

CORPORATE AFFAIRS

MAJORITY SHAREHOLDERS

At the close of 1999 Quiñenco had 1,079,740,079 subscribed and paid shares. As of December 31, 1999, the twelve largest shareholders were as follows:

		NUMBER OF SHARES	% OF TOTAL
1	Antofagasta (Chili) and Bolivia Railway Co. PLC*	329,185,298	30.49
2	Ruana Copper A.G. Agencia Chile*	240,938,000	22.31
3	Sociedad Inmob. y de Inv. Río Claro Ltda.*	142,819,109	13.23
4	Inversiones Consolidadas Ltda.*	124,819,108	11.56
5	Citibank N.A.	119,594,820	11.08
6	Northern Mines Sociedad Contractual Minera*	33,571,898	3.11
7	Inversiones Salta S.A.*	18,000,000	1.67
8	Larraín Vial S.A. Corredores de Bolsa	5,507,476	0.51
9	Inversiones Totus S.A.	4,975,000	0.46
10	Sociedad de Rentas Rucahue Ltda.	3,853,000	0.36
11	The Five Arrows Chile Investment Trust	3,431,102	0.32
12	A.F.P. Cuprum para Fondo de Pensiones	2,731,818	0.25
	Total	1,029,426,629	95.34

*Companies controlled by the Luksic Group

INVESTMENT POLICY

Quiñenco actively invests in companies it controls, either directly or in conjunction with strategic partners. The company also looks for new business opportunities, either through acquisitions or by annexing related businesses in order to strengthen foundations for future growth.

Quiñenco uses its remaining assets for investments in businesses in which it may not necessarily control ownership or management but where attractive perspectives or possibilities for promising activities exist. This is the case of Quiñenco's current participation in Entel and Banco de Chile, where it currently holds stakes of 14.3% and 11.2%, respectively.

Quiñenco is attentive to opportunities that coincide with its strengths, that is, companies with strong brands that target consumer markets and industries in which Quiñenco can leverage its experience. Quiñenco's activities in banking

and telephony are examples of these kinds of operations. In the event it does not have direct experience, Quiñenco works with world-class strategic partners.

FINANCING POLICY

The financing for Quiñenco's investments comes from dividends and profit distributions paid by the companies in which it participates, as well as from resources generated through the sale of assets and the issue of debt and equity securities. Quiñenco prefers long term financing sources, whose maturity profiles help maximize cash flow and foster new investments.

RISK FACTORS

The primary risks affecting Quiñenco's activities and those of its subsidiaries and affiliate companies are those risks inherent to the markets and economies in which each business operates, both in Chile and abroad. These risks include the prices, costs and sales volumes for the products and services each company produces and markets.

Furthermore, Quiñenco and its subsidiaries and affiliate companies have historically required sizable amounts of capital for growth. As such, Quiñenco's future development depends largely upon its access to capital in order to expand its current businesses and enter new business areas.

In financial terms, the company has adequate solvency and profitability levels.

INSURANCE

Quiñenco S.A. and its subsidiaries and affiliate companies maintain annual insurance policies with leading companies that cover all relevant assets, including buildings, machinery, vehicles, raw materials, work-in-progress, finished goods, etc. These policies cover damages caused by fire, earthquakes and other contingencies.

DISTRIBUTION OF INCOME

The following proposal has been made by the Board of Directors with respect to the distribution of the year's income.

Net income for 1999 totaled 160,310 million pesos, for which the Board of Directors proposes the following distribution:

- a) Absorption of the accumulated deficit from the development period of pesos 225,667 thousand.
- b) Payment of a minimum obligatory dividend of 44.47862 pesos per share, which equates to a total payment of 48,025 million pesos.
- c) Payment of an additional dividend of 0.06270 pesos per share, which equates to a total payment of pesos 67,700 thousand.
- d) Allocation of the balance of 111,991 million pesos to retained earnings.

CAPITAL AND RESERVES

Assuming that the above distribution of profits is accepted and that the 1999 Financial Statements are approved, the Company's Shareholder Equity would be as follows:

	Millions of Ch\$
Subscribed and paid-in capital (divided into 1,079,740,079 shares with no par value)	409,001
Other reserves	14,979
Retained earnings	189,288
Total	613,268

DIVIDEND POLICY

At the Annual Shareholders' Meeting, to be held on April 28, 2000, the Board of Directors will report its intent to maintain its dividend policy of distributing at least 30% of annual net profits.

DIVIDEND NUMBER	DATE	DIVIDEND PER SHARE (CH\$)	TOTAL DIVIDEND (MILLIONS OF CH\$)
7	5/26/95	2,500.00000	1,178
8	5/28/96	11,000.00000	5,184
9	5/30/97	9.26825	8,568
10	5/11/98	29.67527	32,042
11	5/12/99	7.31819	7,902

These figures represent the historical dividends paid by Quiñenco S.A. to shareholders. They do not include retroactively the dividends paid by other related companies involved in the September 30, 1996 merger.

BOARD COMPENSATION

In following with the agreements approved at the Annual Shareholders' Meeting, compensation paid to the Members of the Board of Directors in 1999 was as indicated below:

16,771 thousand pesos to Mr. Guillermo Luksic C.; 14,791 thousand pesos to Mr. Andrónico Luksic C.; 15,054 thousand pesos to Mr. Jean-Paul Luksic F.; 14,792 thousand pesos to Mr. Vladimir Radic P.; 13,341 thousand pesos to Mr. Philip Adeane; 15,055 thousand pesos to Mr. Hernán Büchi B.; 15,187 thousand pesos to Mr. Joaquín Errázuriz H.; 15,320 thousand pesos to Mr. Juan Andrés Fontaine T. and 15,319 thousand pesos to Mr. Gonzalo Menéndez D.

The following Quiñenco S.A. Board Members received compensation for their services as Board Members of subsidiary companies as indicated below:

- In Banco de A. Edwards, 6,024 thousand pesos to Mr. Guillermo Luksic C.; 9,036 thousand pesos to Mr. Andrónico Luksic C. and 6,024 thousand pesos to Mr. Gonzalo Menéndez D.
- In Madeco S.A., 65,477 thousand pesos to Mr. Guillermo Luksic C.; 63,805 thousand pesos to Mr. Andrónico Luksic C.; 54,021 thousand pesos to Mr. Jean-Paul Luksic F. and 65,645 thousand pesos to Mr. Hernán Büchi B.
- In Telefónica del Sur S.A., 43,603 thousand pesos to Mr. Guillermo Luksic C. and 1,972 thousand pesos to Mr. Jean-Paul Luksic F.
- In Empresas Lucchetti S.A., 13,604 thousand pesos to Mr. Guillermo Luksic C.; 13,074 thousand pesos to Mr. Andrónico Luksic C. and 6,330 thousand pesos to Mr. Hernán Büchi B.
- In Hoteles Carrera S.A., 1,583 thousand pesos to Mr. Joaquín Errázuriz H.
- In VTR S.A., 2,560 thousand pesos to Mr. Jean-Paul Luksic F. and 2,560 thousand pesos to Mr. Hernán Büchi B.

