

INVESTMENT POLICY

Quiñenco dedicates most of its resources to those companies it controls, either directly or in conjunction with strategic partners. Additional acquisitions in related businesses help to strengthen the foundations for the future growth of the Quiñenco Group.

Remaining resources are invested in businesses in which there are attractive prospects for growth or the possibility to establish a position in promising activities, although in certain cases, Quiñenco may not necessarily control the ownership or management.

Quiñenco is attentive to opportunities that coincide with its strengths, that is, companies with strong brand equity that target consumer markets and industries in which Quiñenco can leverage its experience. 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 by the sale of assets and the issue of debt and equity instruments. Quiñenco prefers long-term financing sources, whose maturity profiles help maximize cash flows and foster Quiñenco's ability to continue to make 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 to finance growth. As such, Quiñenco's future development depends largely upon its access to capital in order to expand its current businesses and enter into new business areas.

As a parent company, Quiñenco's profit level and its ability to pay obligations, debt service, and dividends depend largely on the dividends and distributions it receives from its subsidiaries, affiliates, and related companies. The payment of dividends by those subsidiaries, affiliates, and related companies is, in certain circumstances, subject to contingencies and restrictions on their earnings and cash flows.

Quiñenco faces interest rate risks because it has debts whose interest rates are variable, implying a risk if the rate should significantly vary. It also faces foreign exchange risk, since a percentage of the debt of Quiñenco and its subsidiaries is exposed to foreign currency fluctuations.

Many of Quiñenco's businesses are publicly-traded entities whose equity value may vary depending on market value fluctuations. The equity value of Quiñenco's investments could be affected by downturns in the Chilean securities markets and other securities markets.

Quiñenco is exposed to pricing risks in its products, mainly related to inventories at the subsidiary level.

INSURANCE

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

DIVIDEND POLICY

At the Annual Shareholders' Meeting to be held on April 26, 2001, the Board of Directors will propose to maintain its dividend policy of distributing at least 30% of annual net profits. The Board has proposed to not to distribute dividends corresponding to the year 2000.

DIVIDEND NUMBER	DATE	DIVIDEND PER SHARE	TOTAL DIVIDEND
N°8	05-28-96	11,000.00000	M\$ 5,184,388
N°9	05-30-97	9.26825	M\$ 8,568,459
N°10	05-11-99	29.67527	M\$ 32,041,577
N°11	05-12-99	7.31819	M\$ 7,901,743
N°12	05-04-00	44.54132	M\$ 48,093,048

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

CAPITAL AND RESERVES

Assuming that the Financial Statements as of December 31, 2000 are approved, the Company's Shareholders' Equity and Reserves as of the close of the year would be as follows:

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Suscribed and paid-in capital (divided into 1,079,740,079 common shares)	428,224,335
Other reserves	16,766,256
Retained earnings	192,025,424
TOTAL	637,016,015

BOARD COMPENSATION

As agreed upon at the Annual Shareholders' Meeting held in 2000, compensation paid to members of the Board of Directors in 2000 was as indicated below:

ThCh\$42,994 to Mr. Guillermo Luksic C.; ThCh\$39,822 to Mr. Andrónico Luksic C.; ThCh\$39,545 to Mr. Jean-Paul Luksic F.; ThCh\$40,234 to Mr. Vladimir Radic P.; ThCh\$38,441 to Mr. Philip Adeane; ThCh\$40,372 to Mr. Hernán Büchi B.; ThCh\$40,510 to Mr. Joaquín Errázuriz H.; ThCh\$40,786 to Mr. Juan Andrés Fontaine T. and ThCh\$40,373 to Mr. Gonzalo Menéndez D. The following Quiñenco board members received compensation for their services as board members of subsidiary companies as indicated below:

In Banco de A. Edwards, ThCh\$23,772 to Mr. Guillermo Luksic C.; ThCh\$54,333 to Mr. Andrónico Luksic C. and ThCh\$103,761 to Mr. Gonzalo Menéndez D.

In Madeco S.A., ThCh\$4,745 to Mr. Guillermo Luksic C.; ThCh\$4,740 to Mr. Andrónico Luksic C.; ThCh\$2,050 to Mr. Jean-Paul Luksic F. and ThCh\$5,428 to Mr. Hernán Büchi B.

In Telefónica del Sur S.A., ThCh\$41,736 to Mr. Guillermo Luksic C.; ThCh\$10,189 to Mr. Gonzalo Menéndez D. and ThCh\$4,117 to Mr. Jean-Paul Luksic F.

In Empresas Lucchetti S.A. ThCh\$13,399 to Mr. Guillermo Luksic C.; ThCh\$13,403 to Mr. Andrónico Luksic C. and ThCh\$7,025 to Mr. Hernán Büchi B.

In Hoteles Carrera S.A., ThCh\$1,655 to Mr. Joaquín Errázuriz H. and ThCh\$276 to Mr. Vladimir Radic P.

MANAGEMENT COMPENSATION

Compensation paid to key Quiñenco executives during the year 2000, including salaries, benefits and performance bonuses totaled ThCh\$1,511,007.

In March 2000, a long-term incentive plan was established for Quiñenco executives. A loan in the amount of ThCh\$4,659,565 was granted to acquire shares of Quiñenco and its subsidiaries at market price. The loan, expressed in U.F., repayable in annual installments, and the shares acquired, are delivered in guarantee and may be delivered in payment. The plan is made in accordance with the directives of the Board of Directors on March 8, 2000.

