senses

CCU

With more than 150 years of tradition, Compañía Cervecerías Unidas S.A. (CCU) has been able to position itself as the leading Chilean company in the production of beer, soft drinks, wine and mineral water. It boasts a diversified base of products and services, with operations throughout the Southern Cone of South America.

CCU is the largest beer producer at the national level, with a market share of 88%. Its main brands - Cristal, Royal Guard, and Escudo – are the first choice of millions of consumers, earning the company a position of market leadership. CCU also commercializes prestigious international brands such as Budweiser, Paulaner and Guinness. In addition, CCU operates in the Argentine market through the production and commercialization of the Budweiser, Schneider, Córdoba, Salta and Santa Fe brands.

In the area of soft drinks, CCU, through its ECUSA subsidiary, is the country's second-largest bottler of carbonated soft drinks and nectars and the largest bottler of mineral water. Chief among the own-brands are Bilz, Pap, Kem, Show, Agua Mineral Cachantun and Porvenir. From the brands under licence from Cadbury Schweppes and PepsiCo, the best known are Orange Crush, Limón Soda, Ginger Ale, Pepsi and 7up. In nectars, CCU commercializes the Watt's brand.

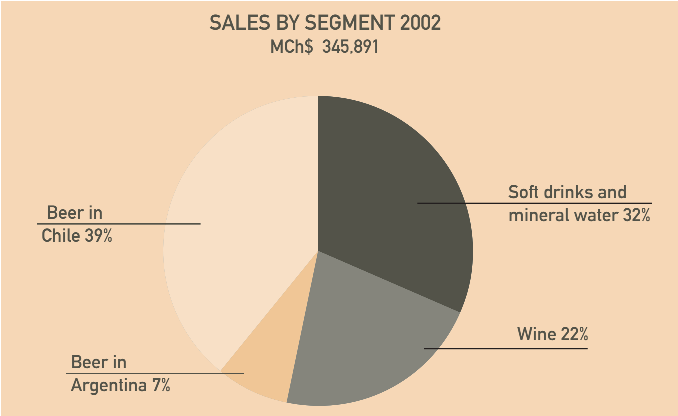
It is worth mentioning that the CCU products in the beer and soft drinks sectors include a wide array of imported brands and those produced or sold under licence. The company maintains licensing agreements with Paulaner Brauerei AG, Anheuser Bush Incorporated, Schweppes Holdings Ltd., Guinness Brewing Worldwide, PepsiCo Inc. and Watt's Alimentos S.A.

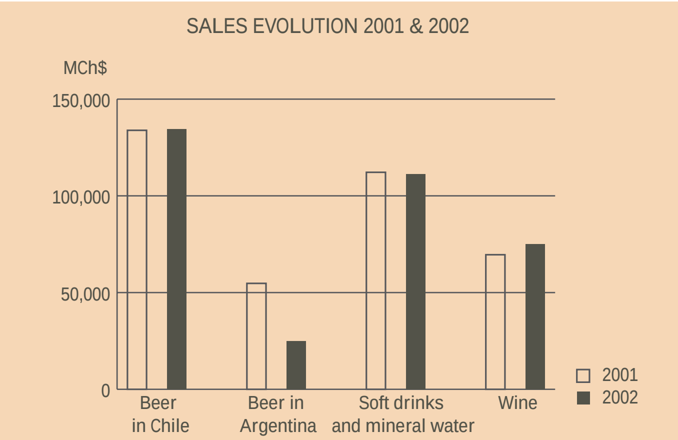
In the wine industry, the company operates in Chile and Argentina, with more than 1,900 planted hectares, supplying roughly 24% of the company's annual needs in the production of wine. Through its subsidiary, Viña San Pedro, CCU is the third-largest vineyard in terms of national sales, with a 17% market share, and the second-largest exporter with sales in more than 60 countries.

With the aim of generating efficiencies and taking advantage of its vertical integration, CCU operates a solid logistics and distribution company in Chile and a unit dedicated to the elaboration of plastic bottles. These investments have been fundamental to the success which CCU has achieved, as much economically as in terms of its overall business development.

It is important to mention that at the beginning of 2003, Quiñenco and Schörghuber, its German partner in Inversiones and Rentas S.A. (IRSA), reached an agreement which put an end to the ongoing arbitration process in the International Arbitration Court of the International Chamber of Commerce and in the civil tribunals of Santiago. The conflict started in 2001 when Schörghuber, owner of the Paulaner beer brand, announced that it would sell its stake in IRSA to the Dutch brewer, Heineken.

In accordance with the agreement reached in January 2003, Heineken, the world's second-largest brewer, will have the option to become a partner of Quiñenco in IRSA, the entity which controls





61.6% of CCU, thereby replacing Schörghuber who will withdraw permanently from the national market. The Schörghuber group will be able to sell, within three years, its shares to Heineken provided that it grants CCU the exclusive rights to produce, market, sell and distribute the powerful Heineken brand in Chile and Argentina. This operation is of great benefit to Quiñenco and to CCU, which will remain well positioned to tackle the challenges of a dynamic and competitive market.

For 2003, CCU plans to make investments amounting to approximately US$30 million, which will include the upgrading of plant and equipment, expansion projects in wine-production, and the launching of Ruta Norte, a new brand of pisco.

2002 RESULTS

CCU reported a net profit of Ch$22,065 million in 2002, a 44.2% decrease compared to 2001. The variation in net profit between 2002 and 2001 can mostly be explained by a reduction in non-operating results. In March of 2001, CCU sold its stake in Backus & Johnston in Peru, generating a gain on sale of Ch$17,199 million in that period. In addition, 2002 results were dragged down by CCU's Argentine subsidiary as a consequence of the economic collapse and currency devaluation experienced in Argentina since late 2001.

Sales fell by 6.6% to Ch$345,891 million as a result of an 8.5% decrease in average prices, partially offset by a 2.4% increase in the volume sold. Sales of the Argentine subsidiary, which represented 7.2% of consolidated sales, declined by 54.5%, accounting for the overall reduction in CCU's sales for the year. In Chile, sales increased by 2.2% due to higher sales volume. However, weak internal demand in Chile did not allow for price adjustments in line with inflation during the year.

Market Share	2002	2001
Beer Chile	88%	88%
Beer Argentina	13%	12%
Soft drinks	23%	24%
Mineral water	63%	62%
Fruit juice	50%	43%
Domestic wine (VSP)	17%	14%
Export wine (VSP)	13%	13%

Volume Sold (*)	2002	2001
Beer Chile	3,502	3,483
Beer Argentina	1,604	1,512
Soft drinks and mineral water	4,136	4,127
Domestic wine	512	428
Export wine	455	418

(*) Thousands of hectoliters

Operating profit was Ch$37,594 million, Ch$7,368 million lower than in 2001, mainly due to the aforementioned deterioration in CCU Argentina, that in addition to the sharp drop in sales, also experienced significant increases in raw material costs. The effect of the decline in the Argentine subsidiary's results on consolidated operating profit was Ch$5,029 million, partially offset by an increase of Ch$859 million in the Chilean operation's gross profit and a slight decrease (as a percentage of sales) in SG&A expenses.

During its more than 100 years of existence, Empresas Lucchetti S.A. has maintained the quality, tradition and brand recognition of its wide variety of pastas, edible oils, and soups, as well as their delicious taste and high nutritional value. This dedication has made the Lucchetti brand a favorite among millions of Chileans.

The company's products are marketed under the Lucchetti, Napoli, Talliani, Romano, Miraflores, Oro Vegetal, El Dorado, Doña Sofía and Naturezza brands, among others. Each brand has strived to find more and better solutions for consumers, with the aim of delivering reliable, easy-to-prepare products at accessible prices. In this way, Lucchetti's operations in Chile have gained a market share of 36% in pastas, 28% in edible oils and 18% in soups, creams and broths.

In Peru, where Lucchetti had a presence since 1995, the company faced continued hostility from local authorities in the form of a smear campaign for supposed environmental infringements. This affected product sales and precipitated the loss of important third-party representation.

As a result of the forced closure of Lucchetti's Lima plant, ordered by the municipal authority of Chorrillos in compliance with an ordnance from the Municipality of Lima in January 2003, assets are being liquidated in order to meet obligations with banks, creditors, employees and suppliers. In accordance with generally accepted accounting principles in Chile, Lucchetti made loss provisions with respect to its Peruvian operations of Ch$30,678 million, charged against 2002 results. These provisions, although significant, do not fully reflect the real economic and public setback suffered by the company.

In future years, the company's strategy will be based in Chile, where it will focus on three strategic pillars: growth, profitability, and sustainability. The accent will be on growing the most profitable businesses, improving commercial practices and realizing the full value of its brands, human capital, productive and business processes.

2002 RESULTS

Lucchetti reported a net loss of Ch$37,223 million in 2002. The net loss reported for the year was attributable to loss provisions made in connection with the forced closure of Lucchetti's Peruvian operations in early January 2003, charged to 2002 results in accordance with local accounting principles.

Lucchetti reported sales of Ch$83,799 million for the year 2002, down 5.7% from 2001. Lucchetti's Argentine subsidiary was sold in 2001, thereby explaining Ch$6,658 million of the variation between the two years. Isolating the effect of the divestiture on consolidated sales, Lucchetti's sales would have increased by 2% in 2002 as a consequence of a 9.9% increase in sales in the Chilean operations, partially offset by an 18.5% decrease in sales in Peru. Chilean sales experienced a significant increase in 2002, mainly due to higher pasta sales volume, which increased by 16% during the year, as well as new product launches in the soups, creams and broths product line. The Chilean operations accounted for 77.6% of consolidated sales and the Peruvian operations for the remaining 22.4%. Operating profit was Ch$2,678 million, down by Ch$48 million from 2001.