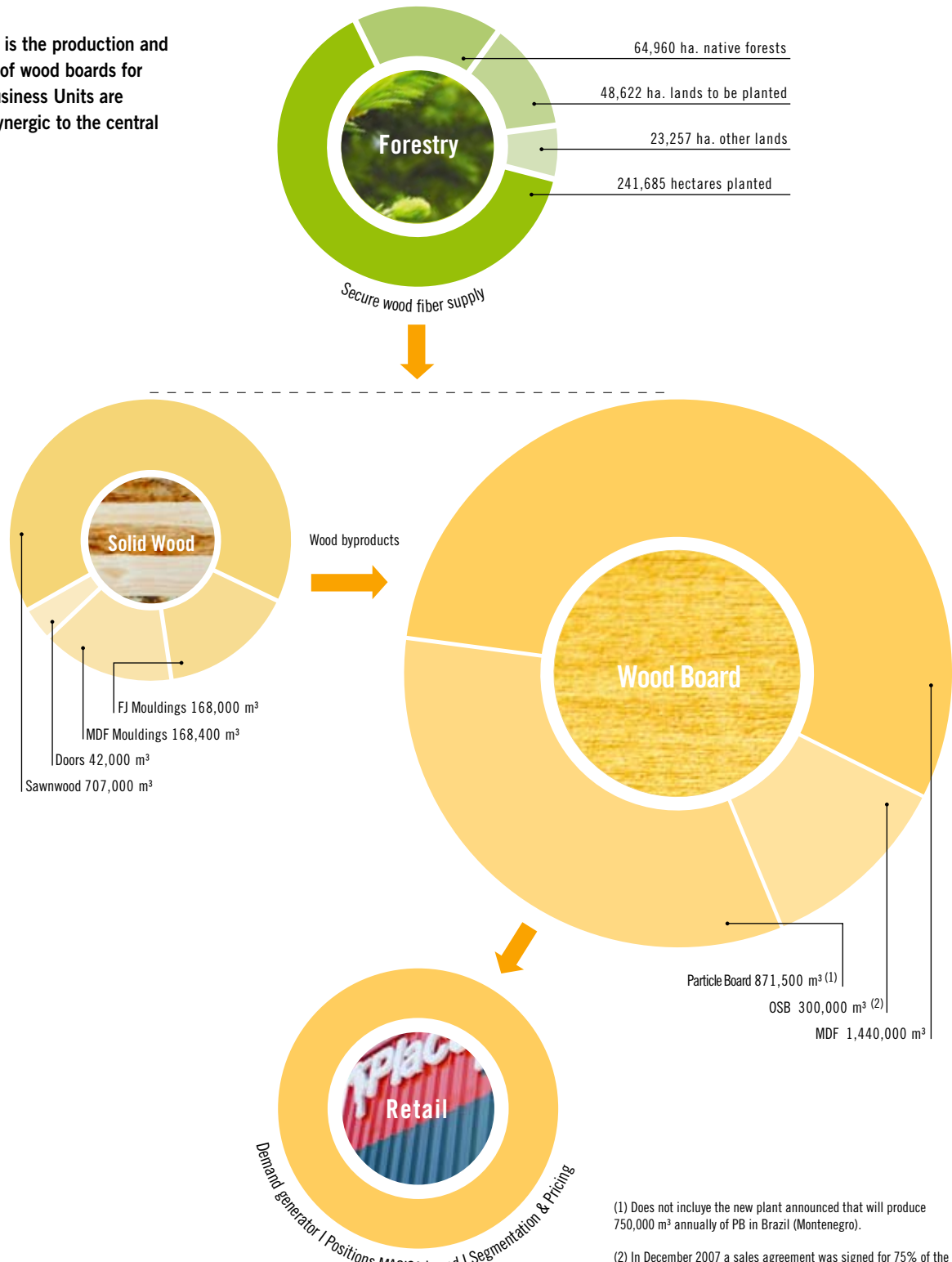
BUSINESS STRATEGY





BUSINESS STRATEGY

The main business is the production and commercialization of wood boards for furniture. Other Business Units are considered to be synergic to the central business unit.



(1) Does not include the new plant announced that will produce 750,000 m³ annually of PB in Brazil (Montenegro).

(2) In December 2007 a sales agreement was signed for 75% of the OSB plant of 300,000 m³ annually in Brazil, with Louisiana Pacific.

BUSINESS STRATEGY

QUALITY, INNOVATION AND CLOSENESS TO THE CLIENT

MASISA has demonstrated the capacity to quickly generate trust in the market it services. Despite existing opportunities for improvement, the market recognizes MASISA the best service alternative and, differently from its competitors, MASISA is distinguished for the way it relates to its customers.

The company develops innovative products in wood board designs and colors and this offer allows creating customer loyalty and increasing their interest, making greater the consumption of the MASISA products. The channels strategy focuses on developing new sales points (Placacentros), which allows the company to develop the market, break out sales and generate loyalty by a significant number of customers.

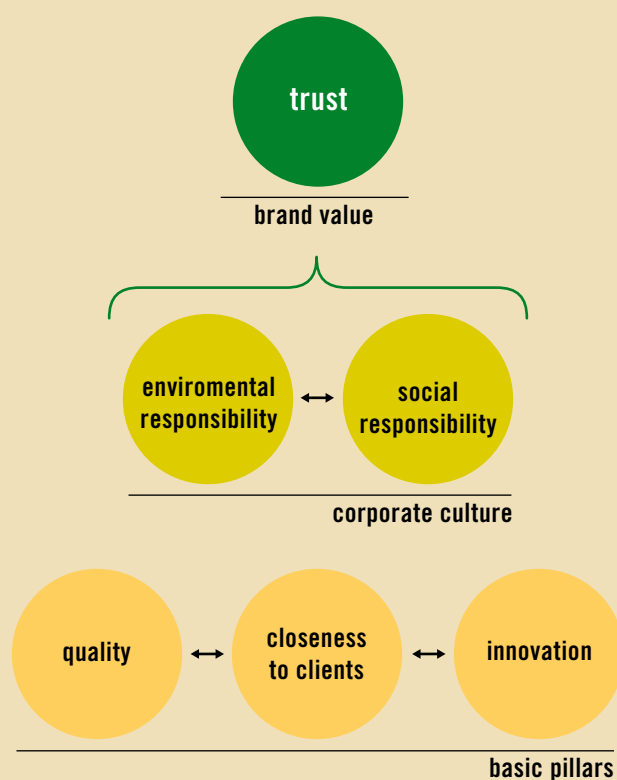
CAPITALIZE THE GROWTH OPPORTUNITIES IN LATIN AMERICA

The company deems that the growing use of wood boards in the furniture industry in Latin America, in combination with the unsatisfied housing demand in the countries of the region, will be a source of growth in the future. Based in these growth perspectives, MASISA is evaluating the construction of new industrial plants and consolidation opportunities of the industry. The company plans to capture the growth opportunities in the region through its differentiation strategy and its Placacentros network to consolidate its leadership position in the wood boards industry for furniture in Latin America.

EXPAND AND STRENGTHEN THE DISTRIBUTION CHAIN

MASISA works close to its customers to offer them solutions and satisfy their needs. The company attempts to continue developing the MASISA Placacentros program in Chile, Brazil, Argentina, Peru, Mexico, Ecuador, Paraguay, Colombia, Venezuela and Uruguay, and extend the Placacentro center to new countries. In addition, the company plans to strengthen the products mix offered in its Placacentros network through the incorporation of solid wood products, sawn wood and other products and services related with the furniture industry. The MASISA USA Inc. distribution channels in the United States will also be used to sell MDF moldings, finger joint moldings, OSB wood boards and solid wood doors.

VALUE PROPOSAL: MASISA IS MORE RELIABLE

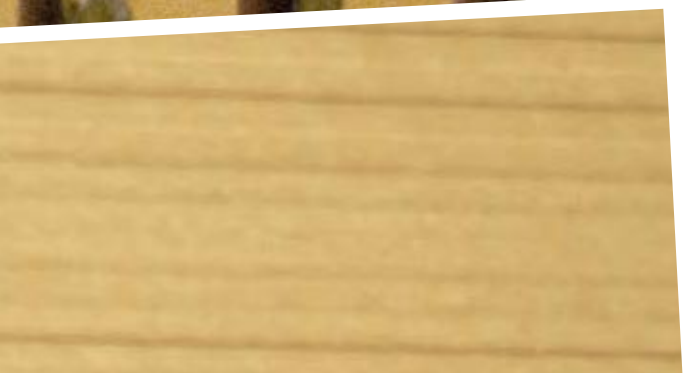


MASISA's value proposal is to become a reliable brand, close to all its public, which anticipates market needs by means of innovation in products and services and that operates in a responsible manner with society and the environment.

COMMITMENT WITH SUSTAINABLE DEVELOPMENT

MASISA seeks to also be differentiated in the market starting from leadership in adequate social and environmental management, MASISA wants to be reliable for all its stakeholders, and has the inspiration that its operations and businesses will positively impact the communities and direct and indirect employees where it operates.





MANAGEMENT REPORT

The consolidated revenue of the company as of December 31, 2007 amounted to US\$ 965.8 million, 8.9% greater than the prior year.

FINANCIAL RESULTS

Balance Sheet

US\$ Millions	2007	2006
Current Assets	500.2	475.4
Cash and Cash Equivalents	38.0	47.0
Accounts Receivable from Third Parties	164.8	154.1
Accounts Receivable from Related Companies	7.3	7.4
Inventory	212.5	185.8
Other Current Assets	77.6	81.1
Fixed Assets	1,702.4	1,557.3
Lands	165.1	142.8
Machinery and Equipment	857.5	849.3
Other Fixed Assets (includes plantations)	1,144.0	984.8
Accrued Depreciation	(464.2)	(419.5)
Other Assets	8.9	(16.4)
TOTAL ASSETS	2,211.5	2,016.3
Current Liabilities	387.3	267.3
Financial Debt	221.4	151.3
Accounts Payable from Third Parties	77.2	55.0
Accounts Payable from Related Companies	7.5	5.5
Others Short-Term	81.3	55.6
Long-Term	537.3	542.1
Financial Debt	423.2	445.1
Others Long-Term	114.1	97.0
Minority Interest	14.8	20.6
Equity	1,272.0	1,186.4
TOTAL LIABILITIES AND EQUITY	2,211.5	2,016.3

CONSOLIDATED SALES PER PRODUCT

	Sales US\$ Millions			Sales Thousands of M³		
	2007	2006	Variance %	2007	2006	Variance %
Wood Boards	656.8	555.4	18.3%	1,927.7	1,961.8	-1.7%
Moldings, sawn wood and doors	225.3	271.7	-17.1%	602.0	734.3	-18.0%
Wood chips	48.9	42.7	14.6%	1,448.2	1,426.4	1.5%
Others	34.9	16.7	108.5%	718.1	995.3	-27.8%

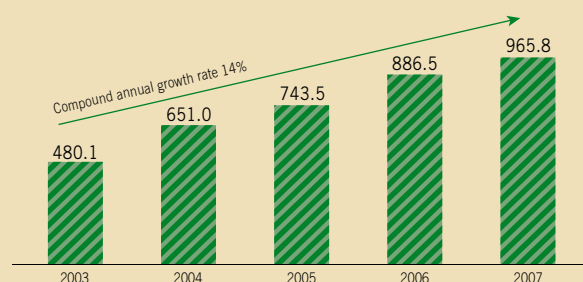
OPERATING RESULTS (US\$ MILLIONS)

	2007	2006	Variance %
Revenues	965.8	886.5	8.9%
Operating Costs	(722.5)	(679.0)	6.4%
Operating Margin	243.3	207.6	17.2%
% over sales	25.19%	23.41%	
Overhead and Sales Expenses	(136.5)	(124.0)	10.1%
% over sales	-14.14%	-13.98%	
Operating Results	106.8	83.6	27.7%
Profit for the Period	41.1	29.5	39.3%
Depreciation + Amortization	51.3	51.0	0.7%
Consumption own Raw Material (1)	18.4	19.2	-3.8%
Generation of Operating Cash Flow (GCO) (2)	176.6	153.7	14.8%
% over sales	18.28%	17.34%	
Profit per Share (US\$)	0.0072	0.0052	39.3%
Profit per ADS (US\$) 0	0.36	0.26	39.3%

(1) CMPP: Correspond to the costs per forestry assets recognized during the year and that were disbursed in prior years (activated).

(2) Generation of Operating Cash Flow = Operating Revenue + Depreciation + Amortization + CMPP

CONSOLIDATED SALES (US\$ MILLIONS)



CONSOLIDATED SALES

The consolidated revenue of the company as of December 31, 2007 amounted to US\$ 965.8 million, 8.9% greater than the prior year.

The main factors that explain this growth in sales are as follows:

- Growth of 24.4% in MDF wood board sales. We underscore the positive performance in sales terms in practically all the Latin American markets, with the exception of Mexico and Chile, where there was a decline observed mainly related to the lack of availability of wood boards in the first case, and with lower sales to molding customers due to the crisis in the real estate sector in the United States, in the second. The increase in MDF wood board sales can be underlined in Brazil and Venezuela, where sales grew 27.5% and 77.8%, respectively.
- Increase in sales of particle wood board in all the Latin American markets, with the only exception of Mexico. We can underline the growth in sales in Chile, Venezuela and Argentina, where there was a growth of 12.7%, 23.3% and 19.0%, respectively.
- Decline in the sales of our solid wood products in the United States, with the exception of solid wood doors, due to the strong contraction of the construction sector in such market.

OPERATING RESULTS

Operating results increased approximately 27.7% in comparison to 2006, totaling US\$ 106.8 million as of December 31, 2007. This better operating result is mainly explained by the following:

- Greater sales levels, mainly fostered by the growth in MDF wood board sales and agglomerate, which observed an increase in their prices (23.0% and 17.4% respectively), keeping their volumes relative stable.
- Greater gross margin as a percentage of sales due to the success of the commercial strategies adopted by the company, which allowed more than transferring to prices the increase in costs, both in the production of wood boards (mainly resin and wood), as well as in the production of solid wood products (mainly wood and personnel expenses due to the appreciation of local currencies).
- Overhead expenses and sales that were kept stable at levels of 14% as the proportion of sales.

GENERATION OF OPERATING CASH FLOW

During 2007, the generation operating cash flow reached US\$ 176.6 million, 14.8% greater than what was generated during the prior year. The greater generation of cash flow is mainly due to the excellent performance of the Wood Boards Business Unit, the main company business, which allowed more than offsetting the

lower performance in the Solid Wood Business Unit, affected by the contraction of the construction sector in the United States, main target market for the products pertaining to this Business Unit.

NON-OPERATING RESULT

The non-operating result showed a decline of US\$ 10.3 million. The main factors that explain the change in non-operating results are as follows:

- Reduction of the financial revenue of US\$ 4.4 million, due to the lower level of short-term financial investments kept during 2007 in comparison to 2006.
- Increase of other non-operating disbursements for US\$ 4.4 million mainly explained by the closing of the Charleston Plant (United States) and by the expenses associated to reductions in the production levels in the Solid Wood Business Unit in Chile.

NET PROFIT

The net profit reached US\$ 41.1 million, 39.3% greater than the US\$ 29.5 million of 2006, fundamentally due to the good performance of the main business, i.e. the Wood Boards Business Unit.

DIRECT AND INDIRECT ECONOMIC IMPACTS

MASISA generated direct employment for a total of 5,074 people in 2007 and 5,241 people in 2006. The total payment for wages and benefits in 2006 was of US\$ 58.6 million and of US\$ 64.5 million in 2007. In 2006 and 2007 we paid approximately US\$ 995 million and US\$ 912 million to our suppliers, respectively.

The profits of MASISA in 2006 and 2007 were of US\$ 29.5 million and US\$ 41.1 million, respectively and as a whole the set of governments in the countries where MASISA has operations, received contributions in taxes for US\$ 31.3 million in 2006 and US\$ 67.6 million in 2007.

MASISA's social accountability is not philanthropic or donation-type activities, but rather they form part of the normal cost of operations. However, we do maintain some philanthropic activities that received donations in money and / or products for US\$ 320,660 in 2006 and US\$ 266,309 in 2007.

DIRECT AND INDIRECT ECONOMIC IMPACTS	US\$ Millions	
DESCRIPTION	2006	2007
BILLING AND COLLECTION SALES DEBTORS	\$ 1,230.899	\$ 1,188.447
PAYMENT TO SUPPLIERS	\$ 995.161	\$ 911.903
TOTAL PERSONNEL EXPENSES	\$ 58.6	\$ 64.5
MONETARY FLOWS TO CAPITAL SUPPLIERS CREDITORS – INTERESTS(*)	\$ 554.5	\$ 397.6
MONETARY FLOW TO CAPITAL SUPPLIERS SHAREHOLDERS	\$ 11.5	\$ 12.4
TAXES PAID (**)	\$ 31.3	\$ 67.6
SUBSIDIES	\$ 0	\$ 0.028
DONATIONS CARRIED OUT	\$ 0.320	\$ 0.266
TOTAL EMPLOYEES	10,247	9,913
DIRECT EMPLOYEES	5,241	5,074
INDIRECT EMPLOYEES	5,006	4,679

(*)They correspond to the interests paid + the payment of loans and obligations with the public + the payment of capitalized interests.

(**)They correspond to paid income taxes + value added taxes and other similar taxes paid.

POLICY, PRACTICES AND PROPORTION OF EXPENSES CORRESPONDING TO LOCAL SUPPLIERS LOCALES IN PLACES WHERE SIGNIFICANT OPERATIONS ARE DEVELOPED

MASISA seeks that contracting, sub-contracting companies and suppliers comply with all the labor and legal norms in administrating their contracts, particularly in what refers to the people who work on their own in the company installations.

The activities involved in the management of contractors are as follows:

- Application of the MASISA's Vision, Mission, Values, Leadership Brand and Entrepreneurial Principles.
- Compliance of labor and environmental legislation, as well as financial and taxing control.
- Control of information, roles and responsibilities of the parties that interact with contractors, evaluation, training and development of the contract administrators, audit, commercial ethics, commitment and labor relations with contractors.
- Optimizing the management of contracting companies through the resolution of conflicts, complaints, awards and fines.

		2007
Country	% of expense corresponding to local suppliers	
Venezuela	96.89%	
Brazil	94.50%	
Chile	89.44%	
Argentina	84.86%	
Mexico	44.48%	
Colombia	40.73%	
Ecuador	25.45%	
Peru	21.02%	
USA	10.76%	

BRAND MANAGEMENT - MASISA IS MORE RELIABLE

CLOSENESS TO CUSTOMERS

We seek to anticipate service and satisfy the needs of our customers in line with a long-term commercial strategy.

During 2007 MASISA developed different value proposals for its direct customers -Placacentros, furniture industrial clients, large stores and surfaces - within the framework of a channel strategy that will be the base for its commercial activities during the coming future.

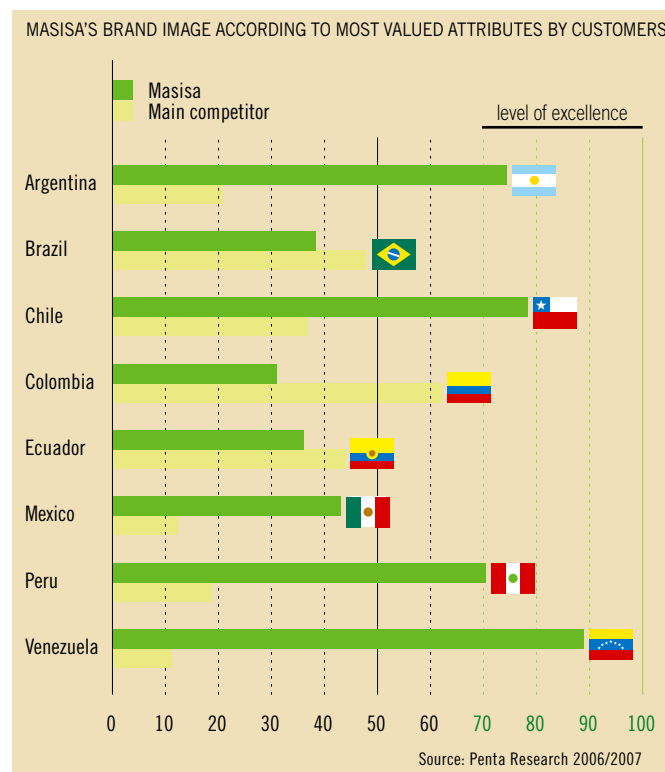
This segment-type focus privileges better customer service and a greater approach to the reality of the company's customers, as well as greater and quicker understanding of their expectations and needs.

A recent brand image study performed in December 2007, confirmed that MASISA is the leader manufacturer of wood boards in terms of brand recognition in Latin America. The graph shows a comparison of MASISA with the main competitor for each market. The variables measured are the most valued attributes for customers, such as closeness, quality, innovation and responsibility towards the environment.

The preference of our end customers due to environmental issues was reflected in surveys in all countries and in the United States, in addition special interest was expressed for FSC certified products.

The result shows that MASISA's position is of excellence in some markets and being ahead of the competition within most markets.

The diagnosis at the end of 2006 is that MASISA shows gaps in some markets in comparison with the equivalent benchmark levels of other industries. In wood board producers industry, which at a general level shows a medium to low perception of satisfaction, MASISA reaches good relative rankings. Therefore, the challenge is to position MASISA as a brand of excellence in achieving its commitments and in continuing to generate trust and closeness to its customers.

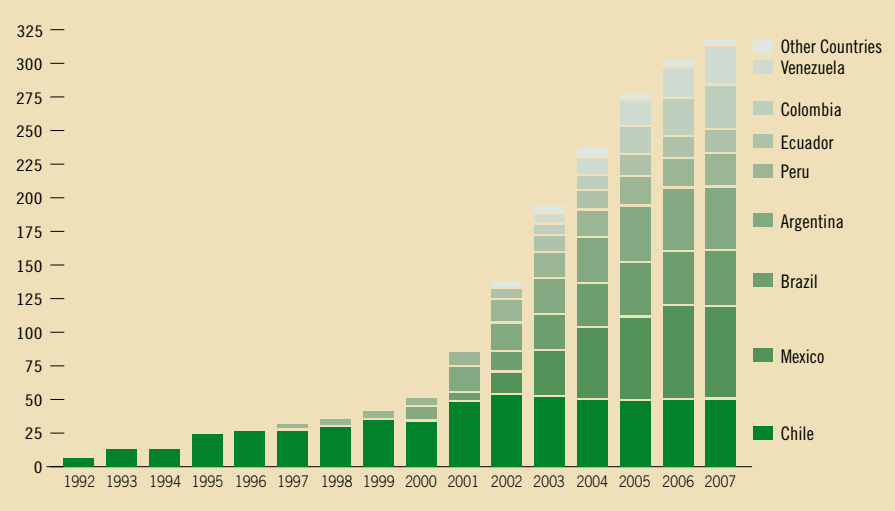


In the above respect, and under the Perfect Order Project, several initiatives are being developed:

- Selection of the metrix OTIF as one of the customer service indicators. It measures the compliance of the commercial commitments in terms of deadlines and volume. The sales, production and dispatch and support areas such as finance and planning participate directly.
- Product Quality Project, which comprises five relevant topics:
 - Technical Specifications
 - Standards
 - Measurement and Control Methodology
 - Packing
 - Management Analysis
- Standardized complaints management system for the customers of the Wood boards and Retail Business Units in the eight countries that commercialize MASISA's wood boards. Currently the complaints procedure is successfully implemented and operating in Argentina and Chile. It is expected that it will be executed at the start of 2008 in Brazil, Colombia, Ecuador, Peru, Mexico and Venezuela.

In reference to the Placacentros, which are mainly focused towards the small and mid-size furniture manufacturers, they offer an extensive variety of wood boards, solid wood, accessories and services. A key aspect has been the inclusion of services related with furniture manufacturing, such as the Design Centers, the optimized cutting of wood boards, placement of border covers (moldings) and hinges, home dispatch, accessories and technical talks, among others.

NUMBER OF PLACACENTROS



The owners and operators of these stores receive training and technical assistance from MASISA, both in terms of products and applications, as well as in the handling of the sales point and commercialization techniques, thus increasing the business result and maximizing the productivity of carpenters and small contractors.

During 2007 the following initiatives were started in order to achieve closeness to our customers:

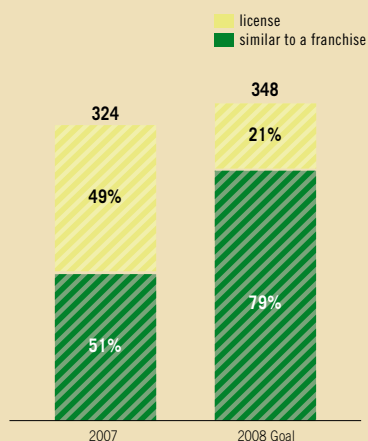
- Development of the Network and Format: Opening of new stores and the rationalization of stores that have low potential. In order to develop the best format of sales outlets in the best locations, during 2007 MASISA continued to develop its distribution network Placacentro, present in ten countries of Latin America. The network began in 1992 with the opening of seven stores in Chile. At the end of 2006 the Placacentros network was formed by 300 outlets in 10 countries, and as of December 31, 2007 that was a total of 324 stores. The company will increase its network in approximately 20 new outlets during 2008.

- New contract similar to a franchise. In order to approach in a more efficient and integrated manner challenges and future opportunities, MASISA and the Placacentros started in 2007, signing a new contract that leads towards a renewed value proposal that will reinforce the positioning of the Placacentros Network as "one-stop shopping fitting all the needs of the furniture maker". This new business model sets forth the grounds for the future development of the network.

- Placacentro Operations Manual: The manual was implemented in 2007 in the network stores, adhering to the new franchise contract. It is a training and control tool for the best management practices when operating a Placacentro, collected throughout our operations in Latin America and comprises all business aspects. The implementation of the Operations Manual seeks to provide value added to the franchise owner in pursuit of commercial and operational objectives –sales /profitability and image-, obtaining the ISO 9001 certification of the Placacentros which require so, as well as improve-



STRUCTURE OF PLACACENTROS



ments in the quality and savings in times and costs, in addition to external training both to the Placacentros personnel as well as for the MASISA employees, focused on sales and marketing, in order to reinforce the retail competencies. The implementation follows a standardized program to all Latin America and is, in turn, adapted to the reality of each Placacentro and country. Excellent reception was verified by Placacentro's owners and personnel, identifying improvements in their processes and a market participation and commitment of MASISA's personnel. The implementation of the Operations Manual will continue during 2008, covering 50% of the network.

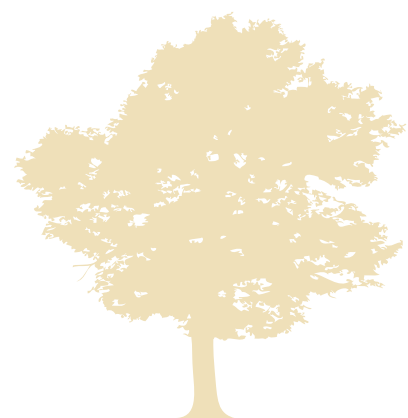
- **Central Purchasing Unit:** It seeks to increase the offer potential of the Placacentros towards its customers, through the incorporation of a great variety of products that are supplementary to wood board in furniture manufacturing, thus backing the commitment of having "one-stop shopping fitting all the needs of the furniture maker". This consolidated purchasing network for the Placa-

centros, implemented per country and administrated in a centralized manner by MASISA, has the support of a central committee formed by a group of representatives of the Placacentros owners. The Central Purchasing Unit supplies supplementary products for the furniture industry in a competitive manner, enriching the offer through the on-going incorporation of the most and best products such as paints and lacquers, locks, brackets and ironworks, tools and adhesives. During 2007, the central purchasing units were started-up in Mexico, Chile, Brazil, Peru, Ecuador and Colombia and its implementation was started in Venezuela.

New Extranet Placacentros. This is the official communications channel between MASISA and its Placacentros network. In 2007 commercial and operational management tools were incorporated, as well as local and corporate news, information on allied suppliers, and integration with external systems, among others.

- **Furniture Makers' Training and Certification Program:** In order to develop demand, foster social development and create customer loyalty towards the network, during 2007 a total of 11,292 carpenters were trained.
- **Renewed Advertising and Promotions Program:** The Placacentros are a key piece in MASISA's marketing strategy which seeks to increase consumption per capita of its products, position its brand and create competitive advantages. In 2007 the wood board sales through this channel represented approximately 30.4% of the wood board consolidated sales (excluding wood boards exports), in comparison to the goal which was of 26.8%.

- **New Offer Mix for the Products and Services**
Goal: In order to maximize the sale of the Placacentros Network through a specialized, complete, competitive and innovative offer, during 2007 the implementation of a Category Management process was started:
 - Systematic definition and review of the products offer
 - Evaluation of the performance of each category and product (SKU)
 - Planning and definition of procurement and suppliers. During 2007, the methodology was applied to define the new "Goal Offer" at the SKU level in all countries and it was extended to the rest of the channels, aligning its action plans to the Value Proposals.
- **Supervision of the Placacentros "Welcome Clients":** During 2008, this tool will be applied that seeks to increase and sustain at the individual level and throughout the network, compliance of critical operational standards that determine the satisfaction of Customers in order to improve sales and profitability.





DESIGN AWARD: FURNITURE FOR SOCIAL INTEREST HOUSES

MASISA's Design Contest seeks to empower the management of young future professionals and the development of the furniture industry among young talents.

In its 2007 version the additional challenge was included of generating innovative proposals for furniture that contributes, through its design, the well-being of lower income families that live in social houses.

The projects received from all Latin America were over 600, demonstrating the great commitment of design and architecture students, who, through their creativity and innovation contribute to the well-being of lower income families.

The international conclusion of the contest was held under the framework of the FOA House (Casa FOA), in Buenos Aires, Argentina, where the winner was the "Kit Studio" Project from Chile.



GREENHOME™

Interior moldings manufactured with MASISA's MDF were chosen by the "National Mainstream GreenHome™" built by Cherokee Investments Partners in Raleigh, NC, for having the SCS recycled content certification and for complying with the E1 low formaldehyde standard.

A house was built to underscore adequate environmental practices for construction in the United States and demonstrate how traditional design can be integrated attracting a wide array of buyers and house builders in the States.

QUALITY

ISO 9001 CERTIFICATIONS

During 2007 the MASISA companies have been dedicated towards obtaining certification for its Quality Management Systems (SGC, according to its acronym in Spanish) under the ISO 9001:2000 Standard, which had been achieved by the affiliates of Argentina in 2001 and Brazil in 2006. These systems favor the definition, communication and understanding of the Quality Policy and the alignment of objectives, identification and management of key processes for the organization, and the ordering and reliability of documentation. It will aid the company to generate trust in terms of the conformance of commercialized products and improve the effectiveness and efficiency of its processes.

In November 2007, MASISA Chile achieved the above certification, and the affiliates of Ecuador, Mexico, Peru and Venezuela have started their prior work in order to obtain their certification during 2008.

Responsibility for the use of products: 100% E-1 wood boards

MASISA only produces wood boards that have low emissions of formaldehyde and has the Class E-1 certification according to the European Standard granted by the German Institute Entwicklungs- und Prüflabor Holztechnologie GMBH – EPH, European notified Body 0766. Compliance with this standard is audited every six months in all the company plants and allows having the MASISA products comply with the demands of the State of California, United States, which will start to govern in January 2009.



The formaldehyde resins (mainly urea- formaldehyde, phenol formaldehyde, only for outdoors wood boards) are used as adhesives to glue together the wood fiber and provide consistency to the wood board.

In 2001 MASISA carried out a life cycle analysis of the wood board production with the collaboration of international experts such as the Institute of Occupational Medicine of Great Britain (<http://www.iom-world.org/>) and defined the control of formaldehyde emissions as the most relevant topic, both in production as well as in the use of wood boards .

MASISA controls compliance with the most demanding international standards pertaining to the protection of its workers, and with the E-1 certification, MASISA provides its customers with the confidence they need to use its products.

MASISA's customers have been informed on the benefits of using low formaldehyde emission wood boards, and many of them, such as Sony in Mexico and Todeschini in Brazil, preferably acquire MASISA's products in order to assure their own customers' trust.

Similarly, MASISA started efforts to achieve having all countries where they operate count at least with technical standards that assure that the production of wood boards is according to demanding international standards in terms of their emissions. During the last five years, a single complaint has been received from a client regarding the content of formaldehyde in their wood boards.

INNOVATION

PRODUCT DEVELOPMENT

MASISA is continuously being aware of the market's opinion in order to develop innovative and quality products. The commitment to be leaders in the markets where it operates and of anticipating their needs by means of the innovation in products and services, backs its vocation for product development.

In 2007 corporate policies and procedures were developed and implemented in the eight countries where MASISA is present for the good handling and development of wood board products. At the beginning of 2008 all countries will be operating under this standardized framework.

Under this innovation policy are the new developments that MASISA has recently implemented.

- MASISA Brazil won the award "Best of the Best" for its innovation in the development of highly technified products. Underscoring MASISA's product nature primer wood melamine covered board for furniture manufacturing in the world that exactly copies the wood grain.
- Continuing with its commitment of manufacturing products that are friendly to the environment, under the highest quality standards, MASISA is developing native melamine inspired in the autochthonous trees of each country. Brazil and Chile are the first markets that have in their products portfolio the offer of melamine coated wood boards that replicate native species. Jacaranda o Imbuia in Brazil and Lenga o Raulí in Chile are some of the products that MASISA is already commercializing, thinking in its customer needs, thus contributing to the decrease of the indiscriminate exploitation of native forests. Following with this trend and considering the importance that has meant the creation of responsible and innovative products, the countries where MASISA is present are developing their own product lines with native melamines.
- 3D wood boards: This line shows the wood grain as if they were real, delivering a state of the art alternative on choosing the perfect design.

1. The International Agency for Research on Cancer (IARC - <http://www.iarc.fr/>) of the World Health Organization (WHO - <http://www.who.int/>) has indicated that exposure to formaldehyde can cause irritation to the eyes, nose, throat and mucose, and it can eventually affect the skin and the respiratory system. It considers that formaldehyde can probably be a cancer agent for humans, which is why its use can be subject to rigorous controls in order to assure exposure at the lowest possible level (Please refer to International Agency for Research on Cancer, World Health Organization, Wood Dust and Formaldehyde, Monograph No. 62).

ACKNOWLEDGING OUR CUSTOMERS

MASISA USA worked in 2007 not only in its commitment towards the Triple Bottom Line, but also on promoting environmental and social excellence in its customers. The MASISAGREENTM award was given in November 2007 to Alexandria Moulding, acknowledging the Canadian company as an example of environmental and social practices. Alexandria Moulding was the first international company on bringing FSC moldings to the Canadian Retail Market and shares with MASISA its commitment towards sustainable business practices.

INNOVATION AWARD

During 2007, the contest "At MASISA we are creating value" was developed, an initiative to detect innovative proposals from MASISA's ownemployees in order to generate company value.

Multi-tasking teams were formed for months who worked on drafting different projects, which totaled over 60 initiatives.

"The projects that have been selected for their implementation within the organization, add additional earnings for the company, for an approximate total of US\$ 5 million annually. These initiatives generate EVA hand in hand with the Triple Bottom Line, which is in line with our way of doing business, that is why I invite you to continue being leaders in your own organizational and believing in the value of your ideas, in order to develop new businesses and profitable projects for the company", stated Enrique Cibié during the award ceremony for the above activity.

The group of six employees of the Forestal and Tableros de MASISA Chile Business Units, were the contest winners, which is why they enjoyed the great first prize of a trip aboard the Princess Cruiser, where they visited Italy, Greece and Croatia, along with their spouses.



Award ceremony of "At MASISA we are create value" contest

LEADERSHIP IN CLIMATE CHANGE

MASISA has decided to take a leadership posture in the region on touching head on the problem behind the Climate Change as a business opportunity, for which in 2006, it defined a policy regarding the issue.

Given the nature of its business, MASISA is making a positive contribution towards the solution of the climate change problem on:

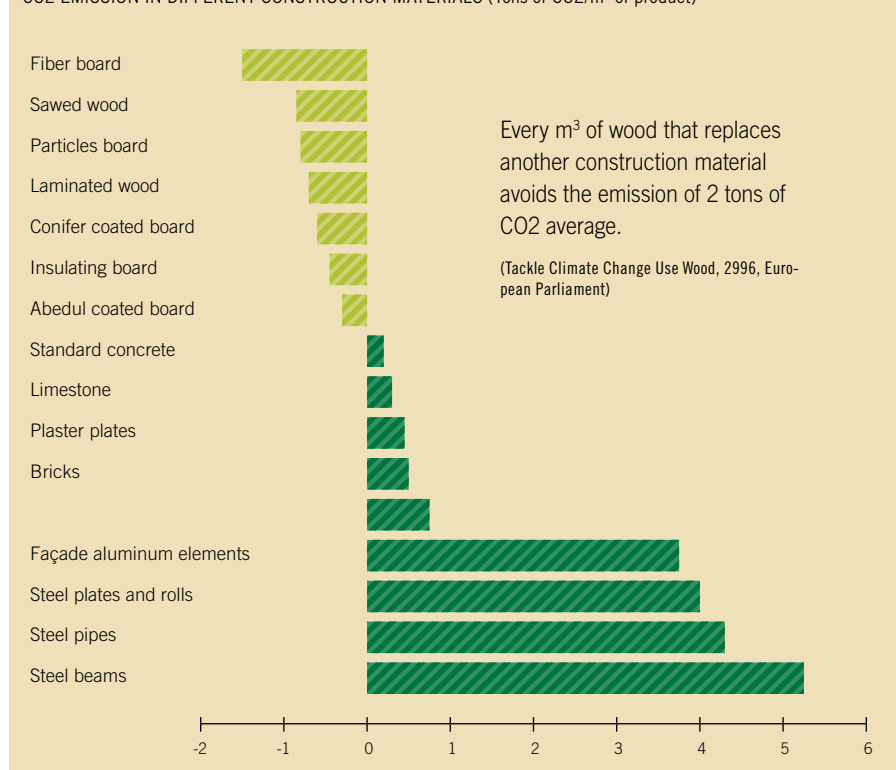
- Capturing and setting carbon dioxide (CO₂) in wood, which is the main greenhouse gas effect produced by man. Through photosynthesis, trees absorb the carbon dioxide of the atmosphere and replace it with oxygen, thus mitigating the greenhouse gases emissions.
- Offering products that allow customers to substitute other construction materials that have greater energy consumption and CO₂ emissions.
- Replacing the use of fossil fuels by means of using wood and increasing energy efficiency. When wood cannot be re-used or re-cycled, it serves as fuel.

Possible Impacts of Climate Change on the Business

In 2007, MASISA participated in an effort led by the World Resources Institute –WRI (www.wri.org) and GrupoNueva to analyze and understand the possible impacts of the Climate Change in the forestry sector.

The work focus of the WRI was to understand, with a holistic view, the main implications of the Climate Change over all the forests related industry. In turn, the work developed by the MASISA-GrupoNueva team was focused on understanding the possible impact of Climate

CO₂ EMISSION IN DIFFERENT CONSTRUCTION MATERIALS (Tons of CO₂/m² of product)



Change in the forests of the southern region of Latin America. Work was carried out, with the above purpose in mind, on identifying the variables that will be affected by Climate Change, the expected range of its variation and its qualitative impact on forests.

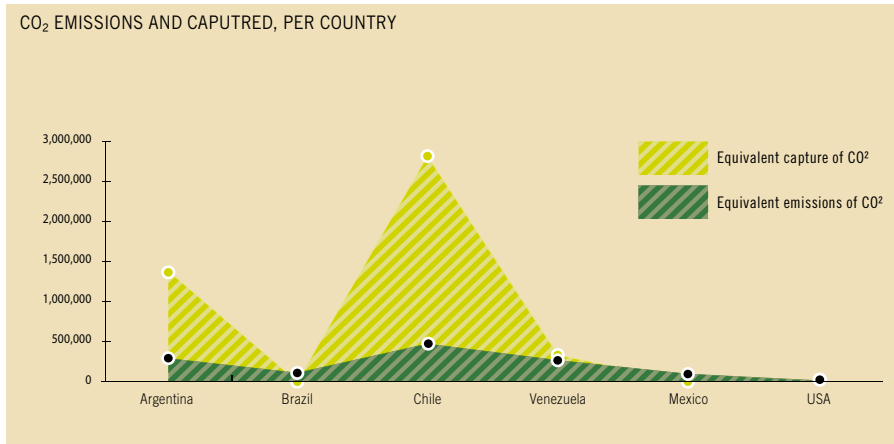
During 2008, it is expected that work will continue to be more in depth understanding the issue in order to identify measures to protect the company's forestry equity long-term and finding new and more attractive investment alternatives.

Positive Balance of Carbon

MASISA has a positive carbon balance. However, it has decided to become committed towards reducing its emissions in 6% by 2010 in comparison to the base line 1998-2002 on becoming part of the Carbon Voluntary Market "Chicago Climate Exchange" CCX. The goal for 2008 is of 4.5%.

In this first stage, our balance includes the emissions directly generated by MASISA for the use of fossil fuels and electricity, and considers capturing plantations according to the stock level (net from harvest / use). The balance was drafted according to the international methodology (CCX) and has been submitted to external verification.

MASISA was the first Chilean company in becoming part of the Chicago Climate Exchange (CCX), committing to reduce its emissions in 6% by 2010.



Compliance of Goals According to the Chicago Climate Exchange CCX¹

Ton CO ₂ eq/year*	Base Line	2003	2004	2005	2006	2007	2010
(1) Reduction Goal		273,958	271,191	268,424	265,657	264,965	
Goal		-1%	-2%	-3%	-4%	-4,25%	-6%
(2) MASISA Emissions	276,726	197,307	216,167	205,863	200,994	204,906	
(3) Net Position: (1)-(2)		76,652	55,024	62,561	64,663	60,059	

* CO₂ – equivalent includes all the greenhouse effect gases taken to CO₂

Direct Emissions¹

The CO₂ direct emissions are derived from the use of fossil fuels and electric energy in industrial plants; 66% of the energy in the MASISA plants comes from the use of biomass as fuel, 21% from electric energy and 12% from fossil fuels. In particular, in the Solid Wood Business Unit, this percentage varies to 83% biomass, 14% electric and 4% fossil.

Unfortunately, the energy matrixes of the countries where MASISA is present are focused towards fossil fuels, which will also affect the company's CO₂ emissions.

On the other hand, MASISA's forestry expansion plan has assured an increase in capturing such emissions.

Evolution of Capture and Emission versus Production between 2003 and 2007

Emissions have been maintained pretty stable in the period, despite the fact that production has shown a significant increase. The capture of emissions has been positive and greater than the emissions throughout all the period. This has resulted in a positive balance of 3,021,712 tons of CO₂ eq.

CO₂ Balance Analysis per Country

Chile has a greater capture of emission for the period. Brazil does not report any emission capture due to the fact that the harvest of adult forests has been replaced by young plantations

and also due to the irregularity of the age structure of the plantations. Mexico and the US do not have any capture since MASISA does not have any forests in these countries.

Emissions Indicator per Production

This indicator has shown a decrease through time since emissions have been kept stable, despite the fact that production has increased.

1. This is preliminary information, because the facts are submitted to external verification.





CLIMATE CHANGE IN PLACACENTROS

MASISA fosters an Energy Efficiency Program in the Placacentros, in order to disseminate the Triple Bottom Line management in all its value chain.

It is expected that the program will generate the following benefits for our stores network:

- Decrease of the greenhouse effect gases caused by the decrease in energy consumption.
- Generation of savings in energy consumption.
- Progress towards positioning the Placacentros brand, as “environmentally responsible”.

During 2007, an energy efficiency improvement study was carried out in a sample of Placacentros representative of different development levels, identifying the potential savings in the main sources of energy consumption such as: machinery, lighting, IT equipment/fax and printers and other sources such as air conditioning equipment and kitchen appliances.

It was confirmed that there is an electric savings potential of at least 10% in the Placacentros, if better resource management is implemented through a series of easily applicable concrete actions.

This Energy Efficiency Program in the Placacentros will be implemented in the network during 2008.

(Please refer to the article in Harvard Business Review, October 2007, Page 40 “Leading Change in Latin America”)

Indirect Emissions

The emissions generated by transportation in MASISA's value chain have not been included in the initial balance, however in 2008 we started the process of their valuation to be later included in the balance. The initial estimate is based in multiple assumptions that will be validated during the year, and do not include the consumption of fuel for cranes in the distribution centers and ports, the consumption variances of trucks in rural or urban routes, or specific conditions pertaining to speed, tires and other trucks.

	Movement	Diesel Consumption	Ton CO ₂
	Ton year	Ton/year	Year
Freight Raw Materials	5,985,512	14,380	38,827
Land Freight Finished Products	1,414,384	14,855	40,109
Maritime Freight Finished Products	494,008	22,368	60,393
Total		51,603	139,329

Considerations:

CO ₂ Emission Factor	0.0027	Metric tons CO ₂ /liter
Fuel Consumption per Break Bulk Vessel	25	Ton / day
Fuel Consumption per Container Vessel	70	Ton / day
Trip of container vessel at full capacity	2,500	TEUS / trip
Fuel Consumption per Truck	2.5	Km / lt
Trip by truck at capacity	25	Ton / trip

The calculations are based on average maritime freight transit times.

Calculations are based on average distances by truck for the countries of which we do not have any register

In addition, in 2007 we started to measure the emissions generated starting from airline trips for the operations in Brazil, Chile and Argentina, giving a total of 3,959 ton CO₂ eq.

Actions in the Value Chain

We have started to reduce emissions in all of our value chain: Through energy efficiency actions both in industrial production as well as in the Placacentros, and the replacement of fossil fuels for biomass.

The new Cogeneration Plant in Chile, with an investment of US\$ 17 million will allow having greater energy independence and substitute close to 30,000 tons annually of CO₂.

In 2006, a research project was started with the Universidad de Concepción (Chile) that will have five-year duration to development protocols for the production of biomass from forestry species having quick growth and short turn-over, for the generation of lignocelluloses biomass both for energy production and for the production processes. Similarly, the research will include studies on the same species for the production of ethanol for energy consumption. In 2007 test farms were established that will allow evaluating the species, density, ground and soil characteristics and irrigation.

On 2007, an energy savings program was started based in everyday actions with the MASISA employees. During 2008, progress will be made until including customers with energy efficiency proposals.

BUSINESSES THAT OFFER OPPORTUNITIES TO IMPROVE THE QUALITY OF LIFE

MASISA seeks to promote businesses that offer opportunities to improve the quality of life of low income sectors, and that, in turn, allow improving the company profitability.

We have gone in depth to define and provide the scope of the initiatives in this area, expanding the inclusive business concepts. Therefore the following conceptual definition has been made:

The inclusive businesses are economically profitable initiatives, which are environmentally / socially accountable, using market mechanisms to improve the quality of life of low income people, on allowing the following:

- Their participation in the value chain as suppliers of raw material, agents that add value or goods or services, or sales persons / distributors of goods or services, and / or
- Their access to basic essential services of better quality or at a lower cost, and / or
- Their access to products or services that will allow them to get into a "virtuous circle" of opportunities to make businesses or improve their social-economic situation.

(Source: Avina, 2006)

On the other hand, the learning of the pilot projects and others that have already been developed have clearly indicated that the maturity periods of the inclusive business initiatives are long and take several years. In addition, the challenge of taking them to a massive scale is important and requires building complex alliances.

Considering this new focus and scope and the learning of the prior years, MASISA reformulated, in accordance with the alignments of GrupoNueva, the goal of achieving 10% sales in this segment up to 2008, defining a new goal to achieve 10% of inclusive businesses up to 2010. This new goal is an important challenge and it is worth noting that the result reported in 2007 was of around 4% in terms of local sales.

MASISA ACQUIRED FIVE HYBRID CARS, FOR THE COMPANY'S TRANSFERS AND ADMINISTRATIVE DEALINGS

Under the motto "MASISA and Honda together towards achieving clean energy", the companies subscribed an agreement that seeks to contribute towards reducing the contaminating indexes, as well as saving fuel.

Thus, there are three cars in Santiago and two in Concepcion circulating with clean technology, since the hybrid car combines a gasoline engine with another electric one, thus achieving the maximum performance and efficiency. In addition, its internal combustion engine stops automatically on detaining the car, which considerably reduces the consumption of fuel, the emission of polluting gases and the noise levels.



ENTREPRENEURIAL FORUM "GLOBAL WARMING: ENTREPRENEURIAL CHALLENGES"

Representatives of the entrepreneurial, academic and trade association world met in the Entrepreneurial Forum "Global Warming: Entrepreneurial Challenges" held on April 25, 2007 and organized by MASISA, ICARE, Avina and Viva Trust.

The summit had the participation of Stephan Schmidheiny, Founder of the World Business Council for Sustainable Development, Fundación Avina and GrupoNueva and creator of Viva Trust, in addition to Jonathan Lash and Jonathan Pershing, Chairman and Researcher of the World Resources Institute, respectively.

At that time, a conversation panel was generated formed by Enrique Cibié, Chief Executive Officer of MASISA; Humberto Fuenzalida, Professor of the School of Physical and Mathematical Sciences of the Universidad de Chile and Javier Hurtado, Chairman of the Commission of the Environment of the Confederation of the Production and Trade, in addition to the speakers mentioned herein above.

The panel considered the questions of the attendants and a debate was generated regarding the challenges and risks that companies must take on in order to face this issue, and the competitive advantages that they could generate in the future.

FOSTERING INTEREST FOR INCLUSIVE BUSINESSES

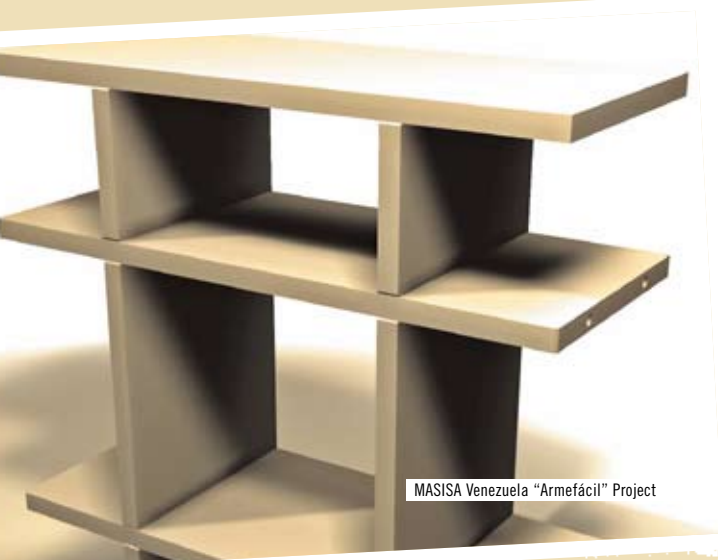
In November 2007, the Entrepreneurial Forum on Inclusive Businesses was held, organized by MASISA, Avina and Fundes, with the collaboration of the World Resources Institute, Ashoka and SEKN.

The seminar had the participation of close to 300 people from the private and public sector, and from civil society, who were informed on inclusive business cases and perspectives in different parts of the world.

The congress was inaugurated by Jaime Valenzuela, MASISA's Chief Wood Board Business Unit Officer, who stated "the problem of poverty in Latin America is our commitment, since the base segment of the pyramid represents an extensive potential and unexplored market, in addition towards seeking an on-going search to help improve the societies in which we are inserted".

During the event different initiatives that MASISA has started in the pyramid base were presented, such as the formation of carpenters and micro-entrepreneurs, in addition to the development of basic furniture for social housing, among other projects.

Outstanding international guests participated in the forum, such as Jim Austin, professor of the University of Harvard; Al Hammond, Vice President for Innovation and Special Projects from the World Resources Institute; and Valeria Budinich, Founder and Chief Entrepreneur, from the Full Economy Citizens Global Initiative, from Ashoka.



MASISA Venezuela "Arme fácil" Project

Training of Carpenters and Furniture Manufacturers

MASISA develops technical and commercial training programs through the Placacentros. Other methodologies have been applied to execute them in a massive manner, such as on-line training by satellite (Brazil), e-learning (Chile) or through alliances with educational institutions. In 2007, 11,292 people were trained in eight countries where MASISA operates.

The challenges for 2008 are as follows:

- Change the focus of training in order to teach the basics and the carpenter trade to unemployed and sub-employed individuals, in order to thus focus the effort of helping countries eradicate poverty
- Make massive and scale these programs
- Standardize tools, methodologies and measurement systems
- Seek allies, ideally regional in order to execute this training in a standardized and consistent manner in Latin America

Development of New Inclusive Business Models or at the Base of the Pyramid

During 2007 work was carried out to scale the pilot experiences held in Chile tending to offer basic furniture for popular houses in the lower income sectors.

Below is a summary of the work carried out and the main projects developed in 2007:

Argentina

- Sale of modular assembly-type furniture ("Enkastrable") in store chains

Brazil:

- "Workshop-school" project in order to grant professional qualification in economically needy neighborhoods of Ponta Grossa
- "Do it yourself" KIT with OSB wood board, for self-construction in social housing

Chile:

- Basic furniture project for social housing; sale per catalogue of assembled-type furniture, through the sales force formed by entrepreneurial women
- CRA Libraries: basic furniture for libraries in elementary public schools and high schools in popular sectors

Venezuela:

- "Arme fácil MASISA" Project (Easy Assembly Project); multi-functional furniture to be assembled, produced by cooperatives of carpenters and commercializers sold through the entrepreneurial women's network in popular neighborhoods with the ALBA cooperative.

Work has been carried out with associates and allies in these projects, some of them local and others international, among them: AVINA, FUNDES, SNV and FOMIN from IDB.



Training of Carpenters in MASISA Mexico.

MANAGEMENT OF HUMAN CAPITAL

Starting from the new definition of the business strategy in 2006, MASISA decided to migrate to a people management level of the administrative-transactional type to a strategic model servicing the business.

STANDARDS, LABOR PRACTICES AND WORK ETHICS

MASISA complies with the labor legislation of each one of the countries where it operates and respects the rights of its direct and indirect workers, within the framework of its declaration of Entrepreneurial Principles and the Global Agreement of the United Nations.

In response to the commitment taken on, MASISA developed during 2006 a Human Capital Policies Manual, which incorporates best practices and policies as a way to act in the scopes of recruitment-selection, contracting, performance evaluation, safety and occupational health, compensations, benefits and training, among others.

A dissemination plan of the Manual was carried out however greater effort must be made to disclose its content, particularly in terms of the Entrepreneurial Conduct Guidelines.

The management of the Human Capital Processes is geared by the Equal Opportunity Principle. Under this concept people recruitment, selection, contracting and career development are based on criteria of competencies, knowledge and merit no employees can be discriminated based on gender, race, color, ethnic origin, nationality, disability, sexual orientation, marital status, parental responsibilities, age and creed in matters pertaining to region and policies.

In regards to the issue pertaining to diversity, we are still satisfied with the progress achieved.

The participation of women in management positions and in proportion to total staffing of our employees still seems scarce. MASISA continues to promote the participation of women in internal and external recruitment processes, processes pertaining to merit and career development and we are getting ahead in Chile, along with the National Women's Service, SERNAM, on conducting a diagnosis to design better processes and improve the company's diversity.

CONTRACTOR'S MANAGEMENT

The contracting companies and their employees are strategic associates for MASISA. The relation between internal and external employees has a proportion of close to 1:1 at the regional level regional.

Depending on the type of activity and duration of the contract, MASISA demands that its contractor associates be familiar with the Declaration of Entrepreneurial Principles and its procedures, safeguard the safety and personal protection conditions of their employees and respect the labor and contractual conditions of each country's legislation. Despite the fact that not all companies that provide services to MASISA have ISO or OHSAS certifications, MASISA shares and delivers guidelines to its contractors in order to have them adapt their own procedures to those demanded by the quality, safety and environmental certifications of the company.

MASISA applies internal audits to all contracting companies.

However, there are still challenges that have to be faced today, such as the implementation of a comprehensive management and control system for contractors grouping all countries where MASISA is present both commercially and in terms of production.

LABOR REINSERTION PROGRAMS

In case that labor discontinuity is considered for a group of employees (just as what happened in December 2007 in the Solid Wood Unit in Cabrero, Chile), it is MASISA's policy to openly and effectively communicate measures that will be taken to the affected employees, giving them support and, particularly, treating them with respect and dignity. It is worth noting that, in the case of the dismissal of 254 people from the Cabrero Plant in 2007, the company went beyond the compulsory requirements of the labor law, developing a Labor Reinsertion Plan, which included the following support measures:

- Training to Supervisors on handling of the dismissal situation.
- One-to-one detailed conversations, with the affected employees.
- Outplacement: Workshops including 12 people for 8 hours, directed by psychologists, where emotional and psychological contentment was considered, as well as the re-definition of labor achievements, preparation of résumés, planning the search for employment and training on how to handle interviews.
- Search for labor sources by means of contacts with other companies.
- Trade Course Program: New formation and training which allowed the affected employees to extend their options on seeing for new labor sources.
- Extension of life, health and catastrophic insurance, for a period of six months.
- Increase of severance payments due to restructuring for the affected people.
- Emotional Reconstruction Workshops: Psychological support for employees and supervisors directly related with the affected employees.



HEALTH AND SAFETY: IMPLEMENTATION OF WORLD CLASS STANDARDS

MASISA recognizes that health and safety are fundamental values as well as basic condition of the well-being and employability of its employees. Our goal is to consolidate a healthy and safe company culture with world-class safety standards, and thus achieve zero accidents.

DESCRIPTION OF THE SITUATION OF THE ACCIDENT RATE FOR THE 2006-2007 PERIOD

During 2007, the frequency of lost time accidents (number of lost time accidents per 200,000 man/hours worked) decreased 34% in comparison to the prior year. We have progressed on further decreasing the number of lost time accidents. However, the seriousness factor of the occurring accidents is of concern. During 2007, an accident produced the death of one of our direct employees from the wood boards Puschmann Plant (Chile), while the person was carrying out the maintenance of a grid system of the thermal plant. The causes of this accident were investigated and analyzed in all of MASISA's operations in order to adopt the measures that impede the occurrence of similar situations.

Frequency of Accidents Index (IFAT)

(Number of lost time accidents per 200,000 man/hours worked)

Direct and Indirect Employees

Business Unit	2004	2005	2006	2007	GOAL 2008
Forestry	4.01	5.27	5.41	2.92	2.61
Woods	5.46	3.74	2.14	1.99	1.8
Wood boards	4.3	3.18	2.68	1.76	1.32

Accidents Severity Index (ISAT)

(Number of lost time accidents per 200,000 man/hours worked)

Direct and Indirect Employees

Business Unit	2004	2005	2006	2007	GOAL 2008
Forestry	70.44	309.04	978.26	43.7	18.6
Woods	75.85	205.94	68.60	58.8	28.3
Wood boards	316.19	194.67	80.35	257	17.8

The Forestry Business Unit was the one which showed the greatest decrease in lost time accidents during the 2006-2007 period. The operations in Chile and Argentina specially achieved a decrease of 70% and 38% respectively, thanks to an intensive program developed jointly with the contracting companies collaborating in their operations.

ABSENTEEISM INDEX

Direct and Indirect Employees

Business Unit	2006	2007
Forestry	4.50	0.61
Woods	2.68	2.74
Wood boards	1.72	1.3
Total MASISA	2.79	1.58

BENCHMARKING

We use a study performed with a group of companies belonging to "The Pulp and Paper Safety Association" of the United States to compare MASISA's results in accident frequency: MASISA's Solid Wood Business Unit has achieved a result of 9.5% greater than the companies in this sector, and Wood Boards Business Unit of MASISA 3.2% lower. The frequency of accidents of the Forestry Business Unit is 3.8 times greater than the companies in this association, however it is necessary to take into account the processes mechanization differences.

MOST FREQUENT CAUSES OF ACCIDENTS WITH LOST TIME

The most frequent accidents in our operations are being trapped when intervening in moving equipment and contact with cutting elements, specially affecting hands and legs.

LABOR AND OCCUPATIONAL HEALTH WORLD CLASS STANDARDS

Safety Management Based on Conduct

Starting in 2005 MASISA began the implementation of a safety program based on the observation of the behavior of its employees at work (using the STOP methodology, of the DuPont company).

During 2007 its implementation was completed in all the company's operations, reaching 376 supervisors and executives trained in this methodology. In 2007 more than 19,000 safety contacts were accounted to correct unsafe behavior or to congratulate and reinforce safe conduct at work.

Training in Safety and Occupational Health

In 2007, 74,000 man/hours were invested in training in topics pertaining to Safety and Occupational Health, 35% more than in 2006, specially focusing in acknowledging risks and their control measures. During 2008, training will be intensified, focused on identifying and controlling risk behaviors at work.



Ceferino Sanhueza
Indirect Employee -Forestal MASISA Chile.
Electric saw operator
18 years of experience

Safety and Occupational Health Management System: OHSAS 18.001

The Safety and Occupational Health management system of all operations has as grounds the international standard OHSAS 18,001, which has allowed maintaining a continuous process of identifying dangers and evaluating risks in operations, defining control objectives, goals and programs.

All operations are externally certified under OHSAS 18.001, and keep their certification in force, with the exception of Forestal Argentina, whose re-certification is pending.

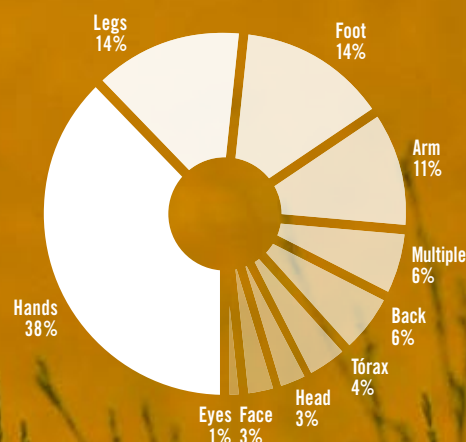
Safety Committees: Management – Employees

All the operations have constituted joint Hygiene and Safety Committees, formed by representatives of management and employees, in order to detect, evaluate and propose control measures in reference to work accidents and professional illnesses. These committees are additionally instances of communication and feedback between management and employees and develop an on-going surveillance task on checking compliance of risk prevention and safety measures at work.

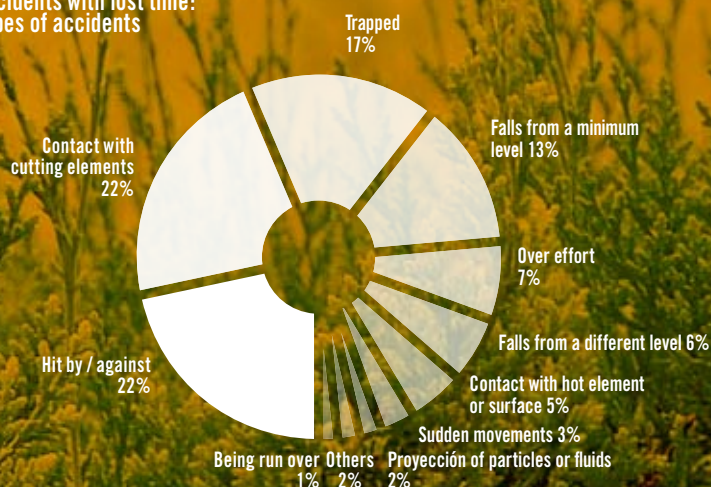
In 2007, the Management Safety and Occupational Health Committee, formed by the General Management and the top management line of the country, whose main objective is to analyze in a periodic manner the company performance in matters pertaining to Safety and Occupational Health.

"I have been an electric saw operator for 18 years and during the last two I have been an electric saw instructor. Throughout this time I have noticed very relevant changes in relation to Safety in forestry operations, especially in terms of the behavior of my workmates, who have taken up in a better manner, greater accountability and commitment. I believe that this is the result of the seriousness with which the company has taken issues pertaining to health and the environment".

Accidents with lost time:
Parts of body affected



Accidents with lost time:
Types of accidents





Gabriel Cardozo
Indirect Employee - Forestal MASISA Argentina
Forestry Technician
3 years of experience

"I have noticed changes in the way of facing Safety at Work. Safety has taken on the same importance as production, at the time of planning and carrying out a task. In time having all acknowledge Safety in Operations has improved. Little by little a Safety culture has been generated. It is a process that takes time, however you can see the results last year. We will continue to work so that they can be even better".



OCCUPATIONAL HEALTH

Occupational Health refers to the identification, evaluation, control and surveillance behind the risk of professional illnesses generated by the environmental agents present in work places. MASISA keeps all its operations in Occupational Health Programs that assure that the risks are characterized and controlled within acceptable limits, considered as the most demanding according to the standards in force, where they are carried out.

We will carry out monitoring in order to determine the exposure of our employee to risk agents, such as noise, formaldehyde, wood dust and others present in work places. Jointly with these evaluations, medical surveillance programs are developed involving our exposed personnel in order to determine the potential adverse effects along with a rigorous training plan in order to make known such risks and the correct use of personal protection equipment, both for direct and indirect employees.

Convinced that Safety is a shared responsibility, we offer permanent training to our workers on prevention and health. In addition, we place at their availability preventive health programs and we control muscular-skeleton disorders produced by repetitive movements and habitual illnesses such as cardiovascular risk and HIV-AIDS, among others.

OUR EMPLOYEES: WORKING TOWARDS CREATING THE BEST PLACE TO WORK

Local origin employees placed in management positions

Country	2006	2007
Argentina	67%	67%
Brazil	71%	88%
Chile	87%	86%
Colombia	100%	100%
Ecuador	0%	60%
United States	14%	22%
Mexico	57%	57%
Peru	50%	94%
Venezuela	44%	50%

SKILL MANAGEMENT AND CONTINUOUS FORMATION PROGRAMS

An outstanding point during 2007 is the source of investment in formation programs of key and strategic competencies for the business that are relevant for the development of professional employees.

In 2007 the training budget for employees amounted to US\$ 1,181,330.

These programs have been well-accepted by our employees and respond to the organization's strategic needs, but are not tied to a formal career planning process. This is an ongoing challenge and we propose connecting the formation of our employees, career planning the performance evaluation.

MASISA BRAND OF LEADERSHIP

The Leadership Model has six attributes that are focused on: Top Management, Middle Management / heads and employees in general. The program objective is to develop leadership competencies related to a superior performance as a employee, as a team and as the company. September 2007 marked the start of the Program "MASISA Leadership Brand". During 2008 the program will reach the regional level, when the participation of the employees from all Latin America starts, hand in hand with prestigious local universities. Due to the fact that the program started recently, the proportional participation of the employees is small and limited. During 2008, the program will be made extensive to the employees in general. In order to do so, in 2007 we acquired the license for 5 Leadership Workshops which will be given in all countries

Percentage of participation in Leadership Competencies Formation Programs (Consolidated, per Category)

Category	% Participation (Consolidated)
Top Management	100%
Middle Managements Medias	20% - 2007 74% - Forecasted 2008
Employees	2% - 2007 Projection of 2008 participations in the process of each country

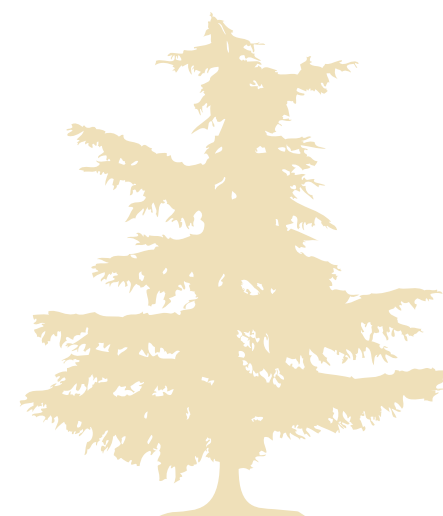
FORMATION IN COMPETENCIES COMMERCIAL

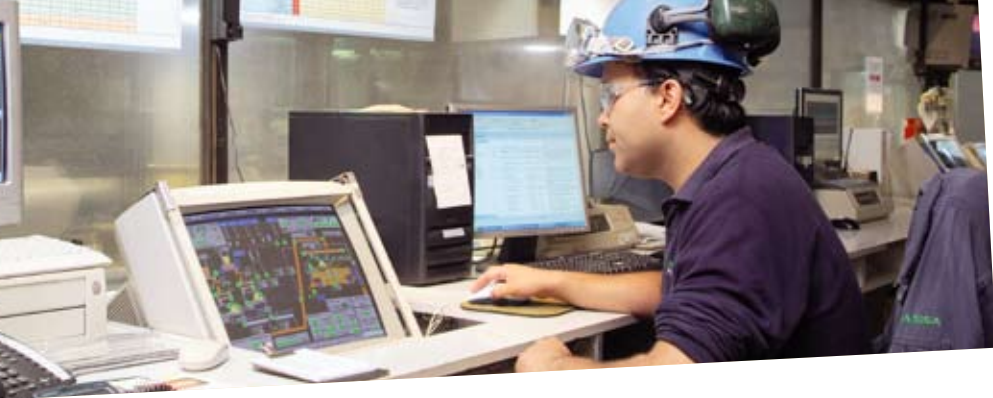
The Commercial Competencies Model developed jointly between the Human Capital Management and the Business Units in 2007, seeks to define the commercial competencies framework (marketing & sales). The model defines generic or common competencies for the four company's Business Units and specific competencies for each business in particular.

The program still in its design phase considers a pilot test during 2008 and for 2009 its regional dissemination has been planned involving the participation of close to 200 professionals from the marketing and sales area.

MASISA CAMPUS

The Blended Learning Program combines the advantages of remote education (Internet Classes) with final seminars including actual presence of participants. We expect to use this "Virtual University" both, in order to supplement the formation programs as well as to deepen the studies of our employees in different business areas. Investments made in 2007 were of US\$ 22,000 and it is expected that during 2008, a similar figure will be invested.





INTRODUCTION PROGRAM AND BUSSINES PRINCIPLES WORKSHOP

The new introduction program created in 2007 seeks having new employees experience dynamic training sessions pertaining to the MASISA culture, understanding its strategy and become committed with its values and principles. This program also serves for the re-induction of employees who wish to update their knowledge and / or require learning more in depth the organization's contents, values and standards.

The Entrepreneurial Principles Workshops were designed with the objective of generating a shared experience reflecting on MASISA's Entrepreneurial Principles, Values and Brand Leadership, in order to have its new employees live in a practical manner their impact in day to day activities.

ATTRACTION AND RETENTION OF TALENTS

Commitment and Turn-Over Indexes

The Organizational Commitment surveys provide valuable opportunities so that our employees can state what they think and how they see the company management. Starting from the systematic use of these surveys, the Human Capital Unit has established strategic priorities and action plans to be pro-active in its efforts to retain our employees.

In terms of results, it is important to note that the level of commitment and the participation rate of the research, particularly from the direct employees, increased in a significant manner in comparison to the results shown in 2004. The Commitment Study, which is taken twice a year will be carried out once again in September 2008.

Comparison of Commitment Response Rate 2004/2006

Response Rate	2004	2006
Direct Employees	72%	91%
Indirect Employees	67%	78%
Total	69%	84%

In 2007, we developed a disclosure plan of these results and organized work teams of employees to propose initiatives and action plans in order to improve the level of commitment. These plans are currently in their implementation phase in the different countries and comprise dimensions such as the following: Development Opportunities, Communication, Balance in Life / Work and Human Capital Practices.

In 2007, we conducted a "Commitment Pulse" study, which is a dedication study at a lower scale in order to monitor the perception of our employees.

Some initiatives have been implemented related with the "Life – Work Balance". However, we have still not developed a career planning system, but it is within the Human Capital plans for 2009.

Comparative Chart of Commitment Scores 2004/2006

Country	2004		2006	
	Direct Employees	Indirect Employees	Direct Employees	Indirect Employees
Corporate	-	-	55%	-
Chile	63%	61%	69%	63%
Brazil	52%	72%	62%	71%
Argentina	40%	84%	50%	70%
Venezuela	53%	63%	77%	70%
Mexico	73%	78%	72%	74%
USA	42%	-	47%	-
Colombia-Peru-Ecuador	-	-	90%	-
Consolidated	58%	66%	67%	66%

Attraction and Talent Retention Programs

In order to allow greater interaction and communication with all employees, the Human Capital Portal offers the Performance Management Automated System (SGD) and the Internal Recruitment Portal. During 2008, the automation of the Compensations System, the data entry and processing of the Human Capital Scorecard Information, the Personnel Health and Safety has been programmed. The company is also considering the development of the local Human Capital Portals with contents of interest for each country.



MASISA's succession plans seek the growth and development of the company's employees and consist in a diagnosis of the availability of key talents and competencies within the organization.

This exercise is updated annually. In 2006, it included the first level positions in the company: the direct reports of the Chief Executive Officer and the General Managers of each country, in order to identify potential short, mid and long-term candidates for critical positions. In 2008, this process will be extended to the local management teams and the second level of the corporate structure positions.

Succession Plans: Percentage of successors identified in the short, medium and long-term

Year	Available replacement in the short-term	Available replacement in the mid and long-term
2006	56%	44%
2007	58%	100%

Percentage of Employees with Formal Performance Evaluation (consolidate, per year)

Year	% of Formal performance evaluation employees
2006	100% Employees in supervision positions
2007	100% of MASISA Corporate employees and 100% of employees with supervision positions.
Goal 2008	100% of MASISA Professional employees.

Management Performance System

The purpose of the Performance Management System is to make formal the evaluation process that allows a correct administration of the intellectual capital of our company and align the human talent with the business strategy, organizational objectives and economic, social and environmental results. It seeks to foster a participative management and administration style that fosters communication and commitment by means of recognizing work that is well done. The result of this evaluation is relevant for the definition of incentives, wages, promotions, learning and succession plans.

The philosophy, methodology and impacts of the system are communicated in a regular manner by Human Capital through training workshops and internal communiqués, with the direct intervention and active participation of the management and supervisory line.

The employees of the different levels of the organization have been incorporated to this system in a time lapsed manner. The system is currently applied to the non-trade union employees, given that they are governed under salary conditions that are negotiated in the respective contracts and group bargaining agreements. The goal for 2008 is to include 100% of the non-trade union employees.

2007 COMMITMENT PULSE: LISTENING TO THE OPINION OF OUR EMPLOYEES

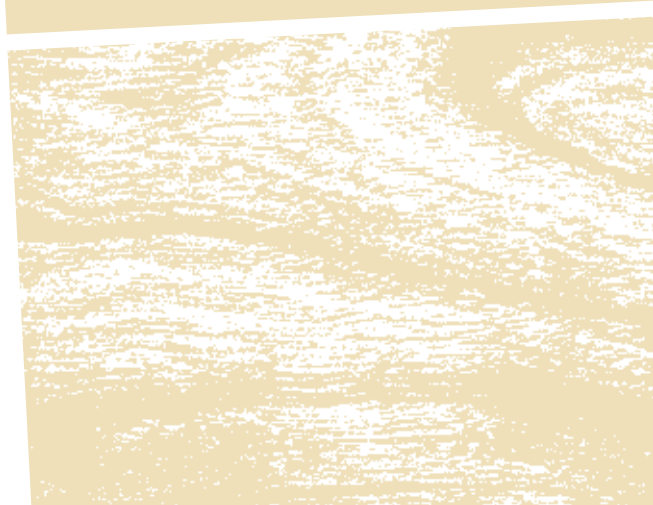
Underscored Positive Aspects:

- Greater interest of the company for its employees and people management. Greater dynamism in this area is observed.
- Development and disclosure of Human Capital tools such as the Performance Management System, Compensation Workshops, Business Principles, etc.
- Increase of professional development opportunities through workshops and formation courses (MASISA Brand of Leadership) and Internal Recruitment Portal.

Aspects to Improve:

- Excess work load and difficulties to reach a life-work balance.
- Despite the fact that the new initiatives are valued, employees fear that they may just fall into good intentions and are not translated into concrete actions..
- Lack of career planning for employees.

(Source: Corporate Results)



Internal Recruitment Portal

It is important for MASISA to have tools that foster and contribute to the self-management of career development, giving its employees the option of knowing and applying to internal job openings. In August 2007 the Internal Recruitment Portal was launched to give priority to give priority to internal candidates when seeking applicants for openings where we have the most adequate resources within our organization.

The countries have stated making progressive use of this tool since its launching, having published up to December 2007 a total of 33 job positions.

Management of Compensation and Benefits

The company's Compensations Model has been developed to attract, develop and retain employees who have the competencies and the knowledge necessary to comply with the business strategic objectives, fostering, in turn, a high performance culture that rewards on merits. (meritocracia).

The compensations model considers individual performance as the key indicator on determining compensations and it is grounded on three pillars: internal equity, external competitiveness and the systematization of the company's Compensation Policy.

This model has been designed for those employees who are not subject to a group bargaining contract that regulates their wages and benefits.

Once the standardization process and the implementation of compensation management tools have been standardized, workshops to disseminate the model were held in all the countries. In general terms, the reception of the model by the employees was better than expected.

INTERNAL COMMUNICATION

In 2006 within the commitment surveys it was detected that there was a need to strengthen the company's internal communications. The Communications Policy has given the alignments to create an internal culture focused on the transparency, timeliness and opportunity of the information in a transversal manner throughout all the organization. Communications is cascaded down from the general manager of each country and is supplemented with the internal tools and channels defined in order to align the employees with the company strategy.

An example was the consolidation of internal bulletins under the magazine "The Triple Bottom Line", a publication edited twice a month that started to be distributed in 2006, with the same structure and combination of both corporate and local contents.

Under a similar scheme, the Informative Space (Espacio Informativo) was implemented during

2007 that is a digital communications tool (Intranet), where information of interest, company news and Human Capital tools in the Human Capital Portal can be found, among others. These communications channels are supplemented with news published in bulletin boards and sent electronically throughout the company by means of Masisanews, our digital media, which informs all the company regarding internal topics of interest.

The communications programs to familiarize the company regarding the new value proposal, "MASISA is more reliable" seeks to motivate the employee's commitment towards this brand promise.

Similarly, work was carried out to disseminate MASISA's commitment towards Climate Change and inclusive businesses by holding entrepreneurial forums on the topic and the publication of related information in internal media. We start-

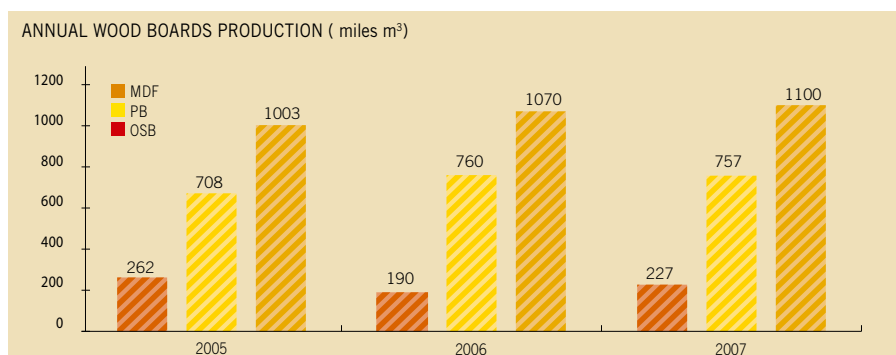
ed a program to sensitize and inform employees on how to mitigate the effects of Climate Change through the modification of their habits and conducts. This initiative is being replicated in the Placacentros, where we seek to reach the end consumer. Initiatives regarding these actions will be analyzed in depth during 2008.

In regards to other internal campaigns, it is worth underscoring the one held in 2006 to make the EVA System known to all the employees, a tool chosen by the company to measure its economic performance. This initiative was supplemented in 2007 with the contest "At MASISA we are creating value", from which projects and innovative ideas emerged representing new opportunities for the company.

MASISA fosters an internal culture focused on transparency and timeliness of the information in a transversal manner throughout all the organization.



PRODUCTIVE PROCESSES



INDUSTRIAL UNITS

The Wood Boards Business Unit of MASISA has an installed capacity of 2,612,000 m³ annually for the manufacturing of wood boards, with industrial units in Chile, Argentina, Brazil, Venezuela and Mexico. It also has an installed capacity of 852,000 m³ annually to cover wood boards with melamine-type papers and foils. In September 2007 a new line of MDF of 340,000 m³ annually was started in the locality of Cabrero, Chile. This project represented an investment of US\$ 98 million.

On the other hand, the company's Solid Wood Business Unit has four industrial plants, two located in Chile, one in Brazil and the other in Venezuela, with a total annual capacity of 700,000 m³ of sawn wood, where in addition re-manufacturing processes, pre-painted MDF moldings and the manufacturing of solid wood doors is located.

All the plants are certified under ISO 14,001 and OHSAS 18,001.

NEW INVESTMENT PROJECTS

The new investment projects approved by the Board of Directors of MASISA seek to significantly improve the efficiency in production and assure a more effective control of operational impacts on health and our natural environment.

MDP Plant - Brazil

We started in Montenegro, Rio Grande do Sul, Brasil, the construction of a plant with a capacity for 750,000 m³ annually of MDP wood boards (Medium Density Particleboard) and a melamine line with a capacity of 300,000 m³ annually. The project will represent an approximate investment of US\$ 119 million.

New Melamine Line - Mapal, Chile

This new plant with a capacity of 150,000 m³ annually, starts operations in the third quarter of 2008.

Co-Generation Plant - Cabrero, Chile

This plant has implied an investment of US\$ 17 million and a capacity of 9.6 MW and 65 T/H in steam generation, which will allow us to have greater energy independence and substitute CO₂ emissions.

Extension of the MDF Moldings Production Capacity - Cabrero, Chile

MASISA decided to extend the production installations MDF moldings in Chile, by using the equipment that was previously located in Charleston, South Carolina, United States and Venezuela, thus reaching a capacity of 62,700 m³ annually. This project contributes by increasing 25% of its original production capacity, with an investment of US\$ 1 million and will start its operations in the second semester of 2008.

Modification of Sawmill - Cabrero, Chile

MASISA will invest US\$ 3.9 million in 2008 to improve the production efficiency of the plant.

Operational Improvements

Improvement of the operational efficiency which will allow reaching the maximum performance of the current industrial installations, optimizing quality, technical operations factors and specific consumption in order to reach the best international standard of the industry.

Logistics Optimization

In order to comply with the commitment made to customers in terms of delivery time for products optimizing service costs, in 2008 we implemented a planning, follow-up and control system for the delivery of each order, seeking the best economic alternatives to provide such service.

MASISA's Forestry Equity as of December 2007

(hectares)	Chile	Brazil	Argentina	Venezuela	Total
Pine Plantations	82,202.6	17,885.7	12,582.4	100,501.7	213,172.4
Eucalyptus Plantations	3,777.5	1,372.1	22,661.2	-	27,810.8
Plantations of Other Species	682.0	-	-	21.4	703.4
Forestry Lands	8,320.0	1,598.3	2,553.6	36,150.0	48,621.9
Native Forest and Other Reserves	44,153.0	14,551.4	4,191.0	2,064.7	64,960.1
Other Lands	6,238.2	1,124.9	7,188.8	8,705.4	23,257.3
Total	145,373.3	36,532.4	49,177.0	147,443.2	378,525.9

RAW MATERIALS

MASISA uses wood derived from pine and eucalyptus plantations. In 2007, the consumption of other species such as acacia and poplar were increased, in addition to using residues from forestry harvests, sawdust sub-products and wood re-manufacturing.

In MASISA Mexico supply is derived from natural pine forests and the production of this plant corresponds to at least 6% of MASISA's total wood boards production.

Custody Chain

The following industrial operations of MASISA have certified their Custody Chain (CoC) with the FSC credit system:

- Venezuela:
100% of the total wood boards and solid wood production
- Brazil:
MDF: 15.7% of the total production
OSB: 26.7% of the total production
Solid wood: 71% of the total production
- Chile:
Solid wood: 92% of the total production

The production of wood boards in Chile, Argentina and Mexico (which entails close to half the total production of MASISA's wood boards) does not have the FSC custody chain, since there are not enough certified FSC suppliers in the region. In order to assure the reliability of the wood fiber supply in these countries, we defined a non-controversial sources control procedure, with special supply controls in Mexico. In 2007, a first diagnosis was carried out and work was started with suppliers, communicating the company's fiber purchase criteria, visiting their installations in order to observe

their control and register systems and incorporating in the purchase contracts our entrepreneurial code of conduct.

In 2007 a first diagnosis was carried out and work started to be carried out with suppliers, communicating the fiber purchase criteria of the company, visiting its installations to observe their control and register systems and incorporating in our purchase contracts our entrepreneurial behavior code.

In 2008, our goal is to assure that at least 80% of the total fiber not covered by the FSC Custody Chain complies with the requirements demanded and has audited records. We consider non-controversial origin fiber or wood to be the following:

- Fiber/wood derived from plantations that:
 - Have legal extraction and transportation permits
 - Have external forestry certification, ideally FSC certified, when possible. When facing equal price and quality conditions we prefer acquiring fiber with a certified origin
 - Control the use of child labor
- Fiber/wood derived from native forests that:
 - Have legal extraction and transportation permits
 - Is not derived from high value conservation forests or zones that have a special biological value
 - Have external forestry certification, ideally FSC certified, when possible. When facing equal price and quality conditions we prefer acquiring fiber with a certified origin
 - Have been harvested from forests that are not later converted into agricultural lands or lands used for cattle
 - Control the use of child labor

In both bases, the FSC Custody Chain criteria are as follows:

The purchase of wood derived from the following sources is excluded:

- Wood that has been taken from forestry areas in which the traditional or civil rights have been violated;
- Wood that has been taken from forestry areas or that have not been certified by FSC that have high preservation values and where these are threatened;
- Wood from genetically modified trees;
- Wood that has been harvested in an illegal manner;
- Natural forests that have been converted into plantations or in non-forestry uses.

FORESTRY UNIT

CHARACTERISTICS OF THE PORTFOLIO

The Forestry Business Unit of MASISA has its plantations located in some of the areas of better growth in the world: the Central South Zone of Chile, the Mesopotamia of Argentina and Southern Brazil. In the case of Venezuela, it has a forestry base that allows assuring sustainable supply for MASISA's industrial units in a mid and long-term horizon.

The geographical diversification, combination of good areas and selection of adequate species allows having this forestry mass ranked among the best in terms of productivity. Location is also adequate within a global and Latin American context, given the proximity to industrial centers and markets, next to MASISA's own forestry industrial developments and those of third parties.

During 2007 the growth of total equity was of 30,000 useable hectares. These purchases were carried out in Brazil, Chile and Argentina. Part of these hectares were purchased with the purpose of generating projects in association with third parties.

Forestry investments were characterized for being low risk investments in which MASISA has obtained average profitability within business adequate ranges. Its unique profitability/risk characteristics make this type of asset an excellent protection when facing market fluctuations. Therefore, their inclusion in investment portfolios has been strongly developed during the recent past.

In addition, they show additional advantages in a world that is ever more demanding of wood and fiber, added to the excellent characteristics of being a material with which environment friendly products are manufactured. Forestry investments have a very important role on mitigating the greenhouse effect through capturing carbon and substituting more contaminating materials. The aforementioned makes this time of investment an attractive asset in terms of its demand and the services it supplies to society, which reflects the growing value of forestry plantations in the world.

CURRENT EQUITY FLOWS GIVING SUSTAINABILITY TO INDUSTRIAL PRODUCTION

The added volume flows per country show the trend of the increasing offer in the near future, with a relevant improvement in terms of the quality and structure of products given the characteristics of the species, handling and distribution of the ages of the equity. This assures MASISA's growth of the wood board business and the supply to other own industrial units and those of third parties.

FIBER SUPPLY IN MEXICO

Mexico does not have any artificial plantations and the wood industry is supplied with native forests owned by properties (ejidos), or by imports. MASISA Mexico worked in 2005 and 2006 with the Ecology Institute (Instituto de Ecología), and based on information from CONABIO – WWF, we identified biological value areas and High Value Forests for Preservation – Priority Land Region, Hydrological Priority Region or Area of Importance for the Preservation of Birds - in Durango, around 300 kilometers from the surroundings of the industrial plant of Durango, are from which MASISA obtains its supply.

All the fiber acquired by MASISA Mexico has the legal authorizations from SEMARNAT. However, some of our suppliers use wood derived from high value biological areas, therefore, we promote their FSC certification. The suppliers that do not provide information regarding the origin of the wood are mainly distributors and industrial businesses. We will continue working with them and seeking to increase production in the collection center of Monterrey and the new collection center(s) that will be initiated during this year, i.e. 2008. Currently, 10% of the total of the fiber consumed comes from urban wastes that are burned or deposited in the city sanitary filling dump site.



SUSTAINABLE DEVELOPMENT

MASISA has a strong commitment towards sustainable development, and in addition, seeks to achieve a market differentiation starting from its responsible handling of social and environmental issues.

Such leadership requires identifying risks and operational impacts, detecting future trends, assuring internal consistency to build a Triple Bottom Line business culture, and searching for opportunities starting from solving social and environmental problems.

The identification of social, economic and environmental impacts (the “inwards outwards” analysis) requires an effective and continuous communication with the five stakeholders considered strategic: customers, shareholders, suppliers, employees and neighboring communities (including NGOs and local authorities).

Each MASISA company carries out their own identification of stakeholders and identifies their respective aspects and impacts, risks and dangers, and manages them in order to assure the process of building credibility and reputation that allows obtaining the social license to operate. MASISA has developed its own methodology to carry out this process, which has been applied since 2003. (In order to see greater detail of this process, please refer to www.masisa.com).

The external certifications and the use of the Sustainability Scorecard (SSC) – which is the application of the Balanced Scorecard tool to the Triple Bottom Line Strategy – allow handling these topics in a systematic manner and integrating social and environmental issues in the business strategy, in performance evaluation and in new investment projects.

MASISA seeks to build a competitive advantage starting from the company differences when facing their competitors, differences that are perceived by customers and valued by the market with their preference. Despite the fact that each one of the actions developed by MASISA could be replicated by its competition, it is their combination and their interrelations which forms the entrance barriers and makes difficult having them imitated by its competitors.

The company’s “inwards outwards” management philosophy allows keeping the social license to operate however, it is the “outwards inwards” work, which allows achieving a position of leadership. MASISA considers strategic achieving a position of leadership in two issues: Climate Change and businesses that seek to contribute to the reduction of poverty or inclusive businesses.

MASISA understands the social responsibility of companies at the basic administration level as the management of the company’s operations positive or negative effects over the interested public all along their value chain.

MASISA’s social management requires having the company establish adequate processes in order to assure their social license to operate and have its operational impacts controlled. Once this stage is assured, the local company can decide to start “leadership actions” that seeks offering new standards for the industry and for society.

The social and environmental management is part of the business and searches to identify and implement opportunities that add financial value for the company. The social and environmental actions are not considered as voluntary or philanthropic actions. Thus, despite the fact

that we support voluntary work activities performed by our employees and we make some donations, specially in products, the scope of the commitment strategy with sustainable development is much more extensive and not philanthropic. This is totally integrated in the company businesses and seeks to add value to all its stakeholders.

Environmental investments	Values in US\$		
	2005	2006	2007
Invested (investment and expenses)	3,596	5,062	4,186

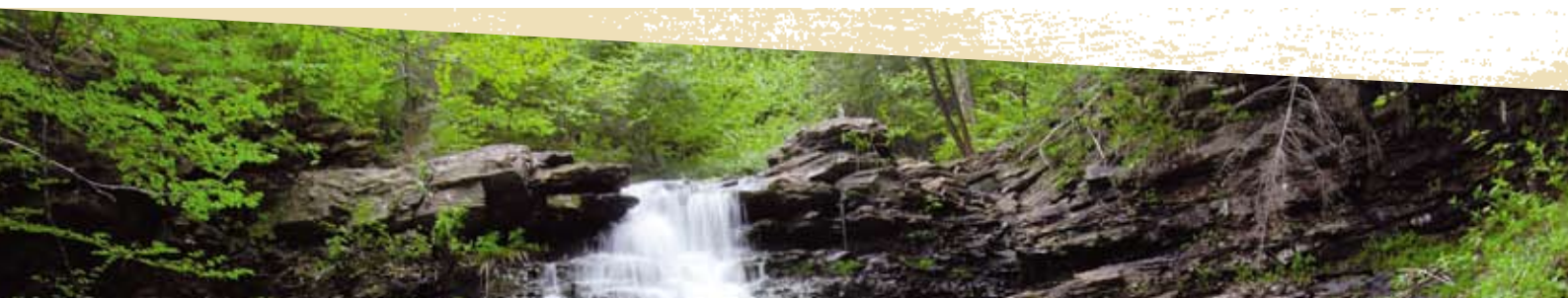
The environmental investments have been mainly addressed on controlling impacts in water, air and the management of solid residues.

RESPONSIBILITIES

The responsibility for social and environmental responsibility in MASISA is a line responsibility, which begins with the instructions imparted by the Board of Directors to the Chief Executive Officer and, by the same to the managers of each one of the country Business Units. In general, the principle of whoever has the responsibility and control for this function is accountable for social and environmental issues as part of their functions. This allocation of functions is made effective through the company’s matrix of Roles and Responsibilities.

In addition to the responsibility of all its managers in the achievement of the Triple Bottom Line objectives, 31 people at MASISA have specific functions in areas pertaining to the environment, health and safety and in community and business relations based on the pyramid.

MASISA additionally has a Corporate Sustainable Development Management that reports to



the Chief Executive Officer. This management seeks to make the sustainable development commitment strategy a reality, adding value to all publics, and making MASISA a company that is recognized for its leadership in environmental and social matters. The Sustainable Development Management seeks to contribute and increase the company's Economic Value Added (EVA), supporting the General Manager and the management team, coordinating actions and assuring that the company strategy is reached.

POLICIES, PROCEDURES AND MANUALS

- Sustainable Development Policy, Sustainability Scorecard of the area, and its respective indicators
- Legal Policy: includes the demand towards local managers to annually certify compliance of applicable legal, local or international standards
- Policy on facing Genetically Modified Organisms
- Policy on Climate Change
- Policy on the Purchase of Land for Forestry Activities
- Procedure for the Control of the Origin of Fiber
- Environmental Management Manual: includes the concept of co-efficiency – adequate environmental management that allows cost savings, e.g. through lower expenses in the elimination of residues, efficiency on the use of natural resources such as water and energy and recycling, which allows generating additional economic results
- Health and Safety Manual (undergoing review)
- Manual on Relations with Public Stakeholders (undergoing review)

COMPLIANCE OF THE LAW

The managers of each country annually review the exhaustive compliance of the environmental legislation, which is included within the Legal Policy, in all of MASISA's operations.

During 2007, the company was the object of two administrative sanctions, the first due to the work accident and the second applied to the affiliate Forestal Tornagaleones for its indirect responsibility on the lease management of the farm La Quila, which is currently being objected by the company. MASISA does not have any pending environmental trials.

CLOSING OF ENVIRONMENTAL TRIALS IN ARGENTINA

The courts of law gave their opinion regarding the claims filed due to environmental contamination filed by the neighbors of the MASISA Argentina Plant in 2003 with a positive sentence in favor of the company on determining the following:

- The solid, liquid and gas effluents generated in the productive process of the plant industrial MASISA Argentina has in the Parque Industrial de Concordia do not generate negative impacts to the environment.
- Damages to health produced by the MASISA activity have not been demonstrated.
- It has not been verified that there is a supposed degradation of the property as has been alleged by the plaintiffs.

RELATIONS WITH THE COMMUNITY IN THE AREA OF INFLUENCE

Starting 2003, MASISA started a process to identify strategic stakeholders: employees, neighboring communities, customers, suppliers and shareholders, with which dialogue and inquiry processes were established. The Forestry Business Unit additionally develops its relations

plan based on the five-year business plan, over which the strategic communities are defined. The company with this vision seeks to establish dialogues in order to assure that the tasks of planting, handling and harvesting are carried out by reducing the operational impacts over the communities and without any interruptions.

This process has been the source of great learnings for MASISA, which as led towards reformulating in a significant manner the control and environmental follow-up process. (In order to obtain greater information regarding this process please refer to www.masisa.com).

RELATIONS WITH INDIGENOUS PEOPLES

MASISA recognizes and respects the existence of different social logics and seeks to establish dialogues that allow a peaceful co-existence of mutual benefit in the same territory, supporting the recovery and maintenance of cultural traditions, along with organization and referent players. We maintain work relations with the Kariña community in Venezuela and Mapuche in Chile.

Relations with the Mapuche People in Chile

During 2006 and 2007 we intensified dialogues with different sectors in order to exchange concepts pertaining to the indigenous issue, creating a climate of trust with the communities with which the companies can carry out proposal of models of co-existence, supporting investigations and participating in scenarios in relevant issues. We seek to have continuous contacts with leaders and organizations to close in ideas, know their expectations and assure a more qualified proximity. Dialogues and institutional accompaniment have been fostered with functional and traditional representatives of the communities – with the National Indigenous Development Corporation– CONADI and other institutions – in order to strengthen ties with organizations and the community.





RELATIONS WITH THE COMMUNITY IN CABRERO, CHILE

Cabrero is a district of 25,000 people, 28% of them in a rural sector. There are located the board, molding and the saw mill plants of MASISA. In 2005, it was evident that there was disagreement with out neighbors due to the unloading of effluents into the Coihuiuco Brook and the air emission of the plant, which generated discomfort to the community. We have kept on-going contact and open communications with the community and the neighbors, in some cases represented by the Neighborhood associations, who have visited our industrial installations, have held meetings with management and have been informed on our processes and they have set forth their concerns.

With the Committee of the Micro-Basin of the Coihuiuco Brook (Comité de la Microcuenca del Estero Coihuiuco) we have maintained special coordination, since all of them have work together to solve the discomfort generated by the effluents of the saw mill logs yard. MASISA has invested more than de million dollars to solve the unloading of organic matter that have affected the water way, producing bad smell and causing detriment to the quality of life of this old recreational area for the population.

Currently, 100% of the effluents are re-circulated, and the quality of the water has been improved in a significant manner, eliminating the smells and organic contents. In 2008, the construction of a containing pool will be concluded that will avoid having the rain waters, mixed with the waters used to irrigate trunks can reach the Coihuiuco Brook.

In October 2006 we will develop an Environmental Seminar between the Comité de la Microcuenca, the Municipality and the company.

EDUCATIONAL SUPPORT

MASISA is a part of the District Social and Economic Council (Consejo Económico Social Comunal) (CESCO), consulting entity of the Mayor, and we keep an open dialogue with the local authorities. In this process we finds points of common interest, in order to improve the educational level of the district, which is why the project I KNOW HOW TO READ (YA SE LEER) has started.

With the effective collaboration of the Primary Instruction Society (Sociedad de Instrucción Primaria) (SIP), five schools in the district have been supported, training the teachers and directive teams. Monthly the SIP experts visit the schools in order to accompany the teachers and evaluate the project progress.

The results have been auspicious: before the project 24% of the first grade children did not learn how to read and in 2007 this figure has decreased to 8%. To date work has been carried out with first and second grades of elementary school and in 2008 the third and fourth grades will be added.

MASISA also participates in the Entrepreneurial Advisory Councils (Consejos Asesores Empresariales) of the High Schools Monte-Aguila and Yumbel Estación, in order to connect education with the company and thus help to develop a more relevant education. The teachers have participated in visits to the plant and the school students of the lumber specialty courses carry out their practices in the company.

The company installations in Cabrero, and the San Isidro Community Center (Centro Comunitario San Isidro), are at the service of the neighbors and the municipality. There training initiatives fostered by the municipality are developed as well as those of other government agencies such as SENCE,

FOSIS, CHILE-BARRIO, through social scholarships has trained more than 600 people in digital training, bakery, furniture making, sanitary repairs, and aluminum structures. In addition, there are classes to level off studies for close to 350 adults, who attend classes weekly to conclude their Elementary or High School education. 60% of them are MASISA employees.

Reclaiming of Lands

In Chile, the relation with indigenous communities and the forestry companies have been under the framework of reclaiming lands, some times in situations of regrettable conflict. In reference to ownership rights and / or the long-term use of the land and the forestry resources for local or indigenous communities, MASISA respects the rights of the indigenous communities under the framework of applicable legislation and is available to collaborate with the communities, whether through local work, access to other forestry products or services or other alternatives that do not affect the exercise of its legitimate economic activity.

MASISA has always kept its intention to maintain a dialogue when any community has set forth acquiring lands owned by the company, respecting institutional instances, and in order to do so, it has instituted the National Indigenous Development Corporation (Corporación Nacional de Desarrollo Indígena CONADI), stating that MASISA does not have as an entrepreneurial objective of its activity the sale of land but rather growth through the formation of forests and forestry development. MASISA's willingness towards having dialogue is grounded in actions of mutual respect, however when it faces actions that attempt against the company's rights, it will exercise all its legal rights. (In order to see greater details please refer to www.masisa.com.)

ENVIRONMENTAL MANAGEMENT IN THE SECTOR

The objectives of entrepreneurial management are as follows:

- Comply 100% with the requirements of local environmental legislation.
- Obtain the most demanding external certifications.
- Reduce the use of natural resources in industrial plants (reduction of the environmental footprint) at least in 5% during 2008, in line with the best efficiency improvements.
- Control the operational impacts that affect the neighboring communities of the operations.

ROLES AND RESPONSIBILITIES

MASISA's Operations and Environment Management has the responsibility of assuring the implementation of environmental issues, Industrial Safety and relation with neighboring communities, with the support of the Sustainable Development Management. Such responsibility

is kept at the local level in the management of each industrial plant, which have the support of the Environmental Coordinators, Risk Prevention Experts and the People in Charge of Relations with the Community.

CERTIFICATIONS

All the MASISA plants have the ISO 14001 and OHSAS 18001 certifications and the wood boards have the E-1 certification, specifying the low formaldehyde content and SCS of recycled content.

All the operations annually define their management priorities and update their management system in order to achieve such objectives.

REDUCTION OF THE USE OF NATURAL RESOURCES IN INDUSTRIAL PLANTS (REDUCTION OF THE ENVIRONMENTAL FOOTPRINT)

Every MASISA industrial plant measures its water, wood fiber and energy consumption as well as the generation of wastes to be finally eliminated on a monthly basis, and annually establishes more demanding goals. In addition, the CO emissions are measured every two months. The atmospheric emissions and liquid industrial and liquid residues and wastes are measured every two months, and measurements are taken when there are significant technological changes, or according to what has been established by national applicable regulations.

We carry out monthly benchmarks among the different company plants, in which differences of performance are analyzed and corrective measures and new projects are implemented. Given the complexity of the productive processes and technological differences among plants, there is no public reference in the market, to which our performance can be compared. Starting 2008, we initiated formal benchmark agreements with German companies in the wood board sector to compare and seek improvements in production efficiency and environmental management when facing the best technology available.

ENERGY CONSUMPTION

66% of the energy consumed directly by MASISA is derived from the use of biomass as fuel, 21% in electric energy and 12% from fossil fuels. In particular, in the Solid Wood Business Unit this percentage varies to 83% biomass, 14% electricity and 4% fossil fuels.

Energy consumption between 2003 and 2007 shows a stable situation, despite the fact that production has increased close to 30%. The efficiency of energy consumption has improved 6% (energy/production consumption).

The goal for 2008 is an improvement of 5.8% in the efficiency indicator (MWh/m³).

ATMOSPHERIC EMISSIONS

Atmospheric emissions are derived from particulate material (raw material that is accumulated in the company lands without being covered and emissions from cyclons), and from fossil fuel combustion. We comply with local legislation in all our plants, however it has been a matter of concern for our neighbors in Mexico, Chile and Argentina. All our plants, specially in Cabrero and Chiguayante in Chile, Argentina and Mexico have taken measures to reduce problems, which are evaluated with the neighbors to assess results.

We developed a new systems protocol and best practices measurement and transference processes that will be implemented in 2008. When a new national more demanding standard is established, it will be applied. (For more information regarding the emissions of greenhouse effect gasses, please refer to Carbon Balance at www.masisa.com)

FINAL ELIMINATION OF WASTES

In 2006 and 2007 we improved the handling of wastes in all plants through optimizing processes, recycling of residual waters and the selection of supplies in order to minimize solid wastes. In particular, the introduction of state-of-the-art technology can be underscored in the treatment of waters derived from effluents along with investment in the new MDF plant in Cabrero, Chile, where the evaporator system has been implemented.

Starting from 2008, we will implement a new Residues Management Protocol. The most significant problem continues to be the handling of wood wastes in the plant in Venezuela, where the absence of a more developed forestry industry limits the re-use of wood residues.

Considering that the production has increased in 30%, the efficiency in the reduction of residues is important, which was of 22% from 2003 (generation of wastes / production).

The goal for 2008 is an improvement of 8.7% in the efficiency indicator (ton/m³).

Wastes for final elimination refer to the following:

- Non-dangerous, domestic or industrial wastes, which are recycled or are eliminated in sanitary dump sites. In Venezuela, wastes from bark and wood residues are included that do not have any alternative use (of close to 36,000 ton. in 2007).
- Dangerous wastes that are handled and eliminated by authorized companies.

Dangerous issues are as follows: used oils and grease, materials impregnated with oils and grease, fluorescent lamps, hospital wastes, expired medication or drugs, vehicle batteries, radios and cell phones, obsolete pesticides, empty packages of chemical products, waste solvents, resin residues and waxes and sludge or mud derived from traps. Some wastes, such as used tires, scrap metal, impregnated paper or toner from printers are considered dangerous only in some countries and their local handling complies with legislation in force.

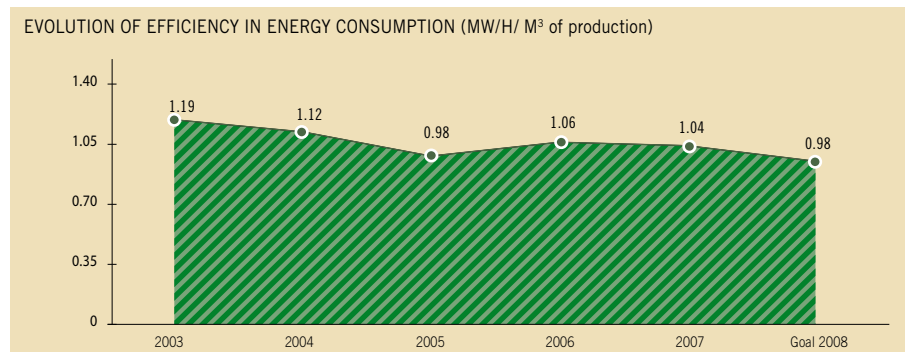
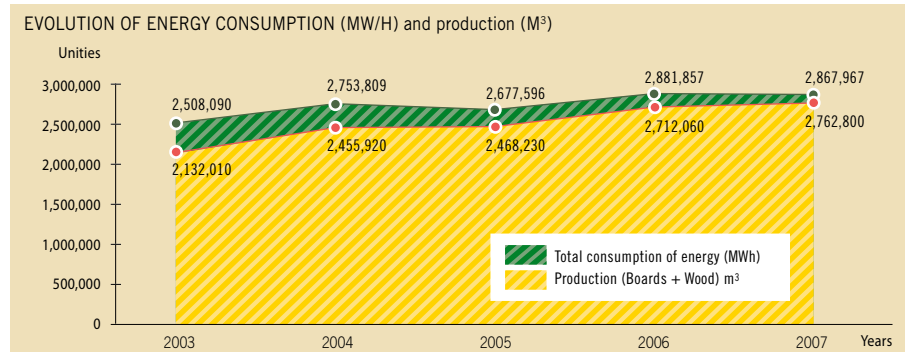
CONTROL OF TOXIC RESIDUES

The residues of formaldehyde resins and other chemical products used in lower quantities are withdrawn from the plants by the suppliers for their treatment and final elimination.

We control the possible presence of Polychlorinated Biphenyls (PCB) in the transformers of all plants, and we only found one in the Argentinean Plant with 183 ppm de PCB in the silicone used as a refrigerating liquid. Although in Argentina there are service companies that decontaminate polluted oils, the silicones with PCB are not treated in the country, so that we had the transformer and the resulting dirty cloths from the cleaning operation, along with the silicone kept in drums that are certified by the UN in a special facility, while we process their export to Belgium for treatment.

WATER CONSUMPTION

The analysis for the 2003 to 2007 period shows a significant decrease of 60% in water consumption. Additionally considering that production has increased 30%, efficiency in consumption has improved 66% from 2003 (water / production consumption).



The goal for 2008 is to have an improvement of 7.8% in the efficiency indicator (m³/m³).

INDUSTRIAL AND SANITARY EFFLUENTS

The MASISA plants have carried out important efforts to close the process water circuits and the new plants have been designed in order not to have industrial effluents. All industrial plants have identified all possible effluent outputs to the environment.*

FORESTRY ENVIRONMENTAL MANAGEMENT

At MASISA, it is our hope that the forestry activity will not place in danger the integrity of the systems required to support the forestry handling itself (water, soil and biodiversity).

POLICY

The company has management policies and systems that seek to minimize the negative impacts of forestry operations, controlling compliance of the legislation in force, the protection of forests having a high level of conservation, the

establishment of protected areas, restoration of forests, when necessary, the non-conversion of biological value to plantations and the non-commercial use of Genetically Modified Organisms.

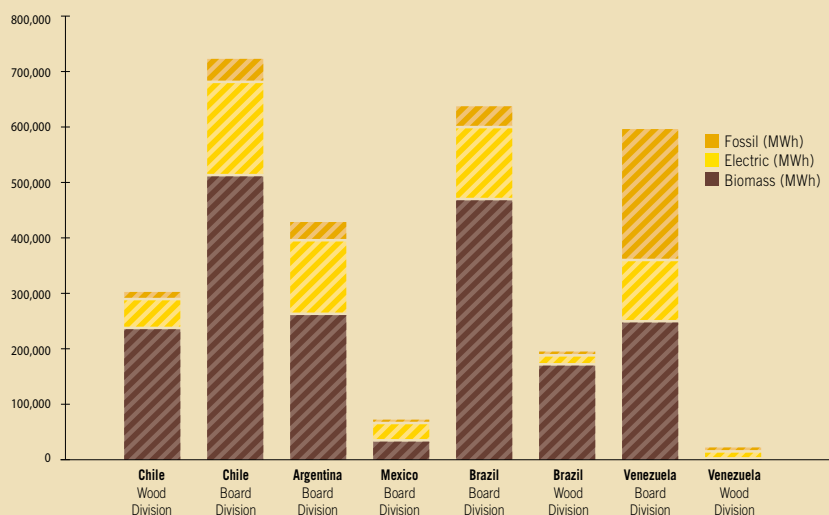
CERTIFICATIONS

All the MASISA plantations have the Forest Stewardship Council – FSC certification, considered worldwide as the highest standard, with significant differences in reference to other certification schemes.

Starting from MASISA Chile's recertification in 2006, all equity was included. Previously the surfaced considered in conflict with the indigenous communities had been excluded from the first certification.

The 2007 surveillance audit incorporated all the equity of Forestal Tornagaleones, with which the current certification covers all the property of the Forestry Business Unit of MASISA. In Venezuela, the farm Coloradito having 4,534 hectares (5.3% of the total surface of MASISA Venezuela) is not included in the FSC certification, since once the farm is harvested, it must be returned to its owner, and MASISA does not have the possibility of reforesting the land.

ENERGY ORIGIN

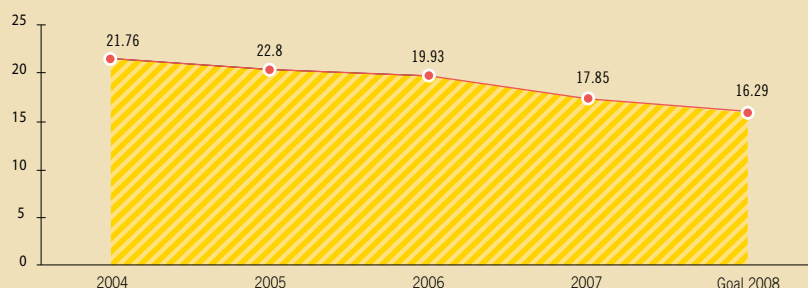


ROLES AND RESPONSIBILITIES

The Forestry Business Unit management of each country, under the administration of the Business Unit manager, has the responsibility of assuring the implementation of topics pertaining to the environment, industrial safety and relations with the neighboring communities.

SUPPORT TO INVESTIGATION

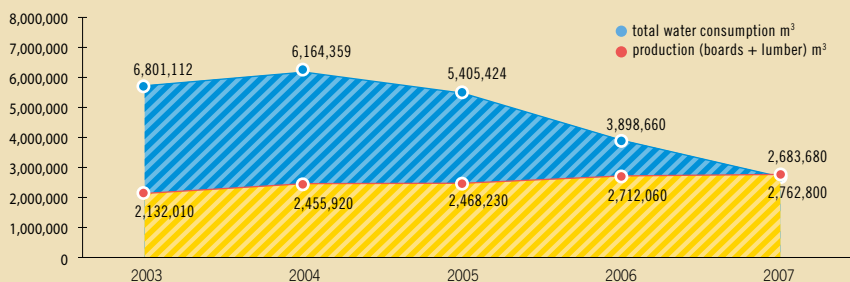
In order to know the best possible impact on soil, water and the biodiversity of plantations on soil, water and biodiversity of plantations in the countries of the southern cone of South America, along with the CORMA – the industrial trade association of wood in Chile- MASISA supports since 2007 research activities with international consultants.

EVOLUTION OF EFFICIENCY IN GENERATION OF WASTES FOR FINAL ELIMINATION (KG /M³ of production)

This effort seeks to integrate the concerns of stakeholders, such as the possible loss of soil and nutrients, the vulnerability of plagues, possible impacts on availability and quality of water, connectivity and biological corridors, possible invasion of exotic species, vegetation and native wildlife in in lands.

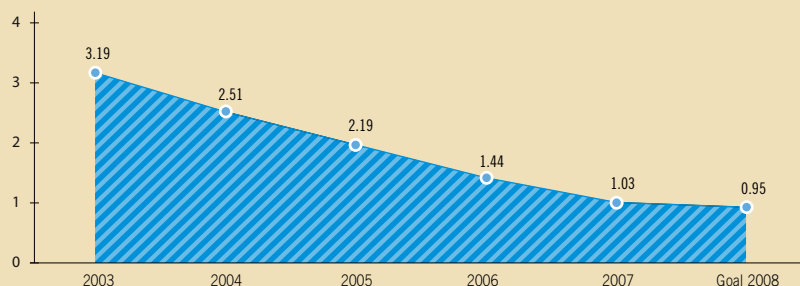
The results of these investigations and research will be integrated to the company's management systems.

EVOLUTION OF TOTAL CONSUMPTION OF WATER AND PRODUCTION



SUSTAINABLE FORESTRY MANAGEMENT

The Company bases its handling strategy in intensive and specific silviculture to each land, under two lines: intensive and structural handling. In both cases, it seeks to empower the growth of the forest according to the quality of the site of the temporary and physical distribution of trees, combining the pruning and trimming schemes according to age and site. The concept of intensive handling is not used.

EVOLUTION OF EFFICIENCY IN WATER CONSUMPTION (m³/m³ of production)

IMPACTS OVER THE SOIL

The soil is an essential resource for the forestry activity, being the natural element that sustains wood production. Its interaction with other natural elements allows the existence of plantations and the presence of life in different levels, forms and expressions. Its deterioration and

* The information presented does not include the start-up of the new wood board's line in Cabrero Chile.



ECO EFFICIENCY CASES

MAPAL, Chile

2004-2006	Reduction in water consumption of close to 50% and total elimination of liquid industrial residues. Total investment: USD 46,650 Annual savings: USD 371,850
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CONCORDIA, Argentina

2003	Reduction of the final elimination of Residues: 90% Annual savings: U\$S 440,000
2004	Reduction of natural gas consumption in MDF lines: 75% Annual savings: U\$S 108,000
2005	Substitution of fossil fuel (natural gas) for biomass. Greater reduction up to 80% Annual savings: U\$S 108,000

DURANGO, Mexico

2006	Reduction of water consumption from 32,847 m ³ to 19,079 m ³ Annual savings: U\$S 9,000
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RIO NEGRINHO, Brazil

2006 – 2007	Reduction in the consumption of water due to improvements in managing the yard of irrigated logs and treatment of residual waters of the lumber drying chambers. 22% de Reduction in consumption of water /m ³ 33% de Reduction in consumption total water
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PONTA GROSSA, Brazil

2006 – 2007	Reduction of 20.5% of natural gas consumption Annual savings: US\$ 89,670 (despite increase in production of 9.72 % in 2007)
2007	PPilot project for compost of organic residues and ashes to be used as organic fertilizer Reduction of 60% of the treatment cost of ashes

loss is translated in minor productions, greater costs in new rotations, the loss of the natural habitat for other species and the negative influence in distant areas due to the drag out of materials in water.

The above topic is the most significant for MASISA in Chile, where we have plantations in zones with different land slopes. The plantations must be harvested seeking the optimum cutting moment, which forces the construction of roads and wood production lands for their exploitation. This restriction demands the movement of the soil according to the land. During the next years, it is expected that intervention will be carried out in zones having lower slopes, which will produce a decrease in the movement of the soil. In order to minimize the erosion and / or contamination of hydric resources, there is a surface of approximately 27,000 hectares in Chile catalogued as Permanent Protection surfaces.


IMPACTS OVER THE QUALITY OR PRODUCTIVITY OF THE SOIL

The company has available a site productivity line and manages its plantations according to the quality of each site. In order to do so, it has available a quality evaluation guideline for its equity, with information on soil pits, physical and chemical analysis of soils, measurement lots associated to the growth model (even in Argentina, there are 7 years of measurement of permanent lots evaluating the growth of the pine and eucalyptus plantations), without finding significant differences in the quality of acid or loss of nutrients.

IMPACTS OVER WATER

Construction of roads and land, and forestry harvesting over the quality of surface water

Investigations developed in 2006 and 2007 in the southern zone of MASISA in Chile show that the construction activities of roads, fields and forestry harvest alter the quality of surface waters, mainly where these activities are developed close to water ways. Soil movements, spillages of roads and fields and the tracks of tree dragging favor the contribution of solids in suspension to water ways.



The waste ordering tasks in the level curve, the construction of areas where the deep layers are removed without damaging the land and reforesting in the least possible time period minimize the later contribution of sediments. The impact varies according to the characteristics of the soils and the rain patterns in zones with plantations, which is why these factors are important when deciding the acquisition of lands for new plantations.

(The results of water monitoring in microbasins in farm lands can be seen in www.masisa.com)

USE OF CHEMICAL PRODUCTS FOR FERTILIZING, PLAGUE CONTROL AND THE REMOVAL OF WEEDS

MASISA only uses chemical products authorized by the FSC and we carry out the biological control of plagues. We evaluate consumption and the dosing of herbicides, and the water from creeks is monitored after herbicides are applied, without having detected the presence of chemical products in the water.

Fire Control

Fire control is a relevant topic for the company in its risk control policy. MASISA has risk prevention, protection and fire handling programs, and actively promotes the association with state companies or organizations, and carries out continuous training and dissemination programs with the communities where it operates. MASISA carries out investments in these programs and keeps risk coverage by means of fire insurance policies, when it is considered justified.

Transportation

In order to mitigate the possible impacts of transportation on communities, MASISA's and its service companies' Environmental Management System include special instructions regarding the compacting of soil, soil contamination, and erosion (during the preparation of soils for plantations, by eliminating the tree coverage after harvesting, due to the dragging of

shafts during the collection of wood with skidders when harvesting, the channeling of waters in roads, due to the movement of land during the construction of roads and fields with bulldozers and back hoe excavating machinery and the maintenance of dirt roads with motor graders, or due to the construction of cortafuegos when battling forest fires).

Genetically Modified Organisms

Our policy in reference to genetic engineering, passed in November 2005, indicates that MASISA will not make commercial or experimental use of the transgenic trees fields until it is proven that their use is safe. In order to understand better and evaluate the risks and benefits of the forestry bio-technology, we have decided to monitor very closely key forestry biotechnology developments around the world, and thus participate in investigation and research activities without freeing into the environment genetically modified trees either experimentally or commercially.

BIODIVERSITY

2007 was a year of important progress in the diagnosis of biodiversity in the MASISA plantations, a key step towards the adequate management of conservation areas. In addition, all the countries worked on disseminating environmental information to communities and schools.

Biological Corridores in Plantations

Investigations in Chile show a positive impact in the biological corridors due to changes in the handling and harvesting patterns and the conservation of protected areas.

We have progressed since 2003, with the Universidad de Chile – FIA – MASISA Project: "Handling of Biological Connectivity in Forestry Lands Dominated by Radiata Pine Plantations 2003-2007 (Manejo de la conectividad biológica in predios forestales dominados por plantaciones de Pino Radiata 2003- 2007)" in two farms: Guanaco, in the district of Quirihue and Trehual-emu, in the district of Pelluhue. Experiments

were carried out in order to determine the effect of different elements on landscape (strips of pine, protection zones, native forest, continuous pine plantations, harvested zones, etc.) in the movement of different types of organisms.

The effect of the non-harvested radiata pine strips were evaluated (or of delayed harvest) such as biological corridors, finding that these strips can be useful for some species of forest vertebrates allowing the increase of the biological connectivity. In addition, the role of biological corridors was evaluated on native forest protection zones (mainly canyons) within the pine plantations, verifying that these areas comply with a fundamental role as refuge zones for birds after the harvesting tasks are carried out.

With this data and with the information obtained from other smaller experiments, a mechanistic model was created to simulate changes in the connectivity of a land submitted to different handling schemes, in order to estimate a cost – benefit cost, estimating that the incorporation of some corridors in particular situations significantly increases the degree of connectivity at the farm land level.

The results of this project were presented by the investigators Dr. Cristian Estades and Mr. Martín Escobar from the Forestry Resources Handling Department from the Universidad de Chile in a public event in May 2006, with the participation of the Forestry Institute, CONAMA Bío Bío, Avina, Procer, Forestal Tierra Chile and employees from MASISA's Forestry Business Unit.

Protected Areas

MASISA has 14 protected areas:

Chile

Jointly with the WWF three farm lands were initially identified (7,800 hectares) whose structure of species, surface, associated slopes and geographical location have defined them as High Value Preservation Forests. Two of these are located in the Cordillera de la Costa (Coastal Mountain Range), area defined worldwide as of “high preservation value” given the richness and characteristic of the natural species and those in danger of extinction.

The coastal forests of the Xth Region of Chile comprise unique ecosystems that host a great diversity of flora and fauna, but only 50,000 hectares of the 1.4 million hectares of Valdivian forest that are not currently protected. Chile has more than a third part of the little altered temperate forests that currently exist in the world, classified as Bordering Forests.

Among the emblematic species in the zone is the larch tree (*Fitzroya cupressoides*), the largest conifer of the Southern Cone and the second oldest in the world (it can live more than 3,000 years). In addition to the ecological importance of these forests, in the zone In addition to the ecological importance of this forests, in this zone the Network of Community Parks Mapu Lahual (Red de Parques Comunitarios Mapu Lahual (Land of Larches (Tierra de Alcerces)) is developed, an initiative of preservation and ecotourism of the WWF under the framework of a comprehensive development strategy that seeks the preservation of the larch tree and the coastal olivillo (*Aextoxicon punctatum*) native forests and that is led by the indigenous communities themselves.

MASISA and the WWF worked in 2007 to generate the necessary information to apply the methodology to spatially define the High Value Preservation Forests. MASISA is committed to continue working in the topic, including work with other stakeholders for a better understanding and use of the concept in Chile.

MASISA collaborated and participated for such effect in a workshop organized by the WWF and in which the company facilitated land for an on-site visit, as well as relevant information regarding its technical work.

Payments for the service of ecosystems and sustainable use of native forest forestry resources

The forestry ecosystems, both natural as well as those established due to forestation or reforestation are an important supplier of fundamental services for life on earth. The Evaluación de los Ecosistemas del Milenio del Programa de Naciones Unidas para el Ambiente – PNUMA (Evaluation of the Millennium Ecosystems of the United Nations Environment Program), recognizes four service groups: supply (foods, wood and fibers); regulation (of climate, floods, illnesses, and water quality); cultural (spiritual, aesthetic, recreation and educational values), and pertaining to support (formation of soils, primary production and recycling of nutrients).

Unfortunately, the protected areas have a great value for life, but they do not have any financial value on not generating money flows. At MASISA we have set forth the challenge in 2008 to generate revenues of at least US\$ 10,000 annually in the protected areas starting from activities that allow their sustainable use and their better preservation.

Use of Non-Wood Resources

In Brazil, we have advanced the project “Non-Wood Forestry Products”, jointly with the Brazilian Foundation for Sustainable Development, in order to identify the potential of MASISA's natural forests of offering species that can be used in fitotherapy, in addition to researching the possibility of cultivating these species in rural alliance programs (lease and /or promotion development units). Nine (9) commercial species have been identified and we are evaluating business plans for their commercialization.

Sustainable Handling of Renewable Native Forests: MASISA, Forest Ethics and Eco Management & Trading

The “Sustainable Handling Fund for the Renewal of Native Forest”, whose pilot plan started in February 2007, seeks to contribute towards the creation of value for the company through the handling of the renewal of native forests (second growth native forests), transforming it in equity handled in a sustainable manner. This fund will allow handling the renewable forests with greater productive potential, generating employment for the neighboring communities and re-investing the resources obtained in the handling of the native forest in different development stages.

The program considers activities in lands with advantages from the operating point of view, such as the good quality of renewable forests and an adequate roadway infrastructure.

Thus, the initial resources were generated, dynamism is given to the activity and a sustainable offer is generated that allows improving the current price of products derived from the handling of the native forest and develop suppliers in the sector, with the highest environmental and social standards. This will allow making more viable less advantageous situations of renewable forests in the short-term.

The revenues generated by this project will be invested in the recovery and handling of areas with native forests of less development and in the restoration and preservation of high value conservation forests. This will allow demonstrating in practice the economic and ecological viability of the handling of renewable native forests with the highest environmental and social standards, without their execution demanding financial resources from other business lines of the Forestry Business Unit.

This joint initiative between MASISA, Forest Ethics and Eco Management & Trading constitutes a unique example, where a forestry company in Chile that centers its activity in quick growth plantations, maintains an actual concern regarding native forests, its relations with the community and with regional sustainable development.



SANTA HERMINIA, A CASE OF HIGH PRESERVATION VALUE FORESTS IN CHILE

The farm Santa Herminia, located in San Juan de la Costa, coastal sector of the Province of Osorno, Region of Los Lagos, is in the zone of the Rainy Valdiviano Forests, part of the coastal ecosystems of the Osorno Mountain Range. During the last glacial era, this region was the refuge for an important number of species, becoming a place for a great number of important endemic species in Chile. The district of San Juan de la Costa represents enormous natural wealth, 70% of its territory corresponding to rainy temperate forests, unique in the world and bordering forests.

NEIGHBORING COMMUNITIES AND HISTORICAL AND CULTURAL VALUES

80% of the population is declared to belong to the Mapuche – Huilliche ethnic group. It is one of the poorest regions in Chile, with low school

indexes, 11% illiteracy (National 1992 Census), and with the worst human development index (IDH) in the country. Eight indigenous communities live in the zone.

The farm limits its overall total with farming and indigenous communities, an enormous cultural asset, particularly relevant given their unique knowledge generated through their tight relationship with the environment. A very important aspect of this initiative is the rescue of the ancestry relation of the Mapuche-Huilliche people with their forest through participative work with the 6 indigenous communities who form it.

FLORA, FAUNA AND SCENIC QUALITY

One of the main attractions of this land is its Always Green Forests, a sub-type of the Chiloé Coigue, which is characterized by adult plants of *Nothofagus dombeyi*, *Laurelia philippiana*, *Saxeghotaea conspicua* and *Podocarpus nubigena*. A scenery of high singularity are the bogs areas given their high flower diversity, under-scoring young plants of the threatened conifer

Cypress of the Guaitecas (*Pilgerodendrum uviferum*), without discarding the possible presence of Larches and midget Cypress in areas that have still not been explored.

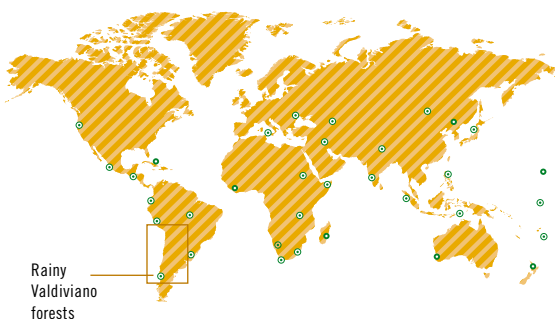
HANDLING PLAN

Seeking the adequate handling, use and protection of the different resources of the land and its surroundings, the plan is focused on assuring the conservation, preservation and protection of natural patrimony, the sustainable use of resources, research in natural environments and the education and dissemination based on the different zones of the land.

(Activities in Argentina, Brazil and Venezuela are available at www.masisa.com)

HIGH VALUE PRESERVATION FORESTS IN THE TENTH REGION, CHILE

World Context



World Biodiversity Priority Area

1.000 endemic species
Bio Geographic Island
 3.892 species of plants (1,957 are endemic)
 6 threatened endemic birds
 5 threatened endemic mammals.
 (International Conservation)

National Context



Protected area of the Valdiviano rainy forests
 (International Preservation)

SAMPLING

88 species of native plants identified
 24 of endemic species
 (27% of the total land, 1.2% of the priority area of the Valdivian rainy forests)

36 genders, 8 endemic
 22% genders in the country

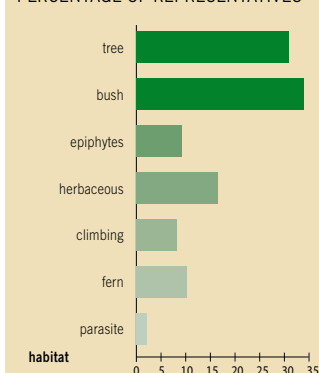
Identified Flora

Bush, trees and herbaceous species.

Species

29 bushes
 26 tree species
 14 herbaceous
 8 species epiphytes
 7 climbing
 2 land ferns
 2 parasite species

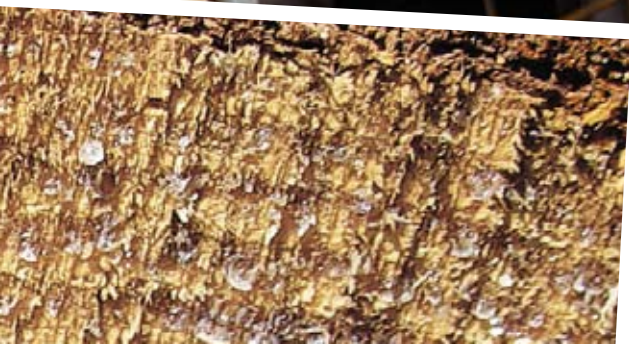
PERCENTAGE OF REPRESENTATIVES







EXTERNAL VERIFICATION





EXTERNAL VERIFICATION

This external verification process of the materiality, relevance and integrity of the information systems of social and environmental issues was carried out by a "Citizens' Panel" coordinated by the House of Peace (Casa de la Paz) (www.casadelapaz.org) following the AA1000 standard that facilitates the alignment between the information published and the concerns of stakeholders (www.accountability.org.uk).

This Panel had the participation of representatives of the academic world, organized civil society, and in what we believe is a sample of trust and transparency that we appreciate significantly, we also had the presence of representatives from the communities that are impacted by the company operation, particularly, the Mapuche people and the neighbors of the Cabrero Plant in Chile.

This Panel focused its task in this occasion in the company operations in Chile, and its recommendations respond to the reality of such focus. In the future we hope to extend this process to the other MASISA companies.

Although we are conscious that there is still a long path to walk through, we feel especially satisfied with the effort carried out in this verification process and appreciate the suggestions received from the Panel.

REPORT FROM THE VERIFICATION CITIZENS' PANEL CHILE, FEBRUARY 1, 2008

The company MASISA requested the Fundación Casa of the Paz for the design, organization and facilitation of a Citizens' Panel that World verify the social and environmental aspects of the 2007 Annual Report in Chile through of its Chairwoman, Ximena Abogabir S., and upon her invitation the panel was formed as follows: Miguel Bahamondes P., anthropologist, from the Grupo de Investigaciones Agrarias (GIA) (Agricultural Investigations Group); on the Industrial Sub-Panel: Dr. Oscar Parra B., Director of the Centro de Ciencias Ambientales EULA (Environmental Sciences Center) from the Universidad de Concepción; Digna Sandoval S., Chairwoman of the Comité de la Microcuenca de Coihueco (Comité for the Micro-Basin of Coihueco); on the Forestry Sub-Panel: Armando Cristo Marileo L., ancestral elder authority, Director of the School of Philosophy and Ancestral Mapuche Wisdom (Escuela de Filosofía and Sabiduría Ancestral Mapuche) and Dr. Oscar Thiers E., professor and researcher of the Silvicultura Institute, School of Forestry Sciences, Universidad Austral de Chile.

Its members freely agreed to the process and jointly defined the visits and interview program, both in person as well as on the telephone. In that same instance, MASISA delivered the preliminary document of the 2007 Annual Report and other matters, and received new information requirements and contacts. The members of the Panel visited during January 2008 the forestry and industrial operations of MASISA Chile and requested to later contact certain key players. Afterwards, the Panel met to draft their report, which was presented to MASISA with the purpose of having the company contribute with new data. Starting from this information, the Panel issued in an absolutely independent manner its final report, many of whose recommendations were able to be incorporated to the definite text of the 2007 Annual Report.

The panel also presented suggestions to improve this verification process in the future, for example, revealing that the time provided to carry out this type of work was brief, which attempts against the depth of treatment of certain issues.



OBSERVATIONS REGARDING THE APPLICATION OF THE THREE (3) PRINCIPLES OF VERIFICATION IN THE MASISA 2007 ANNUAL REPORT IN ITS PRELIMINARY DOCUMENT:

Materiality: The preliminary version of the Annual Report does not consider relevant information in matters pertaining to land transportation, both in terms of its environmental impacts as well as in reference to the community, despite having carried out an important effort in this scope and having great progress. This topic precisely grounds the most recurrent complaints made by the community. Similarly, it does not sufficiently reveal the effort made in the scope of the safety of its employees. It does not fully touch on the labor issue, specially the situations derived from the dismissal of 250 employees of the Solid Wood Business Unit.

Integrity: The company has communication channels to collect the concerns of the community, both internal and external, it participates in instances where incipient topics can be identified (work tables at the local, regional, national and global level) and has expedite spokes people channels with the neighboring communities. In the Annual Report reference is made to the dismissals of employees of the Cabrero Plant, but it does not give account of the climate that is generated by these dismissals or the reaction of the community when facing this particular situation. There is the perception that the company does not promote the formation of local contracting companies.

Response Capacity: The company has mechanisms for the call to instances of dialogue, however, there is no clarity perceived referring to what greater strategy they are inscribed to. The company has demonstrated agility to service the concerns of the community, execute remedial actions and communicate the management measures implemented. The construction of the effluent plant to avoid the contamination of the Coihuiuco Brook is a demonstration of the above. Instead, the information that is channeled through the forest rangers is not processed with the necessary effectiveness and timeliness. The people interviewed by this Panel do not know the “following step” of the company social initiatives, generating uncertainty regarding the same. The Panel identifies the absence in the Annual Report of positive and negative testimonies of relevant players.

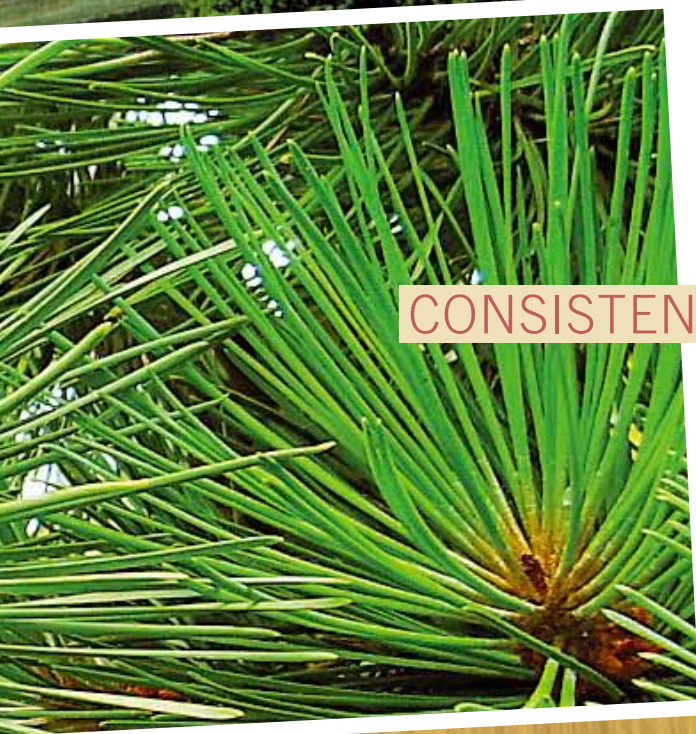
(The complete text of the suggestions of the Citizens' Panel is available at www.masisa.com)



Members of the Verification citizen's panel in MASISA.










CONSISTENCY WITH GRI INDICATORS



PENDING COMMITMENTS FROM PRIOR SUSTAINABILITY REPORTS

Commitment	Section	Status	Goal	Accountable
We hope to obtain 75% during 2008 with which we will be in a superior standard worldwide in terms of the commitment of the employees with their company.	Inquiries and Dialogues		2008	Human Capital
We are still not satisfied in terms of diversity in the company, e.g. we have not carried out sufficient efforts to promote women to management positions. This topic will be during 2006	Our Stakeholders: Non-Discriminated Employees		2008	Human Capital

 Commitment partially complied with

CONSISTENCY WITH GRI INDICATORS

ECONOMIC PERFORMANCE INDICATORS

Aspect: Economic performance

		Indicator	Page
Main	EC1	Direct economic value generated and distributed, including revenue, exploitation costs, retribution to employees, donation and other investments to the community, non-distributed benefits and capital payments to suppliers and governments	32
Main	EC2	Financial consequences and other risks and opportunities for the organization's activity due to the Climate Change	38
Main	EC3	Coverage of the organization's obligations due to social benefit programs	54
Main	EC4	Significant financial help received from governments	32

Aspect: Market presence

Main	EC6	Policy, practices and proportion of expenses corresponding to local suppliers locales in places where significant relations are developed	32
Main	EC7	Procedures for local contracting and proportion of top management derived from the local community in places where significant relations are developed	47

Aspect: Direct economic impacts

Main	EC7	Development and impact of investments in infrastructure and services mainly provided for public benefits by means of commercial agreements, pro bono or in products	N/A
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ENVIRONMENTAL PERFORMANCE INDICATORS

Aspect: Materials

Main	EN1	Materials used, per weight or volume	52
Main	EN2	Percentage of the materials used that are valued materials	N/D

Aspect: Energy

Main	EN3	Direct energy consumption broken down by primary sources	59
Main	EN4	Indirect energy consumption broken down by primary sources	40
Additional	EN5	Energy savings due to the conservation and improvements in efficiency	57
Additional	EN6	Initiatives to provide efficient products and services in energy consumption or based in renewable energies, and reductions in energy consumption as the result of these initiatives	40
Additional	EN7	Initiatives to reduce indirect energy consumption and the reductions achieved with such initiatives	40

Aspect: Water

Main	EN8	Total capturing of water per sources	58
Additional	EN9	Water sources that have been significantly affected by water capturing	61
Additional	EN10	Percentage and total volume of recycled and re-used water	58

Aspect: Biodiversity

Main	EN11	Description of the adjacent land or located within natural protected spaces or in areas of non-protected high biodiversity. Indicate the location and size of owned land, or leased or that are managed with high biodiversity in zones that are different from protected areas	62
Main	EN12	Description of the most significant impacts in biodiversity in natural protected spaces or in areas of non-protected high biodiversity, derived from activities, products and services in protected areas or in areas that have high biodiversity value in zones that are different from protected areas	61
Additional	EN13	Protected or restored habitats	62
Additional	EN14	Strategies and actions implemented and planned for the management of impacts over biodiversity	62
Additional	EN15	Number of species, broken down according to their danger of extinction, included in the IUCN Red List and in national lists and whose habitats are found in the areas affected by the company's operations according to the threat of the species	63

Aspect: Emissions, dump sites and residues

Main	EN16	Total direct and indirect emissions of greenhouse effect gases, in peso	39
Main	EN17	Other indirect emissions of greenhouse effect gases, in weight	40
Additional	EN18	Initiatives to reduce the emissions greenhouse effect gases and the reductions achieved	40
Main	EN19	Emissions of substances that destroy the ozone layer, in weight	N/A
Main	EN20	NO, SO and other significant emissions in the atmosphere per type and weight	57
Main	EN21	Total dumping of residual waters according to their nature and destination	58
Main	EN22	Total weight of managed residues, according to type and treatment method	57
Main	EN23	Total number and volume of most significant accidental spills	55
Additional	EN25	Identification, size, status of protection and value of biodiversity of water resources and related habitats, significantly affected by water dumping and run-off waters from the informing organization	60 - 61

Aspect: Products and services

Main	EN26	Initiatives to mitigate the environmental impacts of the products and services, and the degree of reduction of such impact	36
Main	EN27	Percentage of sold products, and their assembly materials, which are recovered at the end of their service life, per product category	N/D

Aspect: Regulatory compliance

Main	EN28	Cost of the most significant fines and number of non-monetary sanctions passed due to the non-compliance of environmental regulations	55
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Aspect: Transportation

Main	EN29	Significant environmental impacts of the transportation of products and other goods and materials used by the activities of the organization, as well as the transportation of personnel	40 - 61
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Aspect: General

Main	EN30	Break-down per type of total expenses and environmental investments	54
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PERFORMANCE INDICATORS OF LABOR PRACTICES AND WORK ETHICS**Aspect: Employment**

Main	LA1	Break-down of the group of workers per type of employment contract and per region	90
Main	LA2	Total number of employees and their average turn-over, broken down per age group, sex and region	90 - Web
Additional	LA3	Social benefits for the employees that have complete work days, which are not offered to part-time employees or employees who work half days, broken-down by main activity	Web

Aspect: Company / Workers Relations

Main	LA4	Percentage of employees covered by a group bargaining agreement	Web
Main	LA5	Minimum pre-notification period (s) relative to organizational changes, including if these notices are specified in the group bargaining agreements	N/D

Aspect: Health and safety at work

Additional	LA6	Percentage of the total number of workers who are represented in health and safety committees and safety groups of management –employees, established to help control and advice regarding health and safety programs at work	45
Main	LA7	Absenteeism rates, professional illnesses, lost days and number of mortal victims related to work per region	44
Main	LA8	Education, formation, advise, prevention and control programs that are applied to workers, to their families or to members of the community in relation to serious illnesses	46

Aspect: Formation and education

Main	LA10	Average number of hours of training per year, per employee, per employee category	Web
Additional	LA11	Management programs of skills and continuous formation that foster the employment quality of employees and that support them in the final management of their professional careers	48
Additional	LA12	Percentage of employees who receive regular performance evaluations and of professional development	49

Aspect: Diversity and equal opportunities

Main	LA13	Structure of the corporate governance entities and payroll, broken-down by sex, age group, belonging to minorities and other diversity indicators	Web
Main	LA14	Relation between the base salary of men in comparison to women, broken-down by professional career	N/D

HUMAN RIGHTS PERFORMANCE INDICATORS**Aspect: Practices of investment and procurement**

Main	HR1	Percentage and total number according to significant investment that include human rights clauses or that have been the object of analysis in matters pertaining to human rights	43
Main	HR2	Percentage of the main distributors and contractors that have been the object of analysis in matters pertaining to human rights, and the consequent means adopted	43
Additional	HR3	Total number of training hours of the employees regarding policies and procedures related with those aspects of human rights relevant to their activities, including the percentage of employees trained	48

Aspect: Non-discrimination

Main	HR4	Total number of discrimination incidents and measures adopted	21
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Aspect: Freedom of association and group bargaining agreements

Main	HR5	Activities of the company in which the right to freedom of association and of being covered under group bargaining agreements can run important risks, and the measures adopted to back such rights	Web
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Aspect: Exploitation of children

Main	HR6	Activities identified that lead to the potential risk of incidents pertaining to the exploitation of children and measures adopted to contribute to their elimination	NA
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Aspect: Forced labor

Main	HR7	Operations identified as areas of significant risk of being the origin of episodes of forced or non-consensual work, and the measures adopted to contribute to their elimination	N/A
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Aspect: Safety practices

Additional	HR8	Percentage of the safety personnel who have been trained in the policies or procedures of the organization in aspects pertaining to human rights that are relevant to activities	48
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Aspect: Rights of indigenous peoples

Additional	HR9	Total number of incidents related with violations to the rights of indigenous peoples and measures adopted	55
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SOCIETY PERFORMANCE INDICATORS**Aspect: Community**

Main	S01	Nature, scope and effectiveness of programs and practices to evaluate and manage the impacts of the operations in the communities, including the entrance, operation and exit of the company	55
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Aspect: Corruption

Main	S02	Percentage and total number of the Business Units analyzed in comparison to the risk related to corruption	21
Main	S03	Percentage of employees formed in the anti-corruption policies and procedures of the organization	21
Main	S04	Measures taken in response to corruption incidents	21

Aspect: Public policy

Main	S05	Position in public policies and participation in their development and “lobbying” activities	21
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Aspect: Regulatory compliance

Additional	S08	Monetary value of significant sanctions and fines and total number of non-monetary sanctions derived from the non-compliance of laws and regulations	55
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PERFORMANCE INDICATORS ON OUR RESPONSIBILITY OVER PRODUCTS**Aspect: Client's health and safety**

Main	PR1	Phases of the life cycle of products and services in which they are evaluated, so that in their case they can be improved, their impact the health and safety of customers, and the percentage of categories of significant products and services subject to such evaluation procedures	36
Additional	PR2	Total number of incidents derived from the non-compliance of legal regulations or of the voluntary codes relative to the impacts of products and services in health and safety during their life cycle, distributed according to the type of result of such incidents	37

Aspect: Labeling of products and services

Main	PR3	All types of information on products and services that are required by the procedures in force and regulations, and the percentage of products and services subject to such informative requirements	36
Additional	PR4	Total number of non-compliance of regulations and of the voluntary codes relative to the information and labeling of products and services, distributed according to the type of result of such incidents	37
Additional	PR5	Practices according to customer satisfaction, including the results of customer satisfaction studies	33

Aspect: Marketing communication

Main	PR6	Compliance programs of laws or upholding the voluntary standards and codes mentioned in the marketing communications, including advertising, other promotional activities and sponsors	34
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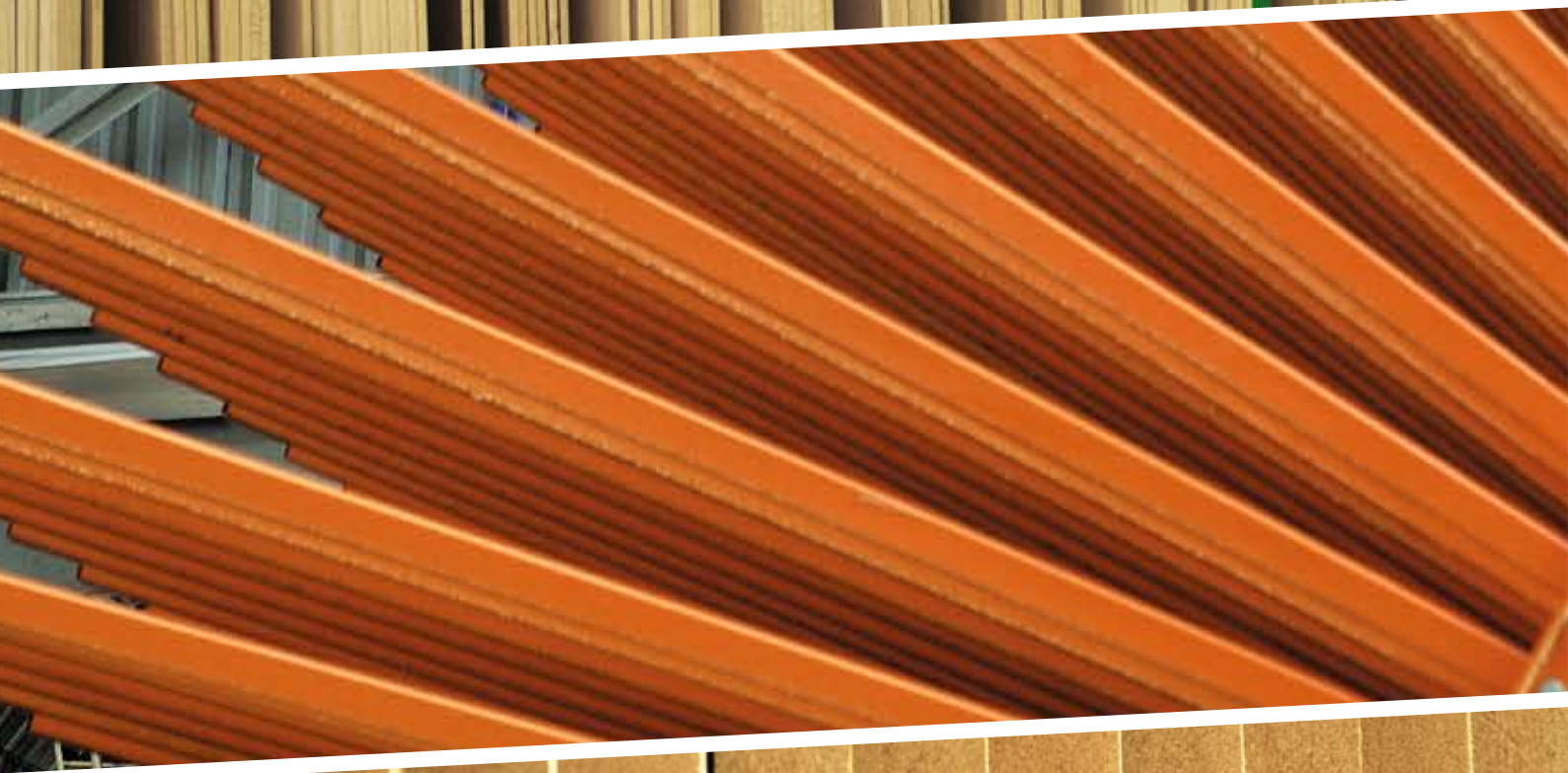
Aspect: Regulatory compliance

Main	PR9	Cost of significant fines resulting from non-compliance of regulations in relation to supply and the use of products and services of the organization	55
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Web: Information available at www.masisa.com

N/D: Not available

N/A: Does not apply





GENERAL BACKGROUND INFORMATION



INCORPORATION DOCUMENTS

Masisa S.A., previously Terranova S.A., is, as the result of different divisions and mergers, the legal continuation of the closely-held stock company Terranova Internacional S.A. (hereinafter “TISA”).

Terranova Internacional S.A., (today Masisa S.A.) was incorporated by public deed dated July 17, 1996, granted in the Public Notary of Santiago of Mr. Félix Jara Cadot. An extract of such public deed was inscribed on page 19,525 No. 15,190 in the Trade Register of the Registrar of Real Estate of Santiago corresponding to 1996, and was published in the Official Gazette dated August 10, 1996, then becoming the affiliate company of the parent company Forestal Terranova S.A.

Dated September 30, 2003, TISA, was divided into two companies, Terranova S.A. and Inversiones Internacionales Terranova S.A. (hereinafter the “Division”).

Afterwards, dated October 31, 2003, the company Terranova S.A., the result of the Division, absorbed by merger its parent company Forestal Terranova S.A., going on to become incorporated in its legal continuation, in the openly-held company, and in the parent company of the group of companies called “Terranova”.

Finally, dated May 31, 2005, Terranova S.A. absorbed by merger the old company Masisa S.A., time upon which it changed its trade name to Masisa S.A.

MASISA S.A.'S COMPANY OBJECTIVE

- Forestation or reforestation of land and the handling, cutting and exploitation of natural and / or artificial forests.
- Industrialization and commercialization in Chile and / or abroad of all types of forestry and lumber products, cattle raising and agricultural and all types of machineries and vehicles.
- Capital investment in forestry or agricultural businesses, administrating, incorporating or participating in companies created for such purpose.
- Supply of technical, financial and / or legal consulting management services.

MAIN EXECUTIVES

Chief Executive Officer

Enrique Cibié Bluth
Business Administration Mayor, Universidad Católica de Chile
MBA Stanford University, United States.
RUT: 6.027.149-6

Chief Wood Board Business Unit Officer

Jaime Valenzuela Fernández
Business Administration Mayor, Auditor Accountant and Statistics Technician, U. de Chile.
Advanced Management Program, The Wharton School, Univ. of Pennsylvania
RUT: 6.773.073-0

Chief Retail Business Unit Officer and

Word Board Business Unit Commercial Manager

Alejandro Espinosa Carey
Civil Electrical Engineer, Universidad de Chile.
DPA – Business Administration, Universidad Adolfo Ibáñez.
RUT: 7.481.963-K

Chief Solid Wood Business Unit Officer

Claudio Cerda Herreros ¹
Civil Industrial Engineer, Universidad Católica de Chile
MSC in Management, Stanford University
RUT: 10.514.213-7

Chief Forestry Business Unit Officer

Jorge Correa Drubi
Forestry Engineer, Universidad de Chile
RUT: 5.545.576-7

Chief Financial Officer

Eugenio Arteaga Infante
Business Administration Mayor and Auditor Accountant,
Universidad Católica de Chile
MBA Universidad Católica de Chile
RUT: 6.374.575-8

Chief Sustainable Development Officer

María Emilia Correa Pérez
Attorney, Universidad de los Andes, Bogotá, Colombia.
Master in Sociology (MA), The New School for Social Research,
New York, United States.
RUT: 21.667.056-6

Chief Business Development Officer

Matías Mackenna García-Huidobro
Civil Engineer, Universidad Católica de Chile
MBA Babson College, Estados Unidos
RUT: 10.579.653-6

General Counsel and Secretary of the Board of Directors

Patricio Reyes Urrutia
Attorney, Universidad Católica de Chile
RUT: 10.740.512-7

Chief Communications and Corporate Affairs

Ignacio González Guzmán
Business Administrator, Universidad de Chile
Specialization in Marketing, Universidad de San Andrés, Argentina
RUT: 9.424.121-9

Chief Human Capital Officer

Ana María Rabagliati Grünwald²
Business Administration Mayor, Universidad Católica de Chile
RUT: 7.765.339-2

Chief Auditing Officer

Luis Zúñiga Medina
Business Administrator, Universidad de Santiago de Chile
Post Graduate Degree in Finance U. de Chile. MBA USACH
RUT: 8.752.932-0

ARGENTINA

General Manager

Alfredo Gili Canadell
Forestry Engineer, Universidad Austral de Chile
RUT: 8.519.945-5

BRAZIL**General Manager**

Jorge Hillmann

Metallurgic Engineer, Universidad Federal do Rio Grande do Sul.

Post-graduate Degree in Marketing, ESPM.

Post-graduate B.A. in Public Administration, U. Federal do Rio Grande do Sul.

MBA in Finance IBEMEC

RG: 800.052.345-9

CHILE**General Manager**

Gastón Urmeneta Krarup

Mechanical Naval Engineer, Academia Politécnica Naval, Chile.

Masters in Economy and Business Administration, ESEADE

RUT: 8.816.997-2

COLOMBIA**General Manager**

Luis Guillermo Velásquez Botero

Business Administrator (BA), Specializing in Finance and Marketing,

Universidad EAFIT, Colombia

RG: 8.311.018

UNITED STATES**General Manager**

Dan Schmidt³

Graduate in Business Administration and Economy,

Northeastern University, United States

MEXICO**General Manager**

Leonardo Schlesinger Grandi⁴

Psychologist, Universidad Gabriela Mistral, Chile, Masters in Business

Administration (MBA), London Business School, London, UK.

RUT: 11.741.889-8

PERU/ECUADOR**General Manager**

Roberto Heskia Tornquist

Business Administration Mayor, Universidad Católica de Chile

RUT: 10.978.789-2

VENEZUELA**General Manager**

Miguel Oneto Rosales

Business Administrator, Universidad de Santiago, Chile

Post-graduate Degree in Human Relations and Labor Psychology, U. Católica de Chile.

RUT: 7.411.246-3

ADDRESSES**ADMINISTRATIVE OFFICES****Argentina**

Buenos Aires

25 de Mayo 359 Piso N° 15

(C1002ABG) Capital Federal, Buenos Aires

Telephone (54-11) 5550 6000

Fax (54-11) 5550 6402

Brazil

Curitiba

Avenida João Gualberto n° 1259

23° andar

Bairro Alto da Glória

Curitiba, Paraná, CEP: 80.030-001

Telephone (55-41) 3219 1850

Fax (55-41) 3219 1870

Bento Gonçalves

Rua Dez de Novembro, nr. 697

2° andar/sala 11/13

Bairro: Botafogo

Bento Gonçalves, Rio Grande do Sul,

CEP: 95.700-000

Telephone (55-54) 3453 1095

Rio de Janeiro

Praia do Flamengo, nr. 66,

Bloco B, salas 719 e 720,

Bairro Flamengo

Rio de Janeiro – Rio de Janeiro

CEP: 22.210-030

Telephone (55-21) 2005-5253

São Paulo

Avenida Brigadeiro Luis Antonio, nr. 2729

11° andar/ salas 1105 e 1106

Bairro: Bela Vista

São Paulo – São Paulo, CEP: 01401-000

Telephone (55-11) 3051 3355

Chile

Santiago

Av. Apoquindo 3650, Piso 10

Las Condes, Santiago

Telephone (56-2) 350 6000

Fax (56-2) 350 6001

Colombia

Bogotá

Calle 72 No. 5 – 83,

Edificio Avda. Chile, Piso 4, Oficina 402

Telephone (57-1) 325 8700

Fax (57-1) 325 87 24

Ecuador

Guayaquil

Av. Víctor Emilio Estrada n° 1021

entre Hilanes y Jiguas

Guayaquil Ecuador

Telephone (593 4) 2888244 / 2888249 / 2888248

1 Replaced Tomás Morales as Chief Solid Wood Business Unit Officer in October 2007

2 Replaced Leonardo Schlesinger Grandi in October 2007

3 Replaced George Mac Connell in February 2007

4 Replaced Claudio Cerda Herreros in October 2007

United StatesAtlanta

900 Circle 75 Parkway, Suite 720
Atlanta GA, 30339
Telephone (1-770) 405-2600
Fax (1-770) 405-2601

MexicoMexico, D.F.

Jaime Balmes #8, 2° piso, desp. 202, Col.
Los Morales. Deleg. Miguel Hidalgo
Mexico, D.F. C.P. 11510
Telephone (52 55) 91382300
Fax (52 55) 91382308

PeruLima

Av. Víctor Andrés Belaunde 147
Edificio Torre Real 12 , Oficina 103
San Isidro, Lima-Peru
Telephone 0051-1- 7061400

VenezuelaCaracas

Avenida Francisco de Miranda,
Edif. Parque Cristal
Torre Oeste, Piso 3, Oficina 3-3
Los Palos Grandes - Caracas
Telephone (58-212) 6207011
Fax (58-212) 2854217

Puerto Ordaz

Calle Cuchiveros, Torre Balear,
Piso 2, Oficina 21y 23
Piso 5, Oficina 52
Alta Vista Norte
Puerto Ordaz, Estado Bolívar
Telephone (58-286) 965 1011
Fax (58-286) 965 1040

INDUSTRIAL PLANTS**Argentina**Planta Concordia

Parque Industrial de Concordia
Concordia, Provincia de Entre Ríos
Telephone (54-345) 429 0100
Fax (54-345) 429 0110

BrazilPlanta Ponta Grossa

Rodovia BR 376, N° 1690, Servidão A
Ponta Grossa, Paraná, CEP 84045-610
Telephone (55-42) 3219-1500
FAX: (55-42) 3219-1600

Planta Rio Negrinho

Rodovia BR-280, N° 4116, Bairro Industrial Sul
Rio Negrinho, Santa Catarina, CEP 89295-000
Telephone (55-47) 3641-3000
Fax (55-47) 3641-3038

ChilePlanta Cabrero Div. Tablero

Tucapel s/n, Cabrero
Telephone (56-43) 400 800
Fax (56-43) 404 199
Planta Cabrero Div. Maderas
Ruta Q-50 Km. 2,15
Telephone (56-43) 400 800
Fax (56-43) 404 199

Planta Chillán

Panamericana Norte Km. 5, Chillán
Telephone (56-42) 207 300
Fax (56-42) 207 399

Planta Ranco

J.M. Balmaceda 8050, Valdivia
Telephone (56-63) 214 451
Fax (56-63) 216 945

Planta Carlos Puschmann

Av. España 1060, Valdivia
Telephone (56-63) 341 010
Fax (56-63) 341 017

Planta Chiguayante

Manuel Rodríguez 1045, Chiguayante, Concepción
Telephone (56-41) 236 2123
Fax (56-41) 236 2339

Planta Mapal

Camino a Coronel Km. 10
Coronel, Concepción
Telephone (56-41) 244 5200
Fax (56-41) 239 0028

United StatesWando¹

2440 Clements Ferry Road
Wando, SC 29492
Telephone (1-843) 216 2100
Fax (1-843) 216 21

MexicoPlanta Durango

Carretera Panamericana Km. 959
Durango Dgo.
C.P. 34304
Telephone (52-618) 813 7544
Telephone (56-43) 400 800
Fax (56-43) 400 801

VenezuelaMacapaima

Carretera Nacional Los Barrancos, Vía Palital,
Zona Industrial Macapaima,
Municipio Independencia. Estado Anzoátegui
Telephone (58-286) 920 3032
Fax (58-286) 920 3030

DISTRIBUTION CENTERS / WAREHOUSES**Argentina**Parque Industrial de Concordia.

Concordia, Entre Ríos

Telephone (54-345) 429 0100 /
(54-345) 429 0136 /0326
Fax (54-345) 429 0357

BrazilPonta Grossa

Rodovia BR 376 Km. 503 N°1690,
Bairro: Distrito Industrial
Ponta Grossa, Paraná, CEP 84045-610
Telephone (55-42) 3219 1500
Fax (55-42) 3219 1600

Porto Alegre

Rua Dona Teodora, 1306
Porto Alegre, Rio Grande do Sul,
Barrio: Navegantes
CEP 90240-300
Telephone (55-51) 3362 3611
Fax (55-51) 3362 5807

Recife

Avenida Alfredo Lisboa, s/n
Armazém 18, sala 09
Bairro: Recife
Recife, Pernambuco, CEP: 50.030-150
Telephone (55- 81) 3424-7000

Rio Negrinho

Rodovia BR 280, número 4116
Bairro: Industrial Sul
Rio Negrinho – Santa Catarina
CEP 89295-000
Telephone: (55 47) 3646-3000
Fax: (55 47) 3646-3039

São Paulo

Rua Jussara, nr. 1250, Sala 06
Bairro: Santa Cecília
Barueri – São Paulo, CEP: 06465-070
Telephone (55-11) 3382-2229

ChileAntofagasta

Calle 5 Norte s/n, Sector La Chimba,
Telephone (56-55) 211 465
Fax (56-55) 211 316

Santiago

Camino Lo Ruiz 3200, Renca,
Telephone (56-2) 646 4179

Concepción

Camino a Coronel Km.10, Coronel,
Telephone (41) 239 168 Fax (41) 239 170
Valdivia

J.M. Balmaceda 6555,
Telephone (63) 217 885 Fax (63) 217 862

ColombiaCúcuta

Bodega Merco Cargo Ltda.
Av. 4ª A No. 7N-60, Cúcuta
Telephone (57-7) 578 25 09 – 568 12 69
Almagran S.A.
Diagonal 18 No. 37-63, Cúcuta
Telephone (57-1) 269 4687

Almagran S.A.

Cra. 50 # 17 – 89
Telephone (57 1) 261 7804

Buenaventura

Calle 6 # 21 A – 16, Barrio Paloseco
Telephone (57 1) 243 4310

Endecolsa

Autopista Norte Km 44 Vía Gachancipa
Telephone (57 1) 857 8235

Avenida 4A # 7N – 65, Zona Industrial

Funza

Bodega 8 Manzana A Parque Industrial Galicia, Vía de Funza a Sibéria Kilómetro 3
Telephone (57 1) 8266541

EcuadorOutsourcing Integración Logística del Ecuador S.A.

Km. 11.5 Vía a Daule, PLAZA SAI BABA II, ubicado en Lot. Inmaconsa Mz. 21 SL. 08 AV. A O Calle No. 32C y Calle Cedros AV. No. 42ª Guayaquil-Ecuador
Telephone: 09-9696900

United StatesWando¹

2440 Clements Ferry Road, Charleston
Wando, SC 29492

Telephone (1-843) 216 2100

Fax (1-843) 216 2160

Charleston

International Transloaders
137 Hodge Rd.

Summerville, SC 29483

Telephone 843-851-7660

Baltimore

Kramer Logistics, Inc.
1100 E. Patapsco Ave.

Baltimore, MD 21225

Telephone (1-410) 354 9501

Pasadena

Bryan Logistics Company, LL C
9600 New Century Drive, Texas

Pasadena TX 77507

Telephone (1-281) 872 7771

Oakland

PCC Logistics

2099 Seventh Street

Oakland, Ca 94607

510-763-8991

Port Wentworth

Ocean Link 1080 Godley Road

Port Wentworth, Ga 31407

912-963-9898

Compton

Pacer Distribution

220 West Marville Street

Compton, Ca 90220

310-518-8888

MexicoTamaulipas

Boulevard de los Ríos Km. 4,06

Puerto Industrial Altamira, Altamira,

Tamaulipas

CP 89608

Telephone (52-833) 260 2550

Durango

Carretera Panamericana Km. 959

Durango, Dgo.

CP 34304

Telephone (52-618) 829 9600

Fax (52-618) 829 9618

1. During February 2007 and in order to better its costs structure, the company determined the closing of its moldings plant in the USA.

caused by the detention of machinery, damages to machines and losses of benefits.

In reference to human resources, there is a significant level of personnel that have life insurance policies, and the risk of personal accidents has also been covered for executives transferred abroad.

The amounts of the main items insured, per country are provided in the chart below.

Mexico, D.F.

Poniente 140 #840, Parque Industrial, Col. Industrial Vallejo, Bodega No. 10, Mexico, D.F. C.P. 02300
Telephone (52-55) 53680497

PeruOutsourcing Peru SAC

Av. Los Materiales 3049. Lima.

Nestor Gambetta Km 14.1, Carretera a Ventanilla.

Callao.

Telephone: 0051-1- 705 3030

VenezuelaMacapaima

Carretera Nacional Los Barrancos, Vía Palital, Zona Industrial Macapaima,

Municipio Independencia. Estado Anzoátegui

Telephone (58-286) 920 3125

Fax (58-286) 920 3058

Puerto Cabello

Avenida Andrés Eloy Blanco, cruce con Autopista IDASA

Puerto Cabello, Estado de Carabobo

Telephone (58-414) 871 0286

Mariara

Calle Diego Tovar

Sector Grupo Covenal

Mariara

Estado Carabobo

Telephone (58-414) 871 0286

CONTRACTS

The most outstanding contracts that the company has entered into is the contract of Fibranova C.A. with Oxinova C.A., subscribed for 15 years in order to supply and procure resin for the Fibranova Plant in Venezuela. Additionally, both companies have subscribed three contracts, where Fibranova C.A. provides administration and finance, human resources and legal consulting services to Oxinova C.A.

Other contracts of importance held by the group in Venezuela are the contracts subscribed with CVG and CVG Proforca, being the most important the wood sales contract that, through the legal figure of usufruct, provides raw material to the companies in Venezuela, allowing the normal development of industrial operations.

Whereas, within the main contracts that MASISA has, the one to be underscored is the one signed with Georgia Pacific Corp. in 1998, in order to supply the productive plants with chemical resins for a 20 year period, defining quality standards and costs within the contract.

INSURANCE

The company recognizes the importance of administering and minimizing the risk to which all its assets have been exposed to, both in terms of materials as well as human resources. Due to this, it is continuously concerned to carry out the identification, evaluation, control and transfer of risks.

MASISA S.A., its affiliates and related companies have insurance that cover different types of risks, such as: insurance that cover damages caused by fire, damages due to phenomenon caused by nature, detriment

Concept						ThUS\$
	Chile	Argentina	Brazil	Mexico	Venezuela	USA
Plantations	462.2	54.2	102.3	-	-	-
Physical Goods	461.1	220.0	276.6	58.9	281.3	25.2
Civil Liability	0.5	0.5	0.5	0.5	0.5	0.5
Total	923.8	274.7	379.4	59.4	281.8	25.7

Amount assured for Physical Goods, includes Detriment Caused due to the Paralyzing of Works.

In Venezuela, this type of insurance does not exist, whereas in Mexico and in the United States MASISA does not have any plantations.

REMUNERATION OF THE BOARD OF DIRECTORS AND MAIN EXECUTIVES

In the Regular Shareholders' Meeting of MASISA S.A. dated April 27, 2007 it was agreed to set an annual remuneration for the Members of the Board for the period comprising from May 2007 to April 2008, both months included amounting to US\$ 60,000 for each one of the directors US\$ 120,000 for the Vice-president and US\$ 180,000 for the Chairman. This remuneration will be paid per due month, within the first 5 working days of each month. Similarly, and in addition to the above, a variable remuneration was proposed corresponding to 1.5% of the consolidated net profits of the company up to December 31, 2007 to be distributed in equal proportions between the directors, with the exception of the Vice-president who will have double the amount corresponding to each director and for the Chairman who will receive

5 times what corresponds to each director. In case that a director, including the Chairman and the Vice-president, were to present his resignation or were to exercise the position during the 2007 accounting period, they will have the right to their part of the aforementioned variable remuneration only in a proportion equal to the number of days of the 2007 accounting period in which they were to have performed their office. If the Board of Directors were to appoint an alternate member, such alternate member will have the right to receive the corresponding variable remuneration, applied in the same proportion, i.e. the number of days in 2007 in which the alternate member has performed the office. This remuneration will be paid only once the individual and consolidated audited Financial Statements of

MASISA as of December 31, 2007 have been sent to the Superintendence of Securities and Insurance. The remunerations that are received by the board members are expressed in US dollars, and will be paid in Pesos, the national legal currency, at the rate of exchange of the Observed Dollar published in the Official Gazette on the day prior to its payment.

During the 2007 accounting period, the Board of Directors did not incur in consulting or other expenses. The remunerations received by the directors during 2006 and 2007, resulting from fees paid are detailed in the following table, expressed in US dollars as of December 31, of each year:

Director	Values in US\$									
	Attendance fee		Participation on profits		Attendance fee to the Board of Directors Committee		Audit committee fee		Compensations committee fee	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Julio Moura	180,000	180,000	155,836	143,643						
Ronald Jean Degen	120,000	120,000	62,335	57,457			4,800	3,600	400	400
Patrick Nielson	60,000	60,000	31,167	28,729			4,800	3,600	400	400
Juan Carlos Méndez	60,000	60,000	31,167	28,729	4,800	4,800				
Jorge Carey Tagle	60,000	60,000	31,167	28,729						
Enrique Seguel Morel	60,000	60,000	31,167	28,729	9,600	8,400	4,800	3,600	400	400
Antonio Tuset Jorrott	60,000	60,000	31,167	28,729	4,800	4,800	9,600	7,200	400	400
Total	600,000	600,000	374,007	344,745	19,200	18,000	24,000	18,000	1,600	1,600

The new directors Messrs. Roberto Salas and Carlos Marín did not receive fees during 2007; the remunerations accrued during December 2007 were paid during January 2008.

The total amount of the remunerations received by the main MASISA managers and executives during the accounting period, amounting to ThUS\$ 9,280.5.

The company's directors and main executives who hold office as directors and administrators of the MASISA affiliates do not receive any remuneration for this concept.

The payments for severance received during 2007 by managers and main executives were of ThUS\$ 213.3.

MASISA operates with a short-term incentive system (annual bonus), applicable to the positions of the main executives and employees and pays for such bonus according to the company criteria and are

demandable for their participation. This system seeks to motivate the employee through an incentive system that awards both individual performance as well as the generation of economic value added (EVA) in a sustainable and permanent manner through time.

The fundamental aspects that influence this type of instrument are the company results and the achievements of objectives and individual performance whose calculation and evaluation is carried out annually through MASISA's Performance Management System.

Through the above instrument, the company grants an annual bonus of a facultative, discretionary and

variable nature, which is allocated based on the degree of compliance of individual and corporate goals taking into consideration the results of the accounting period.

On the other hand, the Board of Directors is currently analyzing a long-term incentive system, applicable to main executives, which will be implemented during 2008.

STAFFING

Distribution of the contracted personnel who work in MASISA S.A. and its affiliates as of December 31, 2007 according to the different organizational levels:

	Executives	Professionals	Workers	Total
Masisa United States	4	12	11	27
Masisa Venezuela	22	99	317	438
Masisa Chile	32	367	2,153	2,552
Masisa Argentina	9	94	427	530
Masisa Brazil	10	242	1,009	1,261
Masisa Peru/Ecuador	3	13	14	30
Masisa Mexico	13	46	164	223
Masisa Colombia	3	6	4	13
Total	96	879	4,099	5,074

MAIN SUPPLIERS OF MASISA S.A.

ARGENTINA

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Maritime agency	MSC
Polishing conveyor belts	SIA Ltda.
Kerosene emulsion	Isogama Industria Química Ltda.
Paper	Schattdecor
	Impress Diseño Iberia S.A.
	Lamigraf S.A.
	MD Papéis Ltda.
Resins	Resinas Concórdia S.A.
Port Terminal	Terminal Zárate S.A.

BRAZIL

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Adhesives and Resins	Hexion Química Indústria e Comércio
	Synteko Produtos Químicos S/A
	Dynea Brasil S/A
	Resinas Internacionais Ltda.
	Bayer S/A
Cleaning	Tsg Ltda - Tecnologia em Serviços
Kerosene emulsions	Isogama Indústria Química Ltda.
Freight	Gordo Transportes Ltda.
Impregnated/soaked sheets	Dynea Brasil S/A.
	Coveright Surfaces Do Brasil
Logistics	Rodo Mar Veículos e Máquinas Ltda.
	Imbau Transportes e Serviços Ltda.
Internal wood movement	Rafter Serviços Ltda.
Paper	Md Papeis Ltda.
	Lamigraf S.A.
	Schattdecor do Brasil Industria e Comércio Ltda.
Health plan	Unimed

COLOMBIA

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Warehousing	Coexport Ltda.
	Almagran S.A.
Logistics	Cronos S.A.
Carriers	Transportes Sánchez Polos S.A.
	Servitransa
	Cordicargas
Customs brokerage company	Merco Representaciones S.A. SIA

CHILE

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Energy	Empresa Nacional de Electricidad S.A.
	Soc. Austral de Electricidad S.A.
Raw material woods	Forestal Mininco S.A.
	Aserraderos Arauco S.A.
	Forestal Celco S.A.
	Soc. Forestal Opazo S.A.
	Forestal del Sur S.A.
	Promasa S.A.
	CMPC Maderas S.A.
Raw material chemical products	Derquim S.A.
Machinery and spare parts	Metso Panelboard AB
	Siempelkamp Maschinen
	Kontra Anlagentechnik GmbH
	Anthon GmbH Maschinen & Anlagenbau
Paper	Lamigraf S.A.
	Technocell Dekor
Resins	Georgia Pacific Resinas Ltda.
Engineering and construction service	Quezada y Boetsch S.A.
Machinery services	Servicios Forestales El Bosque S.A.
Assembly services	Empresa Constructora Tecsa S.A.
	Te.Nac.Serv.Ing. y Construcciones S.A.

ECUADOR

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Logistic services	Outsourcing Integración Logística del Ecuador S.A.
Commercial services	Hermaprove S.A.
Transportation and logistics	Empresa Naviera Greenandes Ecuador
Administrative services	Management & Goods S.A.

UNITED STATES

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Customs agent	Samuel Sharipo Co.
Insurance Broker	Marsh EEUU, Inc.
Logistic dispatch and storage	Kramer Logistics, Inc.
MDF Paint	Valspar Industries, Inc.
General Transport	Freight Services, Inc.
	Lowcountry Cartage Co.
	Kramer Logistics, Inc.

MEXICO

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Customs agent	Despachos Aduanales Castañeda S.C.
Logistic dispatch and storage	Alta Cargo S.A. de C.V.
Maritime freight	Naviera Chilena del Pacífico
Electric energy	Comisión Federal de Electricidad
Sawn Wood	Productos Forestales S.A. de C.V.
	Juan Balerio S.A.
	Forestal Tromen S.A.
Impregnated/soaked paper	Coveright
Resin	DYNEA Mexico S.A. DE C.V.
MDFwood board	Aconcagua Timber

PERU

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Logistic services	Outsourcing Peru S.A.C.
Advertising materials	Aza Graphic Peru SAC
Advertising services	Diseint E.I.R.L.
Administrative services	Espinoza & Asociados S.C.

VENEZUELA

FACTOR OF PRODUCTION OR SERVICE	SUPPLIER
Lease of equipment	Servicios y Mantenimiento Macapaima, C.A.
Lease of cranes de Grúas	Serviequipos Roraima, C.A.
Harvesting and loading of forests	Consulta Forestal, C.A.
Harvesting and loading of forests	Asefor, C.A.
Harvesting, plant production and loading of forests	Asepro Ambientales, C.A.
Outsourcing personnel	Servicios madereros CARMEN, C.A.
	Construcciones 2e-b, C.A.
Order, cleaning and maintenance	Servisuministros Macapaima 2006, C.A.
Telecommunications	CANTV
Wood transportation	Transporte el Pinar, C.A.
Wood transportation and loading of forests	Foresta Bolívar, C.A.
Methane gas	PDVSA GAS
Electric energy	CVG EDELCA
Protection against fires	Consuauto Forestal, C.A.
Transportation of merchandize	Transporte Sánchez Polo, C.A.
Paper	MD PAPEIS
	SCHATTDECOR
	IMPRESS DECOR
Wax	ISOGAMA
Freight	GARIBALDI
Polyester freight	CYKLOP DO BRASIL
Oil and grease for presses	KLUBER LUBRICATION
Polishing conveyer belts	SIA ABRASIVES
	INSERCO GMBH

MASISA'S MAIN CUSTOMERS

ARGENTINA

Cencosud S.A.
Cuyoplacas S.A.
Distribuidora Aglolan S.A.
Distribuidora Argentina de Chapas S.A.C.I.
Distribuidora Placasur S.A.
Dolinsky S.A.
Madergold S.A.
NBC Maderas S.R.L.
Sacheco S.A.
Taru Parq S.R.L.

BRAZIL

Beijing New Building Materials
BERTOLINI S/A
CHAPECOMP DISTRIBUIDORA DE PRODUTOS
EUROTAXPOL" K. POKRZYKOWSKI
LEO MADEIRAS, MAQ. E FERRAG. LTDA
LUIS RICARDO ALTOE & CIA LTDA
MADCENTRO SUPRIM. P/. MOV. LTDA
MADEIRAS ALBA LTDA
MOVEIS KAPPESBERG
NORRA TRÅKOMPANIET AB
RIBERPLAK COM. DE COMPENSADOS LTDA
ROMANZZA MOVEIS LTDA.
TODESCHINI S/A INDUSTRIA E COMERCIO

CHILE

Chep EEUU
CMPC Celulosa SA
Comercial Viñuela S.A.
Easy SA
Electrocom AS
Forestal Mininco SA
Forestal Rio Blanco SA
Industria de Molduras GRO Ltda
Losifra S.A. de CV
Maderas Imperial
Pallets M3 Sa de CV
Paneles Arauco SA
Polincay Export limitada
Productora de Tarimas del Sur SA de CV
Silva y Cía. Limitada
Sodimac
Sumisho & Mitsuiussan Kenzai Co
Tarimas y Embalajes de Maderas
Youseff Comercial Limitada

COLOMBIA

AGLOMERADOS DE COLOMBIA LTDA.
ALMACEN PARIS S.A.
ARDISA S.A.

CENTRAL DE TRIPLEX LTDA.
CENTROLAMINAS S.A.
COMPAÑIA DE MADERAS LTDA. CODEMA
DECOTRIplex LTDA.
DISPANO S.A.
DIST-plex S.A. SOCIEDAD DE
ENCHAPADOS DE COLOMBIA S.A.
ESPINOZA PEREZ HEBERT
FERNANDEZ & CIA S.A.
GUTIERREZ SONIA MIREYA Y/O DISTRIPL
M Y M MERCAMADERAS LTDA.
MADERAS Y LAMINAS LTDA.
MADETABLEROS LTDA.
METALES Y MADERAS DEL RISARALDA S.
RIMAC LTDA.
SUCESTORES DE JORGE ESCOBAR
TM CODEMACO S.A.

ECUADOR

Economía del Maestro
Hermaprove S.A.
Moduespacio Cia. Ltda.
Rodrigo Figueroa
Sergio Augusto Guarnizo

UNITED STATES

Alexandria Moulding, Inc.
Blue Linx Corporation
Builders First Source
Jeld-Wen
Jim White Lumber Sales, Inc.
Masonite Internacional Co.
Orepac

MEXICO

Aglomerados y Triplay Vic, S.A De C
Diego Mariño Morales
Formosa Prosonic EEUU Inc
Grupo Comercial De Maderas
Grupo Marubher
Grupo Triplay Market
Losifra S.A. de C.V.
Maderas y Empaques para Cada Uso,
Madereria Nasa, S.A. de C.V.
Mexicana Pacific, S.A. De C.V.
Productora de Tarimas del Sur,
Productos Maderables Gole,
Promotora Grocer, S.A. De C.V.
RAMPE, S.A. de C.V.
Rodríguez Gamboa Francisco Javier
Triplay Alameda, S.A De C.V.
Triplay Tableros De Ecatepec, S.A.
Triplay Y Laminados Pega,

Unipallet , S.A. de C.V.
VPT de Mexico, S.A. de C.V.

PERU

Aki Peru Central S.A.
Kintos S.A.
Pisopak Peru SAC
Representaciones Martín SRL
Sodimac Peru S.A.

VENEZUELA

Aserradero El Sol C.A.
Comercializadora Internacional de Madera C.A.
La Casa del Contraenchapado C.A.
Laminados JAMX C.A.
Madenova C.A.
Maderas del Centro C.A.

MAIN NATIONAL OR FOREIGN BANKS

ARGENTINA

ABN Amro Bank (Buenos Aires y New York)
Banco de Chile NY
BBVA Banco Frances
BCI
Rabobank
Standard Bank
Banco de la Nación Argentina (Sucursal Buenos Aires y Concordia)
Banco de Entre Ríos (BERSA)

BRAZIL

ABN Amro Bank
Banco Bradesco
Banco do Brasil
Banco Itau BBA
HSBC Bank Brasil
Banco Santander Santiago
Banco BBVA
Banco Estado

CHILE

ABN-Amro Bank
Banco BBVA
Banco BICE
Banco Crédito e Inversiones
Banco de Chile
Banco del Estado de Chile
Banco Itaú Chile
Banco Santander Santiago
Banco Security

Citibank
 Corpbanca
 HSBC Bank Chile
 Kreditanstalt für Wiederaufbau
 Rabobank
 Scotiabank
 WestLB

COLOMBIA

Banco de Bogotá
 Banco de Crédito

ECUADOR

Banco Pichincha
 Banco Produbanco

UNITED STATES

Wachovia N.A.

MEXICO

Banamex
 Banco Santander Mexicano

PERU

Banco de Crédito del Peru

VENEZUELA

ABN Amro Bank
 ABN Amro Bank-Venezuela
 Banco BBVA (Chile)
 Banco Crédito e Inversiones
 Banco de Venezuela

Banco del Estado de Chile
 Banco Mercantil
 Banco Provincial
 Banco Santander Central Hispano
 Banco Santander-Chile
 Banco Security
 Citibank Venezuela
 Corpbanca C.A.
 Kreditanstalt für Wiederaufbau
 WestLB

AUDITORS

MASISA S.A.

Ernest & Young

Argentina, Brazil, Chile, Colombia, Ecuador, United States, Mexico, Peru, Venezuela:

Ernest & Young

Dated March 28, 2007 the Board of Directors of MASISA proposed Ernst & Young as the new company of Independent External Auditors that must report the Balance Sheet and the Financial Statements of the 2007 Accounting Period, which was approved by the Regular Shareholders' Meeting, dated April 27, 2002.

LEGAL ADVISORS

ARGENTINA

Estudio Blardone y Asociados
 (MASISA Argentina S.A.)
 Estudio Moltedo (Forestal Argentina S.A.,
 MASISA Argentina S.A.)

BRAZIL

Xavier, Bernardes, Bragança, Sociedade de Advogados. (Assuntos Corporativos)
 Hapner Kröetz Advogados S/C Ltda.

CHILE

Carey y Cía.

ECUADOR

Pérez Bustamante & Ponce

UNITED STATES

Jones Day, Reavis & Pogue
 Horten CC

GRAN CAYMAN ISLANDS

W.S. Walker & Company

MEXICO

Estudio Sesma & McNeese, S. C.

PERU

Rodrigo Elías & Medrano, Abogados.

VENEZUELA

Rodner, Martínez & Asociados.

BRANDS AND PATENTS

MASISA S.A. has all its brands, labels, advertising sentences and logos, which are distinguished in all its products, services and commercial establishments registered and in force both in Chile and abroad. Specially, the brands MASISA and PLACACENTRO MASISA are protected, which along with FACILPLAC, ECOPLUS, ECOPLAC, NATURA, among others, form their registered brand portfolio, which are inspected and renewed in a periodic manner.

RESEARCH AND DEVELOPMENT

MASISA S.A. concentrates its global development policy in the areas, activities and processes where it has sustainable comparative advantages, such as the cultivation of forestry plantations, the processing of high value added solid woods and taking advantage of pulp residues when manufacturing reconstituted wood boards.

Due to the constant need for innovation, a variety of projects have been developed that have consequently brought forth an important growth in terms of production volume, improvement in the quality and decrease in operating costs. MASISA's effort in research and development do not involve material expenses, since they are mainly supported in technology and patented equipment or bought from foreign companies.

RISK FACTORS

Business development brings forth several risk factors in the different scopes in which the company has its activities, being the most relevant as follows:

Financial and rate of exchange risk

The company has exposure, both in terms of its assets and liabilities, to variances in the values of the currency different from the US dollar, currency with which the company keeps its accounting. The existence of assets and liabilities in currencies different than the US dollar is mainly due to the company operations abroad, to export activities, to investment activities in imported assets and obtaining financing abroad. The Administration establishes policies to manage financial risk by means of using derivative instruments such as swaps, forwards, options or futures, in order to cover both risks in the rate of exchange as well as fluctuations in the interest rates. The company does not use derivative instruments to carry out speculative-type operations.

Risk of interest rate

Liabilities due to banking credits, in general, are subject to the risk of the increase in the agreed to interest rates. In order to cover fluctuations that could generate non-desired impacts, Management uses coverage mechanisms such as swaps.

Risk of market exposure

The possibility of people presenting new offers or that the competition is intensified in the markets in which the company participates is a prevailing latent risk, before which efforts have been concentrated in actions focused towards having greater efficiency in costs, improvement in the quality and offer of products, and in a distribution chain that makes MASISA as close as possible to end customers.

Similarly, MASISA has established an expansion strategy of its productive and commercial operations in reference to other countries, particularly in those where there are competitive advantages or in markets having an extensive potential for development.

Risk of procurement

In order to face the risks implicit in the procurement of raw materials, especially those that are essential for the manufacturing of its products, such as woods, resins, etc., MASISA and its affiliates have long-term agreements with the suppliers of the above factors of production.

Risk of losses

It is the company's policy to identify the risks implicit behind productive and commercial activities – such as losses in the plants, losses in its storage warehouses, damages to third parties and legal contingencies, among others – in order to avoid their occurrence, minimizing the adverse potential effects and / or covering the eventual losses that these losses cause, by means of insurance.

Risk of the competition

MASISA S.A. deems it has a solid position in the markets in which it participates, thus allowing it to keep profitable operations and sustained growth. However, the company cannot assure in the future that these conditions will not change with the penetration of new participants or the intensification of the competition in the markets in which it participates.

In order to face these risks, the company concentrates its efforts in actions tending to maintaining their leadership in costs, keeping a strong distribution chain, consistently improving their offer in products and maintaining good relations with its customers.

FINANCING AND INVESTMENT POLICY

The main investments forecasted by the company and their possible financing are evaluated by the professionals of each area and are submitted to the approval of the company's Board of Directors.

The parent company and / or its affiliates have guaranteed or have obtained credits with different banks or financial institutions, which consider the compliance of certain commitments, which are detailed in the corresponding notes to the financial statements.

DISTRIBUTABLE PROFIT

	2007 ThUS\$	2006 ThUS\$
Profit for the period	41,058	29,485
Accrued deficit for the development period	-	-
Amortization of goodwill in investments	-4,586	-4,552
Sub-total	36,472	24,933
Distributable profits	36,472	24,933

During the 2007 accounting period the amount of ThUS\$ 12,467 corresponding to 50% of the distributable net profit of the 2006 accounting period was distributed to the shareholders as dividends. .

DIVIDENDS POLICY

Shareholders' Meeting, held on April 27, 2007, the following dividend policy, a proposal that was approved by the aforementioned Shareholders' Meeting:

Annually distribute to the shareholders, a sum, to be defined by the respective Regular Shareholders' Meeting, no less than 30% or more than 50% of the net consolidated profit that is specified in the annual balance sheet, without the payment of provisory dividends.

Dividends paid per share in the last 5 years

YEAR	Dividend type and number	CLP / share	US\$/ share
2001	Eventual definite dividend No. 7	1.00000	0.00169
2002	Compulsory definite minimum dividend No. 8	1.86564	0.00284
2003	In 2003 no dividends were paid	-	-
2004	In 2004 no dividends were paid	-	-
2005	Compulsory minimum dividend No. 10	2.37361	0.00409
2005	Additional dividend No. 10	0.66193	0.00114
2006	Minimum dividend No. 11	0.62467	0.00121
2006	Additional dividend No. 11	0.41645	0.00081
2007	Minimum dividend No. 12	0.68814	0.00132
2007	Additional dividend No. 12	0.45876	0.00088

TRANSACTION OF SHARES

Dated March 7, 2007, Enrique Cibié Bluth, Chief Executive Officer, through the company Asesorías and Inversiones Mater Ltda., transferred one million shares of MASISA for a total amount of CH\$124.5 million at the unit price of CH\$124.5 per share.

Dated June 27, 2007, Cristián Valenzuela Rivera, Sales Manager of MASISA Chile, transferred 15,360 MASISA shares for a total amount of CH\$2.21 million at the unit price of CH\$143.89 per share.

There were no Directors, Executives or other people related to the company management with the exception of the aforementioned operations who carried out the transaction of the company shares or from other related companies during the 2007 accounting period.

REPORT FROM THE DIRECTORS' COMMITTEE

During the accounting period, the Directors' Committee carried out its functions that establish Article 50 bis of Law No. 18,046 and Newsletter No. 1,526 of the Superintendence of Securities and Insurance, and that can be found, in general terms, in the company's Minutes Ledger:

1. Review of the Financial Statements of the company, both individual and consolidated, quarterly and particularly as of December 31, 2007.
2. Review with the external auditors the company audit plans.

REPORT FROM THE AUDIT COMMITTEE

During the accounting period, the Audit Committee held eleven sessions and carried out the functions under its accountability, pursuant to the requirements of the New York Stock Exchange Commission (NYSE), the Securities and Exchange Commission (SEC) and the Sarbanes Oxley Act of 2002. In general terms such functions, among others, are to assure the integrity of the financial statements, review the financial and accounting policies, safeguard the legal compli-

	Units (million)	Amount (million of CLP\$)	Average Price (CLP\$)
2004			
First Quarter	7.47	2,340.42	313.15
Second Quarter	30.97	4,740.42	153.05
Third Quarter	114.51	12,162.76	106.22
Fourth Quarter	63.84	9,011.12	141.13
2005			
First Quarter	33.36	4,775.08	143.15
Second Quarter	45.18	6,170.72	136.58
Third Quarter	266.36	35,796.03	134.39
Fourth Quarter	410.87	43,465.38	105.79
2006			
First Quarter	659.91	68,728.61	104.15
Second Quarter	493.73	45,916.19	93.00
Third Quarter	344.25	29,914.88	86.90
Fourth Quarter	686.75	67,152.35	97.78
2007			
First Quarter	877.78	107,465.50	122.97
Second Quarter	634.24	87,482.38	138.02
Third Quarter	370.65	49,641.14	133.62
Fourth Quarter	459.94	51,333.93	111.84

Nota: Due to the merger by incorporation of the old Masisa in Terranova S.A. (currently Masisa S.A.) occurring in May 2005, an exchange of shares was produced by virtue of which for every share of the old Masisa 2.56 shares of the merged company were given. This exchange was made effective in the stock exchanges on August 6, 2005.

3. Proposal from the external auditors.
4. Analysis and exam of the background information relative to the operations Article 44 and 89 of the Stock Companies Law, distinguishing among those that are recurrent and proper to the company's trade activity and those that are not recurrent.
5. Exam of the remunerations systems and compensation plans for the company's managers and main executives.

During the 2007 accounting period the Directors' Committee did not incur in expenses pertaining to consulting expenses or others.

ance of the company, assure that the Internal Audit Department effectively complies with its role, annually evaluate the External Auditor in its function, as well as its fees, independence and qualifications, and assure that Management develops reliable internal controls, evaluate possible claims and litigation and the strategies to administrate such risks.

REPORT FROM THE COMPENSATIONS COMMITTEE

The Compensations Committee has as main purpose to assist the Board of Directors that in matters related to the compensations of its main executives and its main functions are listed as follows:

- Propose to the Board of Directors the approval of policies and the compensation (salaries and benefits) structure, performance succession and others directly related to the main executives, whether they are corporate or from any of the other countries where MASISA has operations.
- Approve the performance objectives as grounds for defining the compensation of the General Manager.
- Review the remuneration level of each second line executive along with the compensation structure.
- Define the criteria for the payment of variable incentives.

REPORT FROM THE DISCLOSURE COMMITTEE

The committee, during the 2007 accounting period, held sessions in the months of April, August, and October 2007 for the review of the quarterly financial statements and in February 2008 for the annual financial statements.

As the qualified technical entity it is responsible before the Board of Directors and the Audit Committee for all material aspects of the company financial reports. For which it has among its functions:

1. Review and evaluate the annual and intermediate financial statements before they are made known to the public or are informed (Financial statements, notes and essential facts).
2. Focus on the qualitative aspects of the reports and over the processes that the entity carries out for their preparation, as well as the management of financial risks.

- Approve the benefits associated to the job position and other retention strategies for key personnel.

During 2007, the Compensations Committee proposed to the Board of Directors that they approve a Long-Term Incentives Program for the main company executives, which will be implemented during 2008.

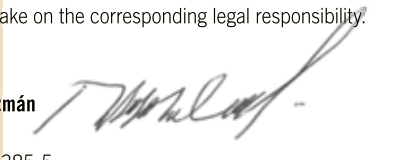
Similarly, the Committee reviewed and updated the succession plan of the positions of the main company executives.

3. Monitor the model designed by management for the internal financial control that support the prior points, except in those specific aspects related to the accountability that is exclusive to the Audit Committee or any other permanent entity of the Board of Directors.
4. State conformance with legal, ethical and applicable regulatory requirements to the significant operations registered in the period.
5. Keep an open communications channel with the operations top management, and other key advisors (external and internal auditors).
6. Propose and evaluate the changes in important accounting principles and their application in the financial reports.

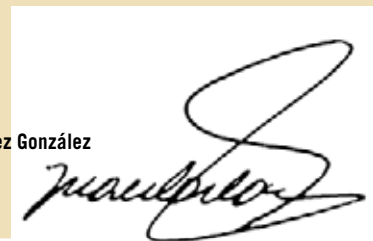
DECLARATION OF ACCOUNTABILITY

The undersigned hereby declare under oath that the information contained in this annual report is the faithful expression of the truth, declaration by which we take on the corresponding legal responsibility.

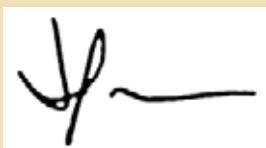
Roberto Salas Guzmán
Chairman
Passport: 080051385-5



Juan Carlos Méndez González
Director
RUT: 4.402.519-1



Ronald Jean Degen
Vice-Chairman
RUT: 21.727.243-2



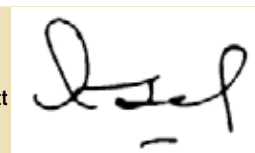
Enrique Seguel Morel
Director
RUT: 3.116.588-1



Carlos Marín Olalla
Director
RUT: 8.412.209-2



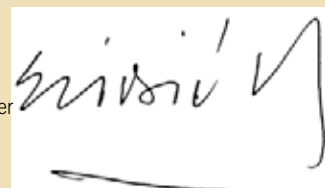
Antonio Tuset Jorratt
Director
RUT: 4.566.169-5



Jorge Carey Tagle
Director
RUT: 4.103.027-5



Enrique Cibié Bluth
Chief Executive Officer
RUT: 6.027.149-6







AFFILIATES

- 1 Inversiones Internacionales Terranova S.A.
- 2 Forestal Tornagaleones S.A.
- 3 Masisa Partes y Piezas Ltda.
- 4 Masisa USA Inc.
- 5 Masisa Overseas Limited
- 6 Terranova de Venezuela S.A.
- 7 Andinos C.A.
- 8 Fibranova C.A.
- 9 Consorcio Forestal Venezolano S.A. (Coforven)
- 10 Corporación Forestal Guayamure C.A.
- 11 Corporación Forestal Imataca C.A.
- 12 Masisa Madeiras Ltda.
- 13 Masisa do Brasil Ltda.
- 14 Forestal Terranova México S.A. de C.V.
- 15 Maderas y Sintéticos de México S.A. de C.V.
- 16 Maderas y Sintéticos Servicios S.A. de C.V.
- 17 Masnova de México S.A. de C.V.
- 18 CC MAS S.A. de C.V.
- 19 Masisa Argentina S.A.
- 20 Forestal Argentina S.A.
- 21 Masisa Colombia S.A.
- 22 Terranova Panamá S.A.
- 23 Maderas y Sintéticos del Perú S.A.C.
- 24 Masisa Ecuador S.A.

RELATED COMPANIES

RELATED COMPANIES

- 1 Oxinova C.A.
- 2 Inversiones Calle Calle S.A.

Below is a brief description of the affiliates and related companies and a summary of the information contained in their financial statements.

It must be underscored that some of the directors or mandataries of these related companies, are in turn directors or perform positions in the administration of the parent company.

Information of Affiliates and Related Companies as of December 31, 2007



1 INVERSIONES INTERNACIONALES TERRANOVA S.A.

Legal Address: Av. Apoquindo 3650, Piso 10,
Las Condes, Santiago
Rut: 99.537.270-3
Telephone: (56-2) 350 6000
Fax: (56-2) 350 6001

LEGAL INCORPORATION

Inversiones Internacionales Terranova S.A. is a closely-held Chilean stock company incorporated by public deed dated September 30, 2003, granted in the Public Notary of Santiago of Mr. Félix Jara Cadót, whose extract was inscribed in the Trade Register of 2003 of the Registrar of Real Estate of Santiago on page 32,145 No. 24.205 and was published in the Official Gazette dated October 20, 2003.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Inversiones Internacionales Terranova S.A. is of MUS\$ 194,462.08, divided in 87,871,055 shares without nominal (par) value. Its shareholders are Masisa S.A with 60% of the shares and Grupo Nueva S.A. with the remaining 40%. The accounting capital of the company amounted to MUS\$ 11,222. Investment in this company represents 0.30% of the total consolidated company assets.

COMPANY OBJECTIVE

Invest capital abroad, being able to do so also in Chile, whether in forestry and agricultural businesses and in industrial companies related with these trade activities; exploitation, brokerage and commercialization of products derived from such businesses or from all other related activities whether in the present or in the future in the forestry trade activity; administrate, promote, organize, incorporate and participate in companies or associations that develop the aforementioned production areas; provide management services, services pertaining to financial, legal technical areas and others necessary for the better development of the companies in which it is a shareholder, associate or from third party companies.

BOARD OF DIRECTORS

Chairman: Roberto Salas Guzmán
Directors: Carlos Marín Olalla
Enrique Cibié Bluth
Eugenio Arteaga Infante
Patricio Reyes Urrutia
General Manager: Enrique Cibié Bluth

2 FORESTAL TORNAGALEONES S.A.

Legal Address: Av. Apoquindo 3650, Piso 10
Las Condes, Santiago
Rut: 81.597.700-8
Telephone: (56-2) 350 6000
Fax: (56-2) 350 6001

LEGAL INCORPORATION

Forestal Tornagaleones S.A. is a closely-held stock company, incorporated in Valdivia by public deed granted on February 20, 1967 before the Notary Public Mr. Aurelio Herrera Mardones, alternate of the title holder Mr. Roberto Goldenberg Godoy, whose extract was inscribed on page 51 No. 13 of the Trade Register of Valdivia of 1967 and published in the Official Gazette on March 3, 1967.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Forestal Tornagaleones S.A. amounted to ThUS\$42,242,416,550 divided in 28,989,000 shares without nominal (par) value. The accounting capital of the company amounted to ThUS\$ 80,208,554. Its majority shareholder is Masisa S.A., with 94.91% of the shares leaving the remaining 5.09% in the hands of the minority shareholders. Investment in this company represents 6.93% of the total consolidated company assets.

COMPANY OBJECTIVE

Administration, handling and exploitation of forests in own lands or lands from third party for the commercialization with third parties, and in turn, for the procurement of the industrial plants of Masisa and its affiliates, as well as all types of investments in forestry businesses and their administration, supply of technical forestry consulting services and the realization of technological transfer operations, all of them within Chile as well as abroad.

BOARD OF DIRECTORS

Chairman: Enrique Cibié Bluth
Title Holding Board Members: Eduardo Vial Ruiz-Tagle
Jaime Valenzuela Fernández
Jorge Correa Drubi
Patricio Reyes Urrutia
Ignacio Guerrero Gutiérrez.
General Manager: Rodrigo Vicencio Andaur

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	0
Operating results	-206	-12
Non-operating result	-22,564	-27,017
Result of the accounting period	-22,609	-26,932
Total Assets	378,976	427,802
Total liabilities	367,754	401,523
Minority Interest	0	0
Equity	11,222	26,279
Net flow for the accounting period	326	-2,540
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	8	2,548
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	334	8

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	10,876	10,835
Operating results	1,313	2,235
Non-operating result	5,840	367
Result of the accounting period	7,550	3,050
Total Assets	231,964	199,159
Total liabilities	70,543	60,900
Minority Interest	0	0
Equity	161,421	138,259
Net flow for the accounting period	21	-2
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	2	4
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	23	2

3 MASISA PARTES Y PIEZAS LTDA.

Legal Address: Av. Apoquindo 3650, Piso 10,
Las Condes, Santiago
Rut: 77.790-860-K
Telephone: (56-2) 350 6000
Fax: (56-2) 350 6001

LEGAL INCORPORATION

Masisa Partes and Piezas Ltda. was incorporated by public deed granted on June 26, 2002 in the Public Notary of Santiago of Mr. Iván Torrealba Acevedo. An extract of such deed was inscribed on page 16,508 No. 13,604 of the Trade Register of the Registrar of Real Estate of Santiago corresponding to 2002, and published in the Official Gazette on July 8, 2002.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa Partes and Piezas Ltda. is of \$1,000,000. The accounting capital as of December 31, 2007 amounted to M\$ 1,341,278. As of December 31, 2007, Masisa S.A. owns 99.8% of the company rights, while Masisa Overseas Ltd. owns the remaining 0.2%. The investment in this company represents 0.0% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

Design and / or manufacturing of all kinds of parts, pieces and wood articles in general for the furniture and construction industry, whether on its own or through third parties, in all technically possible forms, as well as also in the supply of services and consulting to third parties; furniture manufacturing for exports; the commercialization in the internal and external market of all types of wood products and other similar ones, whether manufactured by the company or by others, and the import and export of the same; the representation of all types of companies, enterprises, individuals or legal entities, both national or foreign in any type or business or economic activity in Chile or abroad, whether as mandatory, trader, agent or distributor, and any other activity related to the company trade activity that the associates can agree to do.

In March, 2007 Masisa S.A. went on to transfer the overall total of the assets of Masisa Partes y Piezas Ltda.

ADMINISTRATION

The administration, representation and use of the trade name correspond to Masisa S.A through the mandataries that it were to appoint by public deed.

4 MASISA USA, INC.

Legal Address: 900 Circle 75 Parkway, Suite 720,
Atlanta, GA, Estados Unidos
Telephone: (1-770) 405 2600
Fax: (1-770) 405 2601

LEGAL INCORPORATION

Masisa USA, Inc. is a closely-held stock company that was incorporated originally in 1993 with the name of Fibreform Andinos Corporation. In January 1996, Masisa S.A. acquired 100% of the shareholding participation and went on to be called Terranova Forest Products, Inc. In October 2005, the reincorporation of Terranova Forest Products, Inc., was formalized then becoming a closely-held stock company registered in the State of Washington, to a close-held stock company registered in the State of Delaware. In addition, the name of the company was changed from Terranova Forest Products, Inc. to Masisa USA, Inc.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa USA, Inc. is of MUS\$ 25,100, divided in 10,000 shares. Its shareholders are Inversiones Internacionales Terranova S.A. with 74.88% of the shares and Masisa S.A. with the remaining 25.12%.

The accounting capital as of December 31, 2007 amounted to MUS\$ 25,809. The investment in this company represents 0.82% of the total of the company's consolidated assets

COMPANY OBJECTIVE

Masisa USA, Inc. is a commercial company that has the purpose of commercializing and distributing the products of the Masisa companies in the North American market. Currently, it mainly concentrates its activities in the promotion, sale and distribution of the industrialized wood products including finger joint moldings and MDF, solid pine doors, and OSB wood boards.

BOARD OF DIRECTORS

Chairman: Roberto Salas Guzmán
Directors: Roland Jean Degen
Carlos Marín Olalla
Enrique Cibié Bluth
Claudio Cerda Herreros

General Manager: Dan Schmidt (*)

(*) In February 2007 Mr. Dan Schmidt took the position as General Manager replacing Mr. George Mac Connell

FINANCIAL STATEMENTS	At December 31	
THOUSANDS OF US DOLLARS	2007	2006
Operating revenues	859	3,462
Operating results	-133	-985
Non-operating result	21	-605
Result of the accounting period	-57	-1,590
Total Assets	8,258	1,375
Total liabilities	10,967	4,027
Minority Interest	0	0
Equity	-2,709	-2,652
Net flow for the accounting period	10	-358
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	2	360
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	12	2

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	165,514	211,833
Operating results	141	3,567
Non-operating result	-3,844	266
Result of the accounting period	-2,280	2,368
Total Assets	47,544	60,335
Total liabilities	21,735	32,244
Minority Interest	0	0
Equity	25,809	28,091
Net flow for the accounting period	4,674	-3,712
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	2,556	6,268
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	7,230	2,556

5 MASISA OVERSEAS LIMITED

Legal Address: Caledonian House, PO BOX 1043 6T
Dr. Roy's Drive, George Town, Gran Cayman
Islas Cayman

LEGAL INCORPORATION

Masisa Overseas Limited was incorporated in 1995 under the laws of the Cayman Islands.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa Overseas Ltd. is of US\$ 50,000 divided in 50,000 shares with a nominal (par) value of US\$ 1 each. Masisa S.A. is owner of 100% of its shareholding capital.

The accounting capital of the company amounted to MUS\$ 22,857. The investment in this company represents 0.00% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company has the objective of carrying out all types of businesses or activities according to the legislation of the Cayman Islands. Mainly, these activities refer to acting as agent in certain exports of Masisa S.A. and Masisa Argentina S.A., managing financing and investing in productive activities out of Chile.

BOARD OF DIRECTORS

Enrique Cibié Bluth
Eduardo Vial Ruiz-Tagle
Eugenio Arteaga Infante
Patricio Reyes Urrutia
Cristián Valenzuela Rivera

6 TERRANOVA DE VENEZUELA S.A.

Fiscal Residence: Av. Francisco de Miranda,
Edificio Parque Cristal,
Torre Oeste Piso 3, Of. 3-3,
Los Palos Grandes, Caracas
Telephone: (58-212) 620 70 11
Fax: (58-212) 285 4217

Administrative Residence: Calle Cuchiveros, Torre Balear, Piso 2,
Alta Vista Norte, Puerto Ordaz, Estado Bolívar
Telephone: (58-286) 965 10 11
Fax: (58-286) 965 1040
E-mail: terranova.venezuela@masisa.com

LEGAL INCORPORATION

Terranova de Venezuela S.A. is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela dated February 26, 1997, and is inscribed in the Fifth Trade Register of the Judicial Circumscription of the Federal District and State of Miranda, under number 28, volume 96AQto.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Terranova de Venezuela S.A. is of 11,755,120,000 Bolívars, equal to MUS\$ 24,248, divided in 11,755,120 shares with a nominal (par) value of .000 Bolívars each. Terranova de Panamá S.A. is owner of 100% of the shareholding equity.

The investment in this company represents 0.00% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The purchase, exploitation and commercialization of wood.

BOARD OF DIRECTORS

Title Holding Directors: Jaime Valenzuela Fernández (Chairman)
Enrique Cibié Bluth
Julio Moura
Eugenio Arteaga Infante
Miguel Oneto Rosales
Alternate Directors: Eduardo Vial Ruiz Tagle
Patricio Reyes Urrutia
Iván Rubio Huerta
Tomás Morales Jaureguiberry
Jorge Correa Drubi
Secretary: Gustavo Malavé
General Manager: Miguel Oneto Rosales

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	1,212
Operating results	14	-6,707
Non-operating result	6,553	216
Result of the accounting period	6,567	-6,491
Total Assets	96,669	112,399
Total liabilities	119,526	128,596
Minority Interest	0	0
Equity	-22,857	-16,197
Net flow for the accounting period	0	-10
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	1	11
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	1	1

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	18,358	14,253
Operating results	-571	-465
Non-operating result	-3,976	-6,232
Result of the accounting period	-4,547	-6,697
Total Assets	106,321	90,160
Total liabilities	111,422	90,510
Minority Interest	0	0
Equity	-5,101	-350
Net flow for the accounting period	-134	-121
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	211	332
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	77	211

7 ANDINOS C.A.

Fiscal Residence: Av. Francisco de Miranda,
Edificio Parque Cristal,
Torre Oeste Piso 3, Of. 3-3,
Los Palos Grandes, Caracas

Telephone: (58-212) 620 70 11
Fax: (58-212) 285 4217

Administrative Residence: Calle Cuchiveros, Torre Balear, Piso 2,
Alta Vista Norte, Puerto Ordaz, Estado Bolívar

Telephone: (58-286) 965 1011
Fax: (58-286) 965 1040

LEGAL INCORPORATION

Andinos C.A. is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela dated January 20, 1999, inscribed in the Fifth Trade Register of the Judicial Circumscription of the Federal District and State of Miranda, under number 68, volume 276-A-Qto.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Andinos C.A. is of 6,867,758,000,00 Bolívares, equal to MUS\$ 24,248, divided in 6,867,758 shares with a nominal (par) value of 1,000 Bolívares each. Inversiones Internacionales Terranova S.A. is owner of 100% of its shareholding equity.

Investment in this company represents 0.00% of the total consolidated company assets.

COMPANY OBJECTIVE

Carrying out sawing activities and the purchase, exploitation and commercialization of wood.

BOARD OF DIRECTORS

Title Holding Directors: Enrique Cibié Bluth (Chairman)
Eduardo Vial Ruiz Tagle
Patricio Reyes Urrutia
Jaime Valenzuela Fernández
Miguel Oneto Rosales

Alternate Directors: Jorge Correa Drubi
Tomás Morales Jaureguiberry
Iván Rubio Huerta
Luis Guillermo Velázquez
Eugenio Arteaga Infante

Secretary: Gustavo Malavé
General Manager: Miguel Oneto Rosales

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	24,877	21,454
Operating results	-3,429	-2,274
Non-operating result	-770	-584
Result of the accounting period	-4,199	-2,846
Total Assets	41,850	37,706
Total liabilities	59,310	50,968
Minority Interest	0	0
Equity	-17,460	-13,262
Net flow for the accounting period	-375	-1,828
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	618	2,446
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	243	618

8 FIBRANOVA C.A.

Fiscal Residence: Av. Francisco de Miranda,
Edificio Parque Cristal,
Torre Oeste Piso 3, Of. 3-3,
Los Palos Grandes, Caracas

Telephone: (58-212) 620 70 11
Fax: (58-212) 285 4217

Administrative Residence: Calle Cuchiveros, Torre Balear, Piso 2,
Alta Vista Norte, Puerto Ordaz, Estado Bolívar

Telephone: (58-286) 965 1011
Fax: (58-286) 965 1040

LEGAL INCORPORATION

Fibranova C.A. is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela, dated August 12, 1998 inscribed in the Fifth Trade Register of the Judicial Circumscription of the Federal District and State of Miranda, under number 39, volume 238-A-Qto.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Fibranova C.A. is of 44,182,000.000 Bolívares, equal to MUS\$ 63,900, divided in 44,182,000 shares with a nominal (par) value of one thousand Bolívares each. Inversiones Internacionales Terranova S.A. is owner of 100% of its shareholding equity.

Investment in this company represents 2.85% of the total consolidated company assets.

COMPANY OBJECTIVE

The production and commercialization wood products and its derivatives, as well as all other legal trade activity.

BOARD OF DIRECTORS

Title Holding Directors: Enrique Cibie Bluth (Chairman)
Eduardo Vial Ruiz Tagle
Jaime Valenzuela Fernández
Patricio Reyes Urrutia
Miguel Oneto Rosales

Alternate Directors: Luis Guillermo Velázquez B.
Tomas Morales Jaureguiberry
Eugenio Arteaga Infante
Iván Rubio Huerta
Jorge Correa Drubi

Secretary: Gustavo Malavé
General Manager: Miguel Oneto Rosales

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	144,495	106,004
Operating results	33,493	9,067
Non-operating result	16,151	-16,485
Result of the accounting period	11,078	-5,080
Total Assets	300,984	260,188
Total liabilities	195,989	297,619
Minority Interest	0	0
Equity	104,995	-37,431
Net flow for the accounting period	36	-3,015
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	927	3,942
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	963	927

9 CONSORCIO FORESTAL VENEZOLANO S.A. (“COFORVEN”)

Fiscal Residence:	Avda. Francisco de Miranda, Edificio Parque Cristal, Torre Oeste, Piso 3, Of. 3-3, Los Palos Grandes, Caracas
Telephone:	(58-212) 620 70 11
Fax:	(58-212) 285 421
Administrative Residence:	Calle Cuchiveros, Torre Balear, Piso 2, Alta Vista Norte, Puerto Ordaz, Estado Bolívar
Telephone:	(58-286) 965 1011 Master.
Fax:	(58-286) 965 1040

LEGAL INCORPORATION

COFORVEN is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela dated August 5, 1991, inscribed before the First Instance Civil, Merchant, Transit and Work Court of Law of the Judicial Circumscription of the Federal District and State of Monagas, dated August 8, 1991, under number 194, volume CHAB, and inscribed in the Trade Register of the Judicial Circumscription of the Capital District and State of Miranda dated May 31, 1999, where the register is currently kept.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of COFORVEN is of 2,719,129.000,00 Bolívares, equal to MUS\$ 10,241, divided in 2,465,995 shares. Terranova Venezuela S.A. is owner of 99.95% of the shareholding capital and the balance of 0.05% corresponding to a minority shareholder.

Investment in this company represents 0.05% of the total consolidated company assets.

COMPANY OBJECTIVE

The purchase, exploitation and commercialization of wood.

BOARD OF DIRECTORS

Title Holding Directors :	Jaime Valenzuela Fernández (Chairman) Enrique Cibié Bluth Julio Moura Eugenio Arteaga Infante. Miguel Oneto Rosales
Alternate Directors:	Eduardo Vial Ruiz Tagle Patricio Reyes Urrutia Iván Rubio Huerta Tomás Morales Jaureguiberry Jorge Correa Drubi
Secretary:	Gustavo Malavé
General Manager:	Miguel Oneto Rosales

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	0
Operating results	-8	-8
Non-operating result	-6	-6
Result of the accounting period	-13	-13
Total Assets	2,237	2,237
Total liabilities	447	433
Minority Interest	0	0
Equity	1,790	1,804
Net flow for the accounting period	0	0
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	1	1
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	1	1

10 CORPORACIÓN FORESTAL GUAYAMURE C.A.

Fiscal Residence:	Av. Francisco de Miranda, Edificio Parque Cristal, Torre Oeste Piso 3, Of. 3-3, Los Palos Grandes, Caracas
Telephone:	(58-212) 620 70 11
Fax:	(58-212) 285 4217

LEGAL INCORPORATION

Corporación Forestal Guayamure C.A. is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela dated December 27, 1976, inscribed in the First Trade Register of the Judicial Circumscription of the Federal District and State of Miranda, under number 8 volume 150-A.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Corporación Forestal Guayamure C.A. is of 11,388,913,000.00 Bolívares, equal to MUS\$ 11,095, divided in 11,388,913 shares with a nominal (par) value of one thousand Bolívares, non-convertible to the bearer.

Inversiones Internacionales Terranova S.A. is owner of 85% of the shareholding capital and Corporación Venezolana de Guayana is owner of the remaining 15%.

Investment in this company represents 0.32% of the total consolidated company assets.

COMPANY OBJECTIVE

Planting, maintenance, cutting and commercialization of lumber trees; the purchase, processing, exploitation and commercialization of wood.

BOARD OF DIRECTORS

Title Holding Directors:	Miguel Oneto Rosales (Chairman) Carlos Urdaneta Gustavo Malavé Ronald Ramirez Julissa Balsan
Alternate Directors:	Enrique Cibié Bluth Marco Brisso Mauricio Grillet Iris Bracho Esther Jhon

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	0
Operating results	-24	-30
Non-operating result	-64	-701
Result of the accounting period	-87	-731
Total Assets	18,405	16,767
Total liabilities	4,728	3,679
Minority Interest	0	0
Equity	13,677	13,088
Net flow for the accounting period	0	0
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	1	1
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	1	1

11 CORPORACIÓN FORESTAL IMATACA C.A.

Fiscal Residence: Avda. Francisco de Miranda,
Edificio Parque Cristal,
Torre Oeste Piso 3, Of. 3-3,
Los Palos Grandes, Caracas.

Telephone: (58-212) 620 70 11

Fax: (58-212) 285 4217

LEGAL INCORPORATION

Corporación Forestal Imataca C.A. is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela dated March 21, 1974, inscribed in the First Trade Register of the Judicial Circumscription of the Federal District and State of Miranda, under number 77, volume 46 A.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Corporación Forestal Imataca C.A. is of 6,402,068,000.00 Bolívars, equal to MUS\$ 19,681, divided in 6,402,068 shares, of one thousand Bolívars each. Inversiones Internacionales Terranova S.A. is owner of 100% of the shareholding equity.

The investment in this company represents 0.64% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

Sowing, maintenance, cutting and commercialization of lumber trees; purchase, processing, exploitation and commercialization of lumber

BOARD OF DIRECTORS

Title Holding Directors: Jaime Valenzuela Fernández (Chairman)
Enrique Cibié Bluth
Julio Moura
Eugenio Arteaga Infante
Miguel Oneto Rosales

Alternate Directors: Eduardo Vial Ruiz Tagle
Patricio Reyes Urrutia
Iván Rubio Huerta
Tomás Morales Jaureguiberry
Jorge Correa Drubi

Secretary: Gustavo Malavé

General Manager: Miguel Oneto Rosales

12 MASISA MADEIRAS LTDA.

Legal Address: Rodovia BR-280, N° 4116, Bairro Industrial Sul,
Rio Negrinho, Santa Catarina, Brasil.

Telephone: (55-47) 3646 3000

Fax: (55-47) 3646 3039

LEGAL INCORPORATION

Masisa Madeiras Ltda. is a limited liability company incorporated according to the legislation of the Republic of Brazil, on December 12, 1996. The original name of the company was Gridom Comercial Limitada, but on May 16, 1997 it became Terranova Brasil Limitada. In the same manner, on June 7, 2005 the company once again changes its trade name going on to become Masisa Madeiras Limitada, name used by the company to date.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa Madeiras Limitada is of M\$ 76,181 reais, equal to MUS\$ 52,500, divided in 76,180,700 fees. Inversiones Internacionales Terranova S.A. is owner of 99.99% of the shareholding equity and the remaining 0.01% belongs to a minority shareholder.

The investment in this company represents 2.22% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

Commercialization of raw material, products and flora sub-products; consumption of logs, chips and sawdust from lumber; planting, handling, cutting, and exploration of forestry assets; use of wood; sawmill, lamination, leaf pulling and wood processing; production of compensated products and counter-plated products; utilization of wood preservatives; export of flora products and sub-products; production of seeds and forestry changes; participation in other companies, commercial and civil, as an associate, shareholder or licensee.

FORESTRY AND INDUSTRIAL EQUITY

The company has 13,600 hectares of lands, of which 7,300 are pine plantations, most of them already being exploited.

Its industrial installations located in 17 hectares of land in Rio Negrinho, is formed by a 42,000 m² built plant formed by a sawmill, a thermal plant with energy generation and a re-manufacturing plant for the production of blanks and moldings.

ADMINISTRATION

General Manager: Jorge Hillmann

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	0
Operating results	-22	-29
Non-operating result	-185	-340
Result of the accounting period	-207	-369
Total Assets	29,094	25,395
Total liabilities	5,386	4,097
Minority Interest	0	0
Equity	23,708	21,298
Net flow for the accounting period	-1	1
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	3	2
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	2	3

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	42,155	44,568
Operating results	2,828	5,074
Non-operating result	-1,109	-1,811
Result of the accounting period	-894	3,501
Total Assets	151,013	148,967
Total liabilities	69,317	70,942
Minority Interest	0	0
Equity	81,696	78,025
Net flow for the accounting period	-564	1,350
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	1,428	78
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	864	1,428

13 MASISA DO BRASIL LTDA.

Fiscal Residence: Rodovia BR-376, KM. 503,
Bairro: Distrito Industrial
en la ciudad de Ponta Grossa, Paraná.
Telephone: (42) 3219.1500
Fax: (42) 3219.1600

LEGAL INCORPORATION

Masisa do Brasil Ltda. is a limited liability company incorporated according to the laws of the Republic of Brazil, dated May 8, 1995.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa do Brasil Ltda. is of R\$ 95,427,456. The accounting capital as of December 31, 2007 amounted to MUS\$ 41,843. Its shareholders are Masisa S.A. with 98.3907% of the shareholding equity and Masisa Argentina S.A. with the remaining 1.6093%.

The investment in this company represents 4.31% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The industry, trade, import and export of wood panels, agricultural activities and exploration of forests and forestation plantations, forest, woods and sub-products trade, administration and execution of forestry projects, on the company's own account or through third parties, representation of companies, national and foreign, of the lumber industry, market and marketing research services, among other supplementary services in the wood industry.

ADMINISTRATION

General Manager: Jorge Hillmann

FINANCIAL STATEMENTS

At December 31

Thousands of US Dollars	2007	2006
Operating revenues	177,782	32,294
Operating results	28,617	18,358
Non-operating result	-8,009	-4,686
Result of the accounting period	6,945	5,090
Total Assets	328,174	270,798
Total liabilities	231,198	198,054
Minority Interest	0	0
Equity	96,976	72,744
Net flow for the accounting period	-7,565	-3,691
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	10,314	14,005
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	2,749	10,314

14 FORESTAL TERRANOVA MÉXICO S.A. DE C.V.

Legal Address: Calle Jaime Balmes N°8, segundo piso, despacho 202,
colonia Los Morales, delegación Miguel Hidalgo,
México, Distrito Federal.

Telephone: (52-55) 91382300

Fax: (52-55) 91382308

LEGAL INCORPORATION

Forestal Terranova México S.A. de C.V. is a closely-held stock company of variable equity incorporated by public deed No. 64,899 dated December 16, 1998, granted before the Licenciado Armando Gálvez Pérez Aragón, title holder of Public Notary No. 103 of the Federal District, inscribed in the Public Trade Register of Mexico, Federal District, under the trade number 244012, dated March 1, 1999, according to the laws of the Republic of Mexico. The incorporation of Forestal Terranova México S.A. de C.V. was authorized by the Secretary of Foreign Affairs of the Mexican Government dated November 17, 1998, Permit No. 09038662, File No. 9809037776, with No. 39215.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Forestal Terranova México S.A. de C.V. is of MX\$ 7,191,000.00, divided in 7,191 shares with a value of MX\$ 1,000.00 each. Its shareholders are Inversiones Internacionales Terranova S.A. with 99.99% of the shares and Terranova Panamá S.A. with the remaining 0.01%.

The accounting capital as of December 31, 2007 amounted to US\$ 201,267. The investment in this company represents 0.00% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of Forestal Terranova México S.A. de C.V. is the purchase, import, export, processing, transformation and commercialization of products derived from wood in all its forms and related with the construction market and the furniture industry; the purchase, sale, trading, import, export, distribution and, in general the commercialization in the Republic of Mexico and abroad of materials, raw materials, products, sub-products, semi-manufactured, finished or not, reconstructed, renewed or re-conditioned stated previously; the representation and commercial agency of individual, companies or entities of any nature, whether national or foreign, which have the purpose of producing or commercializing materials, raw materials, products and goods referred to herein; and the commercialization, distribution and representation, within and outside of Mexico, of products, sub-products or derivatives of its industrial activity, whether directly or by means of intermediaries.

COMMERCIAL EQUITY

It has a distribution and warehouse center located in Boulevard de los Ríos Km. 4.6, Colonia Puerto Industrial, C.P. 89608, Altamira, Tamaulipas.

ADMINISTRATIVE COUNCIL

Title Holding Members:	Alternate Members:
Enrique Andrés Cibié Bluth	Eugenio Arteaga Infante
Patricio Reyes Urrutia	Carlos Sesma Mauleón
Claudio Luis Cerda Herreros	

General Manager:
Leonardo Franco Schlesinger Grandi

FINANCIAL STATEMENTS

At December 31

Thousands of US Dollars	2007	2006
Operating revenues	23,127	45,477
Operating results	-3,050	2,221
Non-operating result	79	-115
Result of the accounting period	-1,897	1,370
Total Assets	23,722	24,410
Total liabilities	23,923	22,714
Minority Interest	0	0
Equity	-201	1,696
Net flow for the accounting period	-2,368	1,489
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	2,944	1,455
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	576	2,944

15 MADERAS Y SINTÉTICOS DE MÉXICO S.A. DE C.V.

Legal Address: Calle Jaime Balmes N°8, segundo piso, despacho 202, colonia Los Morales, delegación Miguel Hidalgo, México, Distrito Federal.

Telephone: (52-55) 91382300

Fax: (52-55) 91382308

LEGAL INCORPORATION

Maderas y Sintéticos de México S.A. de C.V. is a closely-held stock company of variable capital, incorporated by public deed No. 3,776 dated August 23, 2001, granted before the Licenciado Arturo Adolfo Llorente Martínez, title holder of the Public Notary No. 205 of the Federal District, inscribed in the Trade Public Register of Mexico, Federal District, under the Trade No. 282.079, dated November 30, 2001, according to the laws of the Republic of Mexico. The incorporation of Maderas y Sintéticos de México S.A. de C.V. was authorized by the Secretary of Foreign Affairs of the Mexican Government dated August 17, 2001, according to permit No. 09041700, file No. 0109041700, No. 24453.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Maderas y Sintéticos de México S.A. de C.V. is of MX\$ 342,422,000.00 divided in 684,844 nominative shares of a nominal (par) value of MX\$ 500.00 each. Its shareholders are Masisa S.A. with 99.99% of the shares and Masisa Overseas Limited with the remaining 0.01%. Masisa S.A. is the direct or indirect owner of 100% of the shareholding equity of Maderas y Sintéticos de México S.A. de C.V.

The accounting capital as of December 31, 2007 amounted to US\$ 24,638,795.47. The investment in this company represents 1.11% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of Maderas y Sintéticos de México S.A. de C.V. is the purchase, sale, import, export and manufacturing of all types of wood boards, as well as the distribution and commercialization of the same. The trade activity comprises, among others on the plantation, exploitation and transfer of all types of forests, investment in all types of real estate and personal properties and providing related services.

ADMINISTRATION COUNCIL

Title Holding Members:	Alternate Members:
Enrique Andrés Cibié Bluth	Sergio Manzanarez Martínez
Patricio Reyes Urrutia	Silvia Esquivel Rocha
Claudio Luis Cerda Herreros	Carmen Patricia Rico A.

General Manager:
Leonardo Franco Schlesinger Grandi

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	65,235	73,017
Operating results	638	4,455
Non-operating result	-1,123	-1,966
Result of the accounting period	-143	1,897
Total Assets	55,911	59,275
Total liabilities	31,272	34,490
Minority Interest	0	0
Equity	24,639	24,785
Net flow for the accounting period	407	1,995
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	3,304	1,309
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	3,711	3,304

16 MADERAS Y SINTÉTICOS SERVICIOS S.A. DE C.V.

Legal Address: Calle Jaime Balmes N°8, segundo piso, despacho 202, colonia Los Morales, delegación Miguel Hidalgo, México, Distrito Federal.

Telephone: (52-55) 91382300

Fax: (52-55) 91382308

LEGAL INCORPORATION

Maderas y Sintéticos Servicios S.A. de C.V., is a closely-held stock company of variable capital, incorporated by public deed No. 3,775 dated August 23, 2001, granted before the Licenciado Arturo Adolfo Llorente Martínez, title holding member of the Public Notary No. 205 of the Federal District, inscribed in the Trade Public Registry of Mexico, Federal District, under trade No. 282.080, dated November 30, 2001, according to the laws of the Republic of Mexico. The incorporation of the company was authorized by the Secretary of Foreign Affairs of the Mexican Government dated August 17, 2001, according to permit No. 09041696, file 0109041696, number 24446.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Maderas y Sintéticos Servicios S.A. de C.V. is of MX\$ 50,000.00 divided in 100 nominal shares with a nominal (par) value of MX\$ 500.00 each. Its shareholders are Masisa S.A. with 99.00% and Masisa Overseas Limited with the remaining 1.00%. Masisa S.A. is the direct or indirect owner of 100% of the shareholding equity of Maderas y Sintéticos de México S.A. de C.V.

The accounting capital as of December 31, 2007 amounted to US\$376,525. The investment in this company represents 0.02% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of Maderas y Sintéticos Servicios S.A. de C.V. is to provide all types of services, including among others, consulting, administrative, professional, technical, human resource, operational, management, marketing, programming, sales and advisory services. The trade activity comprises, among others, establishing plants or warehouses, the representation of companies, the issue of credit deeds and the credit titles and granting of co-signers.

ADMINISTRATIVE COUNCIL

Title Holding Members:	Alternate Members:
Enrique Andrés Cibié Bluth	Sergio Manzanarez Martínez
Patricio Reyes Urrutia	Silvia Esquivel Rocha
Claudio Luis Cerda Herreros	Carmen Patricia Rico A.

General Manager:
Leonardo Franco Schlesinger Grandi

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	6,989	6,323
Operating results	176	98
Non-operating result	24	-153
Result of the accounting period	4	-80
Total Assets	1,652	990
Total liabilities	1,275	618
Minority Interest	0	0
Equity	377	372
Net flow for the accounting period	947	101
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	122	21
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	1,069	122

17 CC MAS S.A. DE C.V.

Legal Address: Calle Jaime Balmes N°8, segundo piso, despacho 202, colonia Los Morales, delegación Miguel Hidalgo, México, Distrito Federal.

Telephone: (52-55) 91382300

Fax: (52-55) 91382308

LEGAL INCORPORATION

CC Mas S.A. de C.V., is a closely-held stock company of variable capital, incorporated by public deed No. 116,894 dated August 22, 2006, granted before the Notary Public Armando Gálvez Pérez Aragón, title holding member of the Public Notary No. 103 of the Federal District, inscribed in the Trade Public Registry of Mexico, Federal District, under trade No. 355042 dated September 26, 2006. The incorporation of CC Mas S.A. de C.V. was authorized by the Secretary of Foreign Affairs of the Mexican Government dated June 7, 2006, according to permit No. 3702,140, file 200637001956, number A01E1T91.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of CC Mas, S.A. de C.V. is of MX\$ 50,000.00, divided in 50,000 nominative shares with a nominal (par) value of MX\$ 1.00 each. Its shareholders are Maderas y Sintéticos de México S.A. de C.V. with 99.00% of the shares and Maderas y Sintéticos Servicios S.A. de C.V. with the remaining 1.00%.

The accounting capital as of December 31, 2007 amounted to US\$ 212,252. The investment in this company represents 0.00% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of CC Mas S.A. de C.V. is the purchase, sale, import, export, commercialization, distribution and supply to individuals and companies, national and foreign, through any legal scheme, whether freely or through a franchise scheme or any other similar one, of all types of primary or supplementary products with the construction industry and in general with any type of products.

ADMINISTRATIVE COUNCIL

Title Holding Members:	Alternate Members:
Alejandro Espinosa Carey	Sergio Manzanarez Martinez
Claudio Cerda Herreros	Silvia Esquivel Rocha
Patricio Reyes Urrutia	Carmen Patricia Rico Arreola

General Manager:
Leonardo Franco Schlesinger Grandi

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	1,804	16
Operating results	-218	1
Non-operating result	1	0
Result of the accounting period	-218	1
Total Assets	416	43
Total liabilities	628	42
Minority Interest	0	0
Equity	-212	1
Net flow for the accounting period	54	0
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	0	0
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	54	0

18 MASNOVA DE MÉXICO S.A. DE C.V.

Legal Address: Calle Jaime Balmes N°8, segundo piso, despacho 202, colonia Los Morales, delegación Miguel Hidalgo, México, Distrito Federal.

Telephone: (52-55) 91382300

Fax: (52-55) 91382308

LEGAL INCORPORATION

Masnova de México S.A. de C.V. is a variable capital closely-held stock company, incorporated by public deed No. 3.996 dated December 14, 2001, granted before the Licenciado Arturo Llorente Martínez, title holding member of the Public Notary No. 205 of the Federal District, inscribed in the Trade Public Registry of Mexico, Federal District, under trade No. 282.672 dated January 7, 2002, according to the laws of the Republic of Mexico. The incorporation of Masnova de México S.A. de C.V. was authorized by the Secretary of Foreign Affairs of the Mexican Government dated August 28, 2001, according to permit No. 09043122, file 0109043122, number 25323.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masnova de México S.A. de C.V. is of MX\$ 50,000.00, divided in 50,000 nominative shares with a nominal (par) value of MX\$ 1.00 each. Its shareholders are Inversiones Internacionales Terranova S.A. with 50% of the shares and Maderas y Sintéticos de México S.A. de C.V. with the remaining 50%.

The accounting capital as of December 31, 2007 amounted to US\$ 1,505,541. The investment in this company represents 0.00% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of Masnova de México S.A. de C.V. is the acquisition, purchase, sale, import, export, storage and distribution of all types of lumber goods and products or wood boards or any other matter in any of its forms, in a direct manner or through third parties.

ADMINISTRATIVE COUNCIL

Title Holding Members:	Alternate Members:
Enrique Cibié Bluth	Carlos Sesma Minvielle
Patricio Reyes Urrutia	Silvia Esquivel Rocha
Claudio Cerda Herreros	Carmen Patricia Rico A.
Jaime Valenzuela Fernández	Eugenio Arteaga Infante

General Manager:
Leonardo Franco Schlesinger Grandi

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	0
Operating results	-8	-3
Non-operating result	4	25
Result of the accounting period	-4	22
Total Assets	244	244
Total liabilities	1,750	1,746
Minority Interest	0	0
Equity	-1,506	-1,502
Net flow for the accounting period	0	0
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	0	0
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	0	0

19 MASISA ARGENTINA S.A.

Legal Address: 25 de Mayo 359, Piso 15
Capital Federal, Argentina
Telephone: (54-11) 5550-6000
Fax: (54-11) 5550-6402

Masisa Argentina is a closely-held stock company incorporated in the city of Buenos Aires, Republic of Argentina, on July 24, 1992, according to the Notary Protocol Subscribed in front of the Notary Public Mr. Álvaro Gutiérrez Zaldívar.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa Argentina is of AR\$ 119,602,392, divided in 119,602,392 shares with a nominal (par) value of AR\$ 1.00. As of December 31, 2007, the accounting capital of the company amounted to MUS\$ 139,390.00.

The shareholders de Masisa Argentina S.A. are Masisa S.A. is of 98.00% of the shares and Masisa Overseas Ltd., with the remaining 2.00%.

The investment in this company represents 6.30% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of Masisa Argentina S.A. is to carry out at is own account or through third parties, in an independent manner or associated with third parties, within or without the Republic of Argentina, the manufacturing and commercialization de particle wood board in all its forms and procedures that techniques allow: to this is added the planting, exploitation and / or purchase-sale of forests, acquisition and transfer at any title, the import and export of manufactured woods or raw woods, elaborated or manufactured and the industrialization, transformation and commercialization of woods of any type and its derivatives, in addition to any analogous or similar activity to the above company objective.

ADMINISTRATION

Chairman: Aldo Tomás Blardone
Executive Director: Jaime Valenzuela Fernández
Title Holding Director: Sr. Gerardo Ourracariet
General Manager: Sr. Alfredo Gili Candanell

20 FORESTAL ARGENTINA S.A.

Legal Address: 25 de Mayo 359, Piso 15
Capital Federal, Argentina
Telephone: (54-11)-5550-6000

LEGAL INCORPORATION

Forestal Argentina S.A. is a closely-held stock company incorporated dated December 15, 1995, inscribed in the Public Trade Register on February 14, 1996, under the register of the General Justice Bureau with No.1.615.432.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Forestal Argentina S.A. is of MAR\$ 131,571, divided in 131,570,778 regular shares having a nominal (par) value of AR\$ 1.00 each.

As of December 31, 2007, the accounting capital of the company for the purpose of the Chilean financial statements amounted to MUS\$97,505.

The shareholders of Forestal Argentina S.A. are Forestal Tornagaleones S.A. with 98.68% of the shares and Masisa S.A. with the remaining 1.32%.

The investment in this company represents 4.41% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company has the objective of forestation, planting of forests and the commercialization of its products.

ADMINISTRATION

Board of Directors: Jaime Valenzuela Fernández (Chairman)
Sergio Boccadoro
Javier Busch
Gastón Urmeneta
Jorge Correa

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	136,731	115,629
Operating results	30,366	20,823
Non-operating result	-3,488	-2,653
Result of the accounting period	15,733	9,948
Total Assets	190,857	187,689
Total liabilities	51,467	47,532
Minority Interest	0	0
Equity	139,390	140,157
Net flow for the accounting period	-7,287	6,583
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	15,731	9,148
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	8,444	15,731

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	8,586	6,791
Operating results	4,084	2,600
Non-operating result	-101	-82
Result of the accounting period	3,034	2,443
Total Assets	99,556	84,937
Total liabilities	2,051	6,877
Minority Interest	0	0
Equity	97,505	78,060
Net flow for the accounting period	1,917	-912
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	84	996
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	2,001	84

21 MASISA COLOMBIA S.A.

Address: Calle 72 No. 5-83 Oficina 402,
Bogotá, Colombia
Telephone: (57-1) 3 25 87 00
Fax: (57-1) 3 25 87 24

LEGAL INCORPORATION

Masisa Colombia S.A. is a closely-held stock company incorporated according to the legislation of the Republic of Colombia dated November 20, 1998, by public deed No. 5317 of the Public Notary No. 31 of Santa Fe de Bogotá, Colombia.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa Colombia S.A. is of M\$ 5,761,073 Colombian Pesos, equal to MUS\$ 2,139, divided in 5,761,073 shares. The shareholders of Masisa Colombia S.A. are Inversiones Internacionales Terranova S.A. with 80.71% of the shares, Fibranova C.A. with 19.28% minority shareholders with the remaining 0.01%.

The investment in this company represents 0.19% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

Purchase, import, export, processing, transformation and commercialization of products derived from wood in all its forms and related with the construction market and the furniture industry; the representation and commercial agency of individuals or companies, national or foreign, which have the objective of producing or commercializing the materials, raw materials, products and goods referred to herein; the technical consulting to third parties in the commercialization, distribution and representation of such products.

ADMINISTRATION

Chairman: Luis Guillermo Velásquez B.
Title Holding Member: Jaime Valenzuela F.
Title Holding Member: Carlos Urdaneta W.
General Manager: Luis Guillermo Velásquez B.

22 TERRANOVA PANAMÁ S.A.

Legal Address: Calle 50, Edificio Global Plaza
Telephone: (507) 2130033
Fax: (07) 264 24 98

LEGAL INCORPORATION

Terranova Panamá S.A. is a closely-held stock company incorporated according to the legislation of the Republic of Panama dated February 4, 1997, in the Fifth Public Notary of the Circuit of Panama of Mr. Mario Velásquez Chizmar, inscribed in the Public Register of Panama on February 6, 1997 under No. 32625 1, rol 52936, image 0075.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Terranova Panamá S.A. is of US\$ 24,270,000.00 divided in 242,700 nominative shares with a nominal (par) value of US\$ 100.00 each. Inversiones Internacionales Terranova S.A. is owner of 100% of the shares.

The investment in this company represents 0.00% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

Establish, manage and carry out in general the business of financing, investments and brokerage in all its fields; participate either directly or indirectly in the incorporation of other companies, or entities of any type, class, or species; establish, manage and carry out the export, import business as an agent, distributor or agent in all kinds or types of merchandise from and towards any part of the world.

ADMINISTRATION:

Director Chairman: Rolando Candanedo Navarro
Director Secretary: María del Mar Pimentel
Director Treasurer: Rolando Candanedo Deneken
Legal Representative: Rolando Candanedo Navarro

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	28,835	25,218
Operating results	2,848	3,371
Non-operating result	55	470
Result of the accounting period	2,124	2,527
Total Assets	12,929	12,875
Total liabilities	4,033	4,490
Minority Interest	0	0
Equity	8,896	8,385
Net flow for the accounting period	-494	1,866
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	2,310	444
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	1,816	2,310

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	0	0
Operating results	0	0
Non-operating result	-4,219	-5,936
Result of the accounting period	-4,219	-5,936
Total Assets	711	15,518
Total liabilities	10,518	20,901
Minority Interest	0	0
Equity	-9,807	-5,383
Net flow for the accounting period	-1	-1
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	1	2
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	0	1

23 MADERAS Y SINTÉTICOS DEL PERÚ S.A.C.

Legal Address: Av. Víctor Andrés Belaunde 147,
Edificio Real 12, Of.103
San Isidro Lima
Telephone: (51-1) 7061400

LEGAL INCORPORATION

Maderas y Sintéticos del Peru S.A.C. is a closely-held stock company incorporated according to the laws of the Republic of Peru, by public deed, dated July 31, 1997 granted before the Notary Public of the city of Lima Dr. Ricardo Ortiz de Zevallos Villagrán. By public deed granted on July 22, 1998 before the Notary Public of the city of Lima Dr. Ricardo Ortiz de Zevallos Villagrán, the company by-laws were modified adapting them from the new provisions of Law 26887, General Companies Law, adopting the structure and functioning of a closely-held company (S.A.C.).

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Maderas y Sintéticos del Peru S.A.C. is of PE\$ 39,450 (New Soles) divided in 39,450 nominal shares with a nominal (par) value of PE\$ 1.00 (New Soles) each. The accounting capital of the company amounted to US\$ 4,707,554.66

The shareholders de Maderas y Sintéticos del Peru S.A.C. are Masisa S.A. with 99.11% of the shares and Masisa Overseas Limited with the remaining 0.89%.

The investment in this company represents 0.21% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company has the purpose of manufacturing and commercializing of wood boards and wood articles in all its forms and procedures. The planting and exploitation of land are comprised within its trade activity allocated to agricultural use, for the import and export of processed wood or raw wood, the transformation and commercialization of woods of any type and its derivatives and the import, export, manufacturing, fabrication, distribution and commercialization of all kind of chemical products allocated to the industry in general; In addition, the company will be able to carry out financial investments of any nature.

ADMINISTRATION

General Manager: Roberto Heskia T.

24 MASISA ECUADOR S.A.

Legal Address: Av. Víctor Emilio Estrada 1021
Entre Hilanes y Jiguas
Guayaquil, Ecuador
Telephone: (593-4) 2888244

LEGAL INCORPORATION

Masisa Ecuador S.A. is a closely-held company incorporated in the city of Quito, Republic of Ecuador, dated October 23, 2002 by public deed of this date granted before the Notary Public Ramiro Dávila Silva.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Masisa Ecuador S.A is of MUS\$ 5,000 divided in 5,000 nominative shares, fully subscribed and paid for in the incorporation act.

The shareholders of Masisa Ecuador S.A. are Masisa S.A. with 99.9% of the shares and Masisa Overseas Ltd. with the remaining 0.1%.

The investment in this company represents 0.06% of the total of the company's consolidated assets.

COMPANY OBJECTIVE

The company objective of Masisa Ecuador S.A. is the manufacturing and commercialization of wood boards and wood articles in all its forms and procedures technically possible. These activities comprise planting, exploitation and / or the purchase-sale of real estate properties, including lands allocated to agricultural use, the acquisition and transfer of any type of goods, the import and export of processed or manufactured woods, the industrialization, transformation and commercialization of woods of any type and its derivatives. In order to comply with its objective, the company will be able to intervene as an associate in the formation of all kinds of companies, contribute capital to the same or acquire, have or own on its own the shares, obligations or participations of other companies; in general the company will be able to carry out all kinds of acts, contracts, operations allowed by the Ecuadorian laws, which are according to their objective and necessary and convenient for its compliance.

ADMINISTRATION

General Manager: Sr. Roberto Heskia T

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	26,739	20,992
Operating results	4,247	2,811
Non-operating result	46	31
Result of the accounting period	2,991	2,046
Total Assets	9,795	8,130
Total liabilities	5,087	3,116
Minority Interest	0	0
Equity	4,708	5,014
Net flow for the accounting period	1,453	127
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	462	347
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	1,915	462

FINANCIAL STATEMENTS	At December 31	
Thousands of US Dollars	2007	2006
Operating revenues	12,404	10,011
Operating results	732	1,319
Non-operating result	-111	3
Result of the accounting period	508	985
Total Assets	5,792	5,068
Total liabilities	4,426	4,210
Minority Interest	0	0
Equity	1,366	858
Net flow for the accounting period	3	-266
INITIAL CASH FLOW AND CASH FLOW EQUIVALENTS	342	608
FINAL BALANCE OF CASH FLOW AND CASH FLOW EQUIVALENTS	345	342

RELATED COMPANIES

1 OXINOVA C.A.

Fiscal Residence: Av. Francisco de Miranda,
Edificio Parque Cristal,
Torre Oeste Piso 3, Of. 3-3,
Los Palos Grandes, Caracas

Telephone: (58-212) 620 7011

Fax: (58-212) 285 4217

Administrative Residence: Calle Cuchiveros, Torre Balear, Piso 2,
Alta Vista Norte, Puerto Ordaz, Estado Bolívar

Telephone: (58286) 965 1011

Fax: (58286) 965 1040

Email: mreyes@oxinova.com.ve

LEGAL INCORPORATION

Oxinova C.A. is a closely-held stock company incorporated under the laws of the Bolivarian Republic of Venezuela, dated October 6, 1999, which are inscribed in the Fifth Trade Register of the Judicial Circumscription of the Federal District and State of Miranda under No. 76, Tomo353 A Qto.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Oxinova C.A. is of M\$ 4,952.164 Bolívares, equal to 4,952,164 nominative shares with a nominal (par) value of 1,000 Bolívares each.

The shareholders of Oxinova C.A. are Oxiquim Inversiones Internacionales Limitada with 51% of the shares and Inversiones Internacionales Terranova S.A. with the remaining 49%.*

COMPANY OBJECTIVE

The construction and operation of a chemical products plant in Venezuela, particularly for the production and commercialization of formaldehyde and resins.

BOARD OF DIRECTORS

Title Holding Directors: Enrique Cibié Bluth.
Miguel Oneto Rosales.
Vicente Navarrete.
Edmundo Puentes.

Alternate Directors: Patricio Reyes Urrutia
Eduardo Vial Ruiz Tagle
Vicente Navarrete Rolando
Pablo Ayala Rolando

General Manager: Cristian Roempler

* Dated January 31, 2008, Fibranova C.A. acquired from Oxiquim Inversiones Internacionales Limitada 51% of the shareholding participation that the last mentioned had in Oxinova, Masisa S.A. going on to control 100% of Oxinova C.A.

2 INVERSIONES CALLE CALLE S. A.

LEGAL INCORPORATION

Inversiones Calle Calle S. A. is a closely-held stock company, incorporated by public deed dated December 9, 2002, granted before Notary Public of Santiago, Mr. Iván Torrealba Acevedo.

COMPANY OBJECTIVE

The company objective of Inversiones Calle Calle S. A. is the realization of all kinds of investments with lease and long-term purposes, including the purchase, sale, transfer and carrying out of all types of transactions relative to shares, social rights, bonds, debentures, real estate securities and commercial instruments in general, and the purchase, sale, transfer and the realization of all types of transactions relative to real estate property or to rights over real estate property, both in Chile as abroad; and the investment in all types of companies, whether they are civil or commercial. In order to comply with its corporate objective, the company will be able to act on its own or through third parties, even as an agent or representative, to execute all kinds of acts and enter into contracts related to the corporate objective and to enter into association contracts or accounts in participation, incorporate companies or associations of all kinds and acquire rights, shares or participations in currently existing ones, and to take on their management.

SUBSCRIBED AND PAID-IN CAPITAL

The subscribed and paid-in capital of Inversiones Calle Calle S.A. is of \$ 200,000, divided in 200,000 actions of a same and only series and without nominal (par) value.

The shareholders of Inversiones Calle Calle S.A. are Masisa S.A. with 50% of the shares and Inversiones Industriales S.A. with the remaining 50%.

ADMINISTRATION

Title Holding Directors : Enrique Cibié Bluth
Patricio Reyes Urrutia
Eduardo Vial Ruiz-Tagle

General Manager: Eduardo Vial Ruiz-Tagle