



CAP

**4th Annual Larrain Vial
International Investors' Conference
March, 2010**

Company overview

Financial highlights

Earthquake effects in CAP

CAP – Mitsubishi Corporation transaction

Strategic considerations

- Exports iron ore products, mainly to Asia
- Produces steel for the domestic market
- Processes value-added steel solutions in Chile, Peru and Argentina

Mining

Steel production

Steel processing

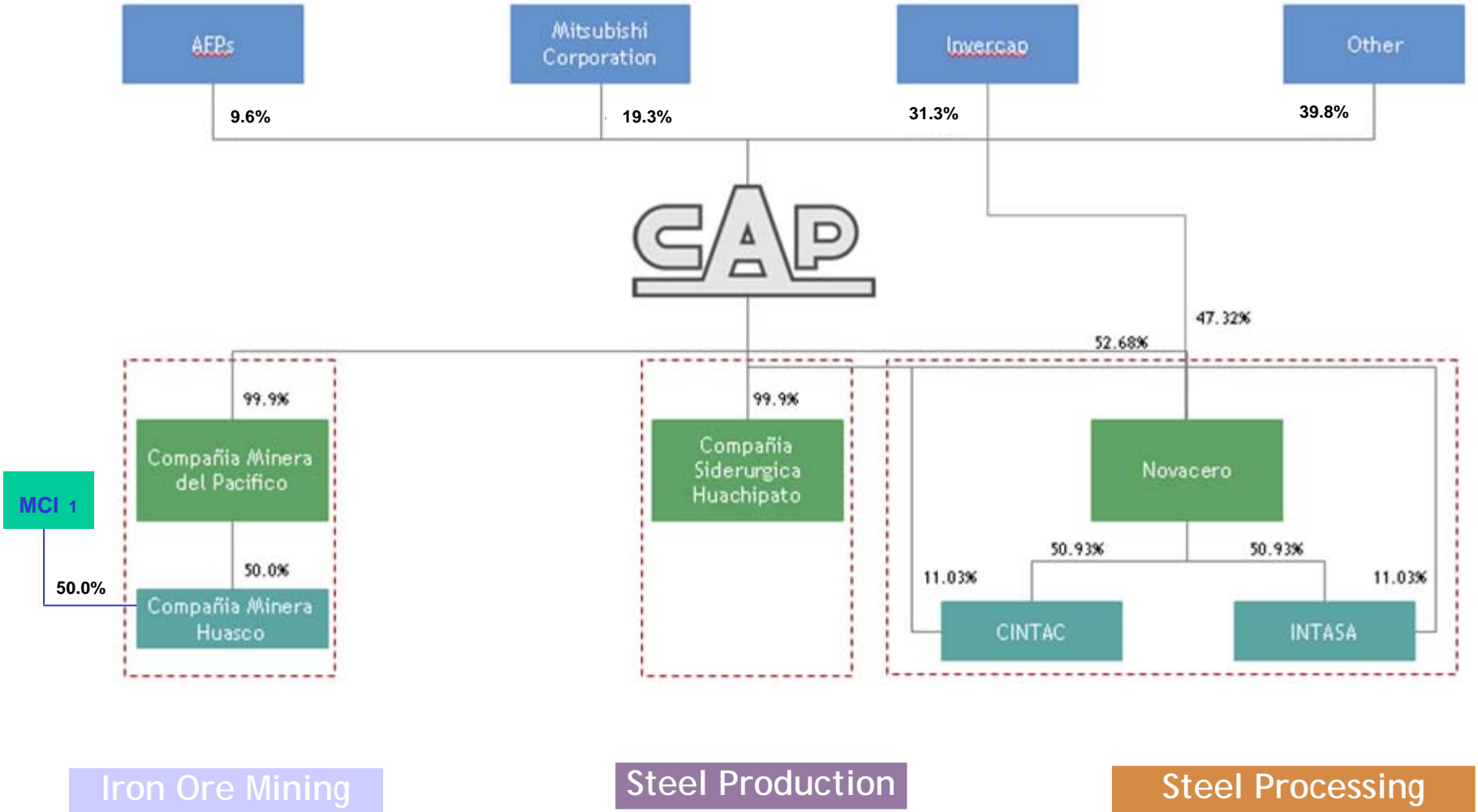
Production capacity

11.5 million tonnes.

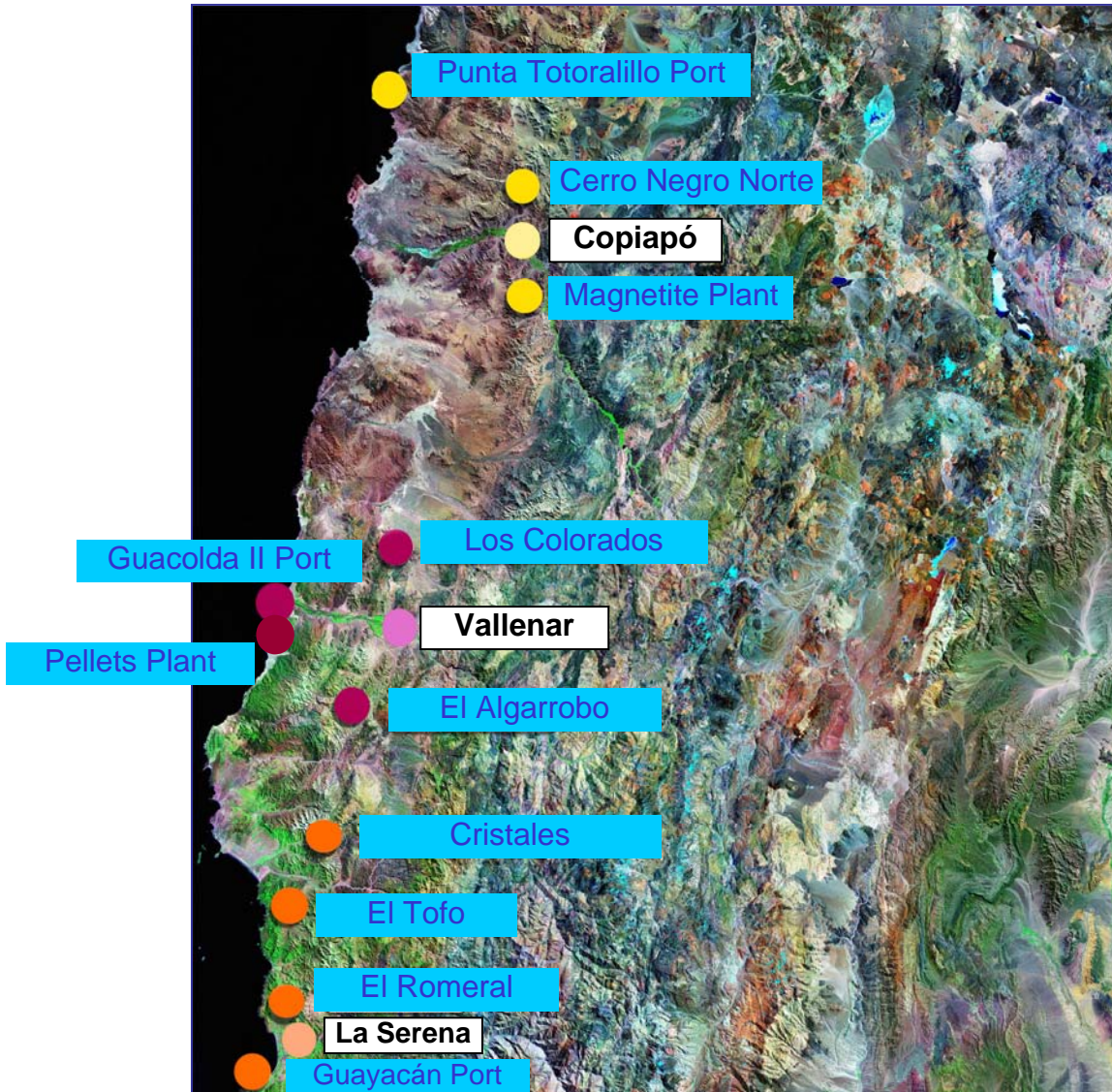
1.45 million tonnes.

400 thousand tonnes.

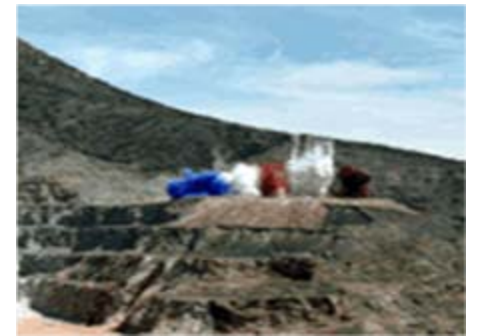








- Largest producer of iron ore and pellets on the Pacific coast of South America with a production capacity of 11.5 million MT
- Ample resources and known reserves, together with the expansion of its exploration activities, guarantee continuity of operations for many decades
- Strong long-term commercial relations with customers in Asia



Mine / Deposit	Total Mineral Resources (1)		Reserves (2)	
	MTM	Grade (% Fe)	MTM	Grade (% Fe)
El Laco	734	49,2%	376	56,7%
Hierro Atacama II - Cerro Negro Norte	457	34,6%	176	39,0%
Los Colorados (3)	432	44,9%	272	43,6%
Hierro Atacama I - Candelaria (4)	344	10,0%	---	---
El Romeral	292	33,6%	91	40,1%
Pleito - District	253	26,1%	---	---
Alcaparra D	230	31,5%	119	35,5%
Cristales - District	150	32,8%	---	---
Alcaparra A	122	46,0%	---	---
Domeyko II	107	28,0%	---	---
El Algarrobo	82	49,3%	57	51,2%
El Algarrobo - District	54	28,0%	---	---
Los Colorados - District	26	43,4%	---	---
El Tofo	7	30,3%	5	39,3%
Total	3.290		1.096	

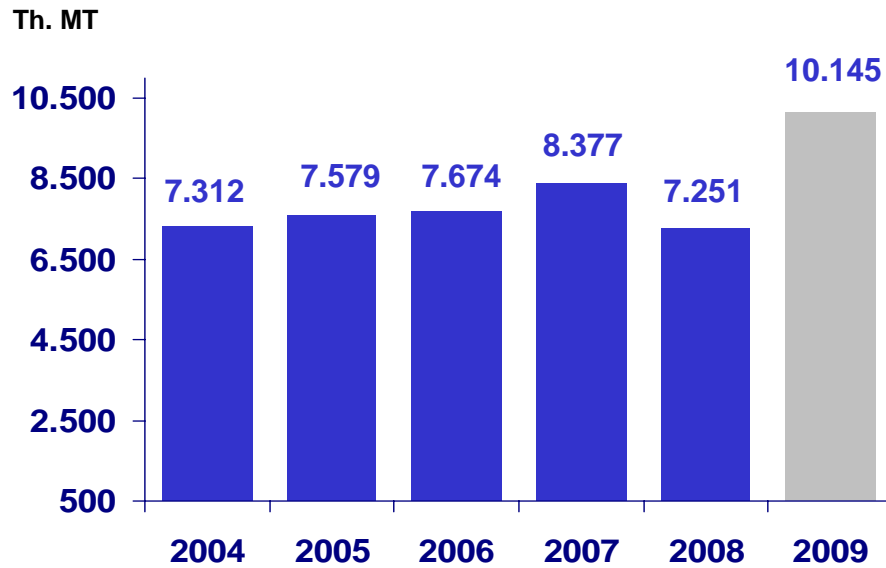
(1) Those minerals measured on a geological ore content feasible for being mined.

(2) Those geological resources that are feasible of being mined economically.

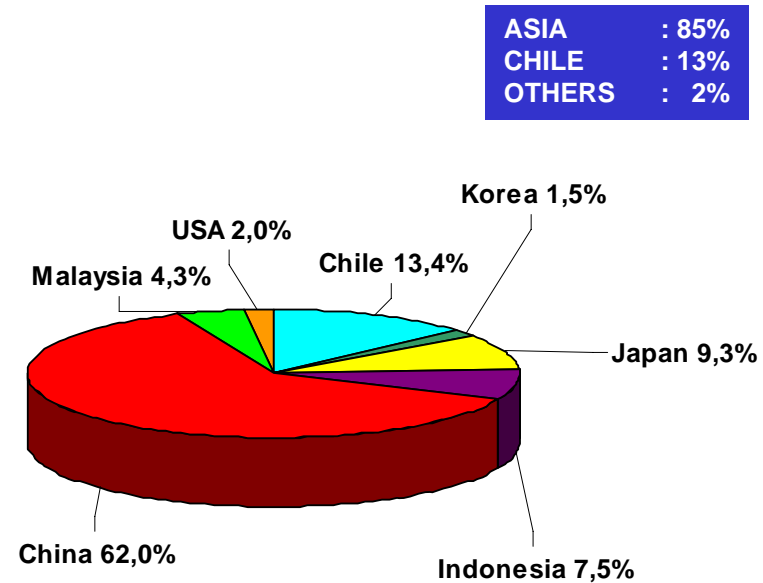
(3) Compañía Minera Huasco is the owner of Los Colorados mine.

(4) CMP has the contract for processing the tailings of the Candelaria copper mine.

Deliveries



Markets





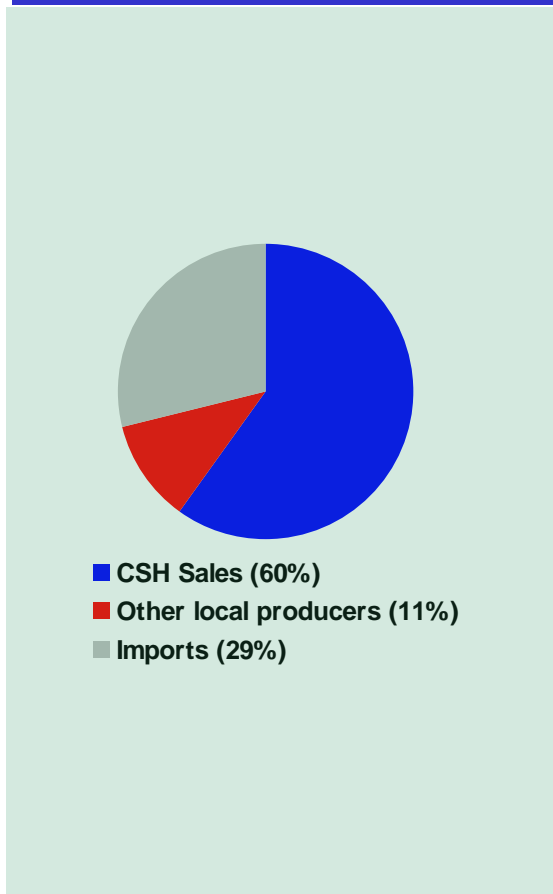
- Chile's steel market leader
- 60% and 69% market share in total and target markets respectively
- 1.45 million tons of annual liquid steel production capacity
- Strong long-term commercial relations with customers in Chile
- Vertical integration in iron and limestone provides advantage in facing economic cycles



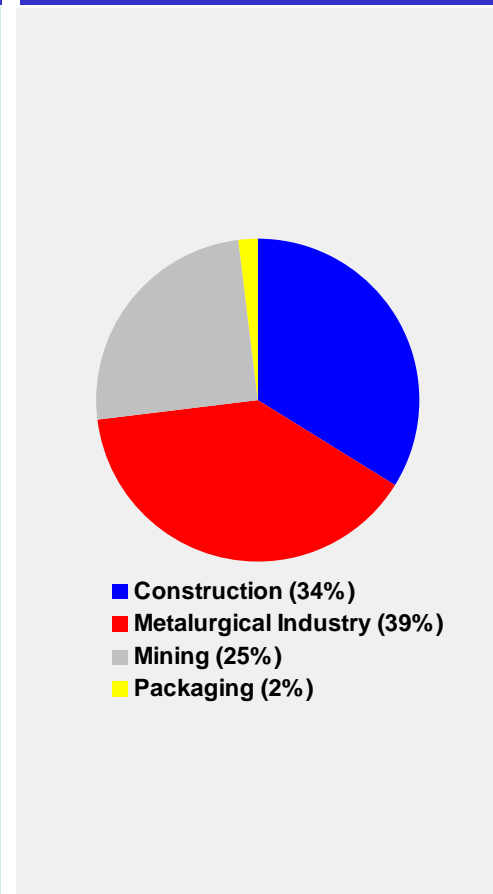
Sales of CSH in its Target Market (2009)
(thousands tons sold – market share)



Total Steel Market
(1.52 million tons in 2009)



CSH Sales
(922 Th. tons in 2009)

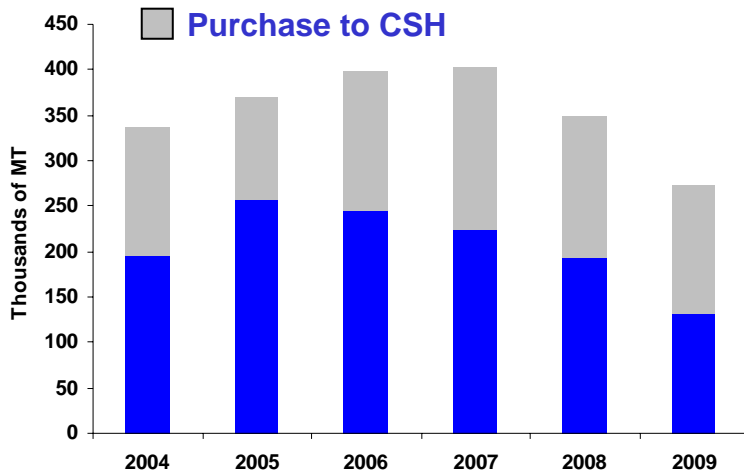




- Creates value-added solutions for construction, industry and infrastructure sectors in Chile, Peru and Argentina
- Its addition to the CAP group seeks to promote steel consumption
- Should result in improvements in consolidated returns



Deliveries



Company overview

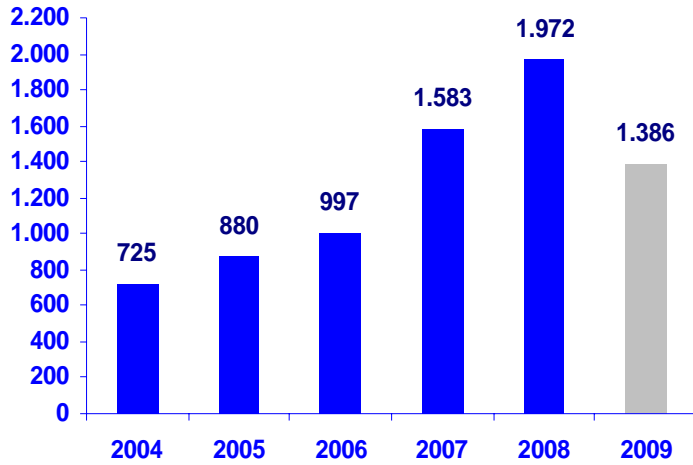
Financial highlights

Earthquake effects in CAP

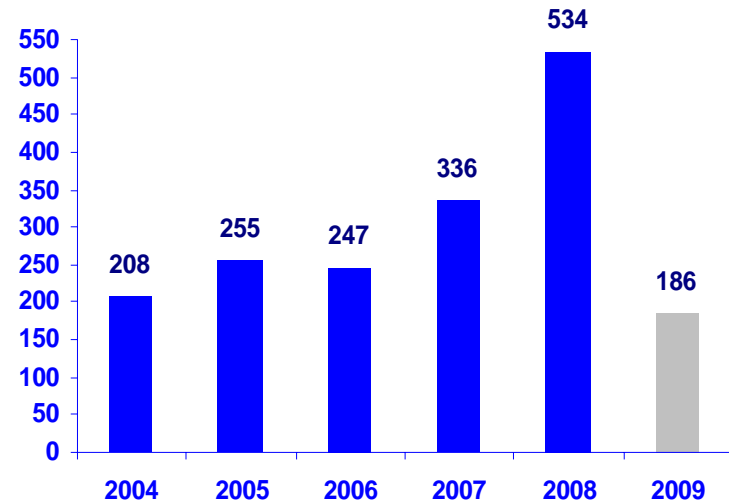
CAP – Mitsubishi Corporation transaction

Strategic considerations

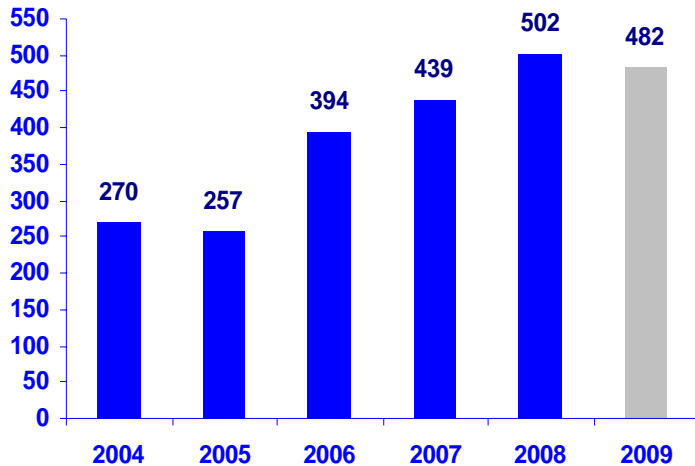
Sales



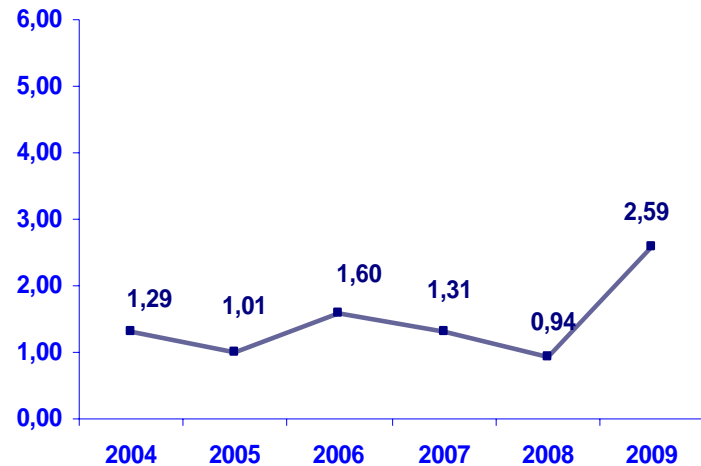
EBITDA (1)



Net Financial Debt

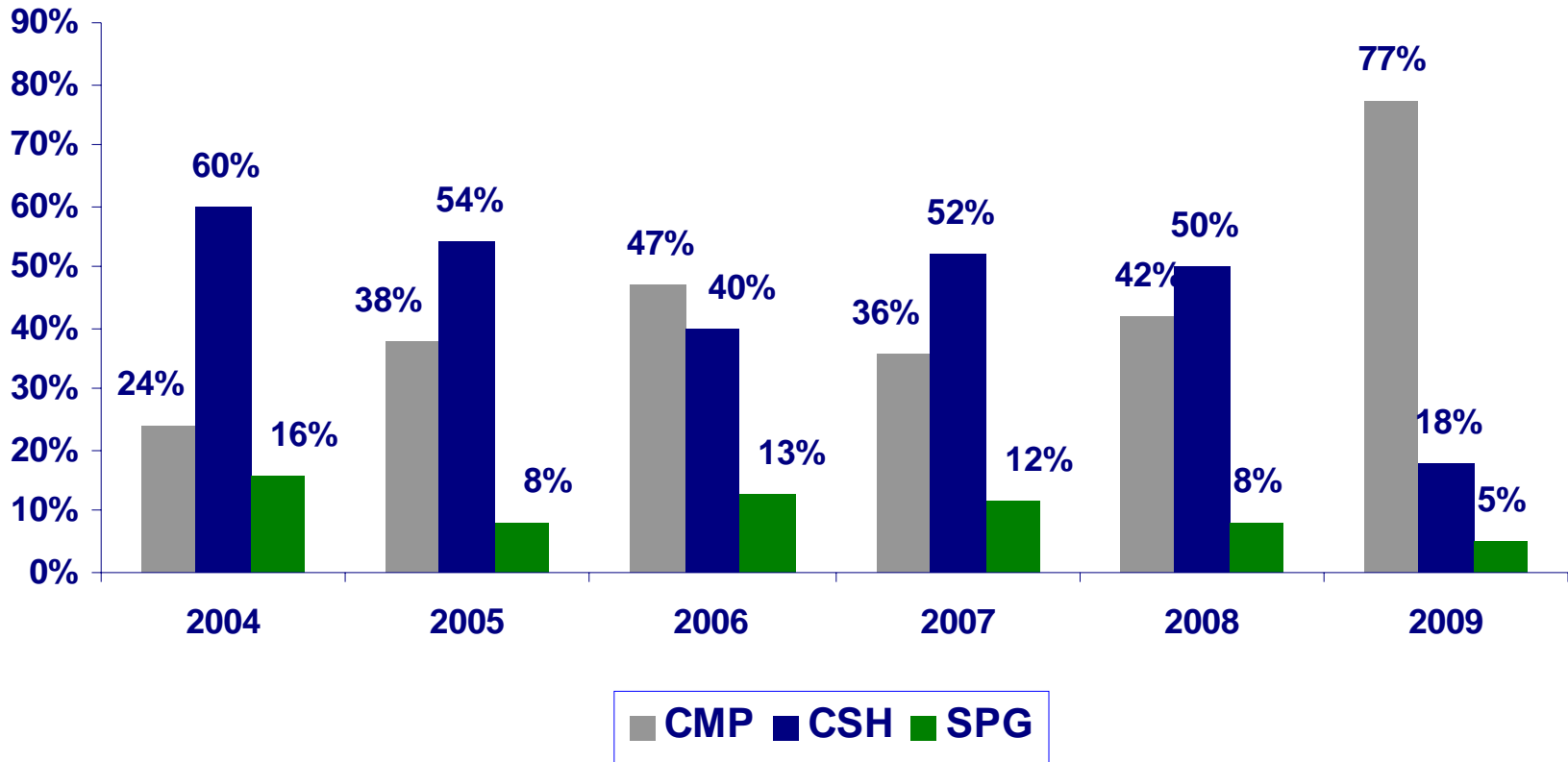


Net Financial Debt / EBITDA



(1) EBITDA = Operating Income + Depreciation + Dividends received in cash, over the last twelve months

EBITDA by business unit

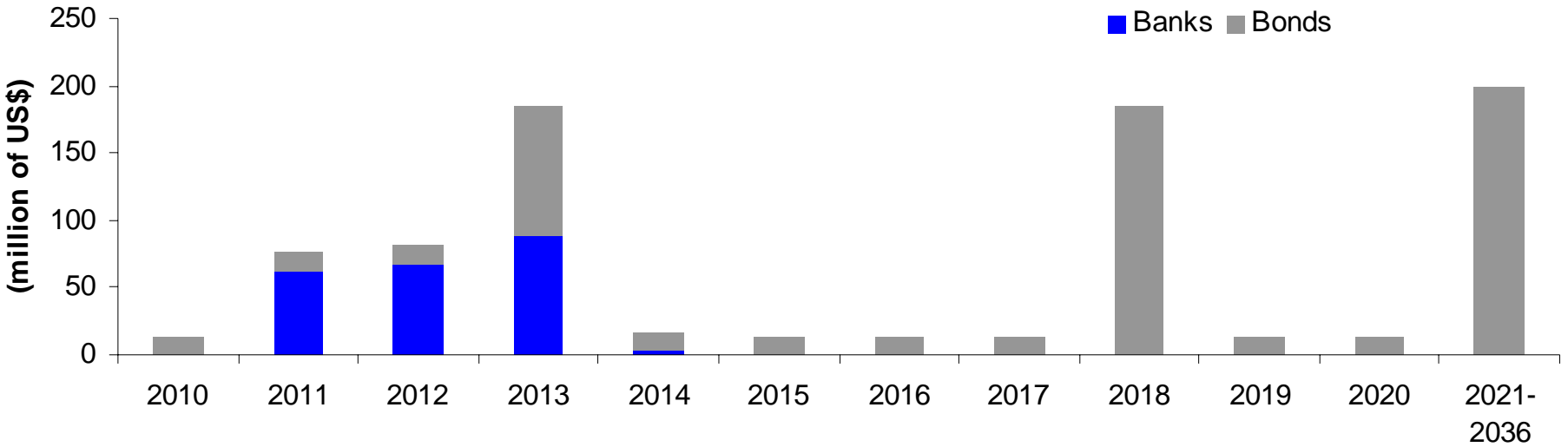


(US\$ million)	2004	2005	2006	2007	2008	2009
Sales	725	880	997	1.583	1.972	1.386
Operational Margin	180	185	170	301	454	172
EBITDA (1)	208	255	247	336	534	186

(million of US\$)	2004	2005	2006	2007	2008	2009
Cash	62	154	242	184	379	387
Short Term Debt (2)	109	136	97	81	111	44
Long Term Debt	223	275	539	543	769	826
Financial Debt	331	411	636	623	880	870
Net Financial Debt	270	257	394	439	502	482
Equity	562	646	732	884	1.039	949
Investment (additions of fixed assets)	29	55	119	309	161	142
Net Financial Debt / EBITDA	1,29x	1,01x	1,60x	1,31x	0,94x	2,59x

(1) EBITDA = Operating Income + Depreciation + Dividends received in cash, over the last twelve months.

(2) Includes portion of long term debt.



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Earthquake effects in CAP

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Strategic considerations

- Earthquake affects the principal installations of CAP's steel mill, CSH, especially in the primary production area, including: pier, coke plant, blast furnaces and BOF
- The rollers of the flat and long products, and the zinc-alum line, suffered no damages of consideration
- Fortunately, the bay of San Vicente was not affected by the tsunami caused by the earthquake as its orientation and location were protected by the Tumbes peninsula
- There are insurance policies to cover damages to assets and business interruption

- ➔ The pier structure shows no evident faults
- ➔ Unloading towers Nbr. 1, 2 and 3 with different degrees of misalignment. Nbr. 2 inclined southward difficulties the use of the southern side for unloading raw materials
- ➔ Furnace loading machine derailed and partially disconnected from its structure
- ➔ Furnaces remain loaded and temperature maintained with natural gas
- ➔ Estimated recovery time: 1 month (evaluation under way)



- ➔ Blast furnaces (BF) with some damage, with load solidified
- ➔ Damages to anchoring of the BF heaters
- ➔ Because of the long time they were without water, damage to the refrigeration elements are being evaluated
- ➔ Estimated time for recovery: 3 months (evaluation under way)



- ➔ Liquid steel discharge area, from torpedo ladles to transfer cutters, affected due to the sinking of the rail by approximately 40 cms
- ➔ Six cutters have steel inside. These cannot be emptied, they contain solidified steel
- ➔ Estimated time for recovery: 2 months (evaluation under way)



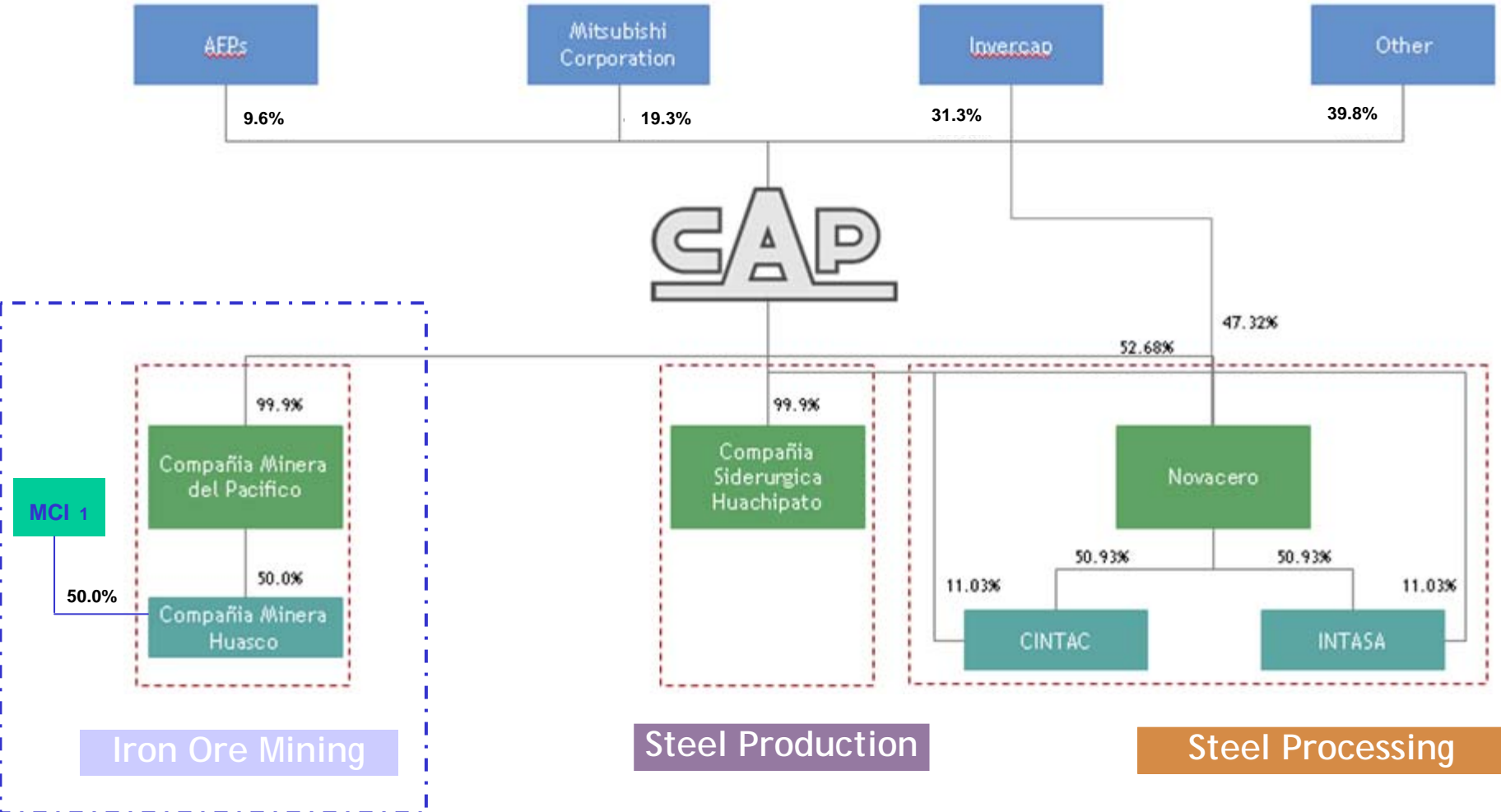
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Strategic considerations



Financial information (US\$ million)

	2007	2008	2009
Producción ('000s de toneladas)	7,871	8,427	8,534
■ Producción CMP	2,324	2,707	3,623
■ Producción CMH	5,547	5,720	4,911
Ventas netas ('000s de toneladas)	8,377	7,251	10,146
■ Ventas netas CMP	2,548	2,279	4,126
■ Ventas netas CMH	5,829	4,972	6,020
Ventas	\$430	\$524	\$555
EBITDA	185	221	126
<i>margen (%)</i>	43.0%	42.1%	22.8%
Utilidad neta	152	184	98
<i>margen (%)</i>	35.3%	35.2%	17.7%
Caja-bancos y equivalentes	4.8	8.7	2.2
Deuda	0.0	20.4	96.3
Deuda neta	(4.8)	11.7	94.1
CAPEX	139	65	87

CMP

- Operations: El Romeral mine and Minera Hierro Atacama
 - Resources of 2,858 million tons (87% of total resources of CMP/CMH)
 - Total proven reserves of 824 million tons (75% of total reserves of CMP/CMH)
- Infrastructure consists of 3 ports, railway and other installations
 - Huasco pellets plant with capacity of 5.3 million tons of pellets and other iron products, processes mineral of Los Colorados (CMH)



1.200

■ Projects – First stage of deepening of El Romeral, El Algarrobo and Cerro Negro Norte

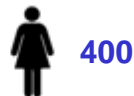
■ Projects – Second stage: El Laco

Financial information (US\$ million)

	2007	2008	2009
Producción ('000s de toneladas)	5,547	5,720	4,911
Ventas	\$392	\$572	\$418
EBITDA	173	306	153
<i>Margen (%)</i>	44.1%	53.6%	36.6%
Utilidad neta	133	243	117
<i>margin (%)</i>	33.9%	42.5%	27.9%
Caja-bancos y equivalentes	31.9	48.3	39.4
Deuda	0.0	0.0	0.0
Deuda neta	(31.9)	(48.3)	(39.4)

CMH

- Company operated by CMP formed by a 50/50 JV between CMP and Mitsubishi (1996)
- Los Colorados: only exploitation asset
 - Total resources of 432 million tons (13% of total resources of CMP/CMH)
 - Reserves of 272 million tons (25% of total reserves of CMP/CMH)
- Project under study for expansion of the mine by 2 million tons / year
 - CAPEX estimated at US\$ 325 million for the mine and pellets plant
 - Production by 2013 of 7.3 million tons
 - Mining plan would last 23 years

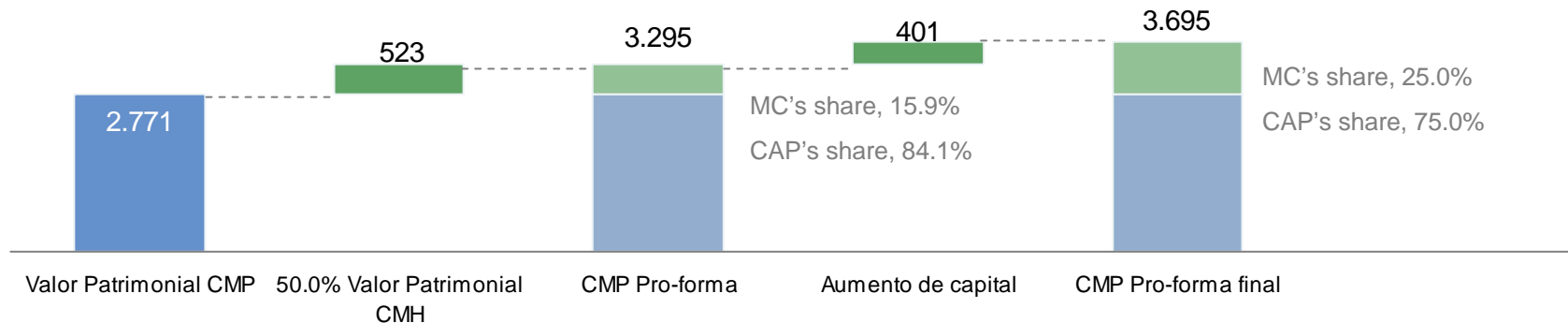


Objectives

- Control of 100% of CMH's cash flow
- Consolidation of the EBITDA of CMH
- Optimization of CMP's capital structure and financial profile for potential transactions in the capital markets
- Raise funds through a capital increase to contribute to the financing of the first part of the expansion projects that will permit a significant increase in the company's present production capacity
- Strengthen CMP as a company with independent access to the capital markets and allow CAP to focus its resources on its own financial strengthening, the development of CSH and other businesses and projects
- In a second stage, continue toward the development of the world class El Laco mine

- On February 8, 2010, MC presented the offer described below which implies an investment by MC in CMP of US\$ 924 million, in the following manner:
 - US\$ 523 million through the exchange of its 50% holding in CMH (1,050,000 shares) for 664,760 new shares in CMP, equivalent to a 15.9% shareholding
 - US\$ 401 million via capital increase in CMP to reach 25% of the company
 - The shareholders' agreement contemplates certain rights or special quorums for MC as a minority shareholder in CMP
 - Implementation of the transaction requires the prior authorization of the anti-trust authority of China

Proposal (US\$ million)



- Special quorums for some decisions and formula for resolving disputes

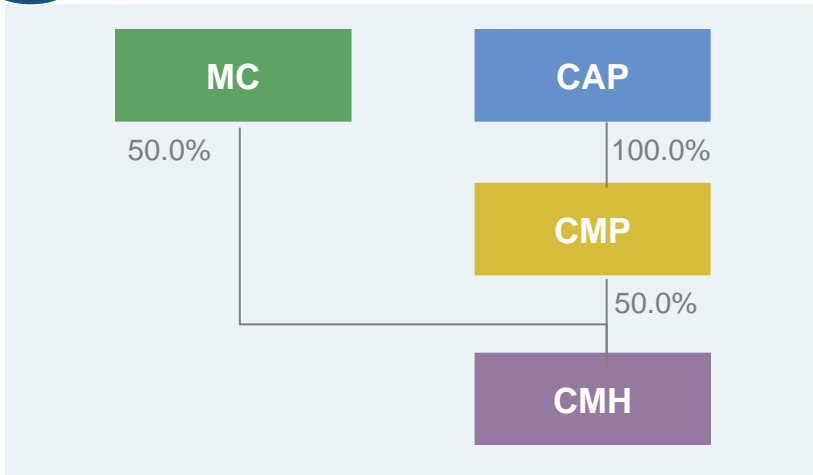
- Matters for special quorum

- a. Approval of the F/S should the auditor not approve them without reservation
- b. Change of the dividend policy from 75%
- c. Payment of bonuses or salaries to directors of CMP exceeding US\$1 million annually (individually)
- d. New businesses outside the core business of CMP exceeding an investment of US\$ 50 million

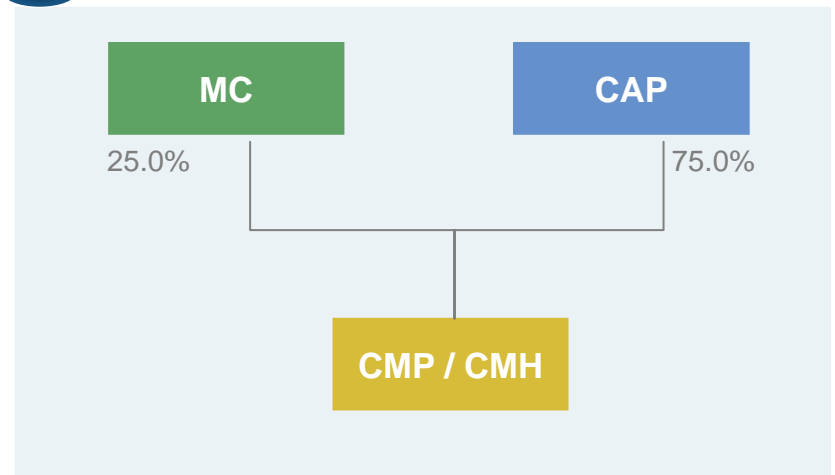
- e. Approval and changes in annual budget
- f. Contracts not in the ordinary course of business exceeding US\$ 10 million or for more than 3 years, or exceeding US\$ 100 million or for more than 5 years for contracts within the ordinary course of business
- g. Financing that exceeds the debt of CMP by over 2.0x the NFD/EBITDA ratio, and the granting of guarantees to third parties
- h. Asset sales of over US\$ 50 million
- i. Approval of new projects of over US\$ 100 million
- j. Other rights at the shareholder meeting level in some matters that require a larger majority according to the Corporations Law.

 Generate put option for MC

A



B



- Very attractive price for CAP
- Improves the financial capacity of CMP
- Acceleration of the development of the company's projects portfolio
- Consolidation of the alliance with a strategic partner with a global presence

- Economic terms of the offer represent a very attractive price for CAP
- CAP purchases an asset with a strong cash generation (CMH) which could be used in projects (CMP) that, as well as requiring considerable amounts of investment, have implementation terms of approximately 3 years each, following their environmental approval

DCF analysis ¹

- Regarding JP Morgan's valuation, MC's offer represents a 15% over price

Market multiples EV / EBITDA ²

- 2010E
 - CMP's offer: 18.1x
 - Vale: 7.4x
 - Fortescue: 14.5x
- 2011E
 - CMP's offer: 12.6x
 - Vale: 6.1x⁴
 - Fortescue: 9.0x⁴

Transactions multiples EV / R&R³

- CMP's offer: 2.33 US\$/Ton
- Average of the last transactions: 1.13 US\$/Ton
- CSN / Japanese – Korean consortium: 2.01 US\$/Ton

¹ Plan de negocio: además de los proyectos mencionados en páginas 6 y 7, incluye El Laco por 20 MM Ton/año, bajo una modalidad de desarrollo acelerada

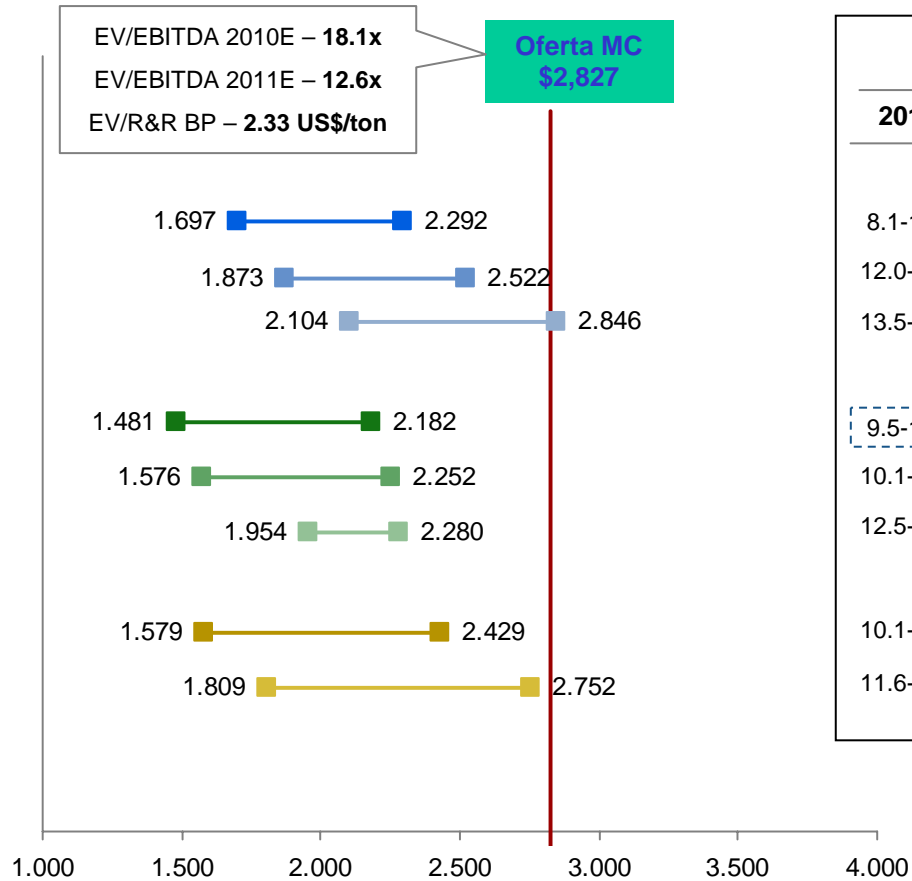
² VE/EBITDA = Valor Empresa / EBITDA

³ VE/R&R = Valor Empresa / Reservas & Recursos (Ton)

⁴ Basado en cotización de Vale y Fortescue al 5 de febrero de 2010 (fuente: Precios de mercado de Bloomberg, proyecciones de EBITDA de FactSet y I/B/E/S, estados financieros y presentaciones corporativas)

Enterprise Value (EV) of CMP (US\$ million)

- 1 DCF¹**
 - DCF, consensus case²
 - DCF, management case
 - DCF + resources³
- 2 Market multiples⁴**
 - EBITDA '10
 - EBITDA '11
 - EBITDA '12⁵
- 3 Transaction multiples**
 - Business plan R&R
 - Total R&R³



	EV/EBITDA	EV/R&R	
	2010E	2011E	Plan de N.
	8.1-10.9x	5.3-7.1x	\$1.4-1.9
	12.0-16.2x	8.3-11.2x	\$1.5-2.1
	13.5-18.3x	9.3-12.6x	\$1.7-2.3
	9.5-14.0x	6.6-9.7x	\$1.2-1.8
	10.1-14.4x	7.0-10.0x	\$1.3-1.9
	12.5-14.6x	8.7-10.1x	\$1.6-1.9
	10.1-15.6x	7.0-10.8x	\$1.3-2.0
	11.6-17.7x	8.0-12.2x	\$1.5-2.3

Nota: Asume un EBITDA 2010E de US\$156 MM, EBITDA 2011E de US\$225 MM, EBITDA 2012E de US\$326 MM, recursos y reservas (R&R) del Plan de Negocios de 1,214 MM toneladas, R&R totales de 1,676 MM toneladas (R&R del Plan de Negocios y totales están ajustadas para reflejar un contenido de Fe del 65.0%)

¹ DCF (flujo de caja descontado) asume una tasa de descuento del 12.5% +/- 1.0%; los recursos adicionales no incluidos en el Plan de Negocios son valorados a un rango de múltiplos de US\$0.50-0.70/tonelada con un contenido de Fe del 65.0%

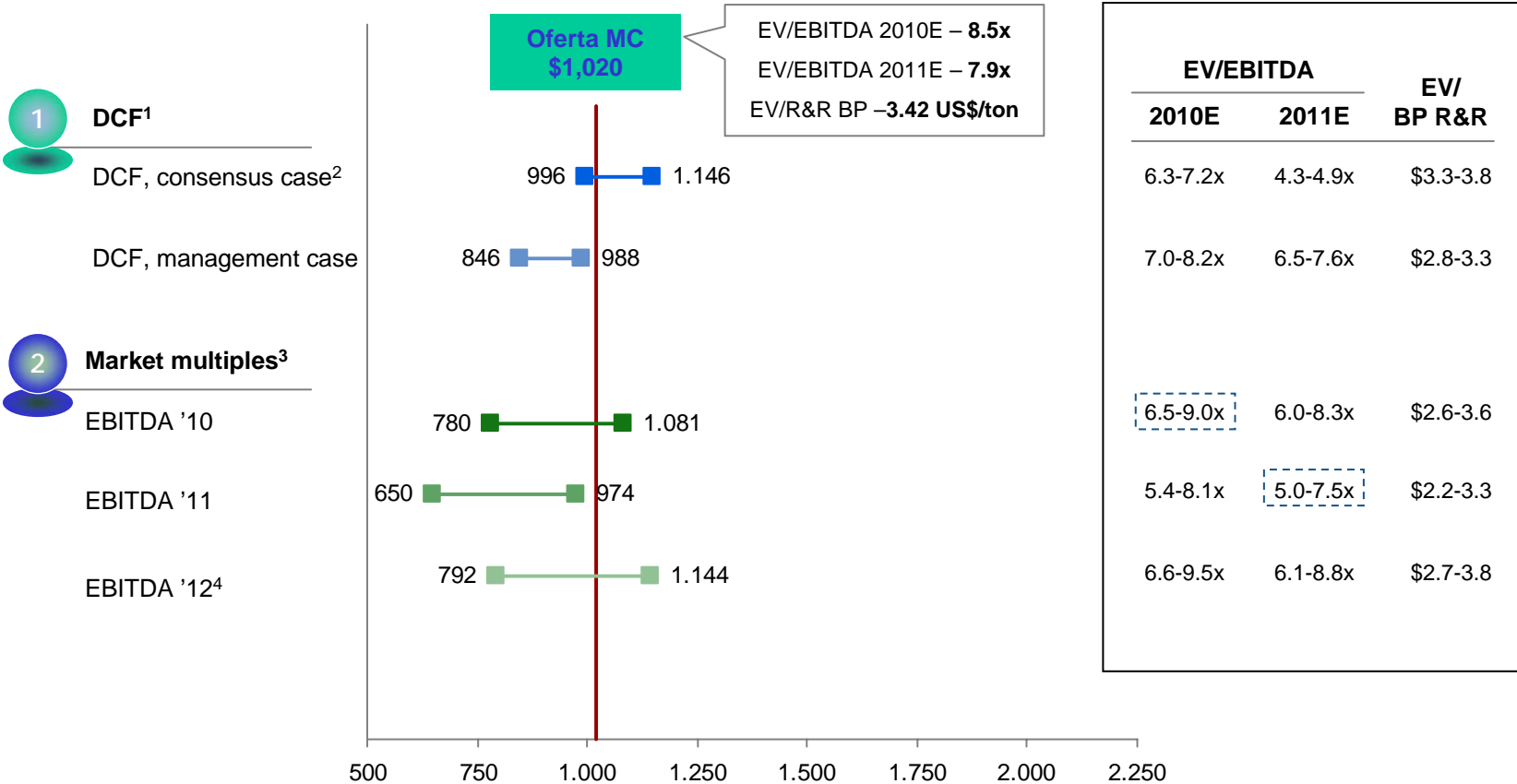
² Múltiplos implícitos asumen el caso de consenso (EBITDA 2010E de US\$210 MM, EBITDA 2011E de US\$323 MM, EBITDA 2012E de US\$373 MM)

³ Recursos adicionales no incluidos en el Plan de Negocios son valorados a un rango de múltiplos de US\$0.50-0.70/tonelada con un contenido de Fe del 65.0%

⁴ Las empresas consideradas para el análisis de los múltiplos de mercado son Vale, Kumba, Cliffs Natural Resources, BHP Billiton, Rio Tinto, Anglo American, Fortescue y MMX

⁵ Asume un rango de múltiplos de EBITDA 2012 de 6.0x-7.0x

Enterprise Value (EV) of CMH (US\$ million)



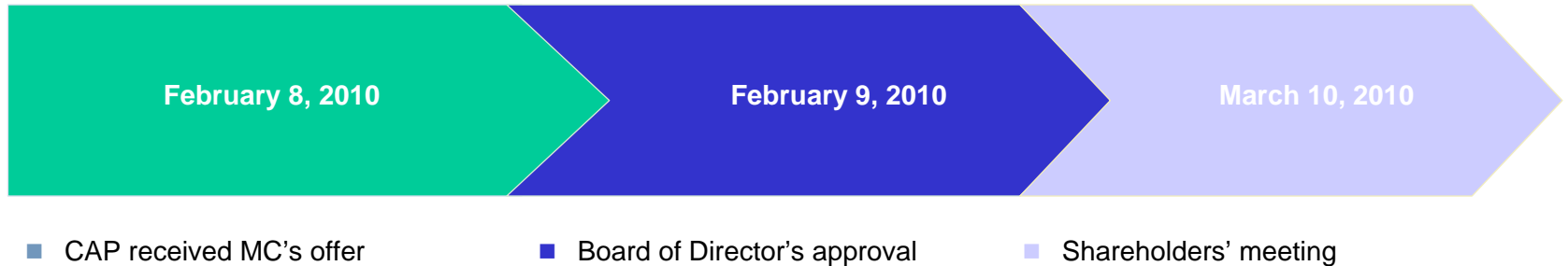
Nota: Asume un EBITDA 2010E de US\$120 MM, EBITDA 2011E de US\$130 MM, EBITDA 2012E de US\$176 MM, reservas y recursos (R&R) del Plan de Negocios de 298 MM de toneladas (ajustadas para reflejar un contenido de Fe del 65.0%)

¹ VNA asume una tasa de descuento de 12.5% +/- 1.0%

² Múltiplos implícitos asumen el caso de consenso (EBITDA 2010E de US\$159 MM, EBITDA 2011E de US\$232 MM, EBITDA 2012E de US\$213 MM)

³ Las empresas consideradas para el análisis de los múltiplos de mercado son Vale, Kumba, Cliffs Natural Resources, BHP Billiton, Rio Tinto, Anglo American, Fortescue y MMX

⁴ Asume un rango de múltiplos de EBITDA 2012E de 4.5-6.5x



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- Investments plan in accordance with the new scenario, after the merger of CMP and CMH, and the capital increase in the new CMP
- This means brownfield projects will commence during 2010 and greenfield Cerro Negro Norte project to follow, after environmental approvals
- Continue investments in exploration of mining property to consolidate future developments
- Total value of brownfield projects: Romeral 1.0 million tpa, Algarrobo 2.0 million tpa and Colorados 2.0 million tpa, and greenfield projects Cerro Negro Norte 4.0 million tpa will reach US\$ 1,384 million over the next five years



- Reconstruction and repair in CSH after the earthquake will last at least three months and production at full capacity in the steel processing business through the year
- Long term plan for the consolidation of the steel business in Chile and for the development of the steel processing business, on the Pacific coast countries of South America





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