



corporate affairs



CORPORATE HEADQUARTERS

Quiñenco's corporate headquarters are located in the El Golf sector of Santiago at Enrique Foster Sur #20, Las Condes. Its offices occupy approximately 2,500 square meters.

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. In the past, the Company has formed strategic alliances in order to obtain financing and know-how.

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 so as 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 predominantly engaged in business in Chile. Consequently, its results of operations and financial condition are to a large extent dependent on the overall level of economic activity in Chile. The Chilean economy had GDP growth rates of (0.8%), 4.2%, 3.1%, 2.1% and 3.2% for the years 1999, 2000, 2001, 2002 and 2003, respectively. There can be no assurance regarding future rates of growth relating to the Chilean economy. Some of the factors that would be likely to have an adverse effect on the Company's business and results of operations include future downturns in the Chilean economy, a return to the high inflation experienced by Chile in the 1970s and a devaluation of the Chilean peso relative to the U.S. dollar.

In addition to its operations in Chile, some of Quiñenco's businesses operate in and export to companies that operate in and export to Argentina, Brazil, Peru and other countries in Latin America that have at various times in the past been characterized by volatile and frequently unfavorable economic, political and social conditions. The Company's business, earnings and asset values may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, economic or diplomatic developments in or affecting the specific countries in which the Company operates and Latin America in general.

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 met their capital needs with internally generated cash flow and with the issuance 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. The payment of dividends by subsidiary companies, equity investments and related companies is, in certain instances, subject to restrictions and is contingent upon their earnings and cash flows. In addition, Quiñenco's level of income has largely depended on the periodic sale of assets held for investment. There can be no assurance that Quiñenco will be able to continue to rely on certain subsidiaries' dividends and distributions nor that it will be able to generate the level of gains on the sale of investments that it has shown in the past.

Another risk factor the Company faces is associated with interest rates. A significant 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 where the equity securities of CCU, Madeco and Banco de Chile are also traded. 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, 2004, the

Board of Directors will propose to maintain its dividend policy of distributing at least 30% of annual net profits.

DIVIDEND NUMBER	PAYMENT DATE	DIVIDEND PER SHARE*	TOTAL DIVIDEND*	FOR THE YEAR ENDED DECEMBER 31ST
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	10-05-02	Ch\$5.74560	ThCh\$6,203,753	2001
N° 14	09-01-04	Ch\$11.24745	ThCh\$12,144,323	Interim 2003

* historic figures

DISTRIBUTION OF INCOME

Net income for 2003 totaled Ch\$37,694,846,245. The Board of Directors has proposed to distribute 2003 net income as follows:

- 1) Absorption of the accumulated deficit from the development period of Ch\$276,462,499.
- 2) Payment of a dividend of Ch\$18,847,424,544 corresponding to the distribution of 2003 net income as follows:
 - a) Interim dividend N° 14 of Ch\$12,144,322,552 paid on January 9, 2004.
 - b) Payment of a minimum obligatory dividend of Ch\$4,168,521,224, to be deducted from Interim dividend N° 14 which has already been paid.
 - c) Payment of an additional dividend of Ch\$7,975,801,328, to be deducted from Interim dividend N° 14 which has already been paid.
 - d) Payment of a final dividend of Ch\$6,703,101,992 to be paid following approval by shareholders at the General Ordinary Shareholders' Meeting.
- 3) Allocation of the balance of Ch\$18,570,959,202 to retained earnings. The proposed dividend distribution corresponding to 2003 net income is equivalent to 50% of net earnings for the year.

CALCULATION OF ALLOWABLE DIVIDEND DISTRIBUTION	ThCh\$
Net Income 2003	37,694,846
Accumulated deficit from development period	(276,462)
Allowable distribution of 2003 earnings	37,418,384
2003 dividend as a percentage of allowable distribution	50.37%
Amortization of negative goodwill (consolidated)*	23,523,313

* In conformance with Circular N°368 of the SVS, amortization of negative goodwill for a given period may not be considered as part of distributable net income for the purpose of calculating the minimum obligatory dividend, but may be considered in calculating an additional dividend.

BOARD COMPENSATION

As agreed upon at the Annual Shareholders' Meeting held in 2003, compensation paid to members of the Board of Directors during the year was as indicated below (per diem, profit sharing and other remunerations, respectively):

Guillermo Luksic Craig, ThCh\$4,396, ThCh\$0 and ThCh\$948,234 (ThCh\$4,435, ThCh\$10,694 y ThCh\$0 in 2002); Andrónico Luksic Craig, ThCh\$714, ThCh\$0 and ThCh\$948,234 (ThCh\$740, ThCh\$10,694 and ThCh\$0 in 2002); Jean Paul Luksic Fontbona, ThCh\$1,366, ThCh\$0 and ThCh\$0 (ThCh\$1,034, ThCh\$10,694 and

SHARE TRANSACTIONS IN 2002 AND 2003 BY CONTROLLING SHAREHOLDERS

2003	NUMBER OF SHARES		TRANSACTION AMOUNT (*)		PRICE PER SHARE (*)	
	PURCHASED	SOLD	PURCHASED ThCh\$	SOLD ThCh\$	PURCHASED Ch\$	SOLD Ch\$
Inversiones FCAB Ltda.	-	(362,757,196)	-	-	-	-
Inversiones Antofagasta Ltda.	362,757,196	-	-	-	-	-
2002	In 2002, the controlling shareholders did not purchase or sell any shares of the company.					

ThCh\$0 in 2002); Philip Adeane, ThCh\$0, ThCh\$0 and ThCh\$0 (ThCh\$0, ThCh\$10,694 and ThCh\$0 in 2002); Hernán Büchi Buc, ThCh\$2,376, ThCh\$0 and ThCh\$0 (ThCh\$1,922, ThCh\$10,694 and ThCh\$0 in 2002); Joaquín Errázuriz Hochschild, ThCh\$2,555, ThCh\$0 and ThCh\$0 (ThCh\$2,217, ThCh\$10,694 and ThCh\$0 in 2002); Juan Andrés Fontaine Talavera, ThCh\$2,229, ThCh\$0 and ThCh\$0 (ThCh\$1,775, ThCh\$10,694 and ThCh\$0 in 2002); Gonzalo Menéndez Duque, ThCh\$2,377, ThCh\$0 and ThCh\$0 (ThCh\$2,217, ThCh\$10,694 and ThCh\$0 in 2002); Vladimir Radic Piraino, ThCh\$2,408, ThCh\$0 and ThCh\$0 (ThCh\$1,921, ThCh\$10,694 and ThCh\$0 in 2002) and Matko Koljatic ThCh\$1,607, ThCh\$0 and ThCh\$0 (ThCh\$0, ThCh\$0 and ThCh\$0 in 2002). In addition, Joaquín Errázuriz Hochschild, Gonzalo Menéndez Duque and Vladimir Radic Piraino were compensated for their service on the Directors' Committee in the amounts of ThCh\$4,067, ThCh\$4,235 and ThCh\$4,067 (ThCh\$2,361, ThCh\$2,361 and ThCh\$2,361 in 2002), 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\$23,663 and ThCh\$40,547 (ThCh\$25,679 and ThCh\$39,745 in 2002); Andrónico Luksic Craig, ThCh\$19,475 and ThCh\$81,094 (ThCh\$14,036 and ThCh\$79,489 in 2002) and

Gonzalo Menéndez Duque, ThCh\$146,242 and ThCh\$58,313 (ThCh\$108,400 and ThCh\$75,258 in 2002).

- In Madeco S.A. (per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$1,879 and ThCh\$0 (ThCh\$3,687 and ThCh\$0 in 2002); Andrónico Luksic Craig, ThCh\$749 and ThCh\$0 (ThCh\$736 and ThCh\$844 in 2002); Jean Paul Luksic Fontbona, ThCh\$940 and ThCh\$0 (ThCh\$556 and ThCh\$0 in 2002) and Hernán Büchi Buc, ThCh\$2,443 and ThCh\$8,888 (ThCh\$3,318 and ThCh\$10,887 in 2002).
- In Telefónica del Sur S.A. (per diem and profit sharing, respectively), Guillermo Luksic Craig, ThCh\$6,337 and ThCh\$26,292 (ThCh\$8,283 and ThCh\$26,161 in 2002) and Gonzalo Menéndez Duque, ThCh\$10,052 and ThCh\$29,435 (ThCh\$9,252 and ThCh\$31,642 in 2002).
- In Empresas Lucchetti S.A. (per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$3,849 and ThCh\$13,791 (ThCh\$2,364 and ThCh\$13,782 in 2002); Andrónico Luksic Craig, ThCh\$1,188 and ThCh\$13,790 (ThCh\$1,774 and ThCh\$13,782 in 2002); Hernán Büchi Buc, ThCh\$11,258 and ThCh\$0 (ThCh\$10,654 and ThCh\$0 in 2002) and Matko Koljatic, ThCh\$1,475 and ThCh\$0 (ThCh\$4,147 and ThCh\$0 in 2002).
- In Hoteles Carrera S.A. (per diem), Joaquín Errázuriz Hochschild, ThCh\$1,779 (ThCh\$1,628 in 2002) and Vladimir Radic Piraino, ThCh\$2,073 (ThCh\$1,923 in 2002).

SHARE TRANSACTIONS IN 2002 AND 2003 BY OFFICERS AND EXECUTIVES OF THE COMPANY

	NUMBER OF SHARES PURCHASED (SOLD)		TRANSACTION AMOUNT (**) PURCHASED (SOLD)		PRICE PER SHARE (**) (***) PURCHASED (SOLD)	
	2003	2002(*)	2003 ThCh\$	2002 ThCh\$	2003 Ch\$	2002 Ch\$
Francisco Pérez Mackenna (CEO) (*)	(334,801)	-	(145,643)	-	(435.01)	-
Martín Rodríguez Guiraldes (Executive) (*)	(83,188)	-	(36,188)	-	(435.01)	-
Pedro Marín Loyola (Executive) (*)	(38,665)	-	(16,820)	-	(435.01)	-
Alessandro Bizarri Carvallo (Executive) (*)	(49,210)	-	(21,407)	-	(435.01)	-
Luis Fernando Antúnez Bories (Executive) (*)	(145,367)	-	(63,237)	-	(435.01)	-
Felipe Joannon Vergara (Executive) (*)	(179,439)	-	(78,058)	-	(435.01)	-
Oscar Henríquez Vignes (Executive) (*)	(37,493)	-	(16,310)	-	(435.01)	-
Manuel José Noguera (Executive) (*)	(179,439)	-	(78,058)	-	(435.01)	-
Sergio Cavagnaro Santa María (Executive) (*)	(79,673)	-	(34,659)	-	(435.01)	-
Davor Domitrovic Grubisic (Executive) (*)	(36,322)	-	(15,801)	-	(435.01)	-
Jorge Tagle Ovalle (Ex Executive) (*)	(53,896)	-	(23,446)	-	(435.01)	-
Luis Hernán Paúl (Ex Executive) (*)	(542,371)	-	(282,849)	-	(521.50)	-
Juan Correa García (Ex Executive)	-	(13,788)	-	(6,067)	-	(440.00)
Patricio León Délano (Ex Executive)	(11,781)	(159,347)	(6,421)	(46,211)	(545.02)	(299.00)
Sergio Guzmán Lagos (Ex Executive)	(91,344)	-	(31,514)	-	(345.00)	-
Total	(1,862,989)	(173,135)	(850,411)	(52,278)		

* Corresponds to long-term incentive plan

** Historic figures

*** Average price

STOCK SHARE PRICE AND VOLUME TRADED

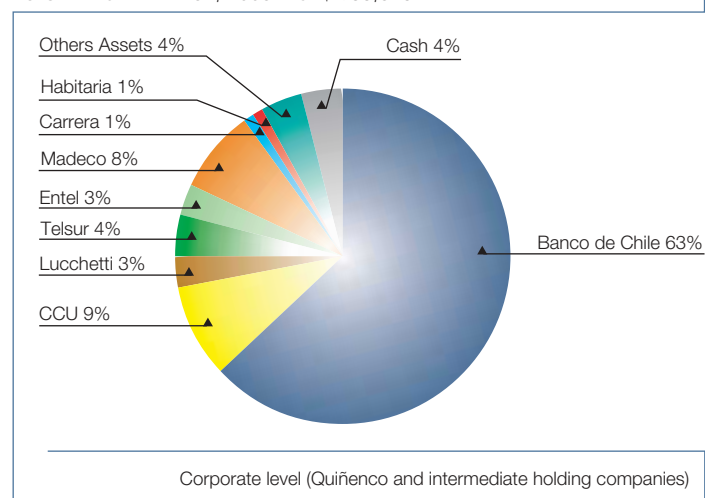
The following table sets forth on a quarterly basis, the average share price and volume traded on the Santiago Stock Exchange during the last three years:

PERIOD	NUMBER OF SHARES	TRANSACTION AMOUNT (*) ThCh\$	AVERAGE PRICE (*) Ch\$
2003			
1st Quarter	36,834,844	13,198,888	358.33
2nd Quarter	32,575,377	13,300,895	408.31
3rd Quarter	19,140,097	8,770,464	458.22
4th Quarter	29,867,419	16,098,687	539.00
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

(*) Historic figures

COMPOSITION OF ASSETS

AS OF DECEMBER 31, 2003 MCh\$ 988,378



MANAGEMENT COMPENSATION

Compensation paid to Quiñenco's main executives during the year 2003, including salaries, benefits and performance bonuses, totaled ThCh\$3,614,553.

INCENTIVE PLAN

In March of 2000, a long-term management incentive plan was established for the Company's main executives. As of December 31, 2003 loans granted to acquire shares of Quiñenco and its subsidiaries at market price amounted to ThCh\$3,148,998. The loans, 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.

DIRECTORS' COMMITTEE

The Directors' Committee is composed of Gonzalo Menéndez Duque, Chairman, Vladimir Radic Piraino and Joaquín Errázuriz Hochschild. The committee meets on a monthly basis and Francisco Pérez Mackenna, CEO, Luis Fernando Antúnez, CFO, and Fernando Silva Lavín, Controller, are also regular participants at each session.

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 2003:

- 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\$19 million loan granted to the subsidiary, Hidroindustriales Overseas Company, by Andsberg Finance Corporation, a financial institution related to the controlling shareholder and 2) development of a rental system of airplanes owned by the subsidiary Inversiones Punta Brava S.A. and the affiliate Transportes y Servicios Aéreos S.A. to related companies and persons.
- A review of the salary and compensation packages of Quiñenco's main executives and approval of a modification to the long-term incentive plan in accordance with the directives of the Sarbanes-Oxley Law.
- Review and approval of the Company's Form 20-F for the year 2002 that was registered with

the Securities and Exchange Commission of the United States.

- Review of the Sarbanes-Oxley Law as applicable to the Company.
- A review of the reports issued by the Company's external auditors, including the Internal Control Report periodically sent to the Company's administration. Prior to the presentation of the 2003 Audited Financial Statements to shareholders, the committee reviewed the documents.
- The committee proposed to the Board of Directors the designation of Ernst & Young Servicios Profesionales de Auditores y Asesorías Limitada as external auditors for the year 2004. 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.

BOARD OF DIRECTOR EXTERNAL CONSULTING EXPENSES

In 2003, the Board of Directors did not incur any expenses with respect to external consultants.

EMPLOYEE SEVERANCE PAYMENTS

In 2003, the Company incurred expenses associated with severance payments to its managers and key executives of ThCh\$85,419.