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Banco Edwards and Banco de Chile Announce Intention to Merge

August 8, 2001 – Santiago, Chile. Quiñenco S.A. (LQ:NYSE) reported that its subsidiaries, Banco de Chile and Banco de A. Edwards, intend to merge operations, subject to obtaining the necessary approvals by the local banking authorities and the shareholders of each institution.

The proposal to merge the banks was made by the banks' respective Board of Directors following a valuation study made by independent consultants, J.P. Morgan and Morgan Stanley & Company. In accordance with the conclusions of the consultants, accepted by the Board of Directors of each bank, Banco Edwards' shareholders will have 34% of the merged entity, and the shareholders of Banco de Chile, 66%. Banco de Chile will be surviving entity under the proposed merger scenario.

According to information published by the banks, the merger could take place before the end of the year and would be effective in 2002. The proposal will be brought before shareholders at extraordinary shareholders meetings once the corresponding approvals are obtained.

The merged entity would be the largest bank operating in Chile, with capital of almost US\$800 million and assets exceeding US\$12 billion.

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