

PRESS RELEASE

ENEL CHILE PROPOSES MERGER WITH ENEL GREEN POWER IN CHILE AND TENDER OFFER FOR 100% OF ENEL GENERACIÓN CHILE

- *The proposal seeks to gather all of the conventional and renewable generation assets of the Enel Chile affiliates.*
- *Through the unanimous decision of the board of directors, it was decided for the operation to be handled as a related-party transaction.*

Santiago, August 25, 2017. Through the unanimous decision of its board of directors, today Enel Chile submitted a proposal for the incorporation through a merger, of the renewable non-conventional power generation assets that Enel Green Power Latinoamérica holds in Chile. In this way, all of the power generation operations, conventional as well as non-conventional renewable that the Group holds in Chile would be further developed by Enel Chile through its affiliates.

“The purpose of this operation is to consolidate Enel Chile’s leadership in the national electric power generation industry, as the most competitive and diversified company in the market. This is a solution which provides the company new growth opportunities as an operator of non-conventional renewable energies, and in that way, Enel Chile becomes the leader in conventional and non-conventional generation and power distribution in our country, through its different affiliates”, explained **Herman Chadwick**, Enel Chile president.

The merger proposal is conditioned to the success of a Tender Offer (PTO, Public Takeover Bid on Shares) that Enel Chile would carry out on Enel Generación Chile for 100% of the shares of the affiliate owned by the minority shareholders of the latter company. This PTO would be mixed in character, that is, it should be paid for partly in cash and partly in shares issued by Enel Chile and should be subjected to the condition of success that, through it, Enel Chile should reach a controlling percentage of ENEL Generación Chile above 75% of its stock capital.

Enel Chile’s Board of Directors agreed to declare that all of the above described operation should be dealt with as a related party transaction (RPT), which means that it shall be subjected to all of the procedures and requirements included in Title XVI of the *Ley de Sociedades Anónimas*, as a mechanism towards protecting minority shareholders.

Origins of the proposal

On July 3rd, Enel Chile sent a letter to its major shareholder, Enel SpA, informing as to this proposal. Said letter was replied to by means of a letter received today, which is favorable and details the minimum requirements by Enel SpA towards supporting the transaction. These are:



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- For the operation to be carried out in terms of the market effect taking into account the growth outlook of renewable energies in Chile.
- An increase in the net benefit attributable per share (earnings per share) of Enel Chile S.A.
- For Enel SpA to maintain a shareholder participation in Enel Chile S.A. at the end of the process, similar to the current one and at no moment losing its controlling condition within the statutory limits for maximum share concentration defined at 65%
- That following the process, Enel Generación Chile S.A. should not be subjected any longer to Title XII of D.L. 3500 dated 1980, the limitations of share concentration and remaining restrictions, provided for in the latter, being eliminated from its statutes.

About EGP Chile

EGP Chile is the largest company in the national renewables market and currently operates plants with an existing combined capacity of 1.2 GW, of which 564 MW proceed from wind power, 492 MW from solar energy and 92 MW from hydroelectric power, which make Enel a leader in the national market. Additionally, EGP Chile has just begun generating power from the Cerro Pabellón plant (48 MW), which is the first high enthalpy geothermal plant in South America, built 4,500 meters above sea level.

About Enel Generación Chile

Enel Generación Chile operates a total of 6,351 MW power, which represents 29% of the existing capacity in the local market. 54% of this is hydroelectric, 44% thermoelectric and 2%, wind powered. The company participates in the Sistema Interconectado Central (SIC), the main electric power system in the country, ranging from Taltal to Chiloe, a territory where approximately 93% of the population lives, and where its existing capacity and that of its affiliates and joint control partnerships contribute a total of 5,389 MW to this system, the equivalent of close to 34%. The company also participates in the Sistema Interconectado del Norte Grande (SING), through its GasAtacama and Celta Power Plants. The total existing capacity in SING reaches 963 MW, representing 18% of this system.