



On May 17, Banco Santiago's two principal shareholders, BSCH and Chile's Central Bank announced an agreement whereby the Central Bank would have the right to sell its 35.4% interest in Banco Santiago to BSCH at Ch\$11 per share, commencing on May 15, 2000.

Madeco

June 10, 1999 - Mr. Carlos Vicuña, Chief Executive Officer of Madeco, was appointed Advisor to the Board of Directors of Quiñenco and, effective June 30, 1999, resigned his position as CEO of Madeco. Mr. Albert Cussen, formerly Chief Financial Officer of Codelco, is appointed Madeco's CEO, effective June 30.

June 12, 1999 - Madeco announced a joint venture between Ficap S.A., its wholly owned Brazilian manufacturer of fiber optic telecommunications cables, and Corning International Corporation ("Corning"), a subsidiary of Corning, Inc. of the United States. The joint venture company, named Ficap Optel Ltda., will be dedicated to the production of fiber optic cables for telecommunications applications. The venture, which is 75% owned by Ficap and 25% owned by Corning, was formed with equity capital valued at approximately US\$11 million. Ficap contributed its existing production facility, and Corning contributed equity capital in the form of cash. Operations of the new company are scheduled to begin on August 1, 1999, with an installed capacity of 1,000,000 km of fiber per year.

July 29, 1999 - Madeco's 99.15%-owned subsidiary Indalum recorded an extraordinary charge of approximately US\$11.3 million due to provisions in connection with its construction products subsidiary Ingewall.

CCU

April 26, 1999 - CCU completed a capital increase, which had been initiated in 1996, and raised proceeds of Ch\$10,527 million (US\$21.7 million). Quiñenco did not subscribe to the offering, and its economic interest in CCU decreased from 31.2% to 30.8%.

VTR



April 29, 1999 - VTR sold its 66.0% stake in VTR Hiper cable (7.5% of which was held through TelSur) to UIH for US\$258 million. The sale, which was consummated pursuant to a purchase option that VTR had granted to UIH in October 1998, resulted in a second-quarter net gain of approximately Ch\$34,000 million (US\$66 million) to Quiñenco.

June 16, 1999 - Quiñenco completed the acquisition of SBC's 44.1% interest in VTR and paid SBC US\$128.6 million. Quiñenco had agreed to purchase SBC's stake in VTR following the divestiture of VTR Hiper cable. At June 30, 1999, VTR's balance sheet consisted of a 73.6% stake in TelSur, US\$162 million in cash, and other assets and liabilities with a net positive book value of US\$103 million (which includes a US\$128 million receivable from Quiñenco). Following the transaction, Quiñenco's economic interests in VTR and TelSur, after minority interests, were 95.8% and 70.5%, respectively.

Lucchetti

May 4, 1999 - Lucchetti's Board of Directors approved plans for a capital increase of Ch\$20,000 million for the purpose of reducing the company's indebtedness incurred in connection with its expansions into Argentina and Peru. The rights offering will begin on August 12 and will end on September 10.

June 7, 1999 - Quiñenco, through an intermediate holding company, purchased Findim's 10.2% interest in Lucchetti for the equivalent of approximately US\$11.4 million. On April 23, 1999, Findim had informed Quiñenco and Lucchetti of its intention to exercise its option to sell its stake in Lucchetti to Quiñenco. As a result of the transaction, Quiñenco's economic interest in Lucchetti, net of minority interests is 81.6%.

RECENT DEVELOPMENTS



Hoteles Carrera

July 29, 1999 - Hoteles Carrera expanded its hotels business by adding two hotels, in the northern cities of Antofagasta and Iquique, with a combined total of 217 rooms. Operations in Iquique commenced on August 1, and operations at Antofagasta are expected to begin on October 1. Consistent with Hoteles Carrera's strategy to focus on hotel management rather than real estate, Hoteles Carrera has entered into lease/management contracts with Norte Sur S.A., the real estate fund that owns the two properties.

FINANCIAL SUMMARY

All US\$ figures are based on the exchange rate effective June 30, 1999 (US\$ 1.00 = Ch\$ 517.93). All 1998 figures have been restated to reflect the effects of variations in the purchasing power of the Chilean Peso (4.0% y.o.y).

	Net Income Breakdown			MillCh\$ of Jun-99		Quiñenco's ownership Jun-99
	2q 98 Year ago	1q 99 Previous	2q 99 Last	Accumulated 1998	1999	
Madeco	1,434	(5,695)	(3,262)	2,768	(8,957)	56.50%
Lucchetti	(313)	(2,587)	(1,795)	(1,238)	(4,382)	81.58%
VTR (*)	(687)	36	31,197	662	31,233	90.37%
Carrera	37	(178)	(230)	108	(408)	90.78%
OHCH	474	(712)	8	3,771	(705)	50.00%
CCU	623	4,615	250	5,274	4,865	30.79%
Habitaria		(93)	(35)		(129)	50.00%
Quiñenco	(408)	(2,008)	146,307	(1,944)	144,299	
Total	1,160	(6,624)	172,440	9,403	165,816	

(*) Does not include 9.6% held through Madeco.

Net Income - Second Quarter 1999

Quiñenco reported second-quarter net income of Ch\$172,440 million (US\$332.9 million), compared to net income of Ch\$1,160 million (US\$2.2 million) in the second quarter of 1998. The large increase resulted from approximately Ch\$169,000 million in gains recorded in connection with the divestitures of OHCH (the financial services holding company) and



VTR Hiper cable (cable television). The effects of these gains were offset partially by decreases in net income at Quiñenco's business units, particularly Madeco and Lucchetti.

Net Income - Six Months Through June 30

Quiñenco's net income through the first half of 1999 totaled Ch\$165,816 million (US\$320.2 million), compared to Ch\$9,403 million (US\$18.2 million) during the first half of 1998. The increase resulted from the gains from the divestitures of OHCH and VTR Hiper cable (as mentioned above), offset by lower net income at Madeco, Lucchetti and other business units.

Consolidated Income Statement Breakdown

Consolidated Income Statement Breakdown				MillCh\$ of Jun-99	
	2q 98 Year ago	1q 99 Previous	2q 99 Last	Accumulated 1998	1999
Revenues					
Madeco	92,745	55,764	67,603	184,610	123,368
Lucchetti	20,905	19,603	21,604	39,229	41,207
VTR	27,344	24,268	10,035	55,232	34,304
Carrera	1,841	1,433	1,342	3,660	2,775
Quiñenco	646	609	321	1,309	930
Total	143,482	101,677	100,905	284,041	202,583
Operating Income					
Madeco	10,521	2,587	(1,043)	20,977	1,544
Lucchetti	1,341	(1,156)	(267)	2,032	(1,424)
VTR	3,802	3,186	(7,670)	8,512	(4,484)
Carrera	181	(1)	(79)	418	(80)
Quiñenco	(1,046)	(1,636)	(2,921)	(2,253)	(4,557)
Total	14,798	2,981	(11,982)	29,686	(9,001)
Non-Operating Results					
Total (*)	(10,539)	(15,562)	234,620	(12,938)	219,058
Income tax	(2,835)	(667)	(24,659)	(5,187)	(25,326)
Min. interest	(264)	6,624	(25,539)	(2,159)	(18,915)
Net Income	1,160	(6,624)	172,440	9,403	165,816

(*) includes negative goodwill amortization.



Sales

Net sales were Ch\$100,905 million (US\$194.8 million), a decrease of 29.7% compared to second-quarter 1998. This was due in part to a 27.1% decrease in net sales at Madeco, as a result of the regionwide economic slowdown, and a 63.3% decrease in net sales at VTR, which reflects the divestitures of VTR Hipercable in the second quarter of this year and, to a lesser extent, VTR Larga Distancia in the fourth quarter of 1998.

Operating Income

For the second quarter of 1999, Quiñenco reported an operating loss of Ch\$11,982 million (US\$23.1 million) compared to operating profits of Ch\$14,798 million for the second quarter of 1998. This was the result of lower operating results across all consolidated business units, particularly Madeco and VTR. VTR's operating loss is the result of a Ch\$7,147 million extraordinary charge taken at TelSur to adjust the useful lives (and accumulated depreciation) of the company's fixed assets, particularly in the area of local telephony.

Income Statement Analysis: Non-operating results



CONDENSED INCOME STATEMENT

Company Quiñenco Consolidated

MillCh\$ of Jun-99

	2q 98	1q 99	2q 99	Accumulated	
	Year ago	Previous	Last	1998	1999
Net sales	143,482	101,677	100,905	284,041	202,583
Cost of sales	(100,761)	(71,731)	(87,688)	(199,715)	(159,419)
Adm. and selling expenses	(27,922)	(26,966)	(25,199)	(54,639)	(52,165)
Operating income	14,798	2,981	(11,982)	29,686	(9,001)
Interest income	3,431	4,861	5,328	6,911	10,189
Non-operating income	8,675	7,003	236,530	18,849	243,533
Interest expense	(11,741)	(11,847)	(9,994)	(23,225)	(21,842)
Non-operating expense	(4,641)	(3,343)	(15,596)	(6,945)	(18,939)
Price-level restatement	(6,263)	(12,236)	18,351	(8,528)	6,115
Non-operating results (*)	(10,539)	(15,562)	234,620	(12,938)	219,058
Minority interest	(264)	6,624	(25,539)	(2,159)	(18,915)
Income taxes	(2,835)	(667)	(24,659)	(5,187)	(25,326)
Net Income	1,160	(6,624)	172,440	9,403	165,816

(*) includes negative goodwill amortization.

Second-quarter non-operating results were net positive Ch\$234,620 million (US\$453.0 million), compared to a loss of Ch\$10,539 million during the second quarter of 1998. This reflected the effects of the gains recorded from the divestitures of OHCH and VTR Hipercable. In addition, Quiñenco recorded income in connection with the effects of price-level restatements, given the large cash positions at the holding company level and at VTR, which are principally held in US dollars. The increase in non-operating expense is due primarily to non-recurring charges at the holding company level, related in part to the OHCH divestiture, as well as provisions and charges recorded at one of Madeco's subsidiaries.

Income Tax

The income tax provision increased to Ch\$24,659 million (US\$47.6 million) in the second quarter of 1999, compared to Ch\$2,835 million recorded in the second quarter of 1998, as a direct result of the gains from the OHCH and VTR Hipercable divestitures.

Minority Interest



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Provisions for minority interest increased to Ch\$25,539 million (US\$49.3 million) in the second quarter, compared to Ch\$264 million in the second quarter of 1998. This reflected the effects of the gains recorded at VTR from the divestiture of VTR Hipercable.



SUMMARY OF QUIÑENCO COMPANIES

MADECO

Company

	MillCh\$ of Jun-99				
	2q 98 Year ago	1q 99 Previous	2q 99 Last	Accumulated 1998	1999
Revenues	92,745	55,764	67,603	184,610	123,368
Operating Income	10,521	2,587	(1,043)	20,977	1,544
Net Income	2,540	(10,080)	(5,773)	4,902	(15,853)
Total assets	477,093	436,777	445,611		
Shareholder's equity	194,463	189,466	184,390		

Second-Quarter Results

During the second quarter of 1999, Madeco's net sales were Ch\$67,603 million, a 27.1% decrease from the second quarter of 1998. The decrease was due to lower sales in the Telecommunications segment, particularly in Brazil and Chile, lower sales in the Energy, Mining and Industrial segment in Argentina and a decrease in sales in the Construction segment regionwide.

Due to the lower sales volume, Madeco posted an operating loss of Ch\$1,043 million, compared to operating profits of Ch\$10,521 million in the second-quarter of 1998.

During the second quarter of 1999, Madeco registered a net loss of Ch\$5,773 million, compared to net profits of Ch\$2,540 million in the second quarter of 1998. This was the result of operating losses caused by the slowdown in Madeco's principal markets as well as a provision of approximately US\$11.3 million recorded in connection with Madeco's Ingewall subsidiary. The operating losses were partially offset by the positive effects of the gains from VTR's sale of VTR Hipercable (Madeco holds a 9.6% stake in VTR).



LUCCHETTI

Company

	2q 98	1q 99	2q 99	MillCh\$ of Jun-99	
	Year ago	Previous	Last	Accumulated 1998	1999
Revenues	20,905	19,603	21,604	39,229	41,207
Operating Income	1,341	(1,156)	(267)	2,032	(1,424)
Net Income	(440)	(3,625)	(2,195)	(1,627)	(5,821)
Total assets	128,715	145,825	148,029		
Shareholder's equity	45,773	33,700	32,362		

Second-Quarter Results

Lucchetti had net sales of Ch\$21,604 million, a 3.3% increase over second-quarter 1998. The increase was due to the consolidation of the company's Peruvian operations (which in 1998 were accounted for as a development-stage subsidiary) combined with increased sales and market share at the company's operations in Argentina. Sales in Chile decreased, however, as a result of the country's economic slowdown and reduced demand for staple goods.

Lucchetti had a second-quarter operating loss of Ch\$267 million, compared to operating income of Ch\$1,341 million in the second quarter of 1998. This is primarily the result of operating losses at Lucchetti Peru, which has been affected by low pasta pricing, and lower operating results in Chile, offset partially by a decrease in Lucchetti Argentina's operating losses.

Lucchetti had a net loss of Ch\$2,195 during the quarter, due principally to Lucchetti Peru and lower profits in the Chilean operations.



VTR

Company

VTR

MillCh\$ of Jun-99

	2q 98	1q 99	2q 99	Accumulated	
	Year ago	Previous	Last	1998	1999
Revenues	27,344	24,268	10,035	55,232	34,304
Operating Income	3,802	3,186	(7,670)	8,512	(4,484)
Net Income	(1,485)	77	66,003	1,432	66,080
Total assets	435,445	323,116	265,786		
Shareholder's equity	150,119	105,152	171,326		

Second-Quarter Results

VTR's net sales were Ch\$10,035 million, a 63.3% decrease from the second quarter of 1998. The decrease was mainly due to the divestitures of VTR Hipercable in the second quarter of 1999 and VTR Larga Distancia in the fourth quarter of 1998.

In the second quarter, VTR had an operating loss of Ch\$7,670 million compared to operating profits of Ch\$3,802 million during the same period of 1998. The loss resulted mainly from an extraordinary charge of Ch\$7,147 million recognized at TelSur as a result of a change in accounting principles to reduce the estimated useful lives of assets employed in the local telephony business.

TelSur, without the extraordinary charge for depreciation, would have had operating income of Ch\$6,704 million in the first half of 1999, compared to Ch\$7,568 million in the first half of 1998.

VTR had net income in the second quarter of Ch\$66,003 million, compared to net losses of Ch \$1,485 in second-quarter 1998, due principally to the gain recognized on the divestiture of VTR Hipercable.



CARRERA

Company

	MillCh\$ of Jun-99				
	2q 98 Year ago	1q 99 Previous	2q 99 Last	Accumulated	
				1998	1999
Revenues	1,841	1,433	1,342	3,660	2,775
Operating Income	181	(1)	(79)	418	(80)
Net Income	42	(196)	(254)	124	(450)
Total assets	22,997	22,762	22,278		
Shareholder's equity	13,525	14,524	14,284		

Second-Quarter Results

Carrera's second-quarter sales totaled Ch\$1,342 million, a 27.1% decrease from the second quarter of 1998. The decrease was due to lower occupancy rates at all three hotels and lower room rates, which are results of Chile's economic slowdown.

Carrera had an operating loss of Ch\$79 million, compared to operating profits of Ch\$181 million in the second quarter of 1998, due mainly to the decrease in the company's net sales.

Net losses for the quarter were Ch\$254 million, versus net profits of Ch\$42 million in the second quarter of 1998, due to lower sales and operating results coupled with higher net financial expense.

CCU

Company

	MillCh\$ of Jun-99				
	2q 98 Year ago	1q 99 Previous	2q 99 Last	Accumulated	
				1998	1999
Revenues	58,210	77,842	55,224	135,958	133,066
Operating Income	2,982	17,294	200	20,252	17,495
Net Income	1,995	14,773	815	16,739	15,588
Total assets	543,556	565,286	573,556		
Shareholder's equity	323,615	352,938	357,362		



Second-Quarter Results

CCU's net sales were Ch\$55,224 million, which represented a 5.1% decrease from the second quarter of 1998. This was the result of a 9.4% decrease in overall volumes, which was offset partially by a 5.1% increase in average prices. The decrease in volumes was particularly significant in the Chilean Beer and Soft Drinks businesses, where quarterly volumes fell 13.2% and 14.5%, respectively, as a result of the current economic slowdown in Chile. These decreases were partially offset by a 15.1% increase in the company's wine exports.

Operating profits were Ch\$200 million (a 0.4% margin), a 93.3% decrease from the second quarter of 1998. The decrease was attributable to the Chilean Beer and Soft Drinks segments, as a result of the decrease in volumes, offset by an improvement in the operating profit of the Wine segment.

Second-quarter net income was Ch\$815 million, a 59.1% decrease from the comparable quarter in 1998. This was the result of lower operating results (caused by decreases in volumes), partially compensated by improved non-operating results as a result of lower losses from price-level restatements.

HABITARIA

Company

	MillCh\$ of Jun-99			Accumulated	
	2q 98 Year ago	1q 99 Previous	2q 99 Last	1998	1999
Revenues					
Operating Income		(206)	(200)		(406)
Net Income		(187)	(71)		(258)
Total assets		11,731	15,826		
Shareholder's equity		8,831	8,767		

Second-Quarter Results

Habitaria had a net loss of Ch\$71 million, which was the result of administrative and selling expenses, given that revenues from apartment sales will not be recognized until the corresponding buildings are completed.



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Balance Sheet (compared to first quarter 1999)

Consolidated Balance Sheet		MillCh\$ of Jun-99		
	Year ago As of Jun-98	Previous As of Mar-99	Last As of Jun-99	
Current assets	499,536	347,413	669,555	
Fixed assets	509,935	518,590	420,035	
Other assets	390,578	425,541	228,672	
Total	1,400,049	1,291,544	1,318,262	
Current liabilities	323,834	267,278	281,542	
Long-term liabilities	356,666	338,916	265,342	
Minority interest	233,362	197,540	110,492	
Shareholder's equity	486,186	487,810	660,886	
Total	1,400,049	1,291,544	1,318,262	

Quiñenco's financial debt at the holding company level was approximately US\$120 million at June 30, and the holding company's cash balances were approximately US\$668 million. These cash balances do not include VTR, which on June 30 had cash and equivalents of approximately US\$162 million and a receivable from Quiñenco of US\$128 million. The investments in Entel and Enersis are not considered as cash equivalents on the Company's financial statements. At the holding company level, the ratio of debt to total capital was 8.6% at the close of the quarter.

Current Assets

Current assets grew by 92.7% versus the first quarter of 1999, mainly as the result of higher cash and equivalents at the holding company level and at VTR from the divestitures of OHCH and VTR Hipercale, respectively.

Fixed Assets

Fixed assets decreased 17.6% from the first quarter of 1999, reflecting lower fixed assets at VTR as the result of the divestiture of VTR Hipercale.



Other Assets

Other assets decreased 41.5% from the first quarter of 1999 due mainly to the sale of the unconsolidated equity interest in OHCH.

Current Liabilities

Current liabilities grew 5.3% from the first quarter of 1998. This was due to accrued taxes at the holding company level in connection with the OHCH divestiture coupled with the maturity of certain long-term liabilities. Current liabilities also grew at Lucchetti and Madeco, but decreased at VTR as a result of the VTR Hipercable divestiture.

Long-term Liabilities

Long-term liabilities decreased 21.7% compared to the first quarter of 1999 as a result of reductions at VTR from the sale of VTR Hipercable and at the holding company level and Lucchetti due to the maturity of certain long-term liabilities.

Minority Interest

Minority interest decreased 44.1% versus the first quarter of 1999, reflecting Quiñenco's purchase of 44.10% of VTR from SBC and the absence of VTR Hipercable, which was divested during the quarter.

Equity

Shareholders' equity increased 35.5% from the first quarter as a result of the Ch\$172,440 second-quarter net profit, which resulted from the gains on the sale of OHCH and VTR Hipercable.

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