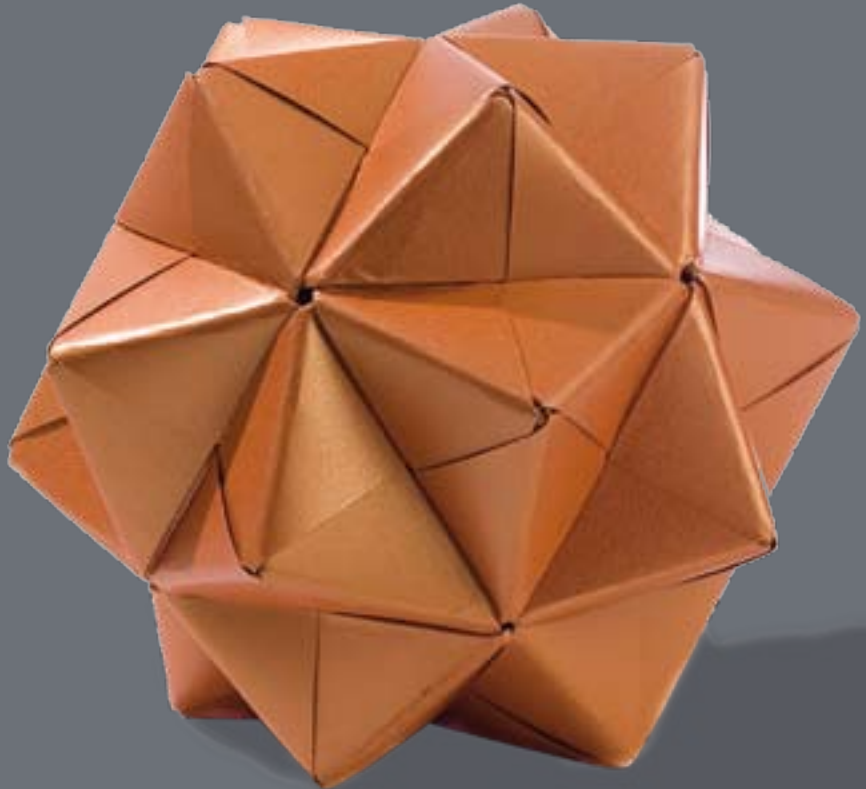




MADECO




MADECO
45.2%







MADECO

 **Madeco**, the leading manufacturer of cables in Latin America and an important producer of flexible packaging, has 19 manufacturing plants in Chile, Brazil, Peru, Colombia and Argentina. It also has a global presence as an exporter of a wide variety of copper and aluminum products to 26 countries with more than 6,000 customers.

Madeco has four main businesses; the manufacture of cables, brass mills, aluminum profiles and flexible packaging. With its wide range of products, it supplies important companies in diverse sectors of the economy like construction, industry, electricity, telecommunications, mining and mass consumption.

2007 was a year of great changes for Madeco. In February, the company acquired 80% of the Colombian cables company, Cedsa, and in March increased its shareholdings from 25% to 50% in the Peruvian flexible packaging companies Peruplast and Tech Pak (which were merged under the name of Peruplast near the end of the year).

In November, in a historic agreement, Madeco agreed to transfer its cables unit to the French producer Nexans for US\$448 million and 2.5 million shares in the French company, equivalent to an 8.9% shareholding.

Madeco will thus become the principal shareholder in Nexans, the world's leading cables producer. For its part, Nexans will acquire a presence in Latin America, allowing Madeco to form part of a growing international network. The transaction should be completed in mid 2008 following a due diligence process, shareholder approval by both companies and authorization from regulatory bodies.

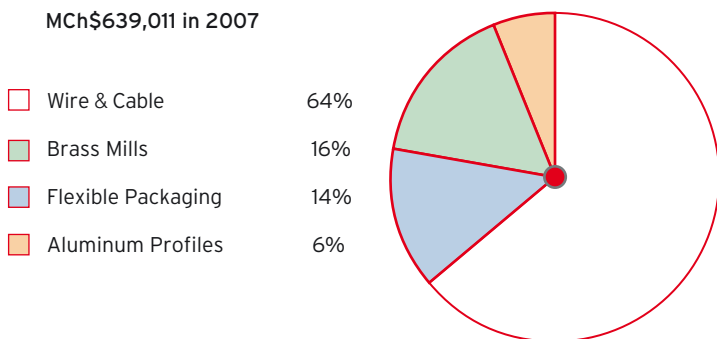
2007 Results

Madeco's sales rose by 6.4% to Ch\$639,011 million in 2007. The growth in sales during the year was primarily attributable to the consolidation of companies acquired in 2007 (Cedsa, Tech Pak and Peruplast), partially offset by a sharp decline in the sales of the brass mills business unit of 19.6%. In 2007, consolidated volume increased by 17.1%, although average prices were significantly lower, mainly due to the product mix, which favored aluminum cables over copper cables.

Operating income decreased by Ch\$15,481 million or 27.8% to Ch\$40,115 million, mainly attributable to the brass mills business unit whose operating income declined by Ch\$10,516 million to a negative Ch\$1,361 million, as a result of stiff competition, lower prices and the effect of the appreciation of the Chilean peso vis-à-vis the US dollar on exports. In addition, operating income earned by the cables unit also

SALES COMPOSITION

MCh\$639,011 in 2007



MARKET SHARE

As of December 31 st	2007
Wire & Cable	
Chile	30%
Brazil	12%
Peru	64%
Argentina	12%
Colombia	9%
Brass Mills	
Chile	56%
Argentina	8%
Coin blanks	16%
Flexible Packaging	
Chile	30%
Argentina	6%
Peru	59%
Aluminum Profiles	60%

led to the decline in operating income for the year as the product mix favored lower margin aluminum cables. Worth mentioning is that in 2006, Madeco reported extraordinarily high operating profits as a consequence of the rise in copper prices between April and June of that year. EBITDA was also affected by this downturn, off by 20.1% for the year, amounting to Ch\$55,900 million.

Madeco reported non-operating losses of Ch\$16,160 million, varying slightly from the Ch\$15,944 million reported in 2006,

mostly explained by an increase in price-level restatement losses as a consequence of the higher inflation experienced during the year, partially offset by FX translation gains and a decrease in other non-operating expenses.

Madeco reported net income of Ch\$19,660 million in 2007. This represented a decrease of 39.4% compared to 2006, attributable to the significant decline in operating income, the effect of which was partially offset by a lower tax burden.

MCh\$61,536

is the amount that newly acquired companies contributed to Madeco's sales in 2007.

