

MATERIAL EVENT

CORPORATE NAME : **EMBOTELLADORA ANDINA S.A.**
SECURITIES REGISTRY : 00124
TAXPAYER I.D. : 91.144.000-8

As a matter of interest for the Company's operations, the following Material Event is reported by virtue of the stipulations in Article 9 and 10 of Law 18,045, and the provisions in General Rule No. 30 of the Superintendency of Securities and Insurance,:

On October 17, 2005, Embotelladora Andina S.A. ("Andina"), Vital S.A. ("Vital"), Coca-Cola Embonor S.A., ("Embonor") and Embotelladoras Coca-Cola Polar S.A. ("Polar") entered into a "Letter of Intention" to carry out the transactions described below in order to re-structure production and packing of products in the business categories of Waters, Juices and Non-Carbonated Softdrinks, licensed by The Coca-Cola Company ("TCCC") in Chile:

- (1) In the Water Category: the Letter of Intention establishes the interest of Andina, Embonor and Polar, whether directly or through the corresponding subsidiaries, to take part respectively as shareholders in the proportions of 56.5%, 26.4% and 17.1% in the company called VA S.A. (VASA), in order to develop the processing, production and packing business of Mineral Water "Vital de Chanqueahue" and other waters and similar products, regardless of their nature, pursuant to the terms of the agreements to be promptly agreed upon between VASA and TCCC.

For these purposes, VASA shall acquire from Vital S.A. all of the assets that the latter company uses for the water production, processing and packing at its Chanqueahue plant.

If this transaction is performed, their aforesaid share participation will be acquired by Embonor and Polar by paying to the Andina subsidiaries (the current shareholders in VASA), the base prices, equivalent in pesos to 178,430 Unidades de Fomento ("UF") and 115,574 UF, respectively,

Additionally, subject to TCCC's authorization and upon the execution of the definite agreements, Andina, Embonor and Polar may also produce and pack other Water trademarks to be franchised by TCCC in their territories.

- (2) Regarding the Category of Juices and Non-Carbonated Beverages, it was agreed that Andina, Embonor and Polar will have the rights to acquire from Vital S.A. the products under the trademarks "Kapo", "Andina Néctar", "Andina Hi-C" and "Andina Fruit", and other trademarks and produce them in its own territories, pursuant to the terms of the agreements to be promptly agreed upon by each bottler

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with TCCC. Consequently, Embonor and Polar shall pay to Vital S.A the base prices equivalent in pesos to 196,486 UF and 51,981 UF, respectively. The right to purchase these products from Vital S.A. shall be at the prices and in the conditions that are applicable to maximum volumes and terms determined by the parties, and such right shall in any case be effective until December 31, 2015.

The Letter of Intention is merely an statement of intention of aforesaid parties regarding what is stated in the preceding paragraphs, but it is not an obligation of each thereof to materialize such intention, nor does it contain the obligation to indemnify any party who does not wish to carry out such Letter of Intention.

If the above described transactions are executed, the agreements, shareholders agreements and other authorizations and documents shall be executed by December 31, 2005.

Santiago, October 17, 2005.

Pedro Pellegrini Ripamonti
Corporate Legal Manager