

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 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 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 4.5%, 3.4%, 2.2%, 3.7% and 6.1% for the years 2000, 2001, 2002, 2003 and 2004, 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 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.

Quiñenco believes that its businesses face an increasingly high level of competition in the industries in which they operate. This increased competition is in part a result of recent consolidation in some of the industries in which these businesses operate. Increased competition is manifested in prices, costs and sales volumes of the products and services produced and marketed by Quiñenco's businesses. While the Company expects that its businesses, based on their past experience and track records, will be able to continue to successfully compete within their industries, there is no assurance that competition will not continue to increase in the future, including a possible ongoing trend of consolidation in certain industries. Increased competition could affect the profit margins and results of operations of Quiñenco's businesses, which as a result, could materially and adversely affect the dividend cash flow Quiñenco receives from its businesses.

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. 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 28, 2005, 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° 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
N° 15	11-05-04	Ch\$6.20807	ThCh\$6,703,102	2003

* historic figures

Distribution of income

Net income for 2004 totaled ThCh\$23,352,714. The Board of Directors has proposed to distribute 2004 net income as follows:

- 1) Absorption of the accumulated deficit from the development period of ThCh\$780,742.
- 2) Payment of a dividend of ThCh\$14,011,625 corresponding to the distribution of 2004 net income as follows:
 - a) Payment of a minimum obligatory dividend of ThCh\$5,924,944, to be paid in accordance with the date established at the Annual Shareholders' Meeting.
 - b) Payment of an additional dividend of ThCh\$8,086,681, to be paid in accordance with the date established at the Annual Shareholders' Meeting.
- 3) Allocation of the balance of ThCh\$8,560,347 to retained earnings.

The proposed dividend distribution corresponding to 2004 net income is equivalent to 60% of net earnings for the year.

Calculation of allowable dividend distribution	ThCh\$
Net income 2004	23,352,714
Accumulated deficit from the development period	(780,742)
Allowable distribution of 2004 earnings	22,571,972
2004 dividend as a percentage of allowable distribution	62.08%
Amortization of negative goodwill (consolidated)	(2,822,157)

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 2004, 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\$4,366, ThCh\$32,225 and ThCh\$0 (ThCh\$4,506, ThCh\$0 and ThCh\$971,940 in 2003); Andrónico Luksic Craig, ThCh\$0, ThCh\$32,225 and ThCh\$0 (ThCh\$732, ThCh\$0 and ThCh\$971,940 in 2003); Jean Paul Luksic Fontbona,

ThCh\$2,001, ThCh\$32,225 and ThCh\$0 (ThCh\$1,400, ThCh\$0 and ThCh\$0 in 2003); Hernán Büchi Buc, ThCh\$2,184, ThCh\$32,225 and ThCh\$0 (ThCh\$2,435, ThCh\$0 and ThCh\$0 in 2003); Joaquín Errázuriz Hochschild, ThCh\$2,183, ThCh\$32,225 and ThCh\$0 (ThCh\$2,619, ThCh\$0 and ThCh\$0 in 2003); Juan Andrés Fontaine Talavera, ThCh\$2,365, ThCh\$32,225 and ThCh\$0 (ThCh\$2,285, ThCh\$0 and ThCh\$0 in 2003); Gonzalo Minéndez Duque, ThCh\$2,365, ThCh\$32,225 and ThCh\$0 (ThCh\$2,436, ThCh\$0 and ThCh\$0 in 2003); Vladimir Radic Piraíno, ThCh\$2,001, ThCh\$32,225 and ThCh\$0 (ThCh\$2,468, ThCh\$0 and ThCh\$0 in 2003) and Matko Koljatic Maroevic, ThCh\$2,183, ThCh\$32,225 and ThCh\$0 (ThCh\$1,647, ThCh\$0 and ThCh\$0 in 2003). In addition, Guillermo Luksic Craig, Gonzalo Menéndez Duque, Matko Koljatic, Joaquín Errázuriz Hochschild and Vladimir Radic Piraíno received compensation for their services as a member of the Directors' Committee in 2004 of ThCh\$865, ThCh\$4,756, ThCh\$865, ThCh\$3,892 and ThCh\$3,892 (ThCh\$0, ThCh\$4,341, ThCh\$0, ThCh\$4,169 and ThCh\$4,169 in 2003), 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, fees and other, respectively), Guillermo Luksic Craig, ThCh\$24,732, ThCh\$40,893 and ThCh\$0 (ThCh\$24,255, ThCh\$41,561 and ThCh\$0 in 2003); Andrónico Luksic Craig, ThCh\$13,667, ThCh\$115,937 and ThCh\$36,203 (ThCh\$19,962, ThCh\$83,121 and ThCh\$0 in 2003) and Gonzalo Menéndez Duque, ThCh\$185,903, ThCh\$40,893 and ThCh\$44,732 (ThCh\$149,898, ThCh\$59,771 and ThCh\$0 in 2003).
- In Madeco (per diem), Guillermo Luksic Craig, ThCh\$2,085 (ThCh\$1,926 in 2003); Andrónico Luksic Craig, ThCh\$569 (ThCh\$768 in 2003); Jean-Paul Luksic Fontbona, ThCh\$1,329 (ThCh\$964 in 2003) and Hernán Büchi Buc, ThCh\$2,085 (ThCh\$2,504 in 2003). Additionally, Hernán Büchi Buc received fees of ThCh\$9,110.
- In Telefónica del Sur S.A. (per diem and profit sharing, respectively), Guillermo Luksic Craig, ThCh\$7,231 and ThCh\$25,805 (ThCh\$6,495 and ThCh\$26,949 in 2003) and Gonzalo Menéndez Duque, ThCh\$7,914 and ThCh\$30,898

Share transactions by controlling shareholders

2004	Number of Shares		Transaction Amount (*)		Price per Share (**)	
	Purchased	Sold	Purchased ThCh\$	Sold ThCh\$	Purchased Ch\$	Sold Ch\$
Andsberg Inversiones Ltda. (1)	1,405,963	-	752,138	-	534.96	-
2003						
Inversiones FCAB Ltda.	-	(362,757,196)	-	-	-	-
Inversiones Antofagasta Ltda. (1)	362,757,196	-	-	-	-	-

(1) On April 2, 2004, Inversiones Antofagasta Ltda. changed its name to Andsberg Inversiones Ltda.

(*) Historic figures

(**) Average price

Share transactions by officers and executives of the company

	Number of Shares Purchased (Sold)		Transaction Amount (**)		Price per Share (**) (***)	
	2004	2003	2004 ThCh\$	2003 ThCh\$	2004 Ch\$	2003 Ch\$
Francisco Pérez Mackenna (CEO) (*)	(334,799)	(334,801)	(180,122)	(145,643)	(538.00)	(435.01)
Martín Rodríguez Guiraldes (Executive) (*)	(83,188)	(83,188)	(44,755)	(36,188)	(538.00)	(435.01)
Pedro Marín Loyola (Executive) (*)	(38,665)	(38,665)	(20,802)	(16,820)	(538.00)	(435.01)
Luis Fernando Antúnez (Executive) (*)	(145,367)	(145,367)	(78,207)	(63,237)	(538.00)	(435.01)
Felipe Joannon Vergara (Executive) (*)	(179,439)	(179,439)	(96,538)	(78,058)	(538.00)	(435.01)
Oscar Henríquez Vignes (Executive) (*)	(37,493)	(37,493)	(20,171)	(16,310)	(538.00)	(435.01)
Manuel José Noguera (Executive) (*)	(179,439)	(179,439)	(96,538)	(78,058)	(538.00)	(435.01)
Sergio Cavagnaro Santa María (Executive) (*)	(79,673)	(79,673)	(42,864)	(34,659)	(538.00)	(435.01)
Davor Domitrovic Grubisic (Executive) (*)	(36,322)	(36,322)	(19,541)	(15,801)	(538.00)	(435.01)
Alessandro Bizzarri Carvallo (Executive) (*)	(49,210)	(49,210)	(26,475)	(21,407)	(538.00)	(435.01)
Cindi Freeman (Executive) (*)	(39,980)	-	(21,509)	-	(538.00)	-
Jorge Tagle Ovalle (Ex Executive) (*)	(53,896)	(53,896)	(28,996)	(23,446)	(538.00)	(435.01)
Luis Hernán Paúl (Ex Executive) (*)	(127,547)	(542,371)	(66,824)	(282,849)	(523.92)	(521.50)
Patricio León Délano (Ex Executive)	-	(11,781)	-	(6,421)	-	(545.02)
Sergio Guzmán Lagos (Ex Executive)	-	(91,344)	-	(31,514)	-	(345.00)
Total	(1,385,018)	(1,862,989)	(743,344)	(850,411)		

(*) Corresponds to long-term incentive plan (**) Historic figures (***) Average price

(ThCh\$10,303 and ThCh\$30,171 in 2003).

- In Industria Nacional de Alimentos S.A. (per diem and fees, respectively), Guillermo Luksic Craig, ThCh\$2,087 and ThCh\$10,383 (ThCh\$3,945 and ThCh\$14,136 in 2003); Andrónico Luksic Craig, ThCh\$301 and ThCh\$10,383 (ThCh\$1,218 and ThCh\$14,135 in 2003); Hernán Büchi Buc, ThCh\$8,345 and ThCh\$0 (ThCh\$11,539 and ThCh\$0 in 2003) and Matko Koljatic Maroevic, ThCh\$0 and ThCh\$0 (ThCh\$1,512 and ThCh\$0 in 2003).
- In Hoteles Carrera S.A. (per diem), Joaquín Errázuriz Hochschild, ThCh\$1,818 (ThCh\$1,823 in 2003) and Vladimir Radic Piraíno, ThCh\$1,964 (ThCh\$2,125 in 2003).

Management compensation

Compensation paid to Quiñenco's main executives during the year 2004, including salaries, benefits and performance bonuses, totaled ThCh\$2,814,011.

Incentive plan

In March of 2000, a long-term management incentive plan was established for the Company's main executives. Loans, which as of December 31, 2004 amounted to ThCh\$2,069,839, were granted to acquire shares of Quiñenco and its subsidiaries at market price. 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

Until November 8, 2004, the Directors' Committee was composed of Gonzalo Menéndez Duque, Chairman, Vladimir Radic Piraino and Joaquín Errázuriz Hochschild. In an Extraordinary Board Meeting held on November 8, 2004, the Board of Directors designated Guillermo Luksic Craig, Gonzalo Menéndez Duque and Matko Koljatic Maroevic as members of the Directors' Committee. This designation was made as a consequence of the re-election of the Board on November 5, 2004, at which time the Board was reduced from nine to seven members. The committee is presided over by Gonzalo Menéndez Duque and meets on a monthly basis. Francisco Pérez Mackenna, CEO, Luis Fernando Antúnez, CFO, and Fernando Silva Lavín, Controller, are also regular participants at each session.

The Directors' 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 2004:

- 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:
 - The sale of real estate in the city of Antofagasta consisting of 2,025 square meters of land for UF25 per square meter to Almagro S.A.

- The sale of 10 parking places belonging to Hoteles Carrera S.A. to Inversiones Adriático S.A., a company owned by Andrónico Luksic Abaroa for UF310 each.
- Extension of a consulting and professional services contract with Juan Andrés Fontaine y Asociados Ltda. under the existing terms and conditions until December 2004.
- Evaluated the option to purchase 50% of Sutivan Investments Establishment, a company which participates in the tourism and hotel industries in Croatia, controlled by Andrónico Luksic Abaroa. Quiñenco did not exercise the option.

b) A review of the salary and compensation packages of Quiñenco's main executives and long-term incentive plan.

c) Review and approval of the Company's Form 20-F for the year 2003 that was registered with the Securities and Exchange Commission of the United States.

d) 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 2004 Audited Financial Statements to shareholders, reviewed the documents.

e) 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 2005. 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.

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\$
2004			
1st Quarter	28,137,796	15,280,208	543.05
2nd Quarter	10,422,736	5,428,486	520.83
3rd Quarter	29,218,704	18,306,609	626.54
4th Quarter	15,182,803	10,597,645	698.00
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

(*) Historic figures

Board of directors external consulting expenses

In 2004, the Board of Directors did not incur any expenses with respect to external consultants.

Employee severance payments

In 2004, the Company incurred expenses associated with severance payments to its managers and key executives of ThCh\$43,827.