

Corporate Affairs



Dividend Policy

At the Annual Shareholders' Meeting to be held on April 27, 2007, the Board of Directors will propose to maintain its dividend policy of distributing at least 30% of annual (liquid) net profits.

DIVIDEND HISTORY

Dividend Number	Payment date	Dividend per Share*	Total Dividend*	For the year ended December 31 st
N° 14	January 9, 2004	Ch\$11.24745	ThCh\$12,144,323	Interim 2003
N° 15	May 11, 2004	Ch\$6.20807	ThCh\$6,703,102	2003
N° 16	May 5, 2005	Ch\$12.97685	ThCh\$14,011,625	2004
N° 17 and 18	May 10, 2006	Ch\$14.44793	ThCh\$15,600,009	2005

* historic figures

Distribution of 2006 Net Income

Net income for 2006 totaled ThCh\$56,043,964. The Board of Directors has proposed to distribute 2006 net income as follows:

- 1) Absorption of the accumulated deficit from the development period of ThCh\$1,529,842.
- 2) Payment of a dividend of ThCh\$17,112,887 corresponding to the distribution of 2006 net income as follows:
 - a) Payment of a minimum obligatory dividend of ThCh\$16,214,770, to be paid in accordance with the date established at the Annual Shareholders' Meeting.
 - b) Payment of an additional dividend of ThCh\$898,117, to be paid in accordance with the date established at the Annual Shareholders' Meeting.
- 3) Allocation of the balance of ThCh\$38,400,235 to retained earnings.

The proposed dividend distribution corresponding to 2006 net income is equivalent to 30.00% of net earnings for the year.

Calculation of Allowable Dividend Distribution	ThCh\$
Net Income 2006	57,042,964
Accumulated deficit from the development period	(1,529,842)
Allowable distribution of 2006 earnings	55,513,122
2006 dividend as a percentage of allowable distribution	30.83%
Amortization of negative goodwill (consolidated)*	(1,463,881)

* In co distributab dividend.

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Shareholders

Quiñenco's share capital is divided in 1,079,740,079 subscribed and paid-in shares. Its shares have been traded on the New York Stock Exchange (NYSE) and the Santiago Stock Exchange (Bolsa de Comercio de Santiago) since 1997. On November 16, 2006, Quiñenco's Board of Directors agreed to terminate the company's ADR program in the United States and share trading on the NYSE was suspended on January 19, 2007. Quiñenco's shares will continue to trade on the Chilean stock exchanges.

The twelve largest shareholders as of December 31, 2006 are:

Corporate I.D.	Name	Shares	%
77.636.320-0	Andsberg Inversiones Ltda.*	365,300,976	33.83
59.039.730-k	Ruana Copper A.G. Agencia Chile*	240,938,000	22.31
78.306.560-6	Inmobiliaria e Inversiones Río Claro S.A.*	143,427,860	13.28
96.536.010-7	Inversiones Consolidadas S.A.*	125,427,859	11.62
59.030.820-k	The Bank of New York **	43,149,760	4.00
90.818.000-3	Axxion S.A.	42,426,998	3.93
96.894.180-1	Bancard Inversiones Ltda.	22,954,976	2.13
96.871.750-2	Inversiones Salta S.A.*	18,000,000	1.67
96.684.90-8	Moneda S.A. A.F.I. para Pionero F.I. Mobiliaria	12,429,779	1.15
98.001.000-7	A.F.P. Cuprum	8,919,585	0.82
99.012.000-5	Compañía Seg. Vida Consorcio Nac. de Seguros S.A.	4,501,537	0.42
90.249.000-0	Bolsa de Comercio de Santiago Bolsa de Valores	3,581,733	0.33
	Totales	1,031,059,063	95.49
	OTHER INFORMATION as of 12.31.2006		
	Number of outstanding shares	1,079,740,079	
	Number of shareholders	1,867	

* Companies related to the Luksic Group

** Depository bank for ADR shareholders

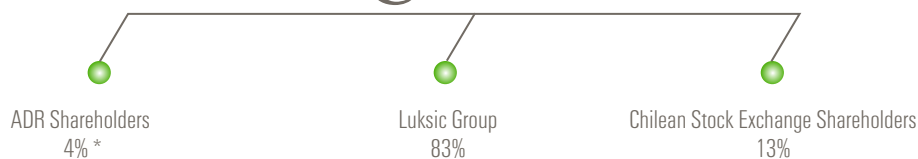
Quiñenco is controlled 82.9% by the Luksic Group, through Andsberg Inversiones Ltda., Ruana Copper A.G. Agencia Chile, Inversiones Orengo S.A., Inversiones Consolidadas S.A., Inversiones Salta S.A. and Inmobiliaria e Inversiones Río Claro S.A. The Luksburg Foundation indirectly holds a 94.6% interest in Andsberg Inversiones Ltda., a 100% interest in Ruana Copper A.G. Agencia

Chile and a 97.3% interest in Inversiones Orengo S.A.

Andrónico Mariano Luksic Craig and his family control 100% of the shares of Inversiones Consolidadas S.A. and Inversiones Salta S.A. Guillermo Antonio Luksic Craig and his family control 100% of the shares of Inmobiliaria e Inversiones Río Claro S.A. There are no formal agreements as to the voting or disposition of shares between members of the controlling shareholder group.



Quiñenco



(*) The ADR program in the United States terminated on January 19, 2007.

SHARE TRANSACTIONS BY CONTROLLING SHAREHOLDERS

	Number of Shares		Transaction Amount (*)		Unit Price (*) (**)	
	Purchased	Sold	Purchased ThCh\$	Sold ThCh\$	Purchased Ch\$	Sold Ch\$
2006						
Andsberg Inversiones Ltda.	1,137,817	-	728,203	-	640.00	-
2005						
Inmobiliaria e Inversiones Río Claro S.A.	1,217,502	(608,751)	827,901	(415,509)	680.00	(682.56)
Inversiones Consolidadas S.A.	608,751	-	415,509	-	682.56	-

(*) Historic figures

(**) Average price

SHARE TRANSACTIONS BY OFFICERS AND EXECUTIVES OF THE COMPANY

	Number of Shares		Transaction Amount (**)		Unit Price (**) (***)	
	Purchased (sold)		Purchased (sold)		Purchased (sold)	
	2006	2005	2006 ThCh\$	2005 ThCh\$	2006 Ch\$	2005 Ch\$
Francisco Pérez Mackenna (CEO) (*)	(334,799)	(334,799)	(214,271)	(227,663)	(640.00)	(680.00)
Martín Rodríguez Guiraldes (Executive) (*)	(83,188)	(83,190)	(53,240)	(56,569)	(640.00)	(680.00)
Pedro Marín Loyola (Executive) (*)	(38,665)	(38,665)	(24,746)	(26,292)	(640.00)	(680.00)
Luis Fernando Antúnez Borjes (Executive) (*)	(145,367)	(145,369)	(93,035)	(98,851)	(640.00)	(680.00)
Felipe Joannon Vergara (Executive) (*)	(179,439)	(179,439)	(114,841)	(122,019)	(640.00)	(680.00)
Oscar Henríquez Vignes (Executive) (*)	(37,493)	(37,494)	(23,996)	(25,496)	(640.00)	(680.00)
Manuel José Noguera Eyzaguirre (Executive) (*)	(179,439)	(179,439)	(114,841)	(122,019)	(640.00)	(680.00)
Davor Domitrovic Grubisic (Executive) (*)	-	(36,322)	-	(24,699)	-	(680.00)
Alessandro Bizzarri Carvallo (Ex-Executive) (*)	(49,210)	(49,211)	(31,494)	(33,463)	(640.00)	(680.00)
Sergio Cavagnaro Santa María (Ex-Executive) (*)	-	(159,347)	-	(107,719)	-	(676.00)
Jorge Tagle Ovalle (Ex-Executive) (*)	(53,896)	(53,899)	(34,493)	(36,651)	(640.00)	(680.00)
	(1,101,496)	(1,297,174)	(704,957)	(881,441)		

(*) Corresponds to long-term incentive plan

(**) Historic figures

(***) Average price

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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:

Year	Number of Shares	Transaction Amount (*) ThCh\$	Average Price Ch\$
2006			
1 st Quarter	19,496,830	12,356,140	633.75
2 nd Quarter	16,246,819	10,172,953	626.15
3 rd Quarter	4,956,082	3,071,929	619.83
4 th Quarter	14,135,447	10,374,172	733.91
2005			
1 st Quarter	11,133,223	7,794,040	700.07
2 nd Quarter	11,314,120	7,665,592	677.52
3 rd Quarter	10,580,528	7,528,891	711.58
4 th Quarter	11,720,344	7,710,086	657.84
2004			
1 st Quarter	28,137,796	15,280,208	543.05
2 nd Quarter	10,422,736	5,428,486	520.83
3 rd Quarter	29,218,704	18,306,609	626.54
4 th Quarter	15,182,803	10,597,645	698.00

(*) Historic figures

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.

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.

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 in which 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 profit distributions from its operating companies and with funds obtained from the sale of assets, the issuance of debt and equity instruments and bank financing.

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

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 a GDP growth rate of approximately 4% for the year

2005. 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 currency fluctuations.

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 in Latin America in general.

Quiñenco believes that its businesses face an increasingly high level of competition in the industries in which they operate. Increased competition

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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.

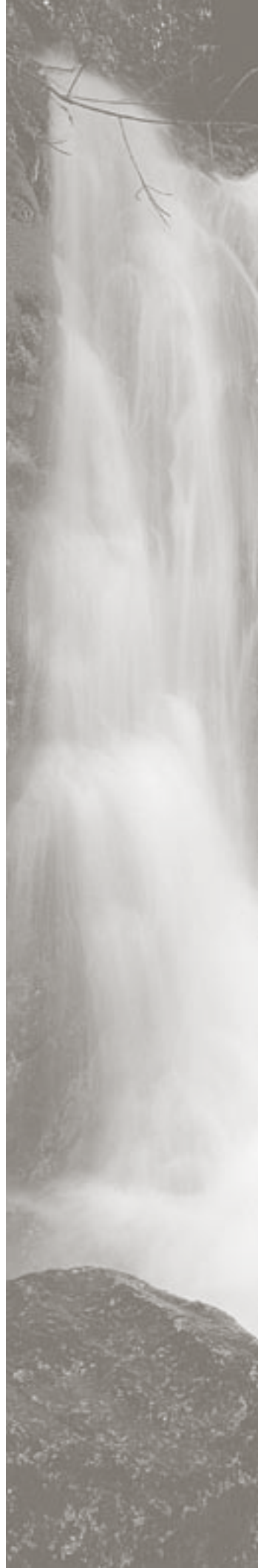
As a holding company, Quiñenco's debt service and repayment capacity, as well as its ability to make dividend distributions depends on the level of dividends and profit distributions it receives from its subsidiary and affiliate companies. The payment of dividends by subsidiary companies, equity investments and related companies, is, in certain instances, subject to restrictions and contingencies. 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 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 experiment low trading volumes, price and share liquidity could be affected.

In addition, the market value of securities of Chilean companies is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Chile, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Chilean issuers. There can be no assurance that the Chilean stock market will continue to grow or even sustain its gains and that the market value of the Company's





securities would not be adversely affected by events elsewhere, especially in emerging market countries.

Directors' Committee

The Directors' Committee is composed of three members, Guillermo Luksic Craig, Gonzalo Menéndez Duque, and Matko Koljatic Maroivic. These members were appointed by the Board of Directors on May 5, 2005. The Directors' Committee had been composed of the same three members since January of 2005, in accordance with the appointment made by the Board of Directors on November 8, 2004 in an extraordinary board meeting. 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.

Each of the members of the Directors' Committee is related to the controlling shareholder under the terms described in Article 50 bis of the Corporations Law (Ley de Sociedades Anónimas).

The Directors' Committee, in accordance with Article 50 of the Corporations Law and its predetermined meeting schedule, carried out the following activities in 2006:

- 1) 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: (a) a loan of UF221,000 plus interest to the subsidiary company, Indalsa S.A., payable in 24 months, guaranteed by shares of Calaf S.A.; and (b) a proposal to jointly develop the second stage of the "Jardin de Ursulinas" real estate project with the company Almagro S.A.
- 2) A review of the salary and compensation packages of Quiñenco's main executives and long-term incentive plan.
- 3) Review and approval of the Company's Form 20-F for the year 2005 that was registered with the Securities and Exchange Commission of the United States.
- 4) A review of the reports issued by the Company's external auditors. During 2006, the committee reviewed the 2005 Audited Financial Statements presented by Management, prior to submitting them to shareholders for approval. Other reports included the interim financial report as of June 30, 2006 and the Internal Control Report periodically sent to the Company's administration.

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5) The committee proposed to the Board of Directors the designation of Ernst & Young Servicios Profesionales de Auditores and Asesorías Limitada as external auditors for the year 2006. If this firm for whatever reason can not be contracted, it would then propose Deloitte. Feller Rate Clasificadores de Riesgo Limitada and Fitch Clasificadores de Riesgo were proposed as the Company's local risk classifiers and Standard & Poor's as its international risk classifier.

Audit Committee

As a listed company and foreign private issuer on the New York Stock Exchange (NYSE), Quiñenco complies with the NYSE's listing standards and regulations of the Securities and Exchange Commission (SEC). In accordance with the Law Sarbanes Oxley of 2002, on June 2, 2005, the company formed an audit committee whose function is to help ensure the reliability of the Company's financial statements, accounting and control processes, as well as supervise the external auditors. In 2006, the committee was composed of one member, Matko Koljatic Maroevic, an independent member of the audit committee as defined by current regulations.

On November 16, 2006, Quiñenco's Board of Directors agreed to terminate the company's ADR program in the United States to which effect it communicated its decision with Bank of New York as Depository bank and its deposit agreement with said bank terminated on January 19, 2007. As a consequence of the program termination, the NYSE suspended share trading of Quiñenco's ADRs on January 22, 2007 and the SEC was duly notified by Form 25 dated January 26, 2007. No objection was made by the SEC and subsequently, inscription of Quiñenco's ADRs was cancelled by the NYSE on February 5, 2007.


As a result of the termination of the ADR program and in keeping with company's objectives behind the termination of the program in the United States, Quiñenco is no longer required to maintain an Audit Committee as prescribed under the Law Sarbanes Oxley. Subsequently, on February 28, 2007, the Audit Committee was terminated and has since ceased to perform any function.

Board Compensation

As agreed upon at the Annual Shareholders' Meeting held in 2005, 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\$4,245 and ThCh\$33,830 (ThCh\$5,770 and ThCh\$25,626 in 2005); Andrónico Luksic Craig, ThCh\$772 and ThCh\$33,830 (ThCh\$192 and ThCh\$25,626 in 2005); Jean-Paul Luksic Fontbona, ThCh\$2,123 and ThCh\$33,830 (ThCh\$2,885 and ThCh\$25,626 in 2005); Hernán Büchi Buc, ThCh\$3,086 and ThCh\$33,830 (ThCh\$2,499 and ThCh\$25,626 in 2005); Joaquín Errázuriz Hochschild, ThCh\$0 and ThCh\$0 (ThCh\$0 and ThCh\$20,714 in 2005); Juan Andrés Fontaine Talavera, ThCh\$2,699 and ThCh\$33,830 (ThCh\$3,268 and ThCh\$25,626 in 2005); Gonzalo Menéndez Duque, ThCh\$3,279 and ThCh\$33,830 (ThCh\$3,268 and ThCh\$25,626 in 2005); Vladimir Radic Piraíno, ThCh\$0 and ThCh\$0 (ThCh\$0 and ThCh\$20,714 in 2005) and Matko Koljatic, ThCh\$3,279 and ThCh\$33,830 (ThCh\$2,885 and ThCh\$25,626 in 2005). In addition, Guillermo Luksic Craig, Gonzalo Menéndez Duque and Matko Koljatic received compensation for their services as members of the Directors' Committee in 2006 of ThCh\$5,503, ThCh\$5,503 and ThCh\$10,086 (ThCh\$5,034, ThCh\$5,034 and ThCh\$5,489 in 2005), 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\$9,110 and ThCh\$43,606 (ThCh\$20,564 and ThCh\$42,971 in 2005); Andrónico Luksic Craig, ThCh\$8,191 and ThCh\$130,818 (ThCh\$16,161 and ThCh\$128,914 in 2005) and Gonzalo Menéndez Duque, ThCh\$139,925 and ThCh\$43,606 (ThCh\$161,013 and ThCh\$42,971 in 2005).
- In Madeco S.A. (per diem and Director's Committee, respectively), Guillermo Luksic Craig, ThCh\$1,015 and ThCh\$399 (ThCh\$2,791 and ThCh\$0 in 2005); Andrónico Luksic Craig, ThCh\$408 and ThCh\$0 (ThCh\$595 and ThCh\$0 in 2005); Jean-Paul Luksic Fontbona, ThCh\$813 and ThCh\$600 (ThCh\$2,386 and ThCh\$0 in 2005) and Hernán Büchi Buc, ThCh\$1,423 and ThCh\$600 (ThCh\$2,791 and ThCh\$0 in 2005).
- In Telefónica del Sur S.A. (per diem and profit sharing, respectively), Guillermo Luksic Craig, ThCh\$5,051

and ThCh\$22,597 (ThCh\$8,381 and ThCh\$27,071 in 2005) and Gonzalo Menéndez Duque, ThCh\$9,889 and ThCh\$35,013 (ThCh\$11,249 and ThCh\$32,646 in 2005).

- In Industria Nacional de Alimentos S.A. (per diem), Guillermo Luksic Craig, ThCh\$319 (ThCh\$1,244 in 2005); Andrónico Luksic Craig, ThCh\$0 (ThCh\$318 in 2005); and Hernán Büchi Buc, ThCh\$8,287 (ThCh\$6,891 in 2005).

Board of Directors External Consulting Expenses

In 2006, the Board of Directors did not incur any expenses with respect to external consultants.

Management Compensation

Compensation paid to Quiñenco's main executives during the year 2006, including salaries, benefits and performance bonuses, totaled ThCh\$2,841,380.

Incentive Plan

Quiñenco does not have a long-term incentive plan for the company's main executives as of December 31, 2006.

Employee Severance Payments

In 2006, the Company did not incur expenses associated with severance payments to its managers and key executives.