

PROPOSAL OF EXTERNAL AUDITORS AND ITS GROUNDS

The shareholders are informed that, in accordance with the provisions of the Corporations Law and Circular 718 of February 10, 2012 of the Superintendency of Securities and Insurance, the Committee agreed to suggest to the Board and this agreed to propose to the next ordinary shareholders meeting to be held on April 25, 2012, to maintain the firm Ernst & Young as the Company's external auditors for the year 2012, for the following reasons:

1. Ernst & Young is the external audit firm of the Quiñenco Group of which Madeco S.A. is a part. This facilitates coordination of financial reporting between Madeco S.A. and the group of companies to which it belongs, and also facilitates the application of a uniform criterion in the application of accounting principles.
2. Ernst & Young has been the external audit firm of Madeco S.A. and its subsidiaries since 2004. As required by audit-firm regulations and their regulatory standards, a policy of rotating the audit partner at least every five years, has been followed, providing a good-quality service. The present partner has been the responsible partner for two years from 2010, with a positive evaluation by the Committee in the performance of their work.
3. This proposal is also based on the analysis made by the Directors' Committee, which the Board has accepted, of the following aspects:
 - a) Compliance of the Independence of the auditor. The Committee has checked that Ernst & Young has complied strictly with all legal provisions concerning services prohibited to independent auditors, especially those established in Chapter XXVIII of the Securities Market Law 18.045.
 - b) Experience of the firm and its audit team. The Committee knows that Ernst & Young is registered in the Register of External Auditors of the Superintendency of Securities and Insurance and has years of experience in providing audit services to open corporations of a size and complexity similar to Madeco S.A. and its subsidiaries. The professional experience of the audit team has been analyzed and it was found to have that necessary for satisfactorily performing their respective functions. Ernst & Young has a profound knowledge of the operations of Madeco S.A. and its subsidiaries, which enables it to reduce the audit risk and achieve a greater efficiency in carrying out its work.
 - c) Work hours and fees plan proposed for the audit 2012. The Committee analyzed the hours of work budgeted and fees proposed by the auditors for performing the audit of the financial statements for 2012 of Madeco S.A. and each of its Chilean and foreign subsidiaries, concluding that these proposals are reasonable and suitable for the level of transactions and complexity of the industrial sectors in which this group of companies operates.

Based on the above grounds, the Committee and the Board propose to the ordinary shareholders meeting to maintain the firm Ernst & Young as external auditors of the Company and its subsidiaries for the year 2012.