

CORPORATE HEADQUARTERS

Quiñenco's corporate headquarters are located in the El Golf sector of Santiago at Enrique Foster Sur Street #20, and occupy approximately 2,500 square meters of office space owned by Quiñenco.

INVESTMENT POLICY

Most of Quiñenco's resources are dedicated to companies under its control, either directly or in conjunction with strategic partners. Resources may also be used to invest in industries or companies that it believes will strengthen the Group's growth potential.

Quiñenco seeks out investment opportunities in companies with a strong brand orientation and in industries where it has proven experience. When the Company detects opportunities in areas where it has no prior experience, in the past it has formed strategic alliances.

FINANCING POLICY

Quiñenco finances its activities and investments with dividends and profit distributions from its operating companies and with funds obtained from the sale of assets and the issuance of debt and equity instruments.

The Company prioritizes long-term financing in order to maintain a liability structure that reflects the liquidity of its assets and whose maturity profiles are compatible with its cash flow generation capacity.

RISK FACTORS

The primary risks affecting Quiñenco and its subsidiaries are those risks inherent to the markets and economies in which each business operates, in Chile and abroad. These risks are reflected in the prices, costs and sales volumes of the products and services of every business the Company is involved in.

Quiñenco is a Chilean-based company. As such, its results from operations and financial position depend to a great extent on the general level of economic activity in Chile. Even though the Chilean economy experienced average annual growth of 7.7% between 1990 and 1997, since 1998 average annual growth has been less than 3%. There can be no assurance that the country will return to the growth levels achieved during the 1990s. Factors that could have an adverse effect on the Company and its results from operations include a slowdown in the Chilean economy, inflationary pressures and a deterioration in exchange rate terms, among others.

Certain subsidiary and affiliate companies operate in or export to Argentina, Brazil and Peru, all of which have been characterized in the past as countries which are economically and politically unstable or volatile. Quiñenco's businesses, their earnings and the value of their assets could be affected by inflationary pressures, exchange

rates, interest rates, political governability, price and salary controls, regulatory issues, expropriation and social instability in these countries, among other things.

In recent years, Argentina has suffered a prolonged recession which in 2001 culminated in the current economic crisis, driven by that country's economic and political instability and included government imposed restrictions on bank deposits and withdrawals, exchange controls, suspension of payment of external debt and the abrogation of peso convertibility. Although Argentina is showing some signs of economic recovery, it cannot be determined when the economy will strengthen or what effects this may have on Quiñenco and its group companies.

Historically, Quiñenco and its group companies have required significant amounts of capital to finance their operations and expand their businesses. As such, future growth is directly related to the Company's access to capital. In the past, Quiñenco and its group companies have satisfied their capital needs with internally generated cash flow and with issues of debt and equity. Nonetheless, there is no assurance that funds will be readily available to finance the future capital needs and expansion plans of the Company. The inability to raise capital could severely impede Quiñenco from growing in the future, either in its existing businesses or in new businesses, thereby producing an adverse effect on the Company's financial position and its results from operations.

As a holding company, Quiñenco's debt service and repayment capacity, as well as its ability to make dividend distributions depends on the level of dividends and profit distributions it receives from its subsidiary and affiliate companies. In certain cases, these companies may have restrictions on earnings and cash flow, which would prevent them from making cash distributions to Quiñenco.

Another risk factor the Company faces is associated with interest rates. A portion of Quiñenco's debt is subject to variable interest rates, which could have an impact on the company in periods in which the variable rate rises. A risk also exists with respect to exchange rate fluctuations on debt instruments maintained in foreign currencies.

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, such as the New York Stock Exchange. In addition, should publicly-traded shares experience low trading volumes, price and share liquidity could be affected.

Quiñenco is exposed to the fluctuation in inventory values in some of its subsidiaries.

INSURANCE

Quiñenco and its subsidiaries maintain annual insurance policies with leading insurance providers 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 30, 2003, the Board of Directors will propose to maintain its dividend policy of distributing at least 30% of annual net profits. For the year ended December 31, 2002, the Board of Directors has agreed not to distribute dividends.

DIVIDENDS

Dividend Number	Payment Date	Dividend per Share*	Total Dividend*	For the Year Ended December 31*
N° 11	05-12-99	Ch\$7.31819	ThCh\$7,901,743	1998
N° 12	05-04-00	Ch\$44.54132	ThCh\$48,093,048	1999
N° 13	05-10-02	Ch\$5.74560	ThCh\$6,203,753	2001

* Historic figures

BOARD COMPENSATION

As agreed upon at the Annual Shareholders' Meeting held in 2002, compensation paid to members of the Board of Directors during the year was as indicated below (per diem and profit sharing, respectively):

Guillermo Luksic Craig, ThCh\$4,391 and ThCh\$10,588 (ThCh\$3,812 and Ch\$0 in 2001); Andrónico Luksic Craig, ThCh\$733 and ThCh\$10,588 (ThCh\$1,025 and Ch\$0 in 2001); Jean Paul Luksic Fontbona, ThCh\$1,024 and ThCh\$10,588 (ThCh\$439 and Ch\$0 in 2001); Philip Adeane, Ch\$0 and ThCh\$10,588 (Ch\$0 and Ch\$0 in 2001); Hernán Büchi Buc, ThCh\$1,903 and ThCh\$10,588 (ThCh\$1,613 and Ch\$0 in 2001); Joaquín Errázuriz Hochschild, ThCh\$2,195 and ThCh\$10,588 (ThCh\$1,759 and Ch\$0 in 2001); Juan Andrés Fontaine Talavera, ThCh\$1,757 and ThCh\$10,588 (ThCh\$1,613 and Ch\$0 in 2001); Gonzalo Menéndez Duque, ThCh\$2,195 and ThCh\$10,588 (ThCh\$1,759 and Ch\$0 in 2001); and Vladimir Radic Piraíno, ThCh\$1,902 and ThCh\$10,588 (ThCh\$1,759 and Ch\$0 in 2001). In addition, Joaquín Errázuriz Hochschild, Gonzalo Menéndez Duque and Vladimir Radic Piraíno were compensated for their service on the Directors' Committee in the amounts of ThCh\$2,338, ThCh\$2,338 and ThCh\$2,338 (ThCh\$1,819, ThCh\$1,819 and ThCh\$1,672 in 2001), respectively.

The following Quiñenco board members received compensation for their services as board members of subsidiary companies as indicated below:

- In Banco de Chile (per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$25,425 and ThCh\$39,351 (ThCh\$26,516 and ThCh\$59,588 in 2001); Andrónico Luksic Craig, ThCh\$13,897 and ThCh\$78,702 (Ch\$0 and Ch\$0 in 2001) and Gonzalo Menéndez Duque, ThCh\$107,327 and ThCh\$74,513 (ThCh\$112,607 and ThCh\$29,794 in 2001).

- In 2001 in Banco Edwards (per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$5,864 and ThCh\$325; Andrónico Luksic Craig, ThCh\$68,294 and Ch\$0 and Gonzalo Menéndez Duque, ThCh\$8,144 and ThCh\$15,962. Banco Edwards was merged with Banco de Chile on January 1, 2002.

- In Madeco S.A.(per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$3,650 and Ch\$0 (ThCh\$1,474 and Ch\$0 in 2001); Andrónico Luksic Craig, ThCh\$729 and ThCh\$836 (ThCh\$924 and ThCh\$2,863 in 2001); Jean Paul Luksic Fontbona, ThCh\$550 and Ch\$0 (ThCh\$729 and Ch\$0 in 2001) and Hernán Büchi Buc, ThCh\$3,285 and ThCh\$10,779 (ThCh\$2,570 and ThCh\$15,175 in 2001).

- In Telefónica del Sur S.A. (per diem and profit sharing, respectively), Guillermo Luksic Craig ThCh\$8,201 and ThCh\$25,902 (ThCh\$6,582 and ThCh\$31,589 in 2001); Jean Paul Luksic Fontbona, Ch\$0 and Ch\$0 (Ch\$0 and ThCh\$711 in 2001) and Gonzalo Menéndez Duque, ThCh\$9,160 and ThCh\$31,329 (ThCh\$8,554 and ThCh\$32,627 in 2001).

- In Empresas Lucchetti S.A. (per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$2,341 and ThCh\$13,646 (ThCh\$1,758 and ThCh\$13,657 in 2001); Andrónico Luksic Craig, ThCh\$1,756 and ThCh\$13,646 (ThCh\$2,637 and ThCh\$13,657 in 2001) and Hernán Büchi Buc, ThCh\$10,549 and Ch\$0 (ThCh\$7,634 and Ch\$0 in 2001).

- In Hoteles Carrera S.A. (per diem), Joaquín Errázuriz Hochschild, ThCh\$1,612 (ThCh\$1,906 in 2001) and Vladimir Radic Piraíno, ThCh\$1,904 (ThCh\$1,759 in 2001).

MANAGEMENT COMPENSATION

Compensation paid to Quiñenco's main executives during the year 2002, including salaries, benefits and performance bonuses, totaled ThCh\$2,035,061.

INCENTIVE PLAN

In March 2000, a long-term incentive plan was established for Quiñenco executives. Loans, which as of December 31, 2002 amounted to ThCh\$4,729,878, were granted to acquire shares of Quiñenco and its subsidiaries at market price. The loan, expressed in UF, repayable in annual installments, and the shares acquired, are delivered in guarantee and may be delivered in payment. The plan was made in accordance with the directives of the Board of Directors on March 8, 2000.

AUDIT COMMITTEE

The Board of Directors, in its meeting of March 17, 2001, in accordance with Article 50 bis, Law Number 18,046, designated as members of the Audit Committee, Vladimir Radic Piraíno, Gonzalo Menéndez Duque and Joaquín Errázuriz Hochschild. The Audit Committee initiated its activities on May 3, 2001. In its first meeting, the committee established procedures for requesting information from the Company's administration and set a calendar of regular monthly meetings for the year, outside of the extraordinary meetings that may take place from time to time. It also established committee guidelines and rules and reviewed the norms established by law with respect to the Committee's responsibilities. Gonzalo Menéndez Duque was named Chairman of the committee and Quiñenco's Chief Counsel, Manuel José Noguera Eyzaguirre, was named Secretary. The committee meets once a month, and Francisco Pérez Mackenna, CEO, and Luis Fernando Antúnez, CFO, are also regular participants at each session.

During 2002, there were no changes in the designated committee members. The Committee met on a monthly basis and Francisco Pérez Mackenna, CEO and Luis Fernando Antúnez, CFO also attended the meetings regularly. In the General Ordinary Shareholders' Meeting held on April 30, 2002, it was agreed that each committee member would receive a per diem payment of

UF10 for attending each meeting. At the same meeting it was also agreed that the Directors' Committee would be allotted an expense budget of UF1,000 in 2002.

The Audit Committee, in accordance with Article 50 of the Corporations Law (Ley de Sociedades Anónimas) and its predetermined meeting schedule, carried out the following activities in 2002:

a) An examination of and subsequent report on the type of operations referred to in Articles 44 and 89 of the Corporations Law. The Committee reviewed in detail the information relative to the following transactions:

1. A US\$70 million loan granted to LQ Inversiones Financieras S.A. by Andsberg Finance Corporation, a financial institution related to the controlling shareholder.
2. Modification of the "Contrato de Promesa de Compraventa" (preliminary agreement in which the parties agree to formally execute a purchase agreement at a future date) of Banedwards Compañía de Seguros de Vida S.A. between the subsidiary Inversiones Vita S.A. and Banco de Chile.
3. Rescheduling of the subsidiary Madeco S.A.'s bank loans.

b) A review of the salary and compensation packages of Quiñenco's main executives.

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SHARE TRANSACTIONS IN 2002 BY CONTROLLING SHAREHOLDERS

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2002	In 2002, the controlling shareholders did not purchase or sell any shares of the company.					
2001	Number of Shares		Transaction Amount (*)		Price per Share (*)	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	Ch\$	Ch\$
Northern Mines Sociedad Contractual Minera Antofagasta (Chili) and Bolivia Railway Co. P.L.C.	-	33,571,898	-	3,200,755	-	95.34
Inversiones FCAB Ltda.	362,757,196	-	27,797,470	-	(**) 76.63	-

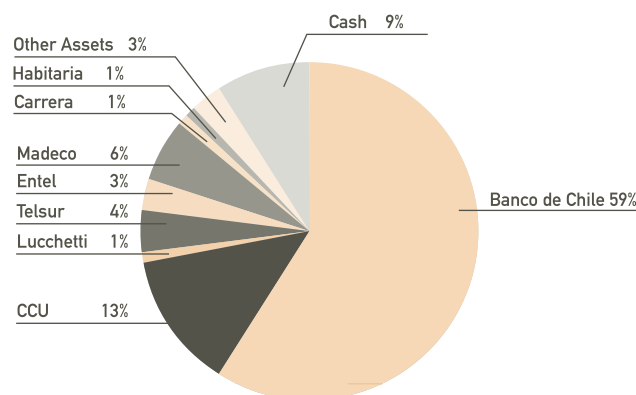
SHARE TRANSACTIONS IN 2001 AND 2002 BY OFFICERS AND EXECUTIVES OF THE COMPANY

Name	Number of Shares		Transaction Amount (*)		Price per Share (*)	
	Purchased (Sold)		Purchased (Sold)		Purchased (Sold)	
	2002	2001	2002	2001	2002	2001
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	Ch\$	Ch\$
Juan Correa García (Ex-Executive)	(13,788)	(145,287)	(6,067)	(81,321)	(440.00)	(559.73)
Patricio León Délano (Ex-Executive)	(159,347)	-	(46,211)	-	(299.00)	-
Davor Domitrovic Grubisic (Executive)	-	145,287	-	81,321	-	559.73
Cindi Freeman (Executive)	-	42,246	-	15,631	-	370.00

* Historic figures

** Average price

COMPOSITION OF ASSETS
As of December 31, 2002



US\$1.5 billion
Corporate level (Quiñenco and intermediate holding companies)

c) A review of the reports issued by the Company's external auditors, including the Internal Control Report periodically sent to the Company's administration. The committee, prior to the presentation of the 2002 Audited Financial Statements to shareholders, reviewed the documents.

d) The committee proposed to the Board of Directors the designation of Ernst Young Limitada as external auditors for the year 2003. If this firm for whatever reason can not be contracted, it would then propose PriceWaterhouseCoopers, and as a third alternative, Deloitte & Touche. Feller Rate and Humphreys were proposed as the Company's risk classifiers for 2003.

BOARD OF DIRECTOR EXTERNAL CONSULTING EXPENSES

In 2002, the Board of Directors did not incur any expenses with respect to external consultants.

EMPLOYEE SEVERANCE PAYMENTS

In 2002, the Company incurred expenses associated with severance payments to its managers and key executives of ThCh\$47,647.

STOCK SHARE PRICE AND VOLUME TRADED

The following table sets forth on a quarterly basis, the average share price and volume traded on the Santiago Stock Exchange during the last three years:

Period	Number of Shares	Transaction amount (*) ThCh\$	Average price (*) Ch\$
2002			
1st Quarter	6,418,134	2,865,831	446.52
2nd Quarter	13,444,833	4,624,507	343.96
3rd Quarter	9,053,587	2,490,600	275.10
4th Quarter	14,897,151	4,649,265	312.09
2001			
1st Quarter	15,443,669	6,622,534	428.82
2nd Quarter	11,447,275	4,995,221	436.37
3rd Quarter	10,582,837	5,243,839	495.50
4th Quarter	6,245,261	2,786,740	446.22
2000			
1st Quarter	16,040,197	9,935,809	619.43
2nd Quarter	12,510,162	7,010,912	560.42
3rd Quarter	19,808,418	9,927,131	501.16
4th Quarter	17,891,394	8,279,650	462.77

(*) Historic figures