



Annual Report
Enel Chile
2017

enel

Santiago Stock Exchange

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Enel Chile S.A. was initially incorporated as Enersis Chile S.A., on March 1, 2016. On October 18, of the same year, the company changed its name to Enel Chile S.A. As of December 31, 2017 the company's total subscribed and paid capital amounted to Ch\$ 4,120,836,253 represented by 49,092,772,762 shares. These shares are traded on the Santiago Stock Exchange and, as American Depository Receipts (ADR) on the New York Stock Exchange.

The company's business is to exploit, develop, operate, generate, distribute, transform and/or sell energy, in any form and nature, directly or through other companies.

Total assets as of December 31, 2017, amounted to ThCh \$5,694,773,008 . Enel Chile controls and manages a group of companies that operate in the Chilean electricity market. In 2017, net income attributable to the controlling shareholder reached ThCh\$ 349,382,642 and operating income was ThCh \$578,630,574 . At year end 2017, a total 1,948 people were directly employed by its subsidiaries in Chile.

Annual Report Enel Chile 2017



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Letter from the Chairman

Dear shareholders,

It is my pleasure to present the Annual Report and Financial Statements of Enel Chile for 2017. In the following chapters you will find a description of our operations in the electricity generation and distribution markets through our subsidiaries Enel Generación Chile and Enel Distribución Chile.

First, I would like to thank the directors, officers, and everyone who works in our company, for the job they have done this year, for the trust they have placed on this administration and, above all, for supporting the new direction we are taking as a Company.

During 2017, in addition to achieving good economic results, we have carried out one of the most important reorganizations that the Chilean market has seen in recent times. The Elqui plan was conceived as the means to face the changes in the electricity industry. It became essential to incorporate the non-conventional renewable energy assets in Chile owned by Enel Green Power Latinoamérica into Enel Chile and it was accomplished through a merger. The Enel Generación Chile PTO was also carried out successfully and offered minority shareholders of Enel Generación Chile the opportunity to become a part of Enel Chile.

The Elqui plan represents the beginning of a clear and sustainable path that will allow us to successfully face well-deserved growth in a very different energy market. It is with pride that we can say that today we are the most diversified company in this sector in Chile. In Generación we rely on a total installed capacity of 7.5 GW, of which 4.7 GW are renewable energies and 2.8 GW are thermal.

In Distribución we serve 1.9 million customers, 40% of the domestic market.

The Company obtained important achievements during 2017. Enel Generación Chile was the winner of the electricity tender that took place in October of last year, for being awarded over 50% of the auctioned energy. This success responded to the mix of conventional and renewable energies, achieved thanks to an agreement with Enel Green Power Latinoamérica.

Another important step was taken in the Bocamina power plant, in the Biobío Region, where the roof of one of the two coal fields in the power plant was completed, and work on the second roof began. The purpose of this project is to improve the way we handle coal and provide a more effective palliative to improve the environment. This is the first thermal power plant to implement this sort of standard.

In terms of the generation projects, the construction of the Los Cóndores hydroelectric power plant, in the Maule Region, has kept moving forward. By the end of 2017, this power plant, which will have an installed capacity of 150 MW, was over 60% complete.

The availability of natural gas for electricity generation in 2017 is also worth highlighting. Enel Generación Chile was able to provide a greater amount of natural gas fueled electricity to the SIC, supplementing the production of San Isidro and Quintero plants in the Valparaiso Region.

As you know, Enel Generación Chile's Board of Directors put an end to their 51% interest in the HidroAysén project, returning the water rights to the State. Colbún, our partner holding the remaining 49%, followed. We believe that this project wasn't economically or environmentally feasible, hence it was impossible to continue. The electricity expected to be generated by HidroAysén power plants has been replaced with energy from non-conventional renewable power plants.

One of the basic principles that inspires all our projects is that they be approved and accepted by the community. The decision to end the Neltume and Choshuenco projects, in the Los Ríos Region, and return the respective water rights to the State, was based on this same principal.

Ethics and transparency are among the Company's values and commitment with all its stakeholders, seeking to inspire trust and maintain long-term sustainable and inclusive relationships.

In terms of sustainability, we have revitalized our positive relationship with communities in the territories where we are present. This year we have reached important agreements with families from Coronel to overcome the impacts of the eradication of the families that began in 2010. In terms of environmental sustainability, we began a reforestation project in the Biobío Region, together with Concepción University, planting over 2 million native species in 700 hectares of land. Further north, in the Quintero Region, we began a sustainability plan along with the community that involved implementing development initiatives defined by them.

In the distribution business, new short and medium-term challenges lie ahead. The enactment of the new Technical Distribution Norm last year established greater requirements in electricity supply quality and must be monitored by district. The necessary investments and operation costs to perform these measurements are included in a new tariff decree that will hopefully be enacted as soon as possible so we can close the gap between our clients' expectations and current regulatory standards. This will require an enormous investment effort that Enel is committed to carry out.

Improving the standards and quality of our customer service is perhaps one of the broadest challenges addressed in this Technical Norm. Increasingly specific measurement and information requirements are defined, including the installation of a smart measurement system for all our clients within a 7-year period. This regulatory framework is aligned with Enel Group's vision regarding the evolution of this industry towards a more digital, efficient and flexible operation and therefore very motivating.

We can't forget the challenges we are currently undertaking in terms of distributed generation, infrastructure to attend to the needs of electric mobility, new energy efficient technologies, and demand management that will change several of the current business rules and logic.

As you have been properly informed, in July 2017 we faced a big climatic event that challenged Enel Distribución S.A. and allowed us to review our procedures in great detail to take all of the necessary measures to modify them for a future extreme weather condition event. We also made several commitments with our clients and with the government. We subscribed, along with other distribution companies, a protocol that guarantees electro-dependent

people the continuous supply of electricity in the event of a prolonged outage.

We want to be an active player in the solutions to the important problems that cities face, especially in terms of contamination. To contribute to a cleaner environment, we are promoting electric mobility. We have promoted and arranged for the purchase of electric cars for company personnel, and based on our concern for clean public transportation, we are actively promoting the addition of electric buses to the Transantiago system.

Fundamental to electric mobility is charging and re-charging electric vehicles. We currently have 20 charging stations, and with Universidad Católica de Chile, we are studying the feasibility of installing 350 more charging stations in La Serena, Santiago and Concepción.

I would like to take advantage of this opportunity to highlight the valuable contributions, in all subject matters, of our controlling shareholder, Enel S.p.A.'s, but particularly in those areas that require innovation and technology. With the guidance and care of the CEO, Mr. Francesco Starace, Enel S.p.A. is constantly concerned that we adequately adapt to face the new challenges in the electricity industry, in which they participate and know very well.

I would also like to thank our minority shareholders for the permanent support they give us, and the trust they place in our management team, which we hope to always reciprocate.

I believe we have entered this new scenario with the necessary anticipation and preparation to be able to successfully participate in an ever-more competitive market.

The renovation of Enel Chile's companies has no other purpose but to make the adequate adjustments to prepare us for this new energy world, and to obtain the economic and social results that shareholders, our employees, and the country expect.

Sincerely,



Herman Chadwick Piñera

Chairman



Enel Chile is Open Power

Openness to the outside world, to technology and, internally, between colleagues. This is the strategic concept of Open Power. But to completely transmit to customers, our interlocutors, the essence of a new and innovative Enel, it is important to share this attitude of openness within the company. To create a common culture between all different

realities of the Group, we have identified a 'galaxy' composed of a Vision - for the first time in Enel- that represents the great long-term goal, a 2025 Mission expressed in five points, of values that represent the Enel DNA and ten behaviors that should inspire all the people who work in the company. Lets discover the galaxy Open Power together.





VALUES

Proactivity

Trust

VISION

Open Power to overcome some of the greatest challenges facing the world

MISSION

Open energy access to more people

Open new uses of energy

Open the world of energy to new technologies

Open new ways for people to manage energy

Open new partnerships

Milestones 2017



JANUARY

Enel Distribución created the first NCRE certification process in the Chilean market, certifying whether electricity is entirely supplied from NCRE sources

This new tool contributes to the minimization of the environmental impact of business operations because it allows assuring nonregulated customers that the electricity they receive is entirely from non-conventional renewable energy (NCRE) sources.

Enel Chile supports areas affected by the forest fires

Enel Gneración offered food to volunteers, equipment to remove the debris, and water tank trucks with the driver to support to communities located in the areas affected by the forest fires in the city of Concepcion and also, along with the authorities of the Maule and O'Higgins Regions, contributed to controlling the fires in the area. Contributions were made, through SOFOFA, to provide homes for the families affected by the fires.

FEBRUARY

Historic agreement signed with the families from Alto Bio-Bio

The representatives of Enel Generación Chile experienced a historic event along with 25 families from the Aukin Wal Mapu Pehuenche Community, signing an agreement to collaborate with the families in the development of projects for their community. The agreement represents significant progress in improving the relationship between the Company and the communities in the area because it resolves the families' demands related to the Panteón Quepuca or Lot 53, flooded with water for the Ralco Hidroelectric plant dam.

Sale of the entire Electrologas shareholding

Enel Generación Chile sold its 42.5 % interest in Electrologas for US\$180 million to the Chilean company, Aerio Chile, a subsidiary of REN-Redes Energéticas Nacionales.

Enel Chile crime prevention model certification

Enel Chile and Its subsidiaries, Enel Generación Chile and Enel Distribución Chile received certification for their crime prevention model according to Law 20,393 that establishes criminal responsibility for legal entities in asset laundering, financing terrorism and bribery. Certification was obtained after two years, the maximum period defined by law.

MARCH

Enel Chile acknowledges 13 Chilean women for their outstanding contribution to the development of the country

For the eleventh consecutive year, and within the context of the International Women's Day, Enel Chile acknowledged thirteen outstanding Chilean women for their contribution to the social development of the country. Each one was awarded for her significant contribution in her specific field, such as, art, music and lyrics; public service; environment, energy efficiency and sustainability; education; innovation and new ventures; public debate; community work; journalism and social communication; entertainment and sports.

Ministry of Energy and Enel Distribución launch energy efficiency program and present first "Solar Flower" in South America.

The Ministry of Energy and Enel Distribución presented the campaign "#soy-multieiciente, I make the best use of my energy." This initiative seeks to create a conscience among citizens on making good use of energy. The Company showed its commitment to this goal by connecting the first "Solar Flower" or "Smart Flower" in South America to supply Enel's corporate building in Santiago with photovoltaic electricity generation.

Inauguration of Radio System connecting the Bio Bio electricity generation power plants and Municipalities

A radio system that allows communication between the Ralco and Pangué power plants that belong to Enel Generación Chile, the Angostura power plant that belongs to Colbun, and the Quilaco and Santa Barbara municipalities was implemented by ONEMI and the Ministry of Energy to improve communication during potential emergencies and make timely decisions. This initiative supplements an existing contingency communication system project.

Fitch Ratings ratifies the AA credit rating of Enel Chile

Fitch Rating maintained Enel Chile's credit rating. It reflects asset diversification and also that operations in Chile's take place within a constructive regulatory framework and also stresses the Company's strong financial condition and respective financial ratios. The outlook is positive.



APRIL

Fitch Ratings rates Enel Generación Chile AA

The international risk rating agency gave Enel Generación Chile a local and foreign currency “BBB+” rating. The long-term rating given on the local scale was “AA(c)”.



MAY

A year since the first electric bus free of charge for passengers in the downtown area of the Santiago began operations

It has been a year since the first demo bus, promoted by the Santiago Municipality and Enel Distribución Chile to cover the downtown area of the city free of charge for the residents, began operations. The Minister of Transportation, Paola Tapia, announced that this type of electric bus would be included in the public transportation system, Transantiago, during the second semester of 2017.

Enel Chile and Nissan delivered the largest fleet of electric cars in Latin America

The Enel Group in Chile provided 30 electric cars with 250 kilometers of autonomy to its employees. The beneficiaries participated in an open contest carried out within the company. The process allowed importing the vehicles directly, with significant discounts, with a guaranteed maintenance and repurchase price.



Enel Generación Chile and Coronel families sign a Memorandum of Understanding to overcome housing problems

The agreement signed by Enel Generación Chile and the Huertos Familiares Residents’ Association from the Coronel area represents a milestone of the new roadmap defined to solve the housing difficulties of the residents that were relocated in 2010.

Cipreses Hydroelectric power plant opens its doors to the community to celebrate Cultural Heritage Day

Over 300 people visited the facility and learned about the history of the power plant that exists since 1955, one of Enel Generación Chile’s oldest facilities. The Governor of the Maule region, Pablo Meza, expressed his appreciation for the contribution to identity of the region.



Chile and Argentina signed a natural gas supply for a second consecutive year

ENAP, Enel Generación Chile and Aprovechadora Global de Energía S.A. (AGESA) supplied natural gas using the pipelines of ElectroGas and GasAndes located in the central region of the country. The gas supplied by Enel Generación Chile was equivalent to a shipment of 90 million m³ of gas. This business model allows the Company to manage its gas supply efficiently and also represents an opportunity to maintain and potentially increase this type of transaction with Argentina, offering flexibility to the Company’s operations.



JUNE

Enel Generación Chile and Universidad de Concepcion began the first large scale reforestation program in the country

The CEO of Enel Generación Chile, Mr. Walter Moro, and the Dean of Universidad de Concepcion, Mr. Sergio Lavanchy, began the reforestation of 700 hectares of land within the framework of the agreement signed by both entities in 2016. This agreement involves planting more than 2 million native tree species, an unparalleled large-scale project in Chile.

Recovery of the condors rescued in the foothills in the Maule Region

Enel Generación Chile offered immediate assistance and collaboration to the Chilean Agricultural Inspection Service (“SAG” in its Spanish acronym) in the city of Talca after finding two Andean condors in the Maule foothills. The Company provided the facilities and professional team available in the area for wildlife related contingencies.

Milestones 2017



The dome of Bocamina Power Plant begins operations

Enel Generación Chile began the operation of the dome on the north coal field of the Bocamina power plant, becoming the first electricity generation facility to implement this type of system to improve coal management. The roof on the south coal field is also under construction. Both projects involve an investment of nearly US\$50 million.



Standard and Poor's confirms rating of Enel Chile and Enel Generación Chile at BBB+

On July 13, the rating agency confirmed the rating of both companies, highlighting the solid financial condition resulting from an adequate commercial policy that mitigates the operational risk of the generation business. They also highlighted the stable and consistent distribution business regulation.



AUGUST

Enel Chile proposed merger with Enel Green Power in Chile and PTO for 100% of Enel Gx Chile

Enel Chile presented a proposal to add the non-conventional renewable generation assets of Enel Green Power in Chile by merging with the company. This merger would lead to all conventional and non-conventional renewable generation operations of Enel in Chile to be executed by Enel Chile through its subsidiaries. The proposal conditions this merger to the success of the PTO (Public Tender Offer) to be carried out by Enel Chile to purchase up to 100% of the shares of its subsidiary Enel Generación Chile held by minority shareholders.



The Board of Directors of Enel Chile, unanimously by the members present at the session, agreed to consider the operation previously described a related party transaction (OPR in its Spanish acronym) and to therefore be subject to the procedures and requirements established by Title XVI of the Chilean Corporations Law, a mechanism to protect minority shareholder.



SEPTEMBER

Coronel families sign an agreement with Enel Generación Chile

Nearly 144 relocated families, from the Hueritos Familiares area of Coronel, and Enel Generación Chile signed an agreement involving a financial compensation for the inconveniences of receiving homes with construction deficiencies. The agreement also considered building an outdoor recreational field and developing a method to determine the house repairs needed. These activities seek to implement solutions that are consensual and contribute to the new characteristics being given to the neighborhood.



OCTOBER

Enel Generación Chile is awarded 54% of the electricity tender

Enel Generación Chile was the real winner of the 2017 electricity supply tender. The Company was awarded 54% of the electricity tendered, 2,200 GWh a year beginning in 2024 for regulated customers for 20 years. An agreement between Enel Generación Chile and Enel Green Power made this possible by allowing the company to present a competitive offer in the tender.



NOVEMBER

Enel Distribución inaugurated the first office in Concepcion and presented the first electric car charging station in the Bio Bio Region

This is the first commercial office outside of the company's concession area. The goal is to offer several personalized solutions to companies, institutions and homes, increasing market share in different markets. The main business lines to develop are: electricity to nonregulated customers; efficient street lighting; energy efficiency projects and spreading the use of electric mobility. The first electric car charging station in the region was installed in the parking lot of the building where the company's new office is located.



Transantiago received the first electric buses

The vehicles were purchased by Enel and were leased to Metbus for the next ten years. They were added to bus route 516. Enel Distribución also designed a model so that the different bus operators that want to participate in the next Transantiago bid (that will require at least 90 electric buses for the different routes) have a defined and convenient alternative to incorporate zero emission technology in their fleet.

The MOP and Enel Generación Chile signed a permanent agreement to operate and maintain the Laja reservoir

The agreement, which was ratified by the associations of the farmers in the area, supplements the agreement signed in 1958 and guarantees satisfying the water requirements of farmers, and adds flexibility to the use of water for electricity generation.



DECEMBER

Shareholders' Meeting of Enel Chile approved the Group's Reorganization in the country

The Extraordinary Shareholders Meeting of Enel Chile approved implementing the Elqui Operation, which consists of reorganizing the company, merging Enel Green Power Latin America S.A. into Enel Chile. As a consequence, all conventional and nonconventional renewable generation operations of the Group in the country will be developed by Enel Chile through its subsidiaries.



Moody's confirms rating of Enel Generación Chile

The international agency ratified the rating of Enel Generación Chile and with a stable outlook.



04

Main financial and operating data



Rapel hydro power plant



As of As of December 31st of each year (figures in millions of Chilean pesos)⁽¹⁾

	2011	2012	2013	2014	2015	2016 ⁽⁵⁾	2017
Total Assets						5,398,711	5,694,773
Total Liabilities						1,935,717	1,907,811
Operating Revenue						2,136,041	2,529,347
EBITDA						627,547	739,252
Net Income ⁽²⁾						317,561	349,383
Current Ratio						1.13	1.29
Debt Ratio ⁽³⁾						0.56	0.50

As of December 31 of each year

	2011	2012	2013	2014	2015	2016	2017
Generation Business							
Number of employees	1,081	1,141	1,141	1,261	995	883	848
Number of Generation units	104	105	105	111	111	111	111
Installed capacity (MW)	5,221	5,571	5,571	6,351	6,351	6,351	6,351
Electricity generated (GWh)	19,296	19,194	19,432	18,063	18,294	17,564	17,073
Energy sales (GWh)	20,315	20,878	20,406	21,157	23,558	23,689	23,356

As of December 31, of each year

	2011	2012	2013	2014	2015	2016	2017
Distribution Business							
Energy sales (GWh) ⁽⁴⁾	13,697	14,445	15,152	15,690	15,893	15,924	16,438
Number of customers	1,637,977	1,658,637	1,693,947	1,737,322	1,780,780	1,825,519	1,882,394
Energy losses	5.50%	5.40%	5.30%	5.32%	5.31%	5.33%	5.10%
Number of employees	712	734	745	690	686	690	669
Customers/Employees	2,301	2,260	2,274	2,518	2,596	2,653	2,814

- (1) Accounting figures as determined by the instructions and regulations issued by the SVS (currently Financial Market Commission or "CMF").
- (2) Net earnings attributable to the controlling shareholder.
- (3) Total Liabilities/Equity plus Minority Interest.
- (4) Due to changes in the criteria, non-billable consumption (CNF in Spanish acronym) is not included in 2014 and 2015.
- (5) Only ten months since its creation (March 1, 2016).

05

Identification of the Company
and documents of incorporation



Chena substation

Identification of the Company

Name	Enel Chile S.A.
Address	Santiago, although able to establish branches or agencies in other parts of the country or abroad
Company Type	Publicly held Limited Liability Stock Corporation
Taxpayer ID No	76,536,353-5
Address	76 Santa Rosa St., Santiago, Chile
Zip Code	833-0099 SANTIAGO
Telephone No	(56) 2353 4400 – (56-2) 2378 4400
P.O. Box	1557, Santiago
Securities Registration No	1,139
External Auditors	Ernst & Young
Subscribed and paid-in capital (ThCh\$)	4,120,836,253,206
Website	www.enelchile.cl
Email	comunicacion.enelchile@enel.com
Investor Relations Telephone	(56-2) 2353 4682
Ticker in Chilean stock exchanges	ENELCHILE
Ticker in New York stock exchange	ENIC
Custodial Bank ADR's	Banco Santander Chile
Depository Bank ADR's	Citibank N.A.
Domestic Risk Rating Agency	Feller Rate and Fitch Chile Clasiificadora de Riesgos Limitada
International Risk Rating Agency	Standard & Poor's

Documents of incorporation

Enel Chile S.A., formerly “Enersis Chile S.A.,” was created as a consequence of the corporate reorganization that began in April 2015. Enersis S.A. controlled the generation, transmission and distribution business in Chile and four other countries in the region (Argentina, Brazil, Colombia, and Peru).

The Extraordinary Shareholders’ Meeting of Enersis S.A. held on December 18, 2015, approved the first phase of the reorganization plan named “the Division,” which created Enersis Chile S.A. as the only vehicle to control the Group’s generation and distribution assets in Chile. Enersis S.A became Enersis Americas S.A., the vehicle to control all assets of the businesses in other countries in the region. The Division was recorded in a public deed issued on January 8, 2016 by the Santiago Notary Public, Mr. Ivan

Torrealba Acevedo, and its extract was registered in the Commercial Register (Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago) on pages 4,288 No 2,570 of the year 2016 and published in the Official Gazette on January 20, 2016.

Later, on October 4, 2016, the shareholders of Enersis Chile S.A. approved changing the name of the Company to “Enel Chile S.A.” This agreement was recorded in a public deed on October 18, 2016 by the Santiago Notary Public, Mr. Ivan Torrealba Acevedo. Its extract was registered in the Commercial Register (Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago) on pages 79,330 No 42,809 of the year 2016 and published in the Official Gazette on October 28, 2016.

Finally, on December 20, 2017, the shareholders approved amending the bylaws to include the agreements regarding the merger of Enel Green Power Latin America S.A. into Enel Chile, its capital increase and other agreements adopted during said Shareholders' Meeting, replacing the articles referring to its capital, and corporate purpose to include information technology and communications , among other amendments, and agreeing to the rewritten and updated text of the bylaws, subject to the conditions approved at the Meeting. The minute of said Shareholders' Meeting was recorded as a public deed dated December 28, 2017, by the Santiago Notary Public, Mr. Ivan Torrealba Acevedo, and its extract was registered in the Commercial Register (Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago) on pages 1154 No 629 of the year 2018 and published in the Official Gazette on January 5, 2018.

Corporate purpose

The corporate purpose of the company appears in the bylaws amendment approved by the Extraordinary Shareholders Meeting held on December 20, 2017 and recorded as a public deed dated December 28, 2017 granted by the Santiago Notary Public Mr. Iván Torrealba Acevedo, and its extract was registered on pages 1154 No 629 of the year 2018 and published in the Official Gazette on January 5, 2018.

The Company's purpose is to perform the exploration, development, operation, generation, distribution, transmission, transformation and sales of energy in any of its forms and nature, directly or through other companies, and also research, development, operation, commercialization, purchase, sale, imports and maintenance of any goods related to information technology and telecommunications, such

as, software, hardware, licenses, software development, and in general, any product related to the aforementioned activities; and consulting services in all subjects related to the previously mentioned subjects. It may also invest and manage its subsidiaries and associate companies, whether generators, transmitters, distributors or traders of electricity or whose business is any of the following: (i) energy, in any of its forms or nature, (ii) the supply of public utilities or whose main input is energy, (iii) telecommunications and information technology, and (iv) intermediation over the internet. In complying with its main purpose, the company will carry out the following functions:

- a) Promote, organize, incorporate, modify, dissolve or liquidate companies of any nature that have a corporate purpose similar to the Company's corporate purpose.
- b) Propose investment, financing and business policies to subsidiary companies, as well as accounting criteria and systems that these should follow.
- c) Supervise the management of subsidiaries.
- d) Provide subsidiaries or associate companies with the necessary financing to develop their business and provide them management services; financial, technical, legal and auditing advice; and in general, any service that appears necessary to improve their performance.

In addition to its main purpose and always acting within limits established by the Investment and Financing Policy approved by the Shareholders Meeting, the Company may invest in:

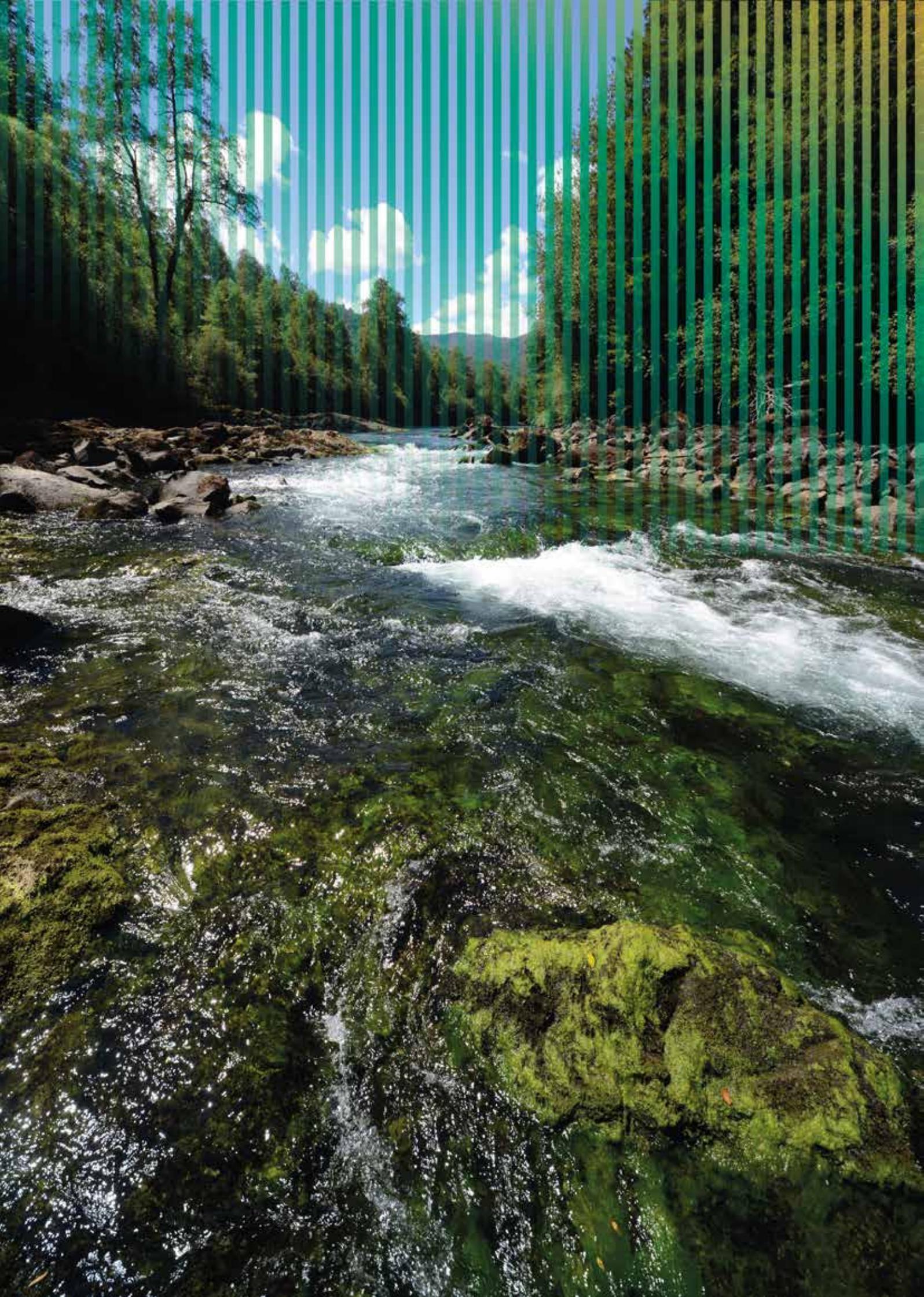
First, the acquisition, operation, construction, rental, administration, intermediation, trading, and disposal of all kinds of movable and immovable assets, either directly or through subsidiaries or associate companies.

Second, all kinds of financial assets, including shares, bonds and debentures, commercial paper and in general all kinds of titles or securities and company contributions, either directly or through subsidiaries or affiliate companies.



06

Ownership and control



Ownership structure

Ownership structure

The total share capital of the Company was divided into 49,092,772,762 shares of a single series with no par value in which each share represents the right to one vote. No shares give the state the right to veto.

As of December 31, 2017, all shares were subscribed and paid, and ownership was distributed as follows:

Shareholders	Number of shares	Ownership share
Enel S.p.A.	29,762,213,531	60.62%
Foreign Investment Funds	6,875,434,501	14.00%
Pension Funds (A.F.P)	5,115,438,567	10.42%
Citibank N.A. (Circular 1375 S.V.S)	3,477,135,400	7.08%
Stock Brokers, Insurance companies and Mutual Funds	2,610,789,444	5.32%
Others	1,251,761,319	2.55%
Total Shares	49,092,772,762	100.00%

Identification of the Controlling Shareholder

As defined by Title XV of Law 18,045, Enel Chile S.A. is controlled by Enel S.p.A., a publicly traded Italian company, that owns 60.62% of the shares issued by Enel Chile S.A.

On December 19, 2016, Enel Latinoamérica, S.A. and Enel Iberoamérica, S.R.L. agreed to merge by the latter absorbing the first and therefore dissolving Enel Latinoamérica, S.A., and Enel Iberoamérica, S.R.L. becoming the surviving entity with all legal rights, obligations, and third-party relationships.

On December 20, 2016 the agreement was formalized and recorded in a public deed granted by the Madrid Notary, Mr. Andrés Domínguez Nafría. The merger was registered in the Commercial Register of Madrid and the Company's Shareholder Registry on February 13, 2016, although the registration was retroactively effective as of the date of its presentation, which took place on December 21st, 2016.

The Board of Directors of Enel Iberoamérica S.R.L., in its session held on April 6, 2017, agreed to divide Enel Iberoamérica S.R.L. and incorporate, according to Italian regulation, Enel South América S.R.L. that would become the owner of the interests held by Enel Iberoamérica S.R.L. in Enel Chile and Enel Américas S.A.

On November 16, 2017, the merger of Enel South America S.R.L. with and into Enel S.p.A. was registered in the Company Register of Roma, Republic of Italy. As a result of the merger, Enel S.p.A. was the surviving entity with all legal rights, and obligations of Enel South America S.R.L. Consequently, as of that date, Enel S.p.A. directly controls Enel Chile S.A. (with a 60.62% ownership share).

Shareholders of Enel S.p.A at December 31, 2017

Ministero dell'Economia e delle Finanze de Italia	23.6%
BlackRock Inc.	5.6%
Other Investors (Institutional or Retail)	70.8%
Total	100.0%

The shareholders of the controlling entity do not have a shareholders' agreement.

Twelve Major Shareholders of the Company at December 31, 2017:

Name	Taxpayer ID	Number of Shares	Shareholding
Enel S.p.A.	59,243,980-8	29,762,213,531	60.62%
Citibank N.A. per SVS Letter 1,375	59,135,290-3	3,477,135,400	7.08%
Banco de Chile on behalf of nonresident third parties	97,004,000-5	2,889,586,476	5.89%
Banco Itaú Corpbanca on behalf of foreign investors	97,023,000-9	2,345,100,592	4.78%
Banco Santander on behalf of foreign investors	97,036,000-K	1,574,876,510	3.21%
AFP Provida S.A. Pension Fund C	76,265,736-8	762,820,688	1.55%
AFP Capital S.A. Pension Fund C	98,000,000-1	622,421,137	1.27%
AFP Hábitat S.A. Pension Fund C	98,000,100-8	564,376,246	1.15%
AFP Cuprum S.A. Pension Fund C	76,240,079-0	542,274,465	1.10%
BANCHILE C DE B S.A.	96,571,220-8	395,718,609	0.81%
LARRAIN VIAL S.A. Stock Broker	80,537,000-9	368,863,381	0.75%
AFP CUPRUM S.A. Pension Fund A	76,240,079-0	319,159,851	0.65%
Subtotal 12 shareholders		43,624,546,886	88.86%
Other 6,447 shareholders*		5,468,225,876	11.14%
TOTAL 6,459 SHAREHOLDERS		49,092,772,762	100.00%

* No current shareholders belong to families of the Company's founders. The government nor any state-owned entity holds more than 5% ownership of the Company.



Twelve Major Shareholders of the Company at April 2, 2018:

As a consequence of the success of the corporate reorganization entitled Elqui Plan and our PTO for the shares of the subsidiary Enel Generación Chile S.A. the following are the twelve major shareholders of the Company as of April 2, 2018:

Name	TAXPAYER ID.	Address	District	City	Shares at 04/02/2018
Enel S.P.A.	59,243,980-8	Santa Rosa 76	Santiago	Santiago	29,762,213,531
HIDROMAC ENERGY S.R.L.	59,148,080-4	Ave. Presidente Riesco 5335 Floor 15	Las Condes	Santiago	13,057,995,999
CITIBANK N.A. SEGÚN CIRCULAR 1375 S.V.S.	59,135,290-3	Bandera 140 Floor 4	Santiago	Santiago	3,825,516,073
Banco de Chile on behalf of non-resident third parties	97,004,000-5	Ahumada 251	Santiago	Santiago	3,449,134,209
Banco Itau Corpbanca on behalf of Foreign Investors	97,023,000-9	Ave. Apoquindo 3457	Santiago	Santiago	2,775,513,159
Banco Santander on behalf of Foreign Investors	97,036,000-k	Matias Cousiño 167 Floor 1	Santiago	Santiago	1,902,281,157
AFP PROVIDA S.A PENSION FUND C	76,265,736-8	Agustinas 640 Floor 18	Santiago	Santiago	1,414,032,334
AFP HABITAT S.A. PENSION FUND C	98,000,100-8	Ave. Providencia 1909 Floor 9	Providencia	Santiago	1,145,115,714
Enel Chile S.A. withdrawal rights	76,536,353-5	Ave. Santa Rosa 76 Floor 16	Santiago	Santiago	963,762,272
AFP CAPITAL S.A. PENSION FUND C	98,000,000-1	Ave. Suecia 211 Floor 10	Providencia	Santiago	959,953,370
AFP CUPRUM S.A. PENSION FUND C	76,240,079-0	Bandera 236 Floor 7	Santiago	Santiago	911,760,855
Banchile C. de B. S.A.	96,571,220-8	Agustinas 975 Floor 209	Santiago	Santiago	620,675,873

Most important changes in ownership share

NAME	TAXPAYER ID.	N° OF SHARES AT 12/31/2016	N° OF SHARES 12/31/2017	VARIATION %
Citibank N.A. según circular 1375 S.V.S.	59,135,290-3	3,818,628,500	3,477,135,400	-0.6956%
Banco de Chile on behalf of non-resident third parties	97,004,000-5	2,689,380,833	2,889,586,476	0.4078%
Banco Itau Corpbanca on behalf of Foreign Investors	97,023,000-9	1,953,577,727	2,345,100,592	0.7975%
AFP Provida S.A.	76,265,736-8	1,753,517,650	1,379,706,719	-0.7614%
Banco Santander on behalf of Foreign Investors	97,036,000-K	1,298,404,727	1,574,876,510	0.5632%
AFP Capital S.A.	98,000,000-1	1,278,113,973	1,108,850,445	-0.3448%
AFP Habitat S.A.	98,000,100-8	1,239,643,962	1,016,399,034	-0.4547%
AFP Cuprum S.A.	76,240079-0	1,201,123,076	1,119,912,164	-0.1654%
Banchile Corredores de Bolsa S.A.	96,571,220-8	322,970,265	395,718,609	0.1482%
Larrain Vial S.A. Stock Broker	80,537,000-9	307,280,681	368,863,381	0.1254%
Bci Corredores de Bolsa S.A.	96,519,800-8	266,424,196	146,850,110	-0.2436%
BTG Pactual Chile S.A. Stock Broker	84,177,300-4	246,523,559	225,359,878	-0.0431%
AFP Planvital S.A.	98,001,200-K	191,339,568	187,665,115	-0.0075%
AFP Modelo S.A.	76,762,250-3	190,407,528	302,905,090	0.2292%
Santander Corredores de Bolsa Limitada	96,683,200-2	169,490,609	190,942,944	0.0437%
Santiago Stock Exchange	90,249,000-0	166,004,740	122,824,128	0.0441%

Stock market transactions among related parties during 2017

There were no transactions among related parties during 2017.

Summary of comments and proposals by the Directors Committee and shareholders

Enel Chile received no comments or proposals regarding the progress of corporate businesses between January 1 and December 31, 2017, from the Directors' Committee or shareholders that own or represent 10% or more of the shares issued with voting rights, in accordance with the provisions of Article 74 of Law 18,046 and Articles 136 of the Rules and Regulations to the Chilean Corporations Law.



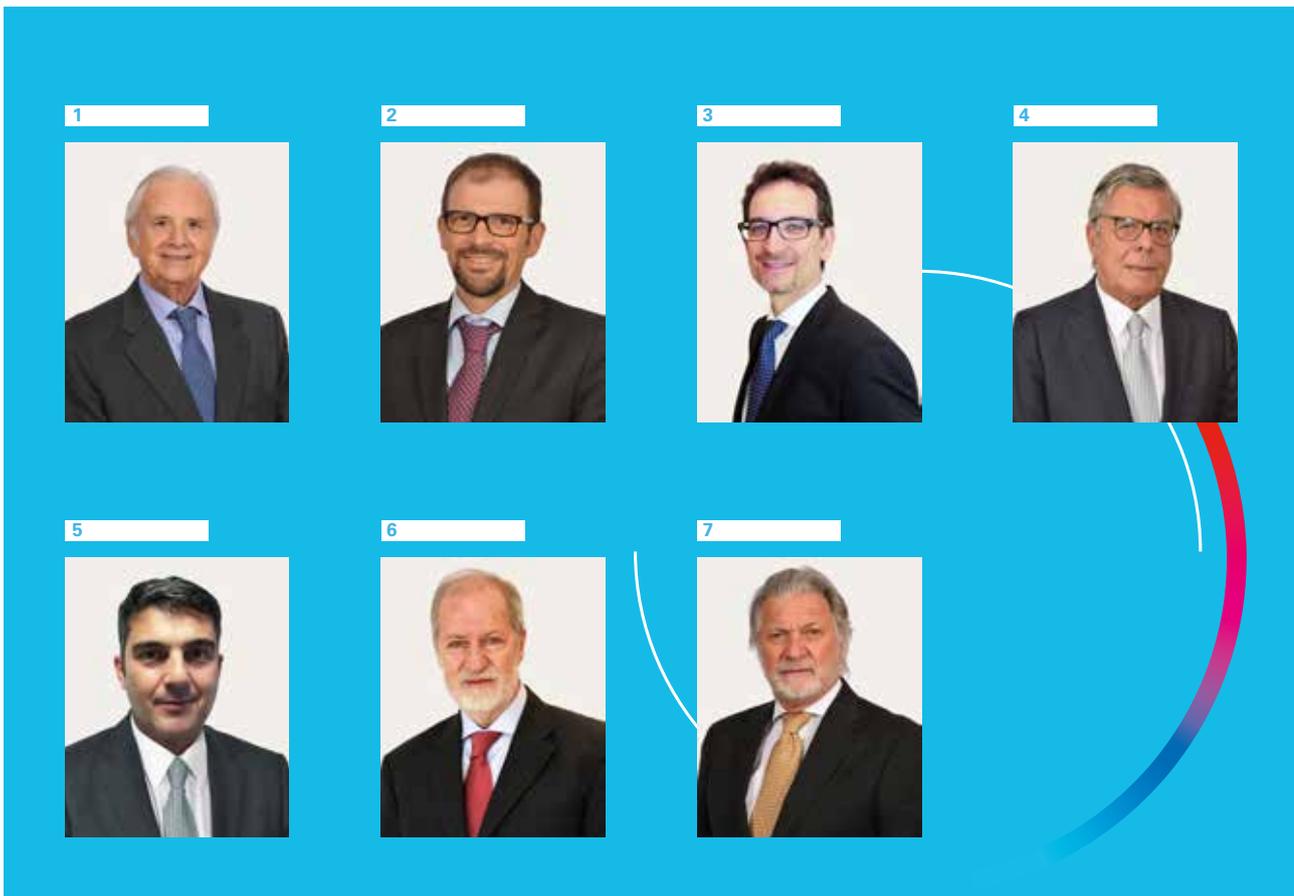
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Management



Board of Directors

Enel Chile is managed by a Board of Directors comprised of seven members for a three-year term and may be reelected. The Board of Directors was elected at the Ordinary Shareholders' Meeting held on April 28, 2016. As stated by the Chilean Corporations Law, in the event of a vacancy, the Board must be totally renewed at the Company's forthcoming Ordinary Shareholders' Meeting, and the Board may appoint a substitute in the interim. The Board does not have alternate members.



1. CHAIRMAN

Herman Chadwick Piñera

Lawyer
Pontificia Universidad Católica de Chile
Taxpayer ID: 4,975,992-4
Since 04.28.2016

Over the last few years the following Individuals were also directors of Enel Chile:

Vincenzo Ranieri

Undergraduate degree in Business Management
Universidad de LUISS- Italy
Passport: YA 7616919
From 04.28.2016
Until: 02.28.2018

2. DIRECTOR

Giulio Fazio

Lawyer
Universidad de los Estudios de Palermo
Passport: YA 4656507
Since 04.28.2016

3. DIRECTOR

Salvatore Bernabei

Industrial Engineer
Università degli Studi di Roma "Tor Vergata"
Master's Degree in Business Administration
Politécnica di Milano
Taxpayer ID: 24,220,743-2
Since 04.28.2016

4. DIRECTOR

Fernán Gazmuri Plaza

Commercial Engineer
Pontificia Universidad Católica de Chile
Taxpayer ID: 4,461,192-9
Since 04.28.2016

5. DIRECTOR

Daniele Caprini

Undergraduate degree in Economics
Università degli Studi di Siena
Master in Business Administration
Universidad de LUISS-Rome
Passport: YA9188092
Since 03.01.2018

6. DIRECTOR

Gerardo Jofré Miranda

Commercial Engineer
Pontificia Universidad Católica de Chile
Taxpayer ID: 5,672,444-3
Since 04.28.2016

7. DIRECTOR

Pablo Cabrera Gaete

Lawyer and Diplomat
Pontificia Universidad Católica de Chile and
Academia Diplomática Andrés Bello
Taxpayer ID: 4,774,797-K
Since 04.28.2016

Board of Directors' and Directors' Committee Compensation

Under Article 33 of Law 18,046, the Chilean Corporations Act, the Ordinary Shareholders' Meeting held on April 26, 2017 approved the compensation of the Board of Directors and Directors' Committee for 2017.

The compensation of the Board of Directors consists of a variable annual amount equal to one thousandths of the annual net income. An advance payment equal to one monthly compensation is paid to each director. A portion of such monthly advance payment is unconditional and a portion is conditional to the annual variable amount referred to above. Advances are deducted from the yearly variable compensation equal to a fixed monthly amount equal to 180 UF and an additional 66 UF per session attended with a maximum of 15 sessions in total, either ordinary or extraordinary.

The compensation of the Directors' Committee consists of a variable amount equal to 0.11765 thousandths of the annual net income. An advance payment equal to one monthly compensation is paid to each director. A portion of such monthly advance payment is unconditional and a portion is conditional. Advances are deducted from the yearly variable compensation equal to a fixed monthly amount equal to 60 UF and an additional 22 UF per session attended with a maximum of 15 sessions in total, either ordinary or extraordinary.

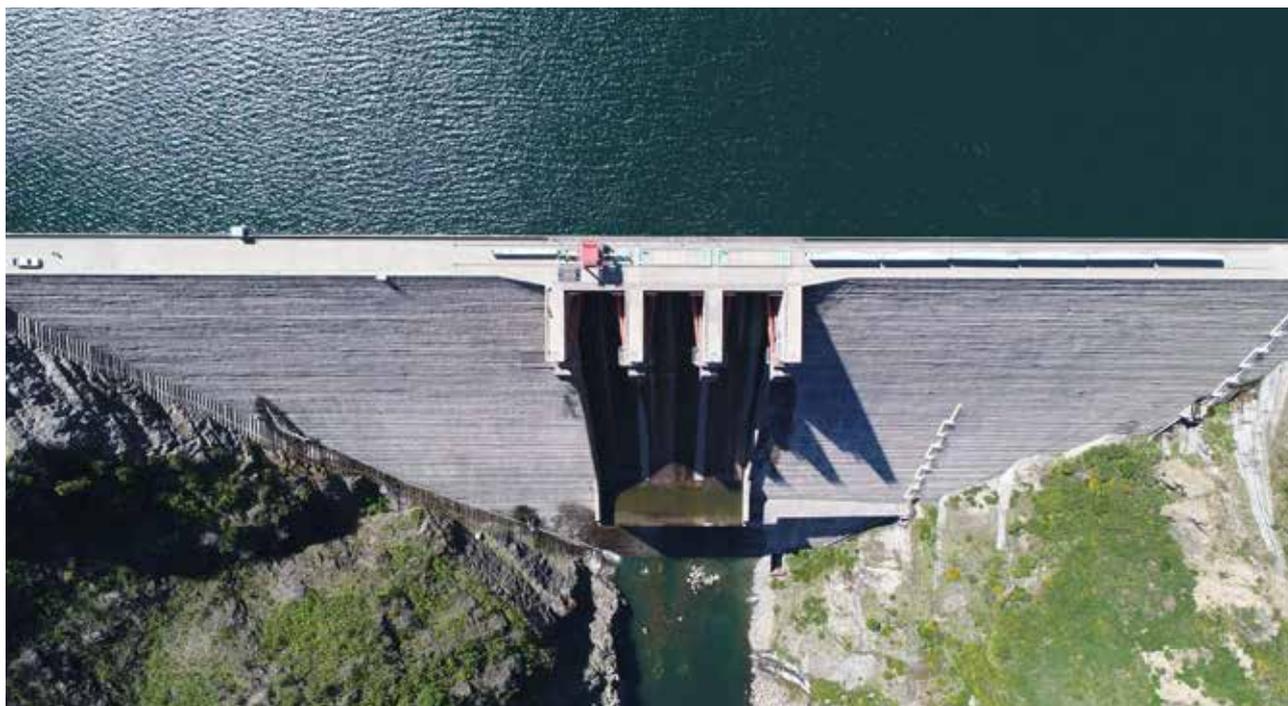
The total compensation expense during 2017 amounted to Ch\$ 530,674,977 and is detailed in the following table. The Board of Directors did not have additional expenses for consulting services.

Board of Directors' compensation in 2017

Figures in Ch\$		Fixed	Ordinary and	Committee's	Directors	Variable	
Board Member Name	Position	Compensation	Extraordinary	Fixed	Committee	Compensation	TOTAL 2017
			Sessions	Compensation	Ordinary and		
					Extraordinary		
Herman Chadwick Piñera	Chairman	114,858,878	63,205,976	-	-	-	178,064,854
Giulio Fazio ⁽¹⁾	Director	-	-	-	-	-	-
Salvatore Bernabei ⁽¹⁾	Director	-	-	-	-	-	-
Vincenzo Ranieri ⁽¹⁾	Director	-	-	-	-	-	-
Fernán Gazmuri Plaza	Director	57,429,439	31,602,988	19,143,146	9,361,134	-	117,536,707
Juan Gerardo Jofré Miranda	Director	57,429,439	31,602,988	19,143,146	9,361,134	-	117,536,707
Pablo Cabrera Gaete	Director	57,429,439	31,602,988	19,143,146	9,361,134	-	117,536,707
Total		287,147,196	158,014,940	57,429,439	28,083,402	-	530,674,977

(1) The Director waived his compensation for being an executive of the Enel SpA Group

The total compensation expense for 2016 was Ch\$441,917,998 and is detailed in the following table. The Board of Directors did not have additional expenses for consulting services.



Board of Directors' compensation in 2016

Figures in Ch\$			Ordinary and	Committee's	Directors	Variable	
Board Member Name	Position	Fixed Compensation	Extraordinary Sessions	Fixed Compensation	Committee Ordinary and Extraordinary Sessions	Compensation	TOTAL 2016
Herman Chadwick Piñera	Chairman	84,744,306	44,833,393	-	-	-	129,577,699
Giulio Fazio ⁽¹⁾	Vice Chairman	-	-	-	-	-	-
Salvatore Bernabei ⁽¹⁾	Director	-	-	-	-	-	-
Vincenzo Ranieri ⁽¹⁾	Director	-	-	-	-	-	-
Fernán Gazmuri Plaza	Director	51,643,865	29,219,885	17,214,472	8,035,211	-	106,113,433
Juan Gerardo Jofré Miranda	Director	51,643,865	29,219,885	17,214,472	8,035,211	-	106,113,433
Pablo Cabrera Gaete	Director	51,643,865	29,219,885	17,214,472	8,035,211	-	106,113,433
Total		239,675,900	132,493,048	51,643,417	24,105,633	-	441,917,998

(1) The Director waived his compensation for being an executive of the Enel SpA Group

Incentive plan

Director's compensation for 2017 did not include an incentive plan.

Board of Directors' consulting expenses

The Board of Directors did not spend on consulting services in 2017.

Diversity in the Board of Directors

Number of people by gender:

Female	0
Male	7
Total	7

Number of people by nationality:

Chilean	4
Italian	3
Total	7

Number of people by age group:

Between 41 and 50 years	3
Between 51 and 60 years	0
Between 61 and 70 years	2
More than 70	2
Total	7

Number of people by years of service:

Less than 3 years	7
More than 12 years	0
Total	7

Ownership in Enel Chile S.A.

As of December 31, 2017, according to the shareholder's register, none of the Directors in office owned shares of the Company.

Directors' Committee

Enel Chile S.A., formerly Enersis Chile S.A., was created as a consequence of the Division of Enersis S.A. approved by the Extraordinary Shareholders' Meeting of the company held on December 18, 2015. On February 29, 2016, the Board of Directors appointed the members to the Company's first Directors' Committee. The Directors appointed to compose the Directors' Committee were Fernán Gazmuri Plaza, Gerardo Jofré Miranda and Pablo Cabrera Gaete. On February 29, 2016, the Board of Directors, after the Ordinary Shareholders Meeting held on April 28, 2016 that appointed the members to the Board of Directors, designated the same gentlemen Gazmuri Plaza, Jofré Miranda and Cabrera Gaete as members to the Directors' Committee, all independent directors as defined by Article 50 bis of the Chilean Corporations Law 18,046. Mr. Fernán Gazmuri Plaza was appointed Chairman of the Directors' Committee during the ordinary session of the Directors' Committee and Mr. Domingo Valdés Prieto was appointed Secretary to the Directors' Committee.

Annual Report

The Directors' Committee of the Company held seventeen sessions during 2017, including the present session fully complying with the obligations established in Article 50 bis of the Chilean Corporations Act 18,046 and additional applicable regulation.

During 2016, the Directors' Committee addressed the matters that are summarized below:

1.- Financial statements

- During the session held on February 28, 2017, the Directors' Committee analyzed the financial statements to register the Company and its shares in the SVS and unanimously agreed to approve the Combined Financial Statements as of December 31, 2015, including relevant supplementary information as well as the respective auditors report by Ernst & Young. The directors of the committee also recommended that the board of directors approve said financial statements. The Directors' Committee also agreed to request the Chief Administration, Finance and Control Officer to have the External Auditors, Ernst & Young, make a specific presentation in the forthcoming Directors' Committee session on the related party transactions taken place during March and September of every year as well as a review of the lawsuit and derivatives provisions.
- During the session held on March 30, 2017, the Directors' Committee examined the modifications to the International Financial Reporting Standards to be in force beginning January 1, 2018.
- During the same session held on March 30, 2017, the Directors Committee unanimously agreed to declare having reviewed the equity accounts of the Company in the Consolidated Financial Statements of Enel Chile as of December 31, 2016, based on the presentation performed by the Chief Administration Officer, Mr. Paolo Pirri.
- During the extraordinary session held on May 4, 2017, the Directors' Committee unanimously declared having examined the Consolidated Financial Statements of the Company as of March 31, 2017 and its Notes, Income Statement and Significant Events.
- During the ordinary session held on September 28, 2017, the Directors' Committee unanimously declared having examined the Consolidated Financial Statements of the Company as of June 31, 2017 audited under IFRS norm by Ernst & Young "without exception" and also performed a limited review under the PCAOB standard by the same auditors. During the same session, the Directors' Committee resolved declaring having examined the Proforma Consolidated Financial Statements of the Company as of June 30, 2017 and December 31, 2016 issued with Ernst & Young's attestation report.
- During the ordinary session held on November 3, 2017, the Directors' Committee unanimously declared having examined the Consolidated Financial Statements of the Company as of September 30, 2017 and its Notes, Income Statement and Significant Events, and also the opinion of the external auditors issued "without exception" dated November 3, 2017 and signed by Mr. Emir Rahil, partner of Ernst & Young agreeing to recommend the Board of Directors of the Company to approve them.
- During the extraordinary session held November 2017, the Directors' Committee unanimously declared having examined the proforma combined financial statements of Enel Chile as of September 30, 2017, and its respective notes. The Directors' Committee declared having examined these financial statements subject to the condition that the Board of Directors validate the assumptions underlying such financials. During the same session, and also unanimously, the Directors' Committee resolved to declare having examined the consolidated financial statements of the Company as of September 30, 2017, and the report on the limited review performed by Ernst & Young and their limited review under PCAOB standards.

2. External Auditors report on bank transfers and money brokerage: During the session held on February 28, 2017, the Directors' Committee unanimously agreed to acknowledge that they had formally and expressly noted the report on money brokerage and bank transfers prepared by Ernst & Young, the external auditors of Enel Chile S.A., dated February 28, 2017.

3. Examination of internal control letter SVS Circular 422: On December 6, 2007, the Superintendence of Securities and Insurance issued Circular 422, which supplements Circular 980 dated December 24, 1990. This Circular offers specific instructions on internal control procedures, providing for the submission of a provisional report and a broad time frame for the external auditors to submit a final internal control report, allowing it to be delivered until the date in which the Board of Directors takes note of the financial statements at year end of each fiscal year.

Thus, in ordinary session of February 28, 2017 the Directors' Committee, unanimously agreed to record that it had taken formal knowledge of the Internal Control Letter dated February 28, 2017, prepared by Ernst & Young, to comply with the regulations issued by the Superintendence of Securities and Insurance (SVS), on this matter. In ordinary session of November 28, 2017, the Directors' Committee unanimously agreed to record that it had examined and taken knowledge of the Internal Control Letter referred to Enel Chile S.A., dated November 28, prepared by the external auditors of the Company, Ernst & Young.

4. Directors' Committee Budget: On February 28, 2017, the Directors' Committee unanimously agreed to approve the Directors' Committee 2017 Budget amounting to 10,000 Unidades de Fomento (Chilean inflation-indexed, Chilean peso-denominated monetary unit) for the Committee and its consultants' expenses and operations. The members of the Directors' Committee also unanimously decided to submit this 2017 Directors' Committee Budget proposal to the approval of the Board of Directors so that, if approved, they sub-

mit it to the Ordinary Shareholders Meeting for final approval.

5. External auditors' examination of subjects covered by NCG 385: During the ordinary session held on February 28, 2017, the Directors' Committee unanimously declared that the External Auditors had examined subjects voluntarily presented as good corporate governance included in numeral 1 d) of the SVS General Norm 385 and declared that none of the subjects referred to by items ii, iii and v of such numeral had taken place.

6. External auditors' fees in fiscal year 2016: During the ordinary session held on February 28, 2017, the Directors' Committee unanimously agreed to approve the fees paid during 2016 by the Company to the different auditing firms hired.

7. Supervision and evaluation of external auditors: During the ordinary session held on February 28, 2017, the Directors' Committee unanimously agreed to grade the work performed in 2016 by the Company's external auditors, Ernst & Young, as reasonable.

8. Services to be rendered by external auditors: During the ordinary session held on February 28, April 26, June 27, July 25 and August 30 (extraordinary) September 28, October 26, and December 20, all in 2017, the non-recurrent services to be rendered by the external auditors were examined. The Committee agreed to declare that such services do not compromise the technical competence nor the independent judgement of the respective external auditing firms, as stated in Section 202 of the Sarbanes Oxley Act 2017, in the last paragraph of Article 242 of the Capital Markets Law 18,045 and in the Directors' Committee Regulations.

- During session held on November 28, 2017, the Directors' Committee unanimously agreed to declare having examined the presentation on non-recurrent external auditor services performed by the Chief Administration Officer, Mr. Paolo Pirri. The Directors' Committee also

noted that the information presented covered the matters that the Directors' Committee had in fact examined during the year and that the cost of the services mentioned had increased along with the Elqui Operation in process, but that it had, by no means, compromised the independence of the Company's external auditors.

9. 20-F Form submitted to the SEC (Securities and Exchange Commission of the United States of America):

During the ordinary session held on April 26, 2017, the Directors' Committee unanimously declared having examined the financial statements under IFRS to be included in the 20-F Form with the changes proposed by the Director Mr. Gerardo Jofré, to comply with the rules and requirements of the SEC regarding securities issued in the United States of America.

10. 2017 External Auditor Plan: During the extraordinary session held on May 31, 2017, the Directors' Committee unanimously declared having analyzed the presentation by the partner of Ernst & Young, Emil Rahil, on the 2017 External Auditor Plan.

11. Examination of related party transactions: During the ordinary session held on January 23, 2017, the Directors' Committee unanimously declared having examined the Related Party Transaction with Enel Italia SrL related to the investment project (Capex) to implement the new Sap information system, Enel Chile's E4E program, for an estimated total 2.2 million Euros of which a maximum 700,000 Euros was paid to Enel Italia SrL, and declaring the transaction contributed to the best interest of the Company and adjusted in price, terms and conditions to those prevailing in the market at the time of its approval, as stated by the report issued by PricewaterhouseCoopers.

- During the same ordinary session held on January 23, 2017, the Directors' Committee declared having examined the Related Party Transaction regarding the legal services provided by Enel Chile to Enel Generación Chile and Enel Distribución Chile and the direct subsidiaries of each one of them, declaring that the transaction contributed to the best interest of the Company and adjusted in price, terms and conditions to those prevailing in the market at the time of its approval.

- During the ordinary session held on February 28, 2017, the Directors' Committee declared having examined the Related Party Transaction regarding the staff function services provided by Enel Chile to the subsidiaries of Enel green Power. The Directors' Committee also declared having examined the resolution of the sustainability and institutional relations services contract in force between Enel Chile and EGP Chile. The Committee declared that the contract for such services contributed to the best interest of Enel Chile S.A. and adjusted in price, terms and conditions to those prevailing in the market at the time of its approval.

- During the ordinary session held on August 25, 2017, the Directors' Committee unanimously declared having examined the Related Party Transaction regarding the investor relations services provided by Enel Green Power North America, in the United States of America jurisdiction, to Enel Chile S.A. declaring that the transaction contributed to the best interest of Enel Chile S.A. and adjusted in price, terms and conditions to those prevailing in the market at the time of its approval, as stated by the report issued by the Administration, Finance and Control department of the Company.

- During the ordinary session held on October 26, 2017, the Directors' Committee declared having examined the Related Party Transaction regarding the services provided by Enel SpA to Enel Chile S.A. declaring that the transaction contributed to the best interest of the Company and adjusted in price, terms and conditions to those prevailing in the market at the time of its approval, as stated by the report issued by PricewaterhouseCoopers and the presentation prepared by the representative of the consulting firm.

12. Proposed private risk rating agencies: During the ordinary session held on February 28, 2017, the Directors' Committee unanimously agreed to propose to the Company's Board of Directors to suggest Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada as local private risk rating agencies and Standard & Poors International Rating Services as the international private risk rating agency for fiscal year 2017.

13. Proposed External Auditors: During the ordinary session held on March 30, 2017, the Directors' Committee unanimously agreed to propose to the Company's Board of Directors to propose to the Ordinary Shareholders' Meeting the following auditing firms, in the order of preference presented, as the external auditor firm of Enel Chile S.A. for 2017: 1-E&Y; 2-BDO; 3-RSM and 4-PKF. The arguments considered relevant in proposing E&Y in first place as external auditor of the Company are the following: (i) it presented the most competitive proposal based on the technical and economic evaluations performed on the proposals received; (ii) it is highly qualified in terms of available resources and experience in the electricity sector; (iii) it is one of the four most important auditing firms on the national and international level; (iv) it is the auditing firm with greatest synergies with Enel Chile S.A. because E&Y is the external auditing firm of Enel S.p.A., Enel Chile's controlling shareholder.

14. Approval of external auditor contracts: During the ordinary session held May 31, 2017, the Directors' Committee unanimously agreed to declare having examined and approved the contract to be subscribed between Enel Chile S.A. and external auditors Ernst & Young.

15. Analysis of ethics channel complaints: During the ordinary session held January 23, 2017, the Directors' Committee, unanimously, gave its opinion on each of the complaints received, offering guidelines on how to proceed with each complaint and confirming what had been already resolved by the Committee. In this regard, the Chairman of the Directors' Committee is to summon an extraordinary session if he considers it necessary to resolve a certain complaint. The director, Mr. Gerardo Jofré, expressed the importance of having a specific protocol in the Procurement Department to separate the technical area from the "procurement" area.

- During the ordinary session held August 25, 2017, the Directors' Committee, unanimously, gave its opinion on each of the complaints received, as was indicated in the previous paragraph. The Director, Mr. Gerardo Jofré, expressed his concern regarding the few com-

plaints received through the ethics channel and therefore proposed that the Internal Audit Department verify if the employees of the Company and its subsidiaries know how the Ethics Channel works and requested an industry benchmark on the subject and a benchmark of other Enel Group companies. The Head of Internal Audit explained the different diffusion activities carried out highlighting that the activities included employees and suppliers of Enel Chile and its subsidiaries.

Mr. Gerardo Jofré emphasized the importance of having a benchmark by industry and of other Enel Group companies and stated that he was surprised that there were no complaints related to the situations caused by extreme wind and snow conditions.

16. Corporate reorganization of Enel Chile: The Directors' Committee appoints independent evaluator: During the extraordinary session held August 30, 2017, the Directors' Committee, unanimously approved appointing Econsult Capital as the independent evaluator of the corporate reorganization entitled Elqui Project, as a related party transaction, and to inform the shareholders on the terms and conditions of the operation, its effects and potential impact on the Company.

- During the ordinary session held August 30, 2017, the Directors' Committee, unanimously, declared having examined the preliminary report of Econsult Capital, the independent evaluator the Committee appointed, within the context of the corporate reorganization of Enel Chile. Through the same vote, the Directors' Committee agreed to request that the Chairman, Mr. Fernán Gazmuri Plaza, make the preliminary report available to the Chairman of the Board of Directors to be publicly disclosed. During the same session, the Directors' Committee, unanimously, agreed to declare having examined the draft of the Enel Chile Directors' Committee Collective Report and convene a meeting to work on the subject.

- During the extraordinary session held November 3, 2017, the Directors' Committee, unanimously declared having examined and received the final independent evaluation report prepared by Econsult Capital regarding the corporate reorganization of Enel Chile. Through

the same vote, the Directors' Committee agreed to request that the Chairman, Mr. Fernán Gazmuri Plaza, make the report available to the Chairman of the Board of Directors, for him to make it available to the shareholders of the Company and the public, as required by regulation. During the same meeting, the Directors' Committee, unanimously declared having examined and complemented the draft of the Enel Chile Directors' Committee Collective Report, and proceeded to fix the schedule of meetings to work on the subject. In the same meeting, the Chairman of the Directors' Committee, Mr. Fernán Gazmuri Plaza stated that after receiving and analyzed the final report of the Independent evaluator, Econsult, it was to be delivered to the Chairman of the Board of Directors of the Company for him to submit it to the Board of Directors for review and then make it available to the shareholders, in time and form established by the Chilean Corporations Law.

- During the extraordinary session held November 14, 2017, the Directors' Committee, unanimously approved the Enel Chile Directors' Committee Collective Report.

17. Examination of the Company's compensation plan for principal executives, managers and employees:

During the ordinary session held May 31, 2017, the Directors' Committee, unanimously declared having examined the compensation plan of principal executives, managers and employees of the Company. The director, Mr. Gerardo Jofré, highlighted the importance of analyzing the compensation that is paid as benefits, considering that employees frequently prefer receiving benefits than the equivalent amount in cash.

18. Various other matters: During the ordinary session held February 28, 2017, when the financial statements of the Company were being presented, the Chairman of the Directors' Committee, Mr. Gerardo Jofré Miranda stated that it would be useful to have a presentation on the equity account of the Company during the next ordinary session. The other Directors agreed.

- During the ordinary session held March 30, 2017, the director, Mr. Gerardo Jofré Miranda, recalled that the Committee had agreed to contract the services of the external auditors regarding related party transactions and lawsuits and derivatives provisions and a presentation on the matter by the Chief Administration, Finance and Control Officer, had been requested. Mr. Raffaele Grandi explained that the services had been included in the contract to be subscribed once the Shareholders' Meeting appointed the external auditors for 2017.
- During the ordinary session held April 26, 2017, the Chairman of the Directors' Committee, Mr. Fernán Gazmuri Plaza congratulated the Chief Executive Officer, Legal Counsel and the Chief Financial Officer for the excellence and success of the Ordinary Shareholders Meeting of Enel Chile. The other Directors agreed with the Chairman.
- During the ordinary session held October 26, 2017, the director, Mr. Gerardo Jofré, said he considered relevant that the Committee examine a consolidated list of all non-recurrent contracts and payments to Ernst & Young. He stressed that it was critical to the adequate control of such contracts. The Chairman of the Directors' Committee and Mr. Pablo Cabrera Gaete agreed.

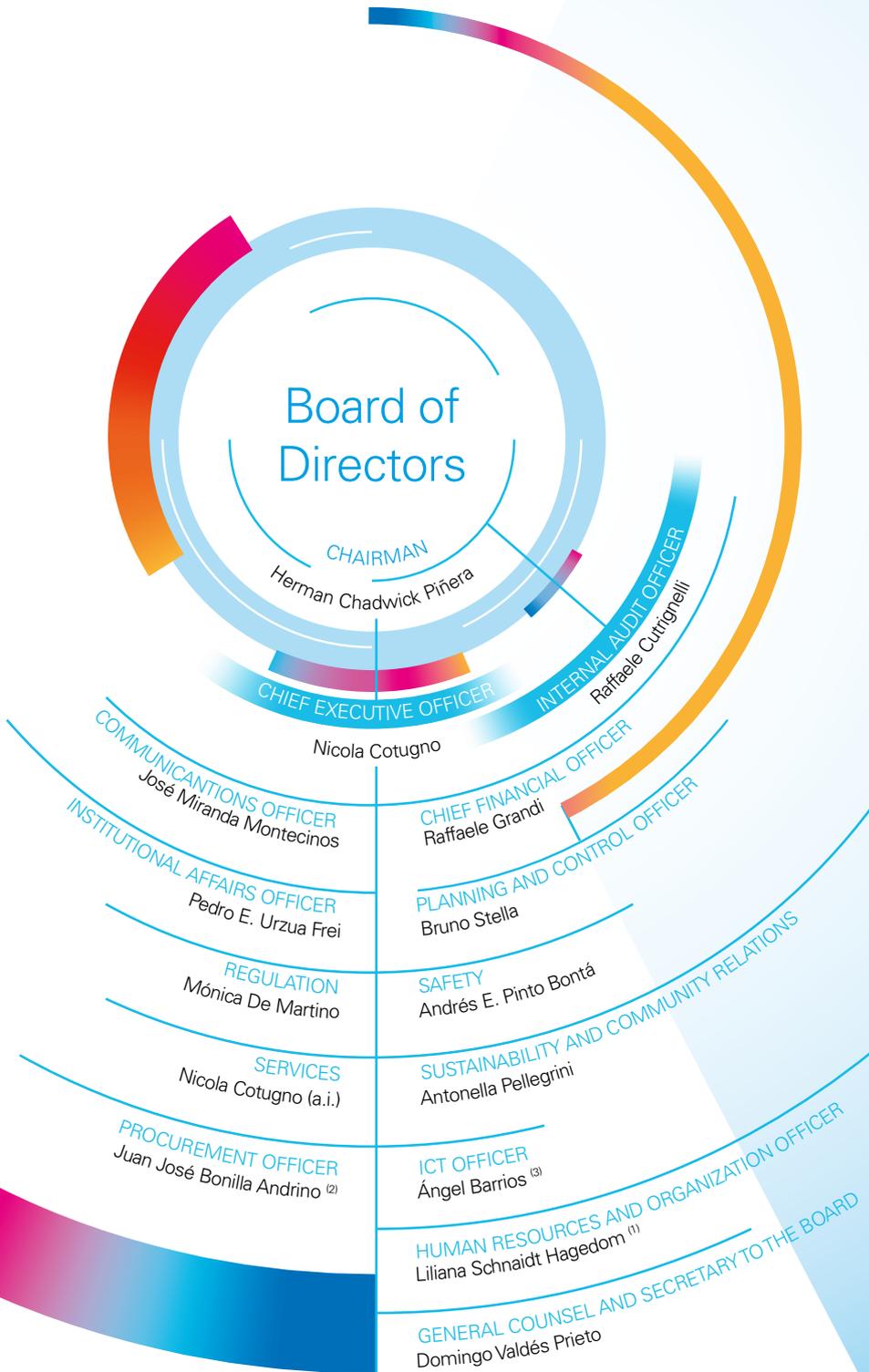


- During the ordinary session held November 28, 2017, the director, Mr. Gerardo Jofré, stated that considering that the internal controls performed under the Securities and Exchange Commission of the United States of America only focuses on significant matters, it would be convenient that Ernst & Young present all other matters not considered to be as relevant during the next session. The other directors agreed with his proposal. Mr. Gerardo Jofré Miranda also stated that it would be convenient to have the external auditors make a presentation on the accounting status of Argentina and also analyze collections. The other directors agreed with this proposal.

Enel Chile S.A. Directors' Committee Expenses

The Directors' Committee did not spend its operational expense budget approved by the Ordinary Shareholders Meeting held April 26, 2017.

Organizational structure



(1) Was appointed to this position on 02.01.2018 replacing Alain Rosolino
 (2) Was appointed to this position on 01.01.2018 replacing Antonio Barreda Toledo
 (3) Was appointed to this position on 01.31.2018.

Senior Executives



1. CHIEF EXECUTIVE OFFICER

Nicola Cotugno
Mechanical Engineer
Universidad La Sapienza de Roma
Taxpayer ID: 25,476,277-6
Since 08.16.2016

2. CHIEF FINANCIAL OFFICER

Raffaele Grandi
Economist
Universidad de Génova (Italy)
Taxpayer ID 24,950,967-1
Since 05.06.2016

3. HUMAN RESOURCES AND ORGANIZATION OFFICER

Liliana Schnaidt Hagedorn
Industrial Engineer
Pontificia Universidad Católica de Chile
Taxpayer ID: 13.903.626-3
Since 02.01.2018

4. INTERNAL AUDIT OFFICER

Raffaele Cutrignelli
International Business Degree
Nottingham Trent University (United Kingdom).
Master in Auditing and Internal Controls
Universidad de Pisa (Italy)
Diploma in Strategy, Innovation, Management and Leadership
Massachusetts Institute of Technology (MIT).
Taxpayer ID: 25,553,336-3
Since 10.01.2016

5. GENERAL COUNSEL AND SECRETARY TO THE BOARD

Domingo Valdés Prieto
Lawyer
Universidad de Chile
Master of Law
University of Chicago
Taxpayer ID: 6,973,465-0
Since 02.29.2016

6. REGULATION

Mónica de Martino
Political Science Degree
Universidad Luis LUISS Guido Carli, Roma
Executive MBA Columbia Business School, NY, and
London Business School, London
Taxpayer ID: 25,629,782-5
Since 05.31.2017

7. PROCUREMENT OFFICER

Juan José Bonilla Andrino
Industrial Engineer
Escuela Superior Ingenieros Industriales Madrid.
Universidad Politécnica/ Technische Universität
Berlin (Germany). 01.09.2003.
Master in Business Administration MBA, ESERP
Business School. 07.01.2010.
Master in International Business, San Pablo CEU
University. 07.01.2014.
Master in Executive Business, Massachusetts
Institute of Technology, Boston, USA
Taxpayer ID: 25,566,577-4
Since 01.01.2018

8. COMMUNICATIONS OFFICER

José Miranda Montecinos
Audiovisual Communicator with a degree from DUOC UC
Management Skills Diploma, Universidad de Chile
Corporate Entrepreneurship and Open Innovation,
Berkeley University.
Taxpayer ID: 15,307,846-7
Since 02.29.2016

9. INSTITUTIONAL AFFAIRS OFFICER

Pedro Urzúa Frei
Journalist
Universidad de Artes y Ciencias de la Comunicación
Taxpayer ID: 11,625,161-2
Since 02.29.2016

10. SUSTAINABILITY AND COMMUNITY RELATIONS

Antonella Pellegrini
Marketing and Communications Degree
European Design Institute
Roma – Italy
Taxpayer ID: 23,819,804-6
Since 05.31.2017

11. SAFETY

Andrés Pinto
Industrial Engineer
Pontificia Universidad Católica de Chile
Diploma in Chemical Engineering
Pontificia Universidad Católica de Chile
Taxpayer ID: 13,686,119-0
Since 05.31.2017

12. PLANNING AND CONTROL OFFICER

Bruno Stella
Degree in Economics and Business
Università degli studi di Messina (Italia)
Taxpayer ID: 25,524,957-6
Since 01.23.2017

13. ICT OFFICER

Ángel Barrios
Computer Science Engineer
Universidad Federico Santa María
Master in Information Technology
Universidad Federico Santa María
Taxpayer ID: 10,761,436-2
Since 01.30.2018

14. SERVICES

Interim: Nicola Cotugno

Senior Executive and Manager Compensation

During 2017, the compensation and benefits received by the chief executive officer and senior executives of the Company amounted to a fixed compensation of Ch\$ 2,959 million and Ch\$ 341 million in variable compensation and benefits.

This amount included managers and senior executives that held their position in the Company at year-end and also those who left the company during the respective year.

Benefits for Senior Executives and Managers

The company maintains complementary health insurance and catastrophic insurance coverage for senior executives and their accredited dependents. The company also has life insurance coverage for each senior executive. These benefits are granted according to the management level of each employee at the time executed.

In 2017, the amount spent on these benefits was Ch\$ 30 million, which is included in the compensation received by senior executives.

Incentive Plans for Managers and Senior Executives

Enel Chile has an annual bonus plan for its executives based on achieving objectives and the level of individual contribution to the company's results. This plan defines a bonus range for each management or hierarchical level. Executive bonuses are expressed as a specific number of monthly gross salaries.

Severance payments

The company made severance payments for years of service to senior executives and managers that left the company amounting to Ch\$ 377 million in 2017.

Shareholdings in Enel Chile

Based on the shareholder's register, as of December 31, 2017, no senior executive owned shares of the Company.

There are no requirements regarding the ownership of company shares by the CEO or senior executives. What is mandatory by the Securities Market Law and the Manual of Information of Interest to the Market, is that the CEO and senior executives inform their share position and the respective transactions.

Management of main subsidiaries

Enel Generación Chile

Valter Moro

Mechanical Engineer

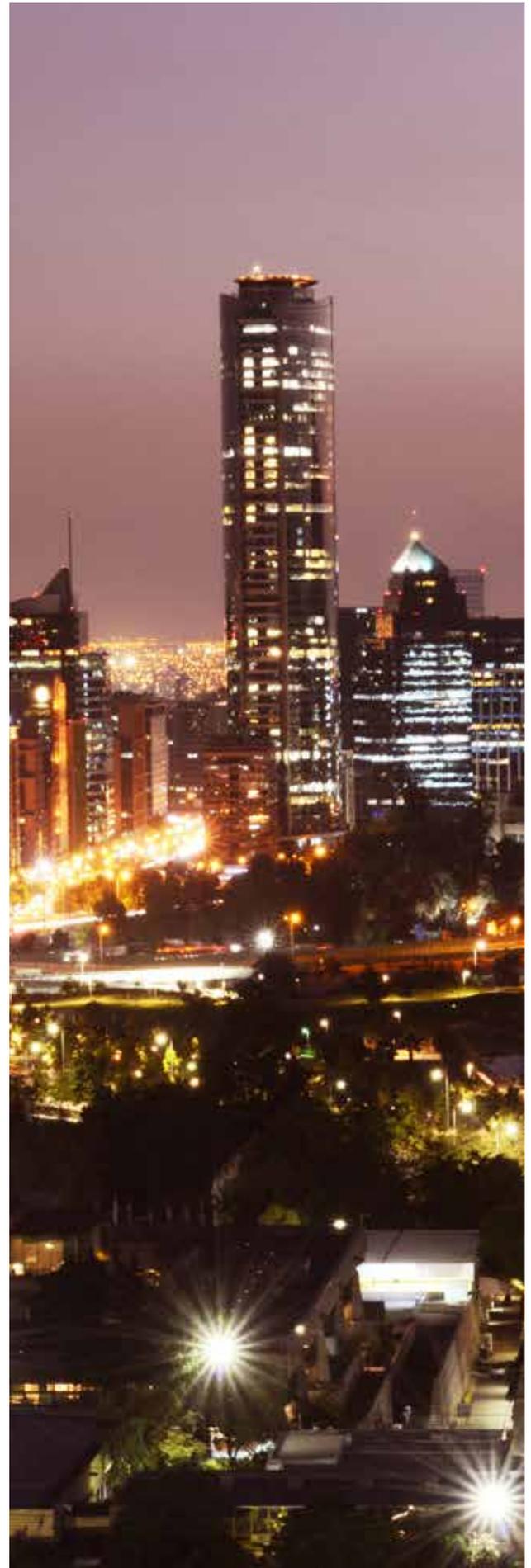
Universidad Politécnica de Marche Italia

Enel Distribución Chile

Andreas Gebhardt Strobel

Hydraulic Engineer

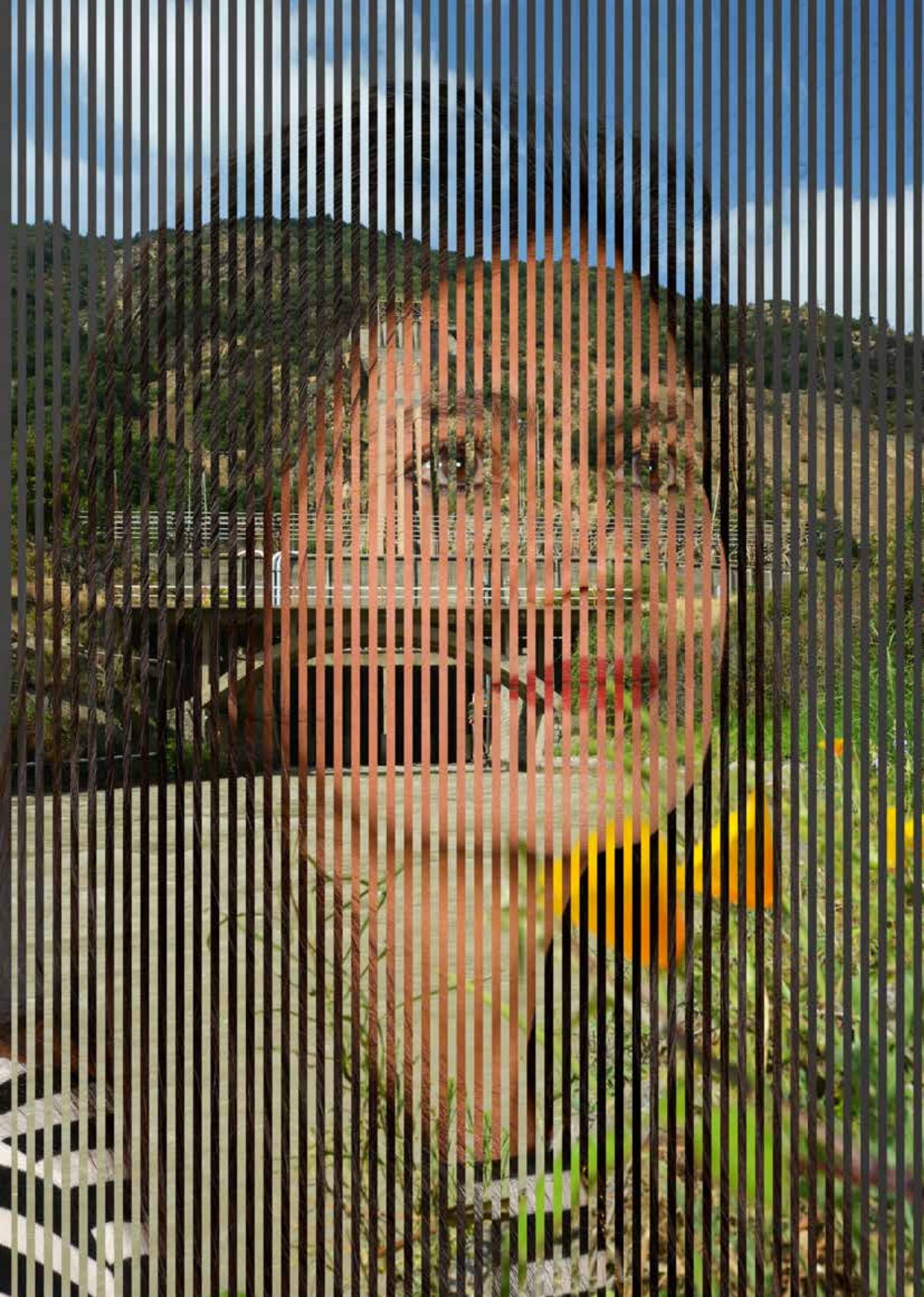
Pontificia Universidad Católica de Chile





08

Human Resources



Workforce

The employees per category of Enel Chile and its subsidiaries and jointly controlled entities as of December 31, 2017 are the following:

Company	Management and Senior Executives	Professionals and technicians	Employees and others	Total
Enel Chile ⁽¹⁾	20	370	41	431
Enel Generación ⁽²⁾	13	806	29	848
Enel Distribución ⁽³⁾	8	616	45	669
Total	41	1,792	115	1,948

(1) Includes Servicios Informáticos e Inmobiliarios Ltda. (absorbed on September 1, 2017)

(2) Includes Pehuenche, GasAtacama Chile and GasAtacama Argentina

(3) Includes Empresa Eléctrica de Colina and Luz Andes

Diversity

Diversity of the Chief Executive Office and other Departments that report to CEO or Board of Directors

Gender	ENEL CHILE
Female	3
Male	17
Total	20

Nationality	ENEL CHILE
Chilean	12
Spanish	1
Italian	7
Total	20

Age	ENEL CHILE
Less than 30 years	-
Between 30 and 40 years	5
Between 41 and 50 years	8
Between 51 and 60 years	7
Between 61 and 70 years	-
Total	20

Years of Service	ENEL CHILE
Less than 3 years	9
Between 3 and 6 years	2
More than 6 and less than 9 years	-
Between 9 and 12 years	-
More than 12 years	9
Total	20

Diversity in the organization	ENEL CHILE
Gender	ENEL CHILE
Female	170
Male	241
Total	411

Nationality	ENEL CHILE
Argentine	4
Brazilian	4
Chilean	390
Colombian	8
Costa Rican	1
Italian	1
Panamanian	1
Rumanian	1
Venezuelan	1
Total	411

Age	ENEL CHILE
Less than 30 years	10
Between 30 and 40 years	164
Between 41 and 50 years	145
Between 51 and 60 years	87
Between 61 and 70 years	5
Total	411

Years of Service	ENEL CHILE
Less than 3 years	53
Between 3 and 6 years	59
More than 6 and less than 9 years	44
Between 9 and 12 years	69
More than 12 years	186
Total	411

Average fixed salary of women compared to men within the same professional category

Categories	%	
Senior Management	%	75%
Professional-Level 1	%	86%
Professional-Level 2	%	98%
Professional-Level 3	%	76%
Administrative-Level 1	%	93%
Administrative-Level 2	%	97%
Administrative-Level 3	%	123%

Human resources activities

Labor relations

The program of periodic meetings with the Unions continued in 2017, strengthening dialogue with the representatives of the workers and improve work conditions and climate.

Safety measures and occupational health

In Enel Chile, safety and occupational health are goals closely linked to the business. Given the nature of the business, it is exposed to critical risks. Leadership in safety integration and occupational health is particularly important throughout the continuous improvement process at every level and any activity developed by the company. Its priority is key in corporate management due to its strategic importance.

Health dissemination and promotion

This program aims to educate and train workers about activities that promote quality of life through massive dissemination efforts, such as posters, graphic material and emailed information titled "Advice that gives life." Among each month's topics are:

- > **March:** Anti-stress campaign offering practical recommendations to eliminate its causes.
- > **April:** Immunization campaign to prevent the seasonal flu.

- > **May:** Anti-tobacco campaign offering advice to prevent tobacco consumption.
- > **June:** Cervix and prostate cancer encouraging the annual preventive exam.
- > **July:** Respiratory disease and viral infections prevention campaign.
- > **August:** Heart care campaign.
- > **September:** Gastric and colon cancer campaign encouraging preventive exams for timely detection of these diseases.
- > **October:** Breast cancer prevention campaign.
- > **November:** "Boost your energy" campaign recommending practical nutrition habits to improve the quality of life.
- > **December:** "Year-round skincare" campaign.

Activities for Enel Chile Group employees

Immunization Program

The immunization of all Enel Chile employees is a preventive measure that focuses on all employees to prevent recurrent contagious illnesses.

The vaccine of the Seasonal Trivalent Influenza: Performed during the first quarter to prevent the outbreak that begins In June.

Preventive medical exams program

The objective is to perform periodic medical evaluations for the early detection of potential illnesses. This Initiative focuses on all employees of the company and is carried out following a protocol defined according to gender and age.

Cardiovascular risk program

The objective is to care for employees with cardiovascular risks, based on the results of preventive exams, through specific fitness programs and nutritional evaluation controls.

Workplace gymnastics program

The workplace gymnastics program is an innovative exercise program that contributes to prevent workplace illnesses, such as, stress, tendinitis, lumbago, carpal tunnel syndrome, neck and extremity pain.

Workplace climate management

Work climate is a priority for Enel Chile. Therefore, a workplace climate and safety survey is performed twice a year, with widespread employee participation. An action plan is drawn from the results of this survey to strengthen and enrich the company's work environment. Work climate management and commitment are fundamental pillars of the company's strategy, due to their close relationship with the people that make up the company's human resource.

During 2017, we have continued with initiatives that maintain workers' motivation, satisfaction and commitment regarding leadership, communication, meritocracy and development, conflict resolution measures, and good work practices.

Regarding leadership, Enel Chile has a program that aims to promote and reinforce the important role of managers in creating organizational environments that foster workers' satisfaction and development. "Leaving Traces" is a program that was designed to encourage leadership and the role of the manager in our "Open Power" culture, from a strategic and active standpoint that focuses on the mobilization of teams and the ability to help the learning process

of others. It is an integral coaching program, which builds an individual itinerary for each manager, including skill training workshops, individual coaching, guided meetings, and building a network of good practices in human resource management.

Enel Chile has implemented a set of communication initiatives under the name "RHO With You" to guarantee constant communication with workers on different matters of interest related to human resource management. Activities include a weekly radio show, a website, a manual of good practices, and monthly bulletins for managers and workers, among others.

Additionally, we have also continued with the Human Resources initiative "Interact," which involves holding meetings that make human resources permanently present in the agenda. These meetings are focused on employees interacting with Human Resources to learn about the Company's employee policies and good practices, and for the Company to learn about the developing needs of employees.

The program "Areas are Presented" was implemented during 2017, in which employees deepen the roles, functions and challenges in the different areas of the company. The importance of this program lies in promoting a collaborative culture among separate areas of the company, transforming, guiding and projecting different teams into a culture based on the question: "¿How can I help you?"

Additionally, several programs aim towards meritocracy and development. Professional development is managed by offering promotions based on merit, and job opportunities both locally and abroad, wherever the Group is present.

Another initiative that has been maintained is the "One on One." It is a personalized conversation program that allows learning about employees' motivations and aspirations, strengthening our relationship with our internal clients.

In Enel Chile, feedback occasions between managers and employees are opportunities to create closer bonds, increase transparency, align expectations, and support employees' professional development. Fostering a culture of constant feedback develops our employees' talents and leads the way towards the formation of high performing teams.

During 2017 we have renewed the program “Recognizing Ourselves”, which seeks to encourage a culture of recognition within the Company. On the one hand, the “Recognizing People Program” generates formal occasions in which workers can recognize their teammates, and on the other hand, the “Recognizing Contributions Program” in which the organization identifies initiatives that have added great value to the company. Additionally, the company carries out ceremonies to recognize workers and their professional career path, among other things.

In terms of work-life integration measures and best practices, smart work spaces have been implemented to strengthen teamwork, foster knowledge exchange relationships, collaboration, and integration. These work spaces stimulate the use of technology and time efficiency in an informal and creative environment.

Regarding Enel Chile’s new challenges, it is necessary to lead a culture of permanent change within the organization. Along this line, throughout 2017 we created the program “Agent of Change”, with a team of approximately 50 employees. This team has developed cultural change initiatives that facilitate the implementation of projects. Each team has a company manager as a sponsor, who supports and directs their initiatives, linking the technical project to the cultural change initiatives that the implementation involves.

Diversity

As part of the Company’s strategy and Diversity and Inclusion Policy, Enel Chile has developed several practices addressing gender, age, nationality, and disability. This policy promotes the principles of non-discrimination, equal opportunities, inclusion and work-life balance as fundamental values in the activities performed by the companies of the Group.

The Policy has established three main principles:

1. Reject any and all forms of arbitrary discrimination and ensure and promote diversity, inclusion, and equal opportunities.
2. Promote and maintain an environment of respect for people’s dignity, honor and identity.
3. Ensure the highest confidentiality standards regarding any information about worker’s private life that the Company could have access to.

In terms of gender, a balance is sought out in the initial phase of the recruitment and selection processes and a relationship with universities and professional institutes is established to promote the participation and inclusion of women.

Moreover, twenty-two women have participated in the Parenting Program, which seeks to increase the value of maternity and balance out the needs of parenting with professional development needs. Actions taken by the program include activities for women’s healthcare and wellbeing, speeches regarding the impact a child may have on family dynamics, and the creation of trust between pregnant workers and the Company.

In terms of age, there are several tutoring programs that support employees during important transition periods (such as, external recruitment, personnel close to retirement, Millennial Youths and Zeta Generation Youths).

Regarding nationality, expatriates are assigned a tutor to assist and support them throughout the length of their stay in order to recognize, respect, and manage the cultural differences between different nationalities and stimulate their integration.

Regarding disabilities, this year a shared value agreement was signed with the Teletón Foundation, through which the participation of young disabled people will be promoted. Additionally, an e-learning course about consciousness and workplace inclusion was co-developed with this same foundation.



Work-Life integration measures and flexibility

With regard to conciliation and flexibility, we began a new form of telecommuting during 2017, evolving from the Telework Program that began in 2012. "Smart Working" has consolidated one of the most appreciated conciliation measures within the company, providing employees with greater flexibility when it comes to the execution of their work. Today, we have 256 workers in the program, of which 102 choose one day a week to work from home or wherever they please, but must comply with the safety and health measures established by current legislation. This initiative contributes to workers' quality of life, and the balance between work and family life.

Additionally, the following other initiatives were carried out to improve worker's quality of life:

Sport and Culture Extension Program: traditional sports program performed within the company's facilities and in third party facilities, offering workshops and the practice of several sports, such as soccer, baby soccer, basketball, volleyball, and others, as well as sports classes for employees' children in soccer, tennis and figure skating. Other extension activities designed for employees and their families include artistic workshops, expositions, family excursions and trips, among others.

There are several activities for employees' children, both recreational and educational. These include the summer and winter camps for youths between 6 and 15 years of age that are offered in January and during winter holidays in July. There are also training workshops held during the

summer for family members of employees, and the Universidad de Chile Summer School, an initiative destined to improve the academic level of employees' high schoolers. Every year the Academic Excellence award is granted to employees' children with high academic performance in grade school.

This year, several events were held to foster the balance between work and family life. The Christmas Party is among the most relevant of these events designed for workers with children born after the year 2004 and also the "Come to my birthday party" celebration held monthly in the corporate stadium for kids age 12 and under.

Other important events are the End of the Year party, a corporate event for all employees consisting of a dinner with contests and dancing, and the "Career Trajectory Award," an annual corporate celebration that recognizes workers who have been with the company for at least 20 years.



Filling job openings

For Enel Chile, the main goal is to incorporate the best professionals, those who have the competences needed to face the cultural change that comes with the company's digital transformation.

During 2017, a total of 20 positions opened, 55% were filled with internal candidates. In turn, 54.5% of these were assigned to women who either won the internal contests or were re-assigned directly. Additionally, out of the external workers that entered the company in 2017 (45% of the total available positions in the company), 77% correspond to external processes won by women.



Internships and young talent program

This project is worthy of being mentioned because it represents a new recruitment method that offers candidates that have experienced our organizational culture. It involves incorporating young professionals from the best universities in the country as interns. They are given the opportunity to consolidate their theoretical knowledge in the Enel Chile business, shaping professionals who are familiar with the Group's reality and challenges.

This internship program is carried out permanently throughout the year, although the greatest number of interns are received during the summer. During 2017, a total of 55 interns were part of this Enel Chile program.

To generate bonds with universities and attract the greatest number of students, during 2017 Enel Chile participated in Job Fairs held in the School of Physical Sciences and Mathematics of Universidad de Chile, and in the Engineering School of Universidad Católica de Chile. Our stand received students studying industrial engineering, electric engineering, mechanical engineering and hydraulic engineering.



Diversity and inclusion

For Enel Chile, diverse work teams and an inclusive work environment is essential to create a culture of innovation. Diversity grants the possibility of visualizing different points of view and opinions that enrich the work environment, adding value to the business.

In our company we value differences and transform them into our competitive advantage; by stimulating creativity, flexibility, learning and respect we are able to improve our processes. This also strengthens our position as employers when searching for talent in the market.

To encourage diversity in all its forms, we highlight the increasing participation of women in internal contests, gradually promoting women's empowerment and leadership. It is worthy of noting that out of the total external admissions, 77% were women.

This year we have implemented the On-Boarding program, in which each worker that enters Enel Chile must be accompanied by a tutor who offers professional and personal support, guiding in the day to day dynamics of the company, and helping to create networks that will allow feeling welcomed and in a trustworthy environment. This program helps the rapid adaptation into the company's culture and also offers the Company exposure to any suggestions made by new employees.

Educational action

Training

The Company's training program for 2017 was based on two main pillars: The first is to achieve the balance between training activities focused on developing competences and those focused on the technical knowledge to improve job performance. The second is to define the training program based on a mechanism that allows, the employee and the manager, together, to detect the technical and behavioral gaps the employee needs to close, regarding individual job productivity, and also to have access to potential future development opportunities. The mechanism is entitled Professional Development Itinerary (IDP In its Spanish acronym) and has a two-year implementation period.

In general terms, Enel Chile's training activities during 2017 reached 89% coverage, which means that 379 employees participated in at least one training activity during the year. The total number of training hours reached 20,596, resulting in a 1.9 % training rate (training hours for every 100 hours worked).

Technical training, which is critical due to the importance of updating technical knowledge and acquiring new management tools, reached 46% of total training hours. Within the technical training activities carried out, we highlight those related to knowledge management- that is, the implementation of activities in which there is a transmission of knowledge and experience from workers who have a greater expertise in specific subjects towards others who are learning. This reaffirms our commitment to employee development, recognition and dissemination of knowledge within the company.



In terms of developing new behavioral and management abilities, several programs were implemented during 2017. Among these, we highlight the activities related to the development of leadership skills, particularly the program for every manager to identify his/her leadership gap and create a specific plan according to his/her individual needs. During 2017, 22 managers participated in this program.

The training activities included e-learning courses about the Company's Criminal Risk Prevention Model for workers. This training program was extended to the directors of Enel Chile and its subsidiaries in 2017.

Finally, and as it has been declared to everyone, in very level and segment within the company, risk prevention, health and the general safety of every person is particularly relevant and has the Company's permanent attention.



09

Stock Market Transactions

Quarterly transactions of Enel Chile shares in Chile during the year, on the Santiago Stock Exchange, the Electronic Stock Exchange and the Valparaíso Stock Exchange, as well as in the United States of America on the New York Stock Exchange (NYSE) are detailed below.

Santiago Stock Exchange

During 2017, a total 8,869 million shares were traded on the Santiago Stock Exchange equivalent to Ch\$633,113 million. The closing price of the stock at year end December 2017 was Ch\$ 72.81.

Month	Units traded	Amount (Ch\$)	Average price (Ch\$)
2017			
January	677,370,600	43,674,147,600	64.48
February	502,037,453	32,191,453,680	64.12
March	838,077,569	58,407,417,109	69.75
1st Quarter	2,017,485,622	134,273,018,389	66.55
April	641,050,942	46,728,903,353	72.89
May	577,423,483	43,119,722,121	74.68
June	549,859,075	40,663,203,684	74.00
2nd Quarter	1,768,333,500	130,511,829,158	73.80
July	740,035,245	54,290,664,739	73.36
August	833,920,099	59,630,406,679	71.51
September	724,768,134	54,224,208,809	74.83
3rd Quarter	2,298,723,478	168,145,280,227	73.15
October	697,938,952	53,047,610,528	76.00
November	879,691,338	62,778,443,019	71.36
December	1,206,498,260	84,356,820,551	69.92
4th Quarter	2,784,128,550	200,182,874,098	71.90
Total 2017	8,868,671,150	633,113,001,872	71.39
2016			
1st Quarter		No transactions	
2nd Quarter	1,998,658,925	157,879,907,720	79.92
3rd Quarter	1,926,875,561	141,425,350,170	73.04
4th Quarter	1,706,851,142	109,800,337,389	64.28
Total 2016	5,632,385,628	409,105,595,279	

Chilean Electronic Exchange

During the year a total 675 million shares were traded on the Electronic Stock Exchange, amounting to Ch\$ 48,145 million. The closing price of the stock at year end was Ch\$ 70.5.

Month	Units traded	Amount (Ch\$)	Average price (Ch\$)
2017			
January	45,242,313	2,912,707,430	64.07
February	50,342,500	3,252,115,802	64.44
March	119,745,474	8,332,539,564	69.15
1st Quarter	215,330,287	14,497,362,796	67.33
April	44,107,916	3,216,128,742	73.22
May	66,103,278	4,954,427,839	74.72
June	31,387,014	2,326,028,301	74.30
2nd Quarter	141,598,208	10,496,584,882	74.13
July	11,785,776	872,575,405	74.04
August	90,533,747	6,416,807,980	71.07
September	29,406,917	2,204,845,890	74.66
3rd Quarter	131,726,440	9,494,229,275	72.08
October	74,128,543	5,679,073,870	76.92
November	49,680,000	3,561,604,565	71.83
December	62,347,792	4,416,112,743	69.81
4th Quarter	186,156,335	13,656,791,178	73.36
Total 2017	674,811,270	48,144,968,131	
2016			
1st Quarter		No transactions	
2nd Quarter	194,419,919	15,318,223,758	80.25
3rd Quarter	244,564,668	18,185,923,824	74.00
4th Quarter	196,586,979	12,673,446,594	64.96
Total 2016	635,571,566	46,177,594,176	

Valparaiso Stock Exchange

During 2017, a total 47 thousand shares were traded on the Valparaiso Stock Exchange, amounting to Ch\$ 3.4 million. The closing price of the stock at year end was Ch\$ 71.8.

Month	Units traded	Amount (Ch\$)	Average price (Ch\$)
2017			
January		No transactions	
February	776	51,038	65.7777
March		No transactions	
1st Quarter	776	51,038	65.77
April		No transactions	
May		No transactions	
June		No transactions	
2nd Quarter		No transactions	
July		No transactions	
August		No transactions	
September		No transactions	
3rd Quarter		No transactions	
October	5,885	441,375	75.00
November		No transactions	
December	40,334	2,899,583	70.99
4th Quarter	46,219	3,340,958	72.29
Total 2017	46,995	3,391,996	
2016			
1st Quarter		No transactions	
2nd Quarter	14,000	1,102,500	79.00
3rd Quarter	120,460	8,530,418	70.53
4th Quarter		No transactions	
Total 2016	134,460	9,632,918	

New York Stock Exchange (NYSE)

Enel Chile shares began trading on the New York Stock Exchange (NYSE) on April 27, 2016. One ADS (American Depositary Share) of Enel Chile represents 50 shares and the ticker is ENIC. Citibank N.A. acts as a depositary bank and Banco Santander Chile as the custodian in Chile. During 2017, 72 million ADSs were traded in the United States amounting to US\$396 million. The ADS closing price at year end was US\$5.68.

Month	Units traded	Amount (Ch\$)	Average price (Ch\$)
2017			
January	6,419,009	31,631,768	4.93
February	4,571,747	22,814,460	4.99
March	6,857,621	35,317,851	5.15
1st Quarter	17,848,377	89,764,079	5.03
April	5,795,630	32,088,831	5.54
May	4,856,897	26,725,069	5.50
June	11,101,583	61,663,527	5.55
2nd Quarter	21,754,110	120,477,427	5.54
July	6,145,736	34,462,262	5.61
August	4,570,744	25,744,446	5.63
September	4,064,306	24,031,666	5.91
3rd Quarter	14,780,786	84,238,374	5.70
October	4,124,731	24,914,782	6.04
November	5,211,790	29,020,584	5.57
December	8,752,627	47,134,231	5.39
4th Quarter	18,089,148	101,069,596	5.59
2016			
1st Quarter		No transactions	
2nd Quarter	29,710,261	170,930,979	5.90
3rd Quarter	35,620,749	197,716,330	5.45
4th Quarter	18,802,549	90,538,625	4.79
Total 2016	84,133,559	459,185,933	

Market information

The perspective of the global economic scenario in 2017 has been showing improvements. In general, developed economies and several emerging markets have reached higher growth rates than previous years. Additionally, global financial conditions have been favorable, to a certain extent, due to the cautious and austere management of the main international economies, which has contributed to maintain reasonably low interest rates.

With regard to Chile, the Selective Stock Price Index, IPSA (in its Spanish acronym), which groups the 40 main shares in the country regarding transaction volume, closed at 5,564.6 points equivalent to a 34.0% increase when compared to the year before.

Capital has continued flowing to emerging markets and the prices of several risk assets are high. The prices of commodities have also performed better than expected.

The main external risks continue to be linked to the monetary policy of the developed world and the fiscal policy of the United States of America, and its impact on the global economy and financial conditions, in addition to the geopo-

litical risks mainly from China and Latin America. Notwithstanding the aforementioned, since the beginning of the year, currencies have been appreciating with respect to the US Dollar and the ten-year nominal rate of several economies has fallen, with the exception of China and India.

During 2017, the price of Enel Chile stock increased 17.4%, which may be explained by the expectations regarding the Elqui operation combined with a moderate impact of the lower long-term price level expectation for the electricity industry.

The accumulated stock price variation in 2016 and 2017, was a 17% reduction (April 21, 2016, through December 30, 2017). The IPSA, measured the same way, increased 39.6% during the same period. This is significantly explained, once again, by the negative perspectives for the industry as a consequence of the dry hydrology, the price of the latest electricity tenders combined with a low increase in electricity demand over the last few years.

Despite the devaluation of the Chilean Peso with respect to the US dollar, the price of the ADR's of Enel Chile increased 25% in the New York Stock Exchange during 2017, and the accumulated variation between 2016 and 2017 was -8%.

Santiago Stock Exchange

The following table shows the changes in the price of the share of Enel Chile and the Selective Stock Price Index (IPSA) on the local stock market over the past two years:

Variation	04-21-2016 - 12-31-2016	2017	Accumulated 2016 - 2017 (1)
ENELCHILE	-29.6%	17.4%	-17.4%
IPSA	4.1%	34.0%	39.6%

(*) The shares of Enel Chile began trading on April 21, 2016.

New York Stock Exchange (NYSE)

The following table shows the behavior of Enel Chile's ADRs listed on the NYSE (ENIC), compared to the Dow Jones Industrial index and the Dow Jones Utilities index over the past two years:

Variation	04-21-2016 - 12-31-2016	2017	Accumulated 2016 - 2017 (1)
ENIC	-26.4%	24.8%	-8.1%
Dow Jones Industrial	9.5%	25.1%	37.0%
Dow Jones Utilities	1.0%	9.7%	10.7%

1. The shares of Enel Chile began trading on April 27, 2016.

In accordance to General Norm 283, Numeral 5, the Company's 2018 and 2017 dividends policies are transcribed below.



10

Dividends



Dividend Policy 2018

General aspects

The Board of Directors of the Company, in the session held on February 27, 2018, approved the following Dividend Policy and the corresponding procedure for the dividend payments of Enel Chile S.A. for 2018.

Dividend policy

The Board of Directors intends to distribute an interim dividend for fiscal year 2018 of up to 15% of net income as of September 30, 2018, as recorded in the consolidated financial statements of Enel Chile S.A. at that date, to be paid in January 2018.

The Board of Directors will propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2019, to distribute a final dividend equivalent to 60% of net income for fiscal year 2018. The final dividend will be defined by the Ordinary Shareholders Meeting to be held during the first four months of 2019.

Compliance with the aforementioned dividend plan is subject to the actual net profit earned by the Company during the year, and to the results of the Company's periodic income projections or the existence of certain conditions, as applicable.

Dividend payment procedure

The payment of dividends, whether interim or final and to avoid payment mistakes, Enel Chile offers the following payment methods:

1. Deposit in a bank checking account, whose account-holder is the shareholder.
2. Deposit in a bank savings account, whose account-holder is the shareholder.
3. Mailing of a check or cashier's check via certified mail to the address of the shareholder's residence recorded in Enel Chile's Shareholder Register.
4. The collection of a check or cashier's check from the offices of DCV Registros S.A., as the registrar of Enel Chile's shares, or from the bank and branches defined for this purpose and informed in the dividend payment notice published.

For this purpose, bank checking or savings accounts may be located anywhere in the country.

It should be emphasized that the payment method chosen by each shareholder will be used by the centralized securities' depository, DCV Registros S.A., for all dividend payments unless the shareholder communicates in writing the intention to change it and record a new option.

Shareholders who have not registered a payment method will be paid by method four indicated above.



If checks or cashier's checks are returned by the post office to DCV Registros S.A., they will remain in custody until collected or requested by the shareholder.

In the case of deposits in bank checking accounts, Enel Chile S.A. or DCV Registros S.A. may request, for security reasons that they be verified by the respective bank. If there is an objection to the account indicated by a shareholder, whether in the prior verification process or for any other reason, the dividend will be paid according to method No 4 indicated above.

Moreover, the company has adopted and will continue to adopt all the necessary security measures required by the dividend payment process to safeguard the interests of the shareholders and Enel Chile S.A.

Dividend Policy 2017

The Board of Directors' intends is to distribute an interim dividend for the fiscal year 2017, of up to 15% of net income as of September 30, 2017, as shown in the financial statements of Enel Chile S.A. at that date, and payable in January 2018.

The Board of Directors intends to propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2017, to distribute a final dividend equivalent to 55% of the fiscal year 2017 net income. The final dividend will be determined by the Regular Shareholders' Meeting to be held during the first four months of 2018.

Compliance with the aforementioned dividend plan is subject to the actual net profit earned by the Company during the year, and to the results of the Company's periodic income projections or the existence of certain conditions, as applicable.



Enel Chile S.A. dividend payment procedure: The payment of dividends, whether interim or final and to avoid payment mistakes, Enel Chile offers the following payment methods: 1. Deposit in a bank checking account, whose account-holder is the shareholder; 2. Deposit in a bank savings account, whose account-holder is the shareholder; 3. Mailing of a check or cashier's check via certified mail to the address of the shareholder's residence recorded in Enel Chile's shareholder register; and 4. The collection of a check or cashier's check from the offices of DCV Registros S.A., as the registrar of Enel Chile's shares, or from the bank and branches defined for this purpose and informed in the dividend payment notice published.

For this purpose, bank checking or savings accounts may be located anywhere in the country.

It should be emphasized that the payment method chosen by each shareholder will be used by the centralized depository of securities, DCV Registros S.A. for all dividend payments unless the shareholder communicates in writing the intention to change it and record a new option.

Shareholders who have not registered a payment method will be paid by method 4 indicated above.

If checks or cashier's checks are returned by the post office to DCV Registros S.A., they will remain in its custody until collected or requested by the shareholder.

In the case of deposits in bank checking accounts. Enel Chile S.A. or DCV Registros S.A. may request, for security reasons, that they be verified by the respective bank. If there is an objection to the account indicated by a shareholder, whether in the prior verification process or for any other reason, the dividend will be paid according to method No 4 indicated above.

Moreover, the company has adopted and will continue to adopt all the necessary security measures required by the dividend payment process to safeguard the interests of the shareholders and Enel Chile S.A.



Distributable net income for fiscal year 2017

The distributable net income for fiscal year 2017 is shown below:

	Millions of Ch\$
Net Income *	349,383
Distributable Net Income	349,383

* Attributable to controlling shareholder

Dividends distributed

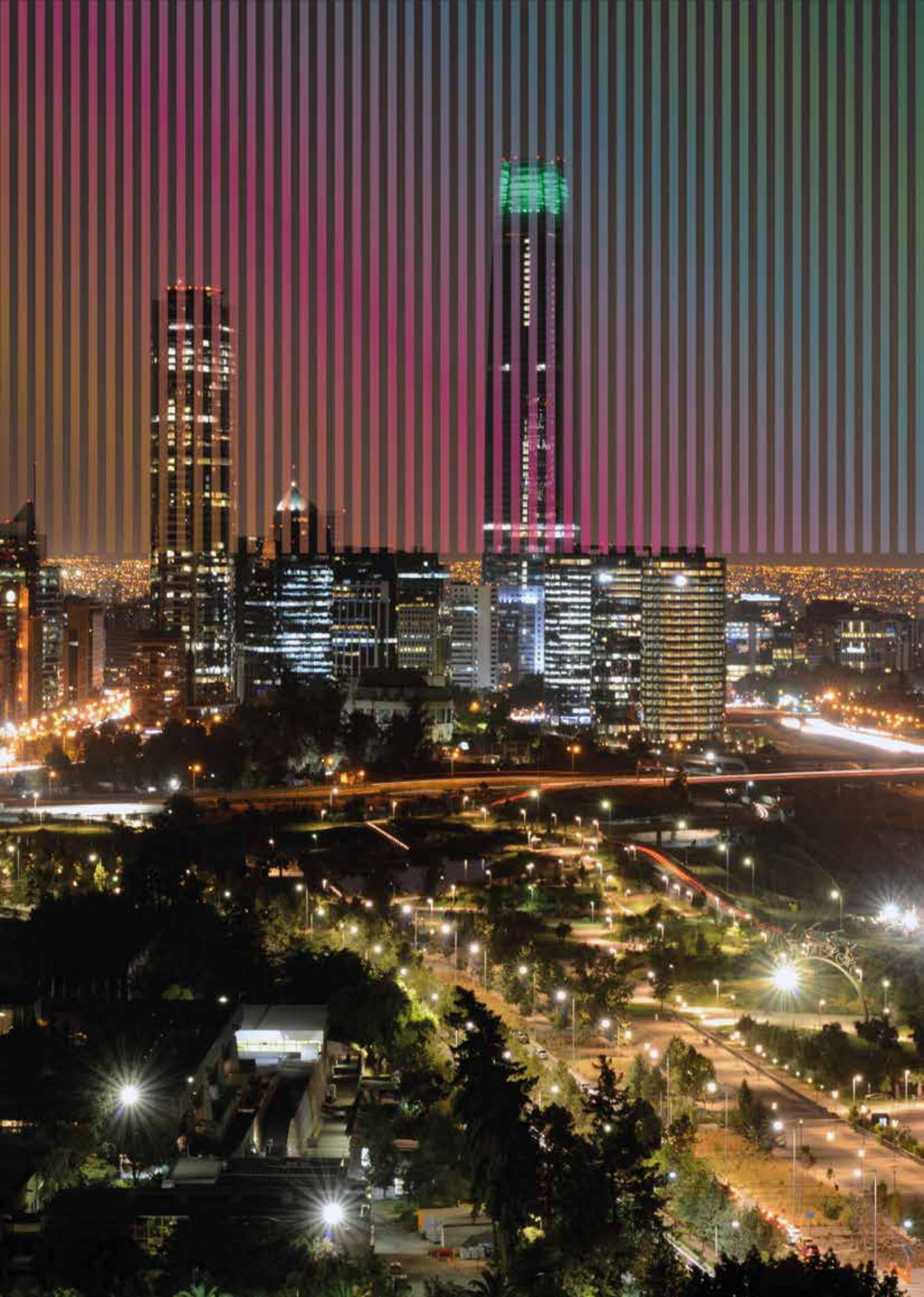
The following chart shows the dividends per share paid over the past few years:

Dividend No	Type of Dividend	Closing date	Payment date	Pesos per share	Fiscal year
1	Final	12-31-2015	05-24-2016	2.09338	2015
2	Interim	09-30-2016	01-27-2017	0.75884	2016
3	Final	12-31-2016	05-26-2017	2.47546	2016
4	Interim	09-30-2017	01-26-2018	0.75642	2017



11

Investment and financing policy



Investment Policy 2017

Areas of investment

- I. Enel Chile will invest, according to its bylaws, in the following: to invest in or to create subsidiaries and affiliate companies whose activity is aligned, related or linked to energy in any form or type, the supply of public utilities, or whose main input is energy;
- II. Investments related to the acquisition, exploitation, construction, lease, administration, trading and disposal of any class of fixed assets, whether directly or through subsidiaries;
- III. Other investments in all kinds of financial assets, financial papers or securities.

Maximum investment limits

The maximum investment limits for each investment area are the following:

- I. Investments in the subsidiaries that operate in the electricity sector, those required for the fulfillment of the respective corporate purpose of these subsidiaries, limited to a maximum equivalent to 50% of total equity according to the consolidated balance sheet of Enel Chile as of December 31, 2016;
- II. Investments in other subsidiaries, insofar at least 50.1% of total Consolidated Assets of Enel Chile are electricity sector assets.

Participation in the control of investment areas

Pursuant to Enel Chile S.A. corporate purpose, the following procedure will be applied, when possible, to control the investment areas:

- i. The appointment of the number of directors to at least represent the ownership share of Enel Chile S.A.'s stake in subsidiaries and affiliated companies will be proposed at the Ordinary Shareholders' Meetings of each respective subsidiary and affiliate company. The directors proposed will be chosen preferably from among directors or executives of Enel Chile or its subsidiaries.
- ii. The investment, financial and commercial policies, as well as the accounting criteria and systems, will be proposed to the subsidiaries and affiliate companies.
- iii. The management of the subsidiaries and related companies will be supervised.
- iv. The level of debt will be a permanently controlled.

Financing policy 2017

Maximum level of debt

Enel Chile's maximum level of debt is determined by a Total Financial Debt (calculated as other current financial liabilities plus other noncurrent financial liabilities) to Equity ratio equal to or lower than 2.20 times based on the figures in the consolidated balance sheet of Enel Chile as of December 31, 2016;

Management powers to agree with lenders restrictions related to dividend distributions

Dividend restrictions may only be agreed with creditors if such restrictions were previously approved by the Shareholders' Meeting (ordinary or extraordinary);

Management powers to agree with lenders on granting guarantees

The Extraordinary Shareholders' Meeting is required to approve granting hard assets or personal guarantees to secure third party obligations when referring to the essential assets identified below;

Essential Assets for company operations

The shares that enable maintaining control of Enel Generación Chile and Enel Distribución Chile, either for owning the majority shareholding or through a shareholders' agreement, are essential assets to the operations of Enel Chile.



12

History of the Company





History of the Company

Enel Chile S.A. was created as part of the corporate reorganization process of Enersis S.A that began in April 2015. Enersis S.A. controlled the generation, transmission and distribution business in Chile and four other countries in the region (Argentina, Brazil, Colombia, and Peru). The Extraordinary Shareholders' Meeting of Enersis S.A. held in December 2015 approved the first phase of the reorganization plan entitled "the Division," which created Enersis Chile as the only vehicle to control the Group's generation and distribution assets in Chile. Enersis S.A became Enersis Americas S.A., the vehicle to control all assets of the businesses in other countries in the region.

Endesa Chile S.A. and Chilectra S.A. went through a similar division process.

On September 28, 2016 the Shareholder's Meeting of Enersis Américas, Endesa Américas, and Chilectra Américas approved the second phase of the plan called "the Merg-

er" in which Enersis Américas absorbed the businesses of Endesa Américas and Chilectra Américas. During the same meeting, shareholders agreed to change the name of Enersis Américas S.A to Enel Américas S.A.

On October 4, 2016, the shareholders of Enersis Chile, Endesa Chile and Chilectra agreed to change their names to Enel Chile, Enel Generación Chile and Enel Distribución Chile respectively.

Now that the organizational simplification process of the Group has concluded, Enel Chile participates in the electricity generation business through its subsidiary Enel Generación Chile. This subsidiary has 103 generation units installed throughout the Central Interconnected System (SIC in its Spanish acronym) and eight units in the Northern Interconnected System (SING in its Spanish acronym) reaching a total aggregate installed capacity of over 6,300 MW, placing it among the most important energy companies in the country.

Enel Chile participates in the distribution business through the subsidiary Enel Distribución Chile that operates a concessions area of more than 2,000 square kilometers, covering 33 districts in the Metropolitan Region, representing



40% of total sales of distribution companies in the country, making Enel Chile the largest electricity distribution company in Chile.

The Company has also grown by adding new applications to electricity and developing new ways to manage electricity. Enel Chile was the first company in the country to offer its customers intelligent metering technology in 2016. Also, along with the Municipality of Santiago, the Company has placed the first and only electric bus to operate in Santiago's major avenues and completely free of charge to passengers. Enel Chile seeks to promote the efficient use of energy supplied by Enel Distribución Chile to its almost 2 million residential customers in Chile and collaborate with the environment.

In June 2016, Endesa Chile (Enel Generación Chile today) sold its 20% share in GNL Quintero S.A. to Enagás Chile S.p.A for US\$ 200 million. This decision to sell its shareholding in GNL Quintero was based on the fact that it did not represent a strategic asset for the development of the electricity business or the natural gas trading business of the Company.

In February 2017, Enel Generación Chile sold its shareholding in Electrogas S.A. to Aerio Chile S.p.A. for US\$180 million as part of the plan to divest non-strategic assets.

In August 2017, a corporate reorganization of Enel Chile was proposed. This plan involved the merger of Enel Green Power Latin America with and into Enel Chile and launching a Public Tender Offer (PTO) for 100% of the shares of Enel Generación Chile.

In December 2017, the respective Extraordinary Shareholders' Meeting approved the terms of the reorganization to take place during 2018.

Enel Chile is part of the Enel Group, a global energy company and one of the main integrated operators in the electricity and natural gas sectors worldwide. It is present in more than 30 countries and in four continents. It supplies energy to nearly 61 million people and has net installed capacity of more than 86 GW.



13

Investments and financial activities



Quintero thermal power plant

Relevant projects of the Company's Investment Plan

The Group's global financing strategy and intercompany loans, in addition to the terms and conditions of financing, are coordinated by Enel Chile to optimize debt management. The subsidiaries generally develop their capital expenditure plans independently, financing them with internally generated funds or direct financing. One of the objectives is to focus on investments that will provide long-term social and economic benefits, such as, the environmental and sustainability improvement projects of Bocamina II. Other examples are projects that adjust medium and low voltage networks to connect new customers and also real estate projects.

The funds required to finance these investments have been analyzed and included in the Company's budget, but no particular financing structure has been committed and the investments will depend on the market conditions at the time the cash flows are needed.

The investment policy of Enel Chile S.A. is flexible enough to adapt to changing circumstances, prioritizing each project based on profitability and strategic alignment.

From 2018 to 2020, Ch\$ 768 billion is expected to be disbursed, on a consolidated basis, on investments currently under development, maintenance of our distribution network and existing installed capacity, and on studies required to develop other generation projects.

The following table shows the expected capital expenditure for the 2018–2020 period and the amount incurred by our subsidiaries in 2017, 2016 and 2015.

Investment ⁽¹⁾ (in billions of Ch\$)				
	2018-2020	2017 (1)	2016 (1)	2015(1)
Chile	768	266	157	310
Total	768	266	157	310

(1) The Capex figures represent actual disbursements each year, except for future projections (gross amounts)

Generation

In Chile, the main investments developed during 2017 focused on the construction of the Los Cóndores pass through hydroelectric power plant (150 MW) that began construction in 2014 and also the investments related to finishing the Bocamina II power plant (350 MW).

Relevant Investments in 2017, 2016 and 2015

The capital investments carried out over the last three years were mainly related to:

1. The 350 MW Bocamina II power plant optimization project
2. The 150 MW Los Cóndores project
3. Maintenance of existing installed capacity

The capital investments just mentioned and related to specific projects were financed as follows:

- > Bocamina II: cash from the Company's operations
- > Los Cóndores: cash from the Company's operations and also third-party debt.

Projects currently underway

The most important projects currently in construction are:

- > Optimization of Bocamina II Power Plant: Environmental improvements (coal field roofing, biomass filters, among others) and sustainability initiatives (relocation programs, agreements with fishermen, shared value funds, among others).
- > Los Cóndores project: 150 MW hydroelectric power plant located in the Maule region. Its construction began in 2014.

Distribution

During 2017, Enel Distribución Chile and its subsidiaries (Colina and Luz Andes) invested Ch\$91 billion in projects primarily related to satisfying natural demand growth, service quality, and safety and information systems. Furthermore, during 2016, a total Ch\$81 billion were invested, Ch\$33 billion in maintenance and Ch\$48 billion in investments to satisfy growth in demand.

In 2017 a total Ch\$18 billion were invested in Medium Voltage and Low Voltage networks allowing to connect new customers, both residential and large customers and also connect real estate projects.

A total Ch\$14 billion was invested on increasing Enel Distribución Chile's network capacity. Worth highlighting, the Alonso de Córdoba, Renca, La Cisterna and Club Hípico substations. The high voltage (HV) Santa Elena-Macul 110 kV line was reinforced and four new medium voltage (MV) 12 kV lines of Enel Distribución began operations: Algarrobal line to the Chicureo substation, Honduras feeder to the Los Dominicos substation, Dublé Almeyda feeder to the Santa Elena substation and the Bellavista feeder to the San Cristobal substation. Works were also developed at

the Chena interconnection substation and Nueva Lampa facility.

Regarding service quality, Ch\$11 billion were invested mainly in reinforcing certain feeders, those determined by our quality plan, which included the automation of the MV network involving the addition of 320 new remote-control devices to the medium voltage network and performing the necessary network adjustments to condense, in one year, the activities that would normally take six years to implement. This allowed increasing from 1200 to 1500 remote devices being controlled from the Network Operations Center. At the same time, the operation of field equipment was integrated to the SCADA Platform ("MV Remote Control System", STM, in its Spanish acronym), having all medium voltage feeders digitalized in this new platform. The operational capacity (coverage and availability) of the telecommunications infrastructure was reinforced by increasing the radio base of the DMR (Digital Mobile Radio) platform from 3 to 5 and updating the communications devices installed in the MV remote control equipment to 3G or radio DMR. The management and monitoring tools of the 3G (ATLAS) and DMR (Shiny Server) links were also improved.

Additionally, a total Ch\$9 billion were invested in relocating public network infrastructure, of which the most relevant were the freeway Autopista del Aconcagua and section 3 of Vicuña Mackenna avenue.

To comply with regulation, Ch\$ 6 billion was invested in legal procedures to normalize lines and substations.

Investment in anti-theft projects to shield the network amounted to Ch\$ 2 billion, including installing Ananda boxes to more than 7,500 customers.

Nearly Ch\$ 6 billion were used to finance corrective maintenance of transmission lines, and substations. A series of maintenance works also focused on high risk facilities.

Finally, one of the greatest achievements of the Company in 2017 was the installation of 45,628 smart meters in Santiago representing a Ch\$4 billion investment, reaching a total 100,865 smart meters in operation in the 11 districts of Santiago.

Financial condition

Liquidity

As of year-end 2017, the subsidiary Enel Generación Chile relied on committed credit lines available for US\$ 324 million and also undisbursed commercial credit lines for a maximum US\$200 million. These were registered in the Securities Register of the Superintendence of Securities and Insurance (SVS in its Spanish acronym) in 2009 and expire in 2019.

Indebtedness

The consolidated financial debt of Enel Chile reached US\$ 1,272 million, mainly international bonds and local bonds with a 10-year average life.

Net consolidated debt was US\$ 590 million at year-end 2017 and the leverage ratio was 0.5 times.

Hedging Policy

Exchange rate

The exchange rate hedging policy of the Enel Chile Group is based on cash flows and seeks to maintain a balance between flows indexed to foreign currency (US\$) or local currencies, and the levels of assets and liabilities denominated in such currency. The goal is to minimize cash flow exposure to risk related to exchange rate variations.

Interest Rate

The Enel Chile Group interest rate hedging policy seeks to maintain a balanced debt structure to minimize financial expenses and reduce income statement volatility. Hedging instruments are purchased based on market conditions, given the Company's projections and debt structure objectives.

At year-end 2017, consolidated fixed debt to total financial debt was 92%.

Risk Rating

The main events related to risk rating in 2017 are summarized below:

Enel Chile was rated for the first time by Feller Rate on June 19, 2017. The Company was rated "AA" on the local scale with a stable outlook. This rating was later confirmed on July 8.

Fitch Rating began assigning a credit rating to Enel Chile S.A. on April March 15, 2017. The local rating given to the Company was "AA" with a positive outlook.

Furthermore, on July 31, 2017, Standard & Poor's gave Enel Chile S.A. a "BBB+" international credit rating with a stable outlook. This rating is an "investment grade" rating.

The Company's ratings are based on its diversified asset portfolio, strong credit parameters, adequate debt structure and high liquidity.

International rating

Enel Chile	S&P
Corporate	BBB+ / Stable

1 Calculated as Net Financial Debt over Gross Operating Income (EBITDA)

Local rating

Enel Chile	Feller Rate	Fitch Ratings
Stocks	1° class. Level 2	1° class. Level 1
Bonds	AA / Stable	AA / Stable

Insurance

Enel Chile owns equipment and substations located in the Metropolitan Region. These assets are covered by a global insurance program centralized by its parent company, Enel. The insurance covers physical damages, terrorism, business interruption and legal liability. The insurance policies' renewal process was carried out through an international bid, where the leading insurance companies worldwide were invited to participate. The contracts were renewed on November 1, 2017 and expire October 31, 2018.

Trademark

The Company has registered the trademark "Enersis Chile" for services, products, industrial and commercial facilities.

Enel S.p.A. has allowed Enel Chile S.A. to use the "Enel" trademark free of charge and allows using it in its legal name, logo and in other ways.

The trademark "Enel Chile" is registered legally.

Suppliers, customers, and relevant competitors

Enel Chile S.A. is a Holding Company that operates primarily in the electricity generation and distribution sectors in Chile, therefore the suppliers, customers, and competitors are those relevant to the Company's main subsidiaries that operate in the electricity sector.

Consequently, the relevant suppliers, customers, and competitors are the following:

CGE Group, SAEZA Group, Chilquinta Group, GNL Chile, Transelec, Ferrovial Agroman Chile S.A., CMC Coal Marketing Company Ltda., AES Gener, Colbún, Engie, Guacolda Energía S.A., Pacific Hydro Chacayes, Hidroeléctrica la Higuera, Hidroeléctrica la Confluencia, Gerdau Aza S.A., Mall Plaza Group, Metro S.A., Cencosud Group, SCA Chile S.A. Pacific Hydro Chile, Ducati Energía SPA, Industrial y Comercial Guzman Ltda., Shenzhen Star Instrument Co. Ltda., Cearca S.A., Baterías Tubular S.A..



14

Risk factors



Risk management policy

All Enel Chile Group companies are exposed to certain risks that are managed through the application of systems of identification, measurement, limit of concentration and supervision.

The basic principles defined by Group in establishing its risk management policy include the following:

- > Comply with rules of good corporate governance.
- > Comply strictly with the Group's norms and procedures.
- > Each business and corporate area defines:
 - I. The markets in which it can operate, based on having the sufficient knowledge and abilities to ensure effective risk management
 - II. Criteria on counterparties
 - III. Authorized operators
- > Each business and corporate area establish, for each market in which they operate, their position regarding risk, in accordance to the strategy they have defined.
- > All operations of businesses and corporate areas are performed within the limits approved for each case.
- > The businesses, corporate areas, business lines, and companies establish the risk management controls necessary to ensure that market transactions are performed according to the policies, rules, and procedures of Enel Chile.

Interest rate risk

Interest rate fluctuations modify the fair value of assets and liabilities that accrue interest at fixed rates, as well as the future flows of assets and liabilities based on a variable interest rate.

The objective of interest rate risk management is to achieve a debt structure balance that allows minimizing the cost of debt and maintain low income statement volatility.

The comparative financial debt structure of the Enel Chile Group, regarding fixed and hedged interest rate to total debt, net of derivatives, is the following:

	12-31-2017	12-31-2016
Fixed Interest Rate	92%	92%

Depending on the Group's estimates and debt structure objectives, hedging operations are performed by purchasing derivatives that mitigate these risks.

Exchange rate risks

Exchange rate risks are primarily related to the following transactions:

- > Debt incurred by the Group's companies in currencies different from their respective operational cash flow currency.
- > Payments in currencies different from their respective operational cash flow currency, such as payments of project-related materials and corporate insurance policies.
- > Revenues in the Group's subsidiaries that are directly linked to currencies different than their respective operational cash flow currency.

To mitigate exchange rate risk, the Enel Chile Group seeks to maintain a balance between flows indexed in US dollars or local currencies, should there be any, and levels of assets and liabilities in such currency. The objective is to minimize cash flow exposure to exchange rate fluctuations.

The instruments currently used to comply with this policy are currency swaps and exchange rate forwards.

Commodities risk

The Enel Chile Group is exposed to certain commodity price fluctuations, primarily through:

- > Fuel purchases in the process of generating electricity.
- > Energy trading operations in local markets.

To reduce risk in situations of extreme drought, the Group has designed a commercial policy, defining levels of sale commitments, in accordance to its power plant's generation capacity in a dry year, including risk-mitigation clauses in some contracts with non-regulated customers. In the case of regulated customers that are subject to long-term tender processes, indexation clauses reduce commodity price exposure.

Taking into account the operating conditions faced by the electricity generation market in Chile into consideration, such as droughts and commodity price volatility in international markets, the Company is constantly evaluating the convenience of hedging to mitigate the impact of price fluctuations on profits.

As of December 31, 2017, the company had outstanding operations for 2.3 million MMBtu, to be settled in January 2018.

As of December 31, 2016, there were swap operations outstanding for 3 million barrels of Brent oil to be settled between January and November 2017, and 3 million MMBTU of Henry Hub gas to be settled between January and September 2017.

These hedging instruments may be modified or could include other commodities because of constantly changing operating conditions.

Liquidity risk

The Group's liquidity is provided by sufficient committed long-term credit facilities and short-term financial investments to finance projected needs for a certain period of time, which is calculated as a function of the overall situation and expectations regarding debt and capital markets.

Said projected needs include net financial debt maturities, in other words, after financial derivatives. For further detail regarding characteristics and conditions of financial debt and financial derivatives, see Notes 18, 20 and Appendix 4.

As of December 31, 2017, the liquidity of the Enel Chile Group amounted to ThCh\$ 419,456,026 in cash and cash equivalents, and ThCh\$ 199,271,103 in unconditional committed long-term credit lines. As of December 31, 2016, the liquidity of the Enel Chile Group amounted to ThCh\$ 245,999,192 in cash and cash equivalents, and ThCh\$ 342,827,047 in unconditional committed long-term credit lines.

Credit risk

The Enel Chile Group conducts a detailed credit risk follow-up.

Trade accounts receivables

Credit risk associated to accounts receivables stemming from commercial activity has historically been limited, mainly due to short-term payment deadlines that prevent clients from accumulating significant individual amounts. This is applicable to our generation business as well as our electricity distribution business.

In the generation business, supply disruption is a possibility in the event of non-payment in some non-regulated customer contracts and payment defaults also may qualify as a cause for contract termination. For this purpose, and although the risk is limited, credit risk and maximum amounts exposed to payment risk are constantly measured and monitored.

Our electricity distribution company has the power to disconnect supply due to contract breaches by our customers. Disconnection is applied according to current regulation, which facilitates the credit risk evaluation and control process, which is also limited.

Financial assets:

Investments of cash surpluses are made in first class domestic and foreign financial institutions, within limits established for each entity.

Banks considered for investments have investment grade qualification, considering the three major international rating agencies (Moody's, S&P and Fitch).

Investments may be backed by Chilean Treasury bonds and securities issued by first-class banks, prioritizing the latter as they offer better returns (always within existing investment policy guidelines).

Risk measurement:

The Enel Chile Group measures the Value at Risk of its debt and financial derivatives to monitor the risk taken by the company, thus limiting income statement volatility.

The positions included in the portfolio used to calculate the present Value at Risk include:

- > Financial debt.
- > Debt-hedging derivatives.

The calculated Value at Risk represents a potential loss of value of the portfolio described above in one quarter, with 95% confidence. To this effect, the company studied the volatility of variables at risk that affect the value of the portfolio, with respect to the Chilean peso, which includes:

- > US dollar Libor Rate.
- > Exchange rates of currencies included in the calculations.

The calculation of Value at Risk is based on the extrapolation of future market value scenarios (one quarter out) of the variables at risk in scenarios based on real observations for the same period (quarter), for five years.

The Value at Risk for the next quarter, with 95% confidence, is calculated as the percentile of the most adverse 5% of possible quarterly changes.

Based on the hypotheses stated above, the Value at Risk for the aforementioned positions, one quarter out, is ThCh\$ 66,890,686.

This value represents the potential increase in the debt and derivatives portfolio, and therefore is intrinsically linked, among other factors, to the value of the portfolio at the end of each quarter.

Other risk factors

Economic fluctuations in Chile, as well as certain economic interventionist measures by government authorities could affect our results of operations and financial condition of the company, as well as the value of our securities.

All operations of Enel Chile are located in Chile. Accordingly, its revenues are affected by the performance of the Chilean economy. If local, regional, or worldwide economic trends adversely affect the Chilean economy, the financial condition and results of operations could be adversely affected. Moreover, insufficient cash flows for our subsidiaries could result in their inability to meet debt obligations and the need to seek waivers to comply with restrictive debt covenants and increasing cost for subsequent financings.

The Chilean government has exercised in the past, and continues to exercise, a substantial influence over many aspects of the private sector, which may result in changes to economic or other policies.

Future adverse developments in Chile or changes in policies regarding exchange controls, regulations and taxation may affect the company's results of operations and financial condition. Inflation, devaluation, social instability and other political, economic, or diplomatic developments could also reduce profitability. In addition, Chilean financial and securities markets are influenced by economic and market conditions in other countries and may be affected by events in other countries, which could adversely affect the value of securities.

Because the business depends heavily on hydrology, droughts, floods, and other weather conditions may adversely affect the Company's operations and profitability.

About 55% of installed generation capacity in 2017 was hydroelectric. Accordingly, extremely dry hydrological conditions could adversely affect the business, results of operations and financial condition. Results have been adversely affected when hydrological conditions in Chile have been below their historical average.

Below average hydrological conditions not only reduce the ability to operate hydroelectric plants at full capacity, but also may result in increased transportation costs of water for cooling purposes in the San Isidro thermal power plant (778 MW). Although our subsidiary Enel Generación Chile has entered into certain agreements with the Chilean government and local irrigators regarding the use of water for hydroelectric generation purposes, especially during periods of low water levels, if drought conditions persist or worsen, increased pressure by the Chilean government or third parties to further restrict water use could arise.

Thermal plant operating costs can be considerably higher than those of hydroelectric plants. Operating expenses increase during periods of drought, as thermal plants are used more frequently. Also, the company might have to buy electricity at higher spot prices in order to comply with contractual supply obligations, and the cost of these electricity purchases may exceed the contracted electricity sales prices, thus potentially producing losses in those contracts.

Droughts also affect the operation of thermal plants, including facilities that use natural gas, fuel oil or coal as fuel, in the following ways:

- Thermal power plants require water for cooling, and droughts not only reduce the availability of water, but also increase the concentration of chemicals, such as sulfates, in the water. High concentration of chemicals in the water used for cooling increases the risk of damaging the thermal plant's equipment, as well as the risk of violating environmental regulations. As a result, water has been purchased from agricultural areas that are also experiencing water shortages. These water purchases may increase operating costs and may require negotiation with local communities.

- Thermal power plants that burn natural gas generate emissions, such as nitric oxide (NO), carbon dioxide (CO₂) and carbon monoxide (CO). Power plants that operate with diesel emit NO, sulfur dioxide (SO₂), and particulate matter into the atmosphere. Coal-fired plants generate SO₂ and NO emissions. Therefore, greater use of thermal plants during periods of drought generally increases the risk of producing higher level of pollutants, which would also decrease our operating income due to the payment of so-called “green taxes” (see “Environmental regulations may cause delays, impede the development of new projects, or increase costs of operations and capital expenditures” below).

A full recovery from the drought that has been affecting the regions where most of our hydroelectric plants are located may take an extended period of time, and new drought periods could recur in the future. A prolonged drought could exacerbate the risks described above and have an additional adverse effect on the business, results of operations and financial condition.

The distribution business is also affected by weather conditions. Moderate temperatures, for instance, might decrease heating or air conditioning use, which would affect energy consumption. Even with extreme temperatures, demand can increase significantly within a short period of time, which would affect service and result in stoppages which may be subject to fines. Depending on weather conditions, results obtained by our distribution business may vary significantly from year to year. During 2017, we faced rainstorms and the most damaging snowstorm in Santiago in the last 47 years, leaving parts of Santiago without power for more than a week. The first inclement weather front was in June 2017, where gusts of winds of 80 km/h and precipitations of 63 mm were recorded. Trees, blasting of roofs, billboards and other objects fell on the electricity networks. As a result, 125 thousand customers were affected (7% of our total customer base as of December 2017). One month later, in July 2017, a snowstorm affected the Metropolitan Region where up to 50 cm of snow fell in some areas of Santiago, causing massive damage to electrical infrastructure, affecting approximately 342 thousand customers (18% of our total customer base as of December 2017) and 17% of our feeders. These situations significantly increased our costs due to emergency responses,

including payments related to damage compensation (legal and voluntary), fines (see hereafter), line maintenance and tree trimming plans.

Governmental regulations may adversely affect our businesses.

The Company and the tariffs we charge our customers, among other aspects of the business, are subject to extensive regulation and these regulations may adversely affect our profitability. For example, governmental authorities might impose material rationing policies during droughts or prolonged failures of power facilities, which may adversely affect our business, results or operations and financial condition.

Governmental authorities may also delay the distribution tariff review process, or tariff adjustments may be insufficient to pass through all costs to our customers. Similarly, electricity regulations issued by governmental authorities in Chile may affect the ability of generating companies to collect revenues sufficient to offset their operating costs.

The inability of any company in our consolidated group to collect revenues sufficient to cover operating costs may affect the ability of that company to operate normally and may otherwise have an adverse effect on our business, financial results and operations.

The former government initiated a review of the country's energy policies, and in 2014, announced the Energy Agenda. One of the objectives of the Energy Agenda was the incorporation of non-conventional renewable energy (NCRE) sources to reduce the cost of electricity. Solar and wind sources are currently the NCRE technologies most widely used. NCRE facilities are able to dispatch energy to the system at very low marginal costs, and substitute sources that are more expensive, such as conventional thermal plants. However, wind and solar sources have higher intermittency, since they can only generate electricity when the wind blows or the sun shines. The National Electric Coordinator (“CEN”, which replaced the former CDEC-SIC and CDEC-SING) coordinates the dispatch from all sources. The balance of production not supplied by hydro and NCRE plants comes from thermal plants, which are among the most expensive energy sources, and in some cases, have restrictions on their operating power levels. Therefore, au-

thorities are requesting thermal plant operators to reduce their technical minimum power capacity, understood as the minimum capacity at which a power plant should be safely and permanently operated, and its minimum operating time as recommended by the turbine manufacturer. A turbine that operates for less than the manufacturers' recommended minimum time, or less than the technical minimum power capacity, will have higher maintenance costs. This situation could increase the cost of the unit and would need to be covered by every generator, thereby reducing results of operations, until being recognized by the CEN. Producing below the technical minimum power capacity may also have environmental consequences and represent an obstacle to meeting environmental standards. The CEN has the authority to audit technical parameters of any power plant, and in case of discrepancies, power plants are exposed to fines or injunctions.

In August 2016, the Superintendence of Electricity and Fuels ("SEF" in its Spanish acronym) fined GasAtacama Ch\$ 5.5 billion for allegedly providing inaccurate information to the CDEC-SING, specifically for overestimating its technical minimum power capacity and its operating time, which resulted in higher operating costs to the system. In 2017, AES Gener S.A., a competitor, requested Enel Generación a US\$ 65.8 million compensation payment for their alleged overpayments to GasAtacama. The alleged overpayments were tied to the technical minimum power capacity informed by GasAtacama at 310 MW with a 30h minimum operation time that was later estimated by the CEN at 118 MW and a 2h minimum. Authorities may audit any of our technical thermal plant standards and any discrepancy with our own calculations or assumptions could lead to fines and claims and adversely affect the business, operating results and financial condition.

In addition, changes in the regulatory framework are often submitted to legislators and administrative authorities, and some of these changes could have a material adverse impact on the business, results of operations and financial condition. For instance, in 2005 there was a change in the water rights law in Chile to require the payment of unused water rights, increasing the annual cost to maintain unused water rights for hydroelectric projects that are neither economically nor technically feasible. (for further information, see "Our business and profitability could be adversely af-

ected if water rights are denied or if water concessions are granted with limited duration" below). In August 2016, Enel Generación Chile relinquished its unused water rights in the Bardón Chillán 1, Chillán 2, Futaleufú, Huechún and Puelo projects, booking a Ch\$ 35.4 billion write-off.

Regulatory authorities may impose fines on subsidiaries due to operational failures or any breach of regulations.

The electricity businesses may be subject to regulatory fines for any breach in current regulations, including energy supply failures.

In Chile, such fines may be imposed for a maximum of 10,000 Annual Tax Units ("UTA" in its Spanish acronym), or Ch\$ 5.5 billion using UTA as of December 31, 2017. Electricity generation subsidiaries are supervised by local regulatory entities and may be subject to these fines in cases where, in the opinion of the regulatory entity, operational failures affecting the regular energy supply to the system are the fault of the Company, such as when agents are not coordinated with the system operator. In addition, current legislation establishes a compensation fee to end customers when energy supply is interrupted for a longer period of time than the standard time allowed due to events or failures affecting transmission facilities. The compensation is calculated as a proportion of the energy not supplied, with a minimum value between 20,000 UTA (Ch\$ 11.3 billion) and the previous year's energy sales revenue, in case of generators. Due to extreme weather events occurred during 2017, the Company paid Ch\$2 billion in legal compensation because of energy supply interruptions, and Ch\$ 3.4 billion in voluntary compensation to those clients who were without electricity for more than 24 hours, with a maximum of Ch\$ 25,000 per customer, equivalent to customers' average monthly consumption amount (240 KWh/month).

Further fines imposed on our power plants could adversely affect our business, results of operations and financial condition.

As of December 31, 2017, Enel Distribución had four unresolved fines imposed by the SEF for a total amount of 15,000 UTA (Ch\$8.5 billion) due to various claims related

to the extreme weather conditions in June and July 2017, which are being appealed. For further information on fines, please refer to Note 35 of the Notes to our consolidated financial statements.

We depend on payments from subsidiaries and jointly-controlled entities to meet payment obligations.

To pay its obligations, the Company relies on cash from dividends, loans, interest payments, capital reductions and other distributions from our subsidiaries. The ability of subsidiaries to pay dividends, interest payments, loans and other distributions is subject to legal constraints, such as dividend restrictions, fiduciary duties and contractual limitations that may be imposed by local authorities.

Dividend limits and other legal restrictions. The ability of any subsidiary that is not wholly-owned to distribute cash may be limited by the directors' fiduciary duties of such subsidiaries to minority shareholders. Furthermore, some subsidiaries may be forced by law, in accordance with applicable regulation, to diminish or eliminate dividend payments. Because of such restrictions, subsidiaries might be, under certain circumstances, unable to distribute cash.

Contractual constraints. Distribution restrictions included in some credit agreements of our subsidiaries that prevent dividend payments and other distributions to shareholders if the company is not in compliance with certain financial ratios. Generally, our credit agreements prohibit any type of distribution if there is ongoing default.

Operating results of the Company's subsidiaries. The ability of subsidiaries to pay dividends, amortize loans, or make other distributions, is limited by their operating results. To the extent that the cash requirements of any subsidiary exceeds its available cash, the Company will be unable to rely on resources from such subsidiary.

Any of the situations described above could negatively affect our business, results of operations and financial condition.

The Company is involved in litigation proceedings.

Currently, the Company is involved in various litigation proceedings, which could result in unfavorable verdicts or

fines. The Company will continue to be subject to future litigation proceedings, which could cause considerable adverse consequences to the business.

The financial condition or results of operations could be adversely if positive results are not obtained in lawsuits and proceedings against the Company. For more information on litigation proceedings, see Note 33.3 of the Notes to the consolidated financial statements.

Environmental regulations may cause delays, impede the development of new projects, or increase the costs of operations and capital expenditures.

Operative subsidiaries are subject to environmental regulations that require environmental impact studies for future projects and permits from both local and national regulators, among other procedures. The approval of these environmental impact studies may be withheld by governmental authorities, and therefore their processing time may be longer than initially expected.

Projects that require consultation with local interest groups in their evaluation process may be rejected, or their development impeded or slowed down. Interest groups may also seek precautionary measures or other relief, which could cause a negative impact if successful. Moreover, projects that do not require consultation with local interest groups may be subject to intervention or suffer continuous resistance, delaying their approval process or development.

Environmental regulations for existing and future power plants may become stricter, which would require increased capital investments. For example, Decree 13/2011 of the Chilean Ministry of the Environment, published in June 2011, established stricter emission standards for existing thermoelectric plants that were required to be met between 2014 and 2016, and stricter standards for new facilities or additional capacity. As of December 31, 2017, the estimated total investment in reducing emissions was Ch\$ 68,240 million. Decree 13/2011 also required the establishment of a system of continuous emission monitoring, pursuant to which thermoelectric plants must implement a monitoring system in accordance with the guidelines and protocols issued by the Superintendence of the Environment. All thermoelectric plants made incremental investments in-

stalling abatement systems to control pollutant emissions to comply with these environmental regulations. Any delay in meeting standards constitutes a violation of these regulations, which established emission limits effective June 23, 2015, or June 23, 2016, depending on the power plant's location. Failure to certify the implementation of such monitoring system may result in penalties and sanctions.

Stricter emission limits. Any deviation from the environmental license to operate could result in significant sanctions from authorities.

The Chilean Ministry of the Environment modified Decree 13/2011 and made emission standards for thermoelectric plants more restrictive, which will require additional investments in the future. In June 2016, Law 20920, known as the recycling law, established the legal framework for the recovery of waste in Chile. The Ministry of the Environment must establish recycling objectives for different products. The Company expects the first objectives to be established no later than 2019 and will force regulated companies to finance recycling management systems. This may lead towards a need to recycle batteries in the generation business, or street lights in the distribution business, as well as electronic waste, such as discarded computers, telephones, etcetera.

The 2014 tax reform law, established an annual green tax on stationary power generators, such as thermal generators, based on their emission of pollutants in the previous year. This provision came into effect in 2018. In December 2016, the Chilean Ministry of Environment published the list of thermal generators subject to this tax, including all the Company's thermoelectric plants in the country. These plants have reported their emissions during 2017 and will book an additional tax liability in 2018. The tax will be paid in 2018, based on 2017 emissions. In addition, during 2017, the Superintendence of the Environment established new measurement, monitoring and reporting requirements necessary to comply with the green tax, which are also applicable to requirements under Decree 13/2011. During 2017, partially due to the Ch\$ 17.3 billion higher thermal emission taxes on thermoelectric plants, which will be paid in April 2018. Tax expense may increase in the future, increasing costs of operation and therefore discouraging thermal electricity generation.

Delays or modifications to any proposed project, and laws or regulations that may change or be interpreted in a manner that could adversely affect operations or plans for firms in which the Group holds investments, could adversely affect the business, results of operations, and financial condition.

Power plant projects may encounter significant opposition that may delay their development, increase costs, damage the reputation and potentially result in impairment of goodwill with stakeholders.

The Company's reputation is the foundation of the relationship with key stakeholders. If the Company is unable to effectively manage real or perceived issues that could impact the Company negatively, the business, results of operations or financial situation could be adversely affected.

In 2015, the Chilean Ministry of the Environment enacted Law 20,500, setting the procedures for stakeholder participation in the preliminary phase of the evaluation process, to avoid conflicts of interest and minimize the project's impact. Power plants built before the adoption of these rules and that were not submitted to local consultation may face opposition from several stakeholders, such as ethnic groups, environmental groups, land owners, farmers, local communities and political parties, among others, any of whom may impact the sponsoring company's reputation and goodwill. For example, between 2013 and 2016, the Bocamina II power plant encountered substantial opposition from local fishermen's unions that claim that the facility negatively affects marine life and causes pollution, which resulted in the interruption of the power plant's operation for more than a year. On July 1, 2015, Bocamina II resumed operations, after the approval of a new Environmental Qualification Resolution (RCA in its Spanish acronym) in April 2015. Later, between November 23, 2015 and January 7, 2016, a second group of fishermen illegally occupied the first high-tension pylon, which supports the 154 kV and 220 kV circuits owned by Transelec S.A., which serves Bocamina I and II. As a consequence, both Bocamina I and II were temporarily shut down. This second group claimed that they should receive the same benefits that Enel Generación granted to the first group of fishermen in the area. The financial effects of this illegal occupation and interruption of electricity transmission amounted to

Ch\$ 2.8 billion in losses. This situation increased the spot prices and anticipated use of hydroelectric reserves in the electricity market. Such groups and other similar groups may have the ability to block power plants and directly affect results.

The operation of thermoelectric plants, especially coal power plants, may also affect the company's reputation among stakeholders, due to greenhouse gas emissions, which could adversely affect the environment.

Damage to reputation may exert considerable pressure on regulators, creditors, and other stakeholders, and ultimately lead to the abandonment of projects or operations, which would cause the share price to drop, and hinder our ability to attract and retain valuable employees, any of which could result in an impairment of goodwill with stakeholders.

Power plant construction may encounter delays or significant cost overruns.

Our power plant projects may be delayed in obtaining regulatory approvals, may face shortages or increases in the price of equipment, material or labor, and may be subject to construction delays, strikes, adverse weather conditions, natural disasters, civil unrest, accidents, and human error.

Market conditions at the time projects are initially approved may differ significantly from those that prevail when projects are completed, which in some cases may make them commercially unfeasible. This has been the case in many of our former projects, which were initially planned under completely different market conditions with higher energy prices prevailing in the market and less competition, that has now been enhanced by NCRE. Deviations from these assumptions, including timing estimations and expenditures related to these projects, may lead to cost overruns and a completion time widely exceeding our estimates, which in turn may have negative effects on our business, results of operations and financial condition. Over the last two years, the Company has recorded more than Ch\$ 90 billion in impairment losses and write-offs due to abandonment of such projects.

We are currently building the Los Cóndores project, which consists of a 150 MW pass-through hydroelectric power plant.

The locations where the Company may develop new projects are also sometimes highly challenging in terms of geographical topography, in some cases in mountain slopes with very limited access. These factors may also lead to significant delays and cost overruns.

Political events or financial or other crises in any region worldwide can have a significant impact in Chile, and consequently may adversely affect operations, as well as the Company's liquidity.

Chile is vulnerable to external shocks, including financial and political events, which could cause significant economic difficulties and affect growth. For example, the 2016 presidential election in the United States considerably increased the volatility of financial markets worldwide, due to the uncertainty of political decisions. New policies adopted by the United States could affect world markets and global trade, and result in renewed volatility, especially in commodity prices. Similarly, instability in the Middle East, or any other major oil producing region, could also result in higher fuel prices worldwide, which in turn could increase the cost of fuel for thermoelectric power plants, and adversely affect the results of operations and financial condition. Even temporary U.S. government shut-downs, such as those that took place in early 2008, and were threatened to begin on February 8, 2018, can have a very adverse effect on the timing, execution, and increased expense associated with main transactions and reorganizations involving ADS holders and the U.S. SEC.

An international financial crisis and its disruptive effects on the financial industry could negatively affect the Company's ability to obtain new bank financing on the same historical terms and conditions we have obtained to this date.

Political events or financial or other crises could also diminish access to Chilean and international capital markets, or increase the interest rates. Reduced liquidity could, in turn, negatively affect capital expenditures, long-term invest-

ments and acquisitions, growth prospects and dividend policy.

We may be unable to enter into suitable acquisitions.

The Company permanently reviews acquisition prospects that may increase its market share or supplement existing businesses, though there can be no assurance that we will be able to identify and carry out suitable acquisitions in the future. The acquisition and integration of independent companies that the Company does not own is generally a complex, costly, and time-consuming process that requires significant efforts and expenditures. If the company seals an acquisition, it could result in the incurrence of substantial debt and assumption of unknown liabilities, the potential loss of key employees, amortization expenses related to tangible assets, and the diversion of management's attention from other business concerns. In addition, any delay or difficulty encountered in connection with an acquisition or integration of multiple operations could have a material adverse effect on our business, financial condition and results of operations.

The Company may be unable to seize the business growth opportunities, revenue benefits, cost savings, or other projected benefits from the 2018 Reorganization, or, conversely, may incur in unanticipated costs related to it, and therefore affect the results of operation, financial condition, and stock price.

In August 2017, the corporate reorganization (the "2018 Reorganization") process was started, which involved (i) a tender offer by Enel Chile of all outstanding shares of common stock (including ADSs) of Enel Generación that were not owned by Enel Chile; (ii) a capital increase, required in order to have a sufficient number of shares of common stock of Enel Chile available to deliver to tendering holders of Enel Generación shares and ADSs, and (iii) a merger, in which Enel Green Power Latin America S.A. ("EGPL") was merged into Enel Chile (the "Merger").

The 2018 Reorganization, which will conclude on April 2, 2018, may not result in the business growth opportunities, revenue benefits, cost savings, or other benefits that have been projected. These benefits may not materialize and

other assumptions upon which the offer consideration may prove to be incorrect.

Under any of these circumstances, the business growth opportunities, revenue benefits, cost savings, or other benefits we anticipated from the 2018 Reorganization may not be achieved as expected, or at all, or may be delayed. If we incur greater integrations costs or achieve lower revenue benefits or fewer cost savings than expected, the results of operation and financial condition will suffer.

The potential integration of Enel Chile and EGPL.

The merger with EGPL involves the integration of a mature business, as is the case with our conventional energy business, which we develop through Enel Generación Chile, with EGPL's non-conventional renewable energy business. The objective of integrating operations is to increase revenues and earnings of the businesses combined, and as a combined company, increase our ability to satisfy the demands of our customers. In doing so, the Company may encounter significant difficulties integrating operations, and could even incur in substantial costs due to, among other things, the following reasons:

- Differences in standards, controls, procedures and policies, business cultures and compensation structures between us and EGPL, and the need to implement, integrate, and harmonize various business-specific operating procedures and systems, as well as our financial, accounting, information, and other systems and those of EGPL;
- Diversion of management attention from their responsibilities to deal with integration issues;
- Failure to retain our customers and suppliers, and those of EGPL; and
- Difficulties in achieving full utilization of our assets and resources and those of EGPL.

The diversion of management attention, and difficulties that may arise from the merger could increase costs or reduce revenues, earnings and operating results after the

process is complete. Any delays encountered in the integration process could have an adverse effect on revenues, level of expenses, operating results and financial condition, which may adversely affect the value of our securities.

The business and profitability could be adversely affected if water rights are denied or if water concessions are granted with limited duration.

The Company owns water rights granted by the Chilean Water Authority (Dirección General de Aguas) for the supply of water from rivers and lakes near production facilities. Under current law, these water rights are (i) unlimited in duration, (ii) absolute and unconditional property rights, and (iii) not subject to further challenge. Chilean generation companies must pay an annual license fee for unused water rights. New hydroelectric facilities are required to obtain water rights, the conditions of which may impact design, timing, or profitability of a project.

In addition, Chilean Congress is analyzing amendments to the Water Code since 2014 to prioritize the use of water by defining its access as a human right that must be guaranteed by the State. The amendment establishes that water use for human consumption, domestic subsistence and sanitation will always take precedence in granting and limiting the exercise of rights of exploitation. Under this proposal, (i) new water use concessions would be limited to 30 years, which would be extendable with respect to water rights actually used during the 30-year period, unless the Chilean Water Authority demonstrates the water rights have not been used effectively; (ii) new non-consumptive water rights would expire if the holder does not exercise the rights within eight years, (iii) existing non-consumptive water rights that have not been used would expire within eight years from the enactment date of the new Water Code; and (iv) the preservation of environmental water flows to protect the ecosystem for future water rights was added for both consumptive and non-consumptive and empowers the Chilean Water Authority to mandate an environmental flow requirement for existing water rights. The latter point would reduce water availability for generation purposes. Any limitations on the Company's current water rights, the need for additional water rights, or the current water concessions of unlimited duration could have a material adverse effect on hydroelectric development projects and profitability.

Foreign exchange risks may adversely affect results and the U.S. dollar value of dividends payable to ADS holders.

The Chilean peso has been subject to devaluations and appreciations against the U.S. dollar and may be subject to significant fluctuations in the future. Historically, a significant portion of the Company's consolidated debt has been denominated in U.S. dollars. Although a substantial portion of our operating cash flows is linked to the U.S. dollar (especially those from the generation business), it has generally been, and will continue to be, exposed to fluctuations of the Chilean peso against the U.S. dollar because of time lags and other limitations to adjusting our electricity tariffs to the dollar, and the potential difficulty of incurring debt in the same currency as the operating cash flow.

Because of this exposure, the U.S. dollar value of cash generated by subsidiaries could decrease substantially due to peso devaluations against the U.S. dollar. Future volatility in the exchange rate of the currency in which the Company receives revenues or incurs expenditures may adversely affect the business, financial condition and results of operations.

Long-term energy sale contracts are subject to fluctuations in the market prices of certain commodities, energy and other factors.

In the generation business, the company is economically exposed to fluctuations in the market prices of certain commodities as a result of the long-term energy sales contracts the company has entered, and the fact that currently 97% of expected annual generation is sold under contracts with terms of at least five years. As the selling party, the company has material obligations under long-term, fixed-price electricity sales contracts. Prices in these contracts are indexed according to different commodities, exchange rates, inflation, and the market price of electricity. Adverse changes to these indices would reduce the rates charged under long-term, fixed-price electricity sales contracts, which could adversely affect the business, results of operations and financial condition. In the distribution business, we are also exposed to fluctuations in energy prices.

In 2016, in conformity with Chilean law, some customers allowed to choose between either regulated or nonregu-

lated prices and had chosen regulated prices in the past, chose the lower unregulated prices. These customers are tendering their energy needs, either directly or with other customers, because of the price advantage, when compared to regulated prices, because regulated prices are based on contracts tendered in the past at higher prices. A decrease in market prices could reduce the number of regulated customers and could cause customers to choose another electricity provider, which would reduce the company's customer base and therefore adversely affect the business, results of operations and financial condition.

The electricity business is subject to risks arising from natural disasters, catastrophic accidents, and acts of terrorism that could adversely affect our operations, earnings and cash flow.

Our primary facilities include power plants and distribution assets in Chile. They may be damaged by earthquakes, floods, fires, and other catastrophic disasters caused by nature or by humans, such as acts of vandalism, riots, and terrorism. A catastrophic event could cause disruptions in the business, significant decreases in revenue due to lower demand or significant additional costs not covered by business interruption insurance. There may be lags between a major accident or catastrophic event and the final reimbursement from insurance policies, which typically carry a deductible and are subject to per-event maximum amounts.

The company is subject to financing risks, such as those associated with funding new projects and capital expenditures, and risks related to refinancing maturing debt. It is also subject to covenant compliance, all of which could adversely affect liquidity.

As of December 31, 2017, our consolidated interest-bearing debt totaled Ch\$ 778 billion.

The Company's interest-bearing consolidated debt has the following maturity profile:

- Ch\$ 17 billion in 2018;
- Ch\$ 15 billion from 2019 to 2020;

- Ch\$ 16 billion from 2021 to 2022; and
- Ch\$ 730 billion thereafter.

Some debt agreements are subject to (1) satisfying financial covenants, (2) affirmative and negative covenants, (3) events of default and (4) mandatory prepayments for contractual breaches, among other provisions. A significant portion of the Company's financial indebtedness is subject to cross-default provisions, which have varying definitions, criteria, materiality thresholds and applicability with respect to subsidiaries, which may give rise to cross defaults. Because of the 2018 Reorganization, in which we incurred debt primarily to finance the Enel Generación Chile tender offer, we also have our own financial indebtedness at the holding company level, which is also subject to cross default provisions.

If the company or its subsidiaries breach any of these contractual provisions, debtholders may demand immediate repayment, and a significant portion of debt could become due and payable. The Company could be unable to refinance its debt or obtain such refinancing in acceptable terms. In the absence of refinancing, the Company may be forced to dispose of assets in order to cover debt service payments in conditions that would not favor obtaining the best price for such assets. Furthermore, selling its assets quickly enough or at high enough prices to cover the debt could be impossible.

It may also be impossible to raise the necessary funds required to finish projects under development or construction. Market conditions prevailing at the time these funds are required or other unforeseen project costs could compromise the Company's ability to finance projects and expenditures.

The inability to finance new projects or capital expenditures to refinance existing debt could adversely affect results of operation and financial condition.

The company relies on electricity transmission facilities that it does not own or control. If these facilities do not provide an adequate transmission service, we may be unable to deliver the power we sell to our final customers.

To deliver energy, the Company depends on transmission systems that are owned and operated by unaffiliated companies. This dependence exposes several risks. If transmission is disrupted, or the transmission capacity is inadequate, it may be impossible to sell and deliver electricity. If a region's power transmission infrastructure is inadequate, the recovery of costs of sales and profit may be insufficient. If restrictive transmission price regulation is imposed, transmission companies upon whom the Company relies may not have sufficient incentives to invest in the expansion of their transmission infrastructure, which could adversely affect operations and financial results. The construction of new transmission lines may take longer than in the past, mainly because of new social and environmental requirements that add uncertainty to the probability of completing these projects.

In the past, there have been blackout events due to failure of transmission lines that exposed weaknesses in the transmission grid, and the need for expansion and technological improvements to increase its reliability. Additional failures may occur in the future.

Any disruption or failure in transmission facilities could interrupt the business, with could adversely affect the results of operations and financial condition.

The business could experience adverse consequences if the company is unable to reach satisfactory collective bargaining agreements with unionized employees or retain key employees.

A large percentage of employees are members of unions and have collective bargaining agreements that must be renewed on a regular basis. The business, financial condition and results of operations could be adversely affected by a failure to reach agreement with any labor union representing such employees or by an agreement with a labor union that contains terms deemed unfavorable. Chilean law provides legal mechanisms for judicial authorities to impose a collective agreement if the parties are unable to come to an agreement, which may increase costs beyond what has been budgeted.

In addition, we employ many highly-specialized employees, and certain actions such as strikes, walk-outs or work stoppages by these employees could adversely affect the business, results of operations and financial condition, as well as the company's reputation.

Following the merger with EGPL, the Company may not be able to retain key employees or efficiently manage the larger and broader organization, which could negatively affect its operations and financial condition. Our post-merger success will depend in part on our ability to retain key employees of both Enel Chile and EGPL, and successfully manage the larger and broader organization resulting from the merger. In this context, key employees may depart because of issues relating to the uncertainty and difficulty of the integration process, or general discontent. Furthermore, the Company will face challenges inherent in efficiently managing an increased number of employees. Accordingly, no assurance can be given that key employees will be retained or that the management of a larger and more diverse, combined organization will be successful, which could result in an interruption of its combined business and negatively affect its combined operation and financial condition.

The relative illiquidity and volatility of the Chilean securities markets and its dependence on economic conditions in Latin America and other parts of the world could adversely affect the price of ordinary stock and ADS.

Chilean securities markets are substantially smaller and less liquid than the major securities markets in the United States or other developed countries. The low liquidity of the Chilean market may impair the ability of shareholders to sell shares, or holders of ADS to sell shares of ordinary stock withdrawn from the ADS program, into the Chilean market in the amount and at the price they wish to do so. Also, the liquidity and the market for shares or ADSs may be affected by countless factors including variations in exchange and interest rates, the deterioration and volatility of markets for similar securities, and any changes in liquidity, financial condition, creditworthiness, results, and profitability.

The share price could also decrease as a result of the 2018 Reorganization.

In addition, Chilean securities markets may be affected in many ways by economic and market conditions and developments in Latin American countries, other emerging markets and elsewhere in the world. Even though 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 and liquidity of securities for Chilean issuers. An increase in perceived risks associated to investing in South American countries and elsewhere in the world could lessen capital flows to Chile and adversely affect the Chilean economy in general, and the interests of investors in our shares or ADSs in particular.

We cannot give assurance that the price or the liquidity of its shares or ADSs will not be negatively affected by events in Latin American markets or the global economy in general.

Lawsuits against the company outside Chile or complaints based on foreign legal concepts may have unfavorable outcomes.

The Company's investments are all located outside of the United States. All directors and officers reside outside the United States and most of their assets are located outside the United States as well. If any investor were to sue a director, officer, or expert in the United States, it may be difficult for that investor to effect service of legal process within the United States upon these persons, or to enforce against them, judgments obtained in the United States courts based upon the civil liability provisions of the federal securities laws of the United States, in United States or Chilean courts. In addition, there is doubt as to whether an action could be brought successfully in Chile on the basis of liability solely based upon the civil liability provisions of the United States federal securities laws.

Interruption or failure of information technology or communications systems, or external attacks or breaches of these systems could have an adverse effect on operations and results.

The company depends on information technology, communication and processing systems (IT Systems) to operate its business, the failure of which could adversely affect the business, results of operations and financial condition.

IT systems are becoming more vital worldwide, and the electricity sector is not an exception. In the generation business, IT systems are essential in monitoring power plants' operations, maintaining generation and network performance, adequately generating invoices to customers, achieving operational efficiencies and meeting service targets and standards. Our distribution subsidiaries could also be affected adversely because they rely heavily on IT systems to monitor their grids (known in some countries as smart grids, due to the higher digitalization of the market), billing processes for millions of customers and customer service platforms. Temporary or long-lasting operational failures in any of these IT systems, either intentional or not, could have a material adverse effect on results of operations. Additionally, cyber-attacks can have an adverse effect on the company's reputation and relationship with the community. Over the past few years, global cyber-attacks on security systems, treasury operations, and IT Systems have intensified worldwide. We are exposed to cyber-attacks aimed at damaging our assets through computer networks, cyber-spying involving strategic information that may be beneficial for third parties, and the cyber-theft of proprietary and confidential information, including customer information. The company is exposed to several sorts of cyber-attacks, including denial-of-service attacks that may affect user service accessibility, as well as attacks that could affect domain name systems, preventing the use of certain useful web pages.



15

Reorganization - Elqui Project



Enel Chile corporate building

Elqui project

On December 20, 2017, the Extraordinary Shareholders' Meeting of Enel Chile approved the corporate reorganization process (the "Reorganization") that includes the following phases:

- (1) A merger of Enel Green Power Latin America S.A. with and into Enel Chile (hereafter the "Merger") that will require a capital increase in Enel Chile to pay the shareholders of Enel Green Power for the shares they have a right to according to the exchange ratio agreed to as part of the Merger, and that is conditioned to the success of Enel Chile's PTO of Enel Generación Chile, among other conditions.
- (2) A Public Tender Offer of Shares to be carried out by Enel Chile to purchase up to 100% of the shares and American Depository Shares ("ADS") issued by Enel Generación Chile held by its minority shareholders ("Enel Generación PTO") and that will be subject to the condition, among others, that Enel Chile reach at least a 75% shareholding of Enel Generación Chile and that the minority shareholders that agree to sell their shares and ADSs, also agree to subscribe either shares or ADSs, as the case may be, issued by Enel Chile provided by the capital increase identified in numeral (3) below, and to pay for those Enel Chile shares with part of the price of their Enel Generación Chile shares sold in the Enel Generación PTO.
- (3) A capital increase ("Capital Increase"), to be paid in cash, of Enel Chile to provide for sufficient shares and ADSs to deliver to the shareholders of Enel Generación that accept to sell their shares in the Enel Generación PTO.
- (4) The success of the Enel Generación PTO is subject to the amendment of the company's bylaws that would eliminate the restrictions imposed by Title XII of D.L 3,500/1980, which limit the possibility for a sole shareholder to concentrate more than 65% of the capital with voting rights of Enel Generación Chile (the "Enel Generación Bylaw Amendment").

All operations described are instrumental to carry out the Reorganization and it makes no sense to consider them individually, separate from each other. Within this context, the Shareholders' Meeting approved the Reorganization assuming that each and every one of these event is part of the Reorganization. The Reorganization will be subject to compliance with the conditions indicated hereafter, that are all related to each other, so that, the success of the Reorganization depends on the materialization of them all. The Reorganization will not be carried out if the Enel Generación PTO is not declared a success or if the conditions precedent to the Merger are not fulfilled. Therefore, every phase of the Reorganization will be subject to the following conditions ("Conditions of the Reorganization"):

- (1) **Merger:** It was approved subject to fulfilling all the following conditions:
 - a. That the shareholders of Enel Generación agree to the Amendment of the Enel Generación Bylaws.
 - b. That Enel Chile declare the PTO a success.
 - c. That the withdrawal rights the shareholders of Enel Chile exercise related to the Merger do not exceed 5% of the company's common stock with voting rights, and that the withdrawal rights of the shareholders of Enel Chile do not lead a shareholder to exceed the 65% maximum shareholding concentration limit of Enel Chile at the withdrawal expiration date. The number of shares considered is the number the new capital of Enel Chile will be divided into once the Merger and the Capital Increase of Enel Chile are approved.
 - d. That no court ruling or resolution with the intent to object, sew or demand action or judicial process is pending at the effective date of the Merger that would reasonably result in the following consequences: (i) prohibit or impede the materialization of the Merger, or (ii) impose material limitations on Enel Chile to exercise its ownership rights of Enel Green Power assets that are assigned to Enel Chile as the result of the Merger; (iii) impose limitations on Enel Chile to continue developing

or operating any project owned by Enel Green Power; and in general any other action by a court, superintendence, agency or any other competent authority that would lead to any of the consequences identified in items (i) to (iii) above.

(2) **Enel Generación PTO:** Beginning the PTO process was approved subject to fulfilling all the following suspensive conditions:

- a. That the shareholders of Enel Chile and Enel Generación Chile had approved the Merger and that none of the conditions to the Merger described above had failed at the commencement date of the PTO; however, the fulfilment could be pending at that date.
- b. That the shareholders of Enel Generación had agreed on the Enel Generación Bylaw amendment, although the materialization of the amendment may still be pending awaiting the fulfilment of its respective conditions precedent.
- c. That the shares issued as part of the Capital Increase be registered in the Securities Register of the SVS (currently the Financial Market Commission).

The success of the Enel Generación PTO will be subject to satisfying the following suspensive conditions, among other conditions that the Board of Directors of Enel Chile could establish. Enel Chile could waive any of these conditions, and the Board would be empowered by the Shareholders' Meeting to carry out such action:

- a. That the Enel Generación PTO had been accepted and received from the shareholders representing the number of shares necessary for Enel Chile to reach more than 75% ownership of Enel Generación after the PTO and that these shareholders acceptance also include their commitment to use part of the price in cash they receive for their Enel Generación Shares tendered to purchase the shares of Enel Chile within the terms agreed by the Shareholders' Meeting to be informed in the initial Enel Generación PTO Prospectus Notice.

- b. That when the applicable Capital Increase pre-emptive subscription period concludes, the total number of shares of Enel Chile needed to deliver to the shareholders of Enel Generación that sell their shares in the Enel Generación PTO be available, as stated by the terms and conditions of the transaction.
- c. That as a consequence of : (i) the Enel Generación PTO acceptances received and therefore the number of shares of Enel Chile needed to be subscribed by the shareholders of Enel Generación that sell their shares in the Enel Generación PTO (as agreed by the Shareholders' Meeting and informed through the initial Enel Generación PTO Prospectus Notice) and (ii) the Merger exchange ratio, Enel S.p.A. not lose its Enel Chile controlling shareholder status at any time, having to maintain a shareholding of over 50.1% of Enel Chile shares with voting rights at all times.
- d. That no court ruling or resolution with the intent to object, sew or demand action or judicial process be pending that would reasonably result in the following consequences: (i) prohibit or impede the materialization of the Enel Generación PTO, or (ii) impose material limitations on Enel Chile to purchase some or all Enel Generación shares, including any material restriction regarding the Amendment to the Enel Generación bylaws; or (iii) impose limitations on Enel Chile to continue developing or operating any project owned by Enel Green Power; and in general any other action by a court, superintendence, agency or any other competent authority that would lead to any of the consequences identified in items (i) to (iii) above.
- e. That no court ruling or resolution with the intent to object, sew or demand action or judicial process be pending that would reasonably result in the following consequences: (i) prohibit or impede the materialization of the Enel Generación PTO, or (ii) impose material limitations on Enel Chile to purchase some or all Enel Generación shares, including any material restriction regarding the Amendment to the Enel Generación by-

laws; or (iii) impose material limitations on Enel Chile to exercise the ownership rights of its Enel Generación shares, including its voting rights of such shares, and in general any other action by a court, superintendence, agency or any other competent authority that would lead to any of the consequences identified in items (i) to (iii) above.

- f. That no material adverse change had occurred in Enel Generación Chile. Within this context, a material adverse change is any event, fact or circumstance that results in or causes a material damage to the businesses, property, assets, obligations, results or operations of Enel Generación. Such materiality and exclusions will be determined objectively hereafter.

(3) Capital Increase: The Shareholders' Meeting agreed that the Capital Increase would be effective on the date the Shareholders Meeting Minute is formalized as a public deed. Although, such Capital Increase will be void if the condition subsequent is fulfilled. If it is fulfilled, it is legally to be understood that the Capital Increase agreement was never adopted, and the Board of Directors is to establish such fact by public deed and an extract of such deed must be registered in the Santiago Trade Register, and to the side of the company's incorporation registration in the same Register and be published in the Official Gazette.

Also, if any of the conditions are satisfied, the company's Board of Directors must give timely notice to the SVS (currently Financial Market Commission) and the stock exchanges and carry out all other necessary actions to note before such organizations that the agreement to increase capital by Ch\$ 820,000,000,000 by issuing 10,000,000,000 new common shares is no longer in force.

(4) Enel Generación Bylaw Amendment: The amendment to the bylaws of Enel Generación was approved under the suspensive condition that Enel Chile would have declared the Enel Generación PTO a success.

All conditions to the Reorganization will be understood as fulfilled, or not fulfilled if referring to the Condition Subsequent to the Capital Increase, if on December 31, 2018 or before, Enel Chile publishes the notice declaring the success of the Enel Generación PTO, notice that is required by Article 212 of the Securities Market Law. This must be disclosed opportunely to the SVS (currently CMF) and the market through a significant event of Enel Chile. The conditions to the Reorganization will be understood as not fulfilled, or fulfilled if referring to the condition subsequent to the Capital Increase, if on December 31, 2018 or before, Enel Chile has not published the notice declaring the Enel Generación PTO a success as established by the terms and conditions of the PTO.

Consequently, having fulfilled the conditions to the Reorganization as indicated previously, or not fulfilling the Condition Subsequent to the Capital Increase, each phase of the Reorganization will become effective on different dates, as indicated below for each event:

- (1) The Merger will become effective on the first business day of the month following the date in which the notice of the outcome of the PTO, as required by Article 212 of the Securities Market Law, is published by Enel Chile declaring it a success.
- (2) The capital increase will become effective on the date the Shareholders Meeting Minute is formalized as a public deed, notwithstanding being subject to the Condition Subsequent.



- (3) The acceptance date of the shareholders and the formalization of the sale of their shares tendered in the Enel Generación PTO will be the date in which the notice of the outcome of the PTO, as required by Article 212 of the Securities Market Law, is published by Enel Chile declaring it a success.
- (4) The payment date of the Enel Generación PTO, the delivery date of the new shares of Enel Chile to the shareholders of Enel Generación that accepted to sell their shares in the Enel Generación PTO and the payment paid for such new Enel Chile shares by such shareholders with part of

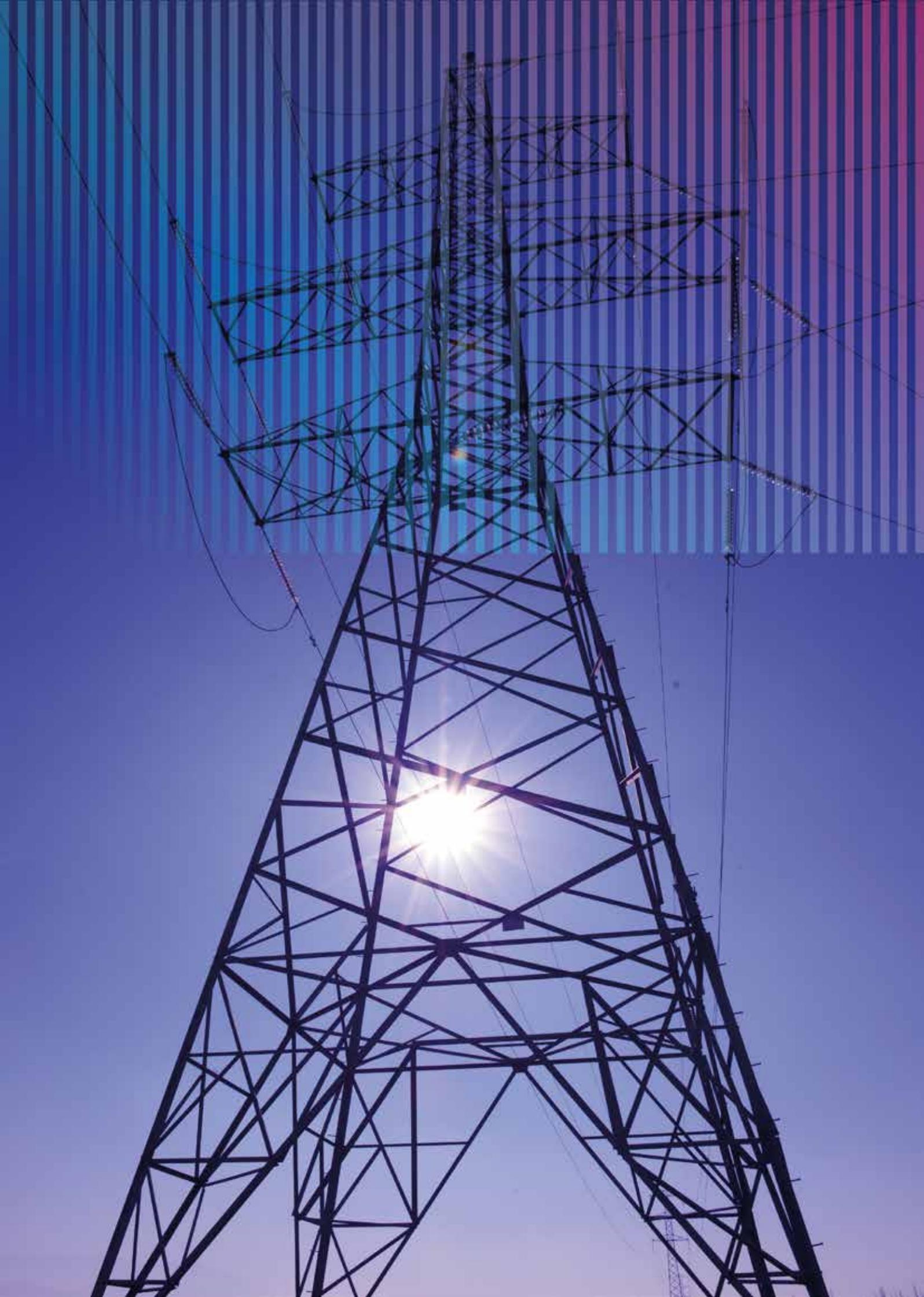
the Enel Generación PTO price, will be the first business day of the month following the date in which the notice of the outcome of the PTO, as required by Article 212 of the Securities Market Law, is published by Enel Chile declaring it a success.

- (5) The Enel Generación Bylaw Amendment will be effective the date in which the notice of the outcome of the PTO, as required by Article 212 of the Securities Market Law, is published by Enel Chile declaring it a success.



16

Industry regulation and electricity
system operations



General features

a) Regulatory framework:

Chile's electricity sector is regulated by the Chilean Electricity Law 20,218, contained in the Ministry of Mining DFL 1 issued in 1982, whose restated text was determined by Ministry of Economy DFL 4, issued in 2006 (the "Electricity Law") and its respective regulations contained in D.S. 327 issued in 1998.

The main authority in the energy industry is the Ministry of Energy that is the government body responsible for proposing and delivering comprehensive public policies as a coordinate effort. It exists since February 1, 2010 as an autonomous entity after being part of the Ministry of Mining for many years.

The National Energy Commission ("CNE"; in its Spanish acronym) that regulates the electricity industry and the Superintendence of Electricity and Fuel (Chilean "SEC"; in its Spanish acronym) that is the supervising body, are also relevant industry authorities. They report to the Ministry of Energy. Other entities that report to this Ministry are: the Chilean Nuclear Energy Commission ("CChEN"; in its Spanish acronym), the Chilean Energy Efficiency Agency that is in charge of promoting energy efficiency, and the Center for Innovation and Promotion of Sustainable Energies ("CIFES"; in its Spanish acronym), which in 2014, replaced the Renewable Energies Center ("CER"; in its Spanish acronym).

The CNE is the entity in charge of proposing the regulated tariffs, approving the annual transmission expansion plans, and elaborating the indicative plan for the construction of new electricity generation facilities. The Chilean SEC inspects and oversees compliance with the law, rules regulations and technical norms applicable to electricity generation, transmission and distribution, liquid fuels and gas.

Additionally, the law provides for a Panel of Experts, comprised of professional experts, whose main responsibility is to act as a court, issuing enforceable resolutions in disputes related to subjects referred to by the Electricity Law and other electricity related laws.

According to the Law, the operation and coordination of the Chilean electricity system is to be carried out by a National Electricity Coordinator. It is an independent entity in charge of coordinating the operation of the electricity system with the following objectives: i) maintain service security; ii) guarantee the efficient operation of the facilities connected to the system; and iii) guarantee open access to all transmission networks. The main activities of this entity include the coordination of electricity market operations, authorization of connections, supplementary services management, implementation of information systems available to the public, and monitor competition and payments, among others.

The Chilean electricity sector is physically divided into three main networks, the National Electricity Network ("SEN" in its Spanish acronym) and two smaller isolated networks; Aysén and Magallanes. The SEN is the outcome of the integration of the Central Interconnected System ("SIC" in its Spanish acronym) and the Norte Grande Interconnected System ("SING" in its Spanish acronym) that took place in November 2017. Until then the SIC was the main grid and extended 2,400 km from Taltal in the north to Quellón on the island of Chiloé to the south. The SING covered the northern part of the country, from Arica to Coloso, and extended 700 km.

The electricity industry in Chile is divided into three segments or businesses: generation, transmission, and distribution. Operations of the related facilities must be interconnected and in coordination to supply electricity at the minimum cost within the certain safety and quality standards required by electricity industry regulation.

Given the structural characteristics of the transmission and distribution segments, they are considered natural monopolies and are therefore subject to special industry regulation, the network is open access, and tariffs are regulated.

The Chilean electricity market trades two products (energy and capacity), and additionally several related services. The



National Electricity Coordinator performs the calculation of market balances, determines the transfers among generation companies and calculates the hourly marginal cost, which is the price at which energy transfers are carried out. The CNE determines the price of generation capacity.

Customers are classified according to their demand as regulated or unregulated. Regulated customers are those whose connected capacity is below 5,000 kW. Customers with connected capacity between 500 kW and 5,000 kW may choose to be regulated or unregulated, subject to the respective price regime.

Limits to integration and concentration

In Chile, antitrust legislation along with specific regulation applicable to the electricity industry define criteria to avoid certain levels of market concentration and abusive practices.

Companies are allowed to participate in the different industry segments (generation, distribution and commercialization/trading) in so far as an adequate level of corporate and accounting separation exists. The transmission sector is where most restrictions are imposed, mainly due to the

nature of the activity and the need to guarantee adequate access to all players. The Electricity Law defines limits to the market share that generation companies and distribution companies may have of the National Transmission segment and prohibits National Transmission companies from participating in the generation and distribution segments.

a.1 Generation segment

The operations of generation companies are conditioned by the operations plan of the System Coordinator, although they may freely decide whether to sell their energy to either regulated or nonregulated customers. Any surplus or deficit between sales and production is sold to or bought from other generators at the spot market price.

A generation company may have the following types of customers:

- **Nonregulated customers:** They are customers whose connected capacity is greater than 5,000 kW, mainly industrial and mining companies. These customers may freely negotiate their electricity supply prices with generators or distributors. Customers whose connected capacity ranges between 500 and 5,000 kW may choose to negotiate prices with their suppliers or be subject to regulated tariffs for a minimum of 4 years in either regime.

- **Distribution companies:** They supply their regulated customers through public tenders regulated by the CNE and supply their nonregulated customers through bilateral contracts.
- **Generation companies on the Spot or short-term market:** It refers to the transactions of energy and capacity between generation companies resulting from the efficient operation of the system which is coordinated by the National Electricity Coordinator. The surplus (deficit) of production after supplying customer commitments are transferred by selling (buying) to (from) other generators connected to the system. Electricity transfers are priced at the marginal cost of the system. Capacity transfers are carried out at the corresponding node price, as set every semester by the authority.

In Chile, capacity payments to each generator depend on the calculation, based on current rules, performed annually by the National Electricity Coordinator that determines the firm capacity of each power plant. Firm capacity mainly depends on availability, of the facilities and of the source of generation.

Non-conventional renewable energies

Law 20,257 enacted in April 2008 creates incentives to use Non-Conventional Renewable Energies (NCRE). This rule determined that by 2014, at least 5% of energy commercialized by generators must come from renewable sources and must progressively increase 0.5% every year from 2015 until 2024 to reach 10%. This law was modified in 2013 by Law 20,698, entitled the 20/25 law, establishing that by 2025, 20% of the electricity matrix must be covered by NCRE sources. For contracts in force up to July 2013, the withdrawals established by the previous law are to be respected.

a.2 Transmission segment

Transmission systems are comprised of lines and substations that form an electric system that are not distribution installations. They are divided into five segments: National Transmission, Development Pole Transmission, Zonal Transmission, Dedicated Transmission and also International Interconnection Systems.

Transmission installations are open access to any user that requests it, without discrimination. The compensation for existing transmission installations, either national or zonal, is determined by a tariff setting process performed every four years. This process determines the Annual Transmission Value comprised of efficient operations and management costs and an investment value annuity, determined by a discount rate (minimum 7% after tax) set by the authority every four years based on a study and the useful life of assets.

The development of the national and zonal transmission systems is determined by a regulated and centralized process carried out by the National Electricity Coordinator, which presents an expansion plan every year that must be approved by the CNE.

The expansion of both systems is granted through an open tender process that discriminates new installations from enlargement of existing installations. The tenders carried out for new installations grant the winner ownership of the installation to be built. The expansion of existing installations, on the other hand, belongs to the owner of the original installation, who is obliged to tender the construction of the required expansion.

The remuneration of the expansion of existing facilities is determined by the outcome of the bid and represents the income for the first 20 years of operations. From year 21 on, the remuneration of such transmission facilities is determined as existing assets.



a.3 Distribution segment

For regulatory purposes, the distribution segment is defined as all electricity supplied to end customers at a voltage of up to 23kV.

Distribution companies operate under the framework of a public service concession. They have the obligation to provide electricity at regulated prices to regulated customers (customers with under 5,000 kW connected capacity, unless falling within the 500 and 5,000 kW category and chose the nonregulated tariff). Nonregulated customers may negotiate their electricity supply with any generation or distribution company, but must pay a regulated toll for using the distribution network.

Regarding electricity supply to regulated customers, the law determines that distribution companies must permanently have electricity available to supply its customers and it must obtain such electricity through open, non-discriminatory and transparent public tenders. These tenders are designed by the CNE and are carried out at least five years in advance to award 20-year term contracts. If demand changes unexpectedly, the authority has the power to call a short-term tender and also a regulated procedure to remunerate noncontracted electricity sales.

The processes for setting distribution tariffs are carried out every four years based on a cost analysis to determine the

Distribution Value Added (VAD in its Spanish acronym). The VAD is based on an efficient model company scheme and the typical area concept.

To determine the VAD, the CNE classifies the companies with similar distribution costs into groups named “typical areas”. For each typical area, the CNE and the distribution companies hire independent consultants to carry out studies to determine the costs of an efficient model company, considering fixed costs, average energy and capacity losses, and standard investment, maintenance, and operations costs related to electricity distribution. The annual investment costs are calculated based on the Net Replacement Cost (VNR in its Spanish acronym) of facilities adjusted to demand, expected life and a 10% real annual discount rate.

The VAD is then determined as a weighted average, one-third of the value estimated by the study of the companies and two-thirds by the CNE. The CNE then determines the basic tariffs and verifies that the aggregate return of the industry is within the 10% plus/minus 4% range.

Additionally, every four years, when the VAD is being calculated, the Antitrust Court reviews the services considered to be Related Services and subject to price regulation.

The Chilean distribution model is a consolidated model that has carried out eight price-settings processes since the privatization of the sector.

b) Regulatory issues 2017

Law 20,928 - Tariff equality law

On June 22, 2016, the Ministry of Energy published Law 20,928 in the official gazette. This Law establishes “electricity tariff equality mechanisms” and modifies the Electricity Law D.F.L. 4/2006. This law states that the maximum tariffs that distribution companies may charge residential customers must not exceed the average national tariff by more than 10%. The differences arising from the application of this mechanism will be progressively absorbed by the remaining customers subject to regulated prices that are under the mentioned average, except for those residential users whose monthly average consumption of energy in the prior calendar year is lower than or equal to 200 kWh. It also establishes a discount to be applied to the energy component of the node price that distribution companies pass through to regulated customers that belong to districts that are intensive in electricity generation and located in electricity systems with over 200 MW of installed capacity.

Notwithstanding the above, the law empowers the regulator to incorporate certain services that are not electricity distribution supply into the VAD.

Within this context, in January 2017, the Ministry of Energy, the CNE and the Chilean SEC announced that the cost of the “interruption and reconnection” service due to non-payment would no longer be charged as a distribution-related service, but to be included in the electricity distribution tariff for 2016 – 2020.

Distribution Law

On September 29, 2016, the seminar entitled “The Future of Electricity Distribution” took place formally opening the discussion on the new national electricity distribution law.

The process was led by the Secretary of Energy in collaboration with the university Pontificia Universidad Católica de Chile. During November and December of 2016 and until late January of 2017, workshops were carried out discussing the following issues: “Development of the distribution network”; “Financing the Network of the future and its tariff structure”; “Electricity distribution business model”; and “Services offered by the network of the future.” This first diagnostic stage of the distribution sector concluded on April 13. The results are expected to be disclosed by the authorities of the next government.

CNE 2017 Regulatory Plan

Pursuant to Exempt Resolution 23 dated January 13, 2017, and according to Article 72-19 of the Electricity Law, the CNE published its 2017 Annual technical regulation development plan. The plan included modifying the Technical Service Safety and Quality Regulations, and the preparation of the technical annexes and rules applicable to electricity generation, transmission and distribution facilities.

Rules published in 2017

Several rules related to the Transmission Law (Law 20,936) were published in 2017. The rules enacted to this date are: Long term Electric Energy Planning Rules; Rule setting the requirements and procedures applicable to international trade of electric services; Rules to determine the preliminary sections of new transmission system works; Rules to determine and pay compensation for unavailability of electricity supply and the Rules to dictate the technical norms governing technical aspects, such as, safety, coordination, electricity information and figures regarding electricity sector operations. In December, the Rules on Complementary Services were submitted to the Government Comptroller Office. It is expected to be published in early 2018.

The work carried out regarding the Transmission Law was published through Exempt Resolution 659: Technical provisions to implement Article 8 of Law 20,870 that regulates the tax payments for thermal electric power plant emissions as indicated in the Tax Law Reform.



Technical service quality norm applicable to distribution systems

Exempt Resolution CNE 706 that set the technical service quality norm for distribution systems was published on December 18, 2017. The preparation of this norm was part of the CNE 2017 Regulatory Plan. It was carried out by forming an advisory committee and then submitting the text to public consultation.

The new regulation increases electricity distribution technical and commercial requirements. The aspects worth highlighting among the new rules are: Reliability indicators (includes SAIDI, SAIFI, TIC and FIC indicators); product quality; measurement; monitoring and control; and commercial quality.

2017 Transmission expansion plan

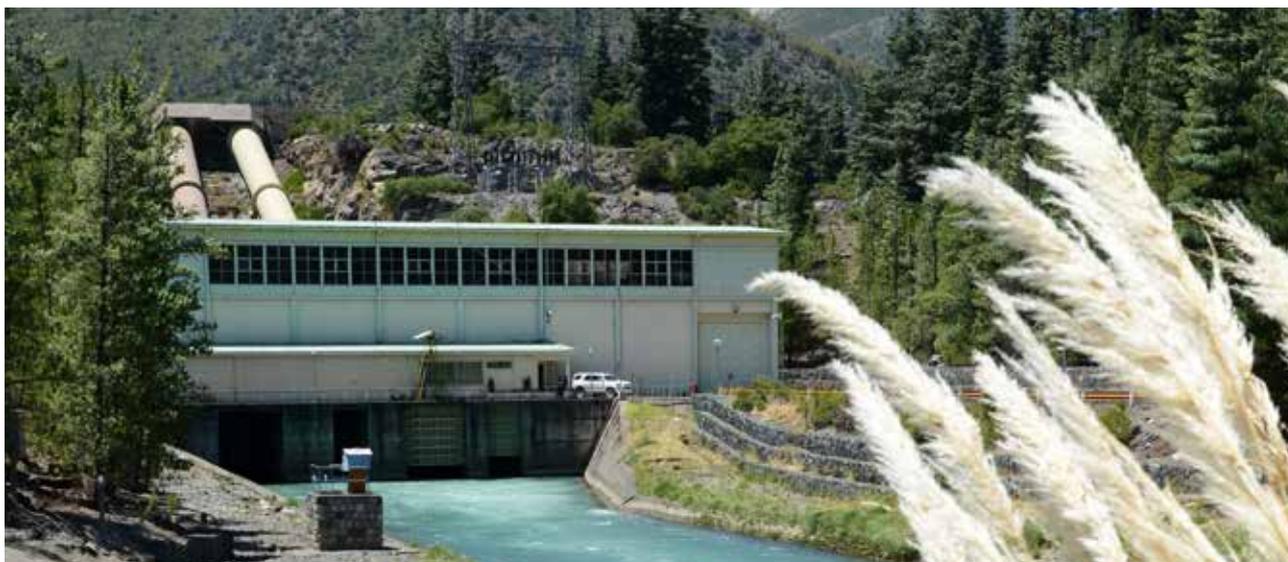
The Electricity Law includes a procedure that must be carried out every year to plan for new transmission facili-

ties. Within this context, on December 29, 2017, the CNE published Exempt Resolution 770 that defined the new projects and expansion projects resulting from this annual planning process. According to the stages identified by the Law, those interested (duly registered in the citizen participation register) may present their observations to the expansion plan during the first days of January 2018.

c) Tariff reviews and supply processes

c.1 Electricity distribution tariff setting process

The tariff setting process for the 2016-2020 period concluded with the publication of tariff decree 11T in the Official Gazette that sets the distribution tariff formulas effective, retroactively, from November 4, 2016.



c.2 Tariff setting process of electricity distribution related services

The “Final Electricity Distribution-Related Services Cost Study Report” was published on January 20, 2017. The CNE approved the technical report entitled “Tariff Formulas of Non-Electricity Supply Services, related to Electricity Distribution” through Exempt Resolution 213 dated April 27, 2017. To the date of this report, the tariff decree with the new tariffs is pending.

c.3 Tariff setting process of zonal transmission

As determined by Article 20 of the transitory provisions of Law 20,936, the results of the tariff process carried out for the 2016-2019 period are applicable to the 2018-2019 period.

The “Preliminary Technical Report on the Annual Value of the Zonal System and the Dedicated Transmission System 2018-2019” was published on February 10, 2017 through CNE Exempt Resolution 83. The Final Technical Report was published on March 28, 2017 through CNE Exempt Resolution 149. To the date of this report, the tariff decree that will set the new tariffs is pending.

c.4 Transmission tariff setting process 2020-2023

Within the context of the Electricity Transmission Tariff setting process for 2020-2023, the regulator issued the preliminary technical report “Rating of Transmission System Installations” through CNE Exempt Resolutions 771 dated December 29, 2017. Also, through Exempt Resolutions 769 the CNE issued the Preliminary Technical and Administrative Terms required to carry out the Valuation of Transmission System Installations. According to the stages identified by the Law, those interested (duly registered in the citizen participation register) may present their observations to these documents during the first days of January 2018.

c.5 Electricity tenders

Three tenders have been carried out under the new tender's law: Supply Tender 2015/01, Supply Tender 2015/02, and Supply Tender 2017/01.

The 2015/02 tender began in June 2015 and concluded in October 2015. It awarded three blocks for a total 1.2 TWh/yr (100%) at an average 79.3US\$/MWh.

The 2015/01 tender began in May 2015 and concluded in July 2016. It awarded five blocks for a total 12.4 TWh/yr (100%) to 84 companies at a weighted average 47.6US\$/MWh, adding new players to the market.

Enel Generación Chile was awarded 5.9 TWh/yr. representing 47.6% of the total energy awarded in the 2015/01 tender.

The supply tender 2017/01 began in January 2017 and concluded in November 2017. It awarded a total 2,200 GWh/yr (100%) to 5 companies at a weighted average 32.5 US\$/MWh.

As in the previous process, Enel Generación Chile was awarded the most with 1.2 TWh/yr. representing 54% of the total energy awarded.





17

Electricity generation



Enel Generación Chile and its subsidiaries have a generating park comprised of 103 units spread out on the Central Inter-connected Grid (SIC in its Spanish acronym) and 8 units on the Northern Interconnected Grid (SING in its Spanish acronym). Generation Power Plants of Enel Generación Chile and subsidiaries.

Installed capacity (MW) ⁽¹⁾

Power plant	Company	Technology	2016	2017
Los Molles	Enel Generación Chile	Hydroelectric	18	18
Rapel	Enel Generación Chile	Hydroelectric	377	377
Sauzal	Enel Generación Chile	Hydroelectric	77	77
Sauzalito	Enel Generación Chile	Hydroelectric	12	12
Cipreses	Enel Generación Chile	Hydroelectric	106	106
Isla	Enel Generación Chile	Hydroelectric	70	70
Abanico	Enel Generación Chile	Hydroelectric	136	136
El Toro	Enel Generación Chile	Hydroelectric	450	450
Antuco	Enel Generación Chile	Hydroelectric	320	320
Ralco	Enel Generación Chile	Hydroelectric	690	690
Palmucho	Enel Generación Chile	Hydroelectric	34	34
Taltal	Enel Generación Chile	Fuel/Natural Gas	245	245
Diego de Almagro	Enel Generación Chile	Fuel/Natural Gas	24	24
Huasco TG	Enel Generación Chile	Fuel/Natural Gas	64	64
Bocamina	Enel Generación Chile	Coal	478	478
San Isidro	GasAtacama Chile	Fuel/Natural Gas	379	379
San Isidro 2	GasAtacama Chile	Fuel/Natural Gas	399	399
Quintero	Enel Generación Chile	Fuel/Natural Gas	257	257
Ojos de Agua	GasAtacama Chile	Hydroelectric	9	9
Pehuenche	Pehuenche	Hydroelectric	570	570
Curillinque	Pehuenche	Hydroelectric	89	89
Loma Alta	Pehuenche	Hydroelectric	40	40
Pangue	GasAtacama Chile	Hydroelectric	467	467
Canela	GasAtacama Chile	Wind	18	18
Canela II	GasAtacama Chile	Wind	60	60
Tarapacá TG	GasAtacama Chile	Fuel/Natural Gas	24	24
Tarapacá carbón	GasAtacama Chile	Coal	158	158
Atacama	GasAtacama Chile	Diesel /Natural Gas	781	781
Total			6,351	6,351

(1) These figures result from the maximum capacities determined by Enel Generación Chile's Operational Norm No 38 "Regulation for defining maximum capacity in the hydroelectric and thermal plants of Enel Generación Chile" as of December 31 each year. They are the maximum design capacity of the generating units, corroborated with contractual satisfaction guaranteed tests made by the manufacturer of the generating equipment, in most cases. In some cases, the figures of maximum capacity may differ from the capacity declared to the regulatory authority and customers in each country. due to criteria defined by these entities and compliance to the corresponding contractual frameworks.

In 2017, electricity sales of Enel Generación Chile and its subsidiaries reached 23,356 GWh, which represents a 34% share of total sales on the National Electricity System (SEN in its Spanish acronym) including sales to customers and net sales on the spot market.

Enel Generación Chile and Subsidiaries' installed capacity, generation and energy sales

Installed capacity (MW) ⁽¹⁾	2016	2017
Enel Generación Chile	3,757	3,757
Pehuenche S.A.	699	699
Celta S.A. ⁽³⁾	1,115	1,115
GasAtacama	781	781
Total	6,351	6,351

Generation ⁽²⁾	2016	2017
Enel Generación Chile	11,538	10,859
Pehuenche S.A.	2,369	2,443
Celta S.A. ⁽³⁾	2,429	-
GasAtacama ⁽³⁾	1,229	3,655
Total	17,564	17,073

Sales	2016	2017
Sales to end customers		
Enel Generación Chile	21,105	20,924
Pehuenche S.A.	340	344
Celta S.A. ⁽³⁾	930	-
GasAtacama ⁽³⁾	463	1,347
Ventas mercado spot	852	742
Total	23,689	23,356

- (1) These figures result from the maximum capacities determined by Enel Generación Chile's Operational Norm No 38 "Regulation for defining maximum capacity in the hydroelectric and thermal plants of Enel Generación Chile", as of December 31 each year. They are the maximum design capacity of the generating units, corroborated with contractual satisfaction guaranteed tests made by the manufacturer of the generating equipment, in most cases. In some cases, the figures of maximum capacity may differ from the capacity declared to the regulatory authority and customers in each country due to criteria defined by these entities and compliance to the corresponding contractual frameworks.
- (2) Refers to total generation after deducting own consumption and transmission losses.
- (3) Celta S.A. was absorbed by GasAtacama Chile S.A. on November 1, 2016.

Operational and commercial scenario

General view of the operational and commercial scenario

The hydrology in the SIC was, on average, better than 2016 (one of the driest in statistical history) but maintained the dry trend present over the last nine consecutive years since 2010, experiencing only some relief in 2014, 2015 and towards the end of 2017. This led to an increase in the hydroelectric contribution to the system when compared to 2016, and a slight reduction in thermal generation dispatch.

Generation costs were, on average, higher during the first semester and gradually declined during the second semester and more significantly during the last quarter, because hydrology intensified towards the last quarter of 2017 and fuel prices increased when compared to 2016. A moderate increase in consumption, which was 2.4% in the SIC, and the greater generation of renewable solar and wind power contributed to containing generation costs. The renewable solar and wind generation capacity increased 1,460 MW in 2017, which represents a 91% increase when compared to the solar and wind capacity that was added to the system in 2016.

Enel Generación Chile increased its hydroelectric contribution following the trend in the SIC, but maintained its level of thermal generation when compared to 2016. Coal fueled power plants, Bocamina I and II, reduced generation, but were compensated by greater natural gas fueled generation.

The integration of the SIC and SING began in November 2017 with the start-up of operations of a 1,500 MW transmission line extending 3,100 km. that allows integrating the production and consumption of the country's two most important electricity systems. This integration will become more significant in 2018 when the works still under construction conclude. The interconnection offers a joint production amounting to 74 TWh/yr and annual sales amounting to 71 TWh/yr, of which the SIC represents 75%. The main implications are:

- i) Greater supply reliability by allowing to exchange (bi-directional flow) generation between a system with a high concentration of hydroelectricity (SIC) and a system that is completely thermal (SING).
- ii) Advantages to develop and operate renewable generation projects, primarily solar and wind.
- iii) Integration of two markets that are significant in terms of sales but different in terms of typology (large number of regulated customers in the SIC and nonregulated and mining customers in the SING). This represents a significant source of business opportunities for Enel Generación Chile, to develop projects, and to provide operational and commercial management services.

Main events that affected operational and commercial performance

In the commercial front, Enel Generación Chile repeated its successful participation in the power supply bid for distribution companies. The Company was awarded more than half (54%) of the 2,200 GWh/yr. tendered in the 2017 process as the result of an agreement with Enel Green Power. The supply contracts signed have a 20-year term beginning in 2024.

The 2017-1 tender auctioned hourly blocks for 1,700 GWh/yr. and seasonal blocks (quarterly) for 500 GWh/yr, to reach a total 2,200 GWh/yr. and concluded in November 2017.

A total 24 generation companies presented offers, a high number of participants, reaching an aggregate 20,700 GWh/yr., slightly more than nine times the energy tendered, which reflects a high level of competition in this bid , which was also the case in previous bids.

As a result of the tender, the total (2,200 GWh/yr) supply tendered was awarded to 5 companies at a weighted average 32.5 US\$/MWh to be effective in the future. This price was significantly lower than the price of previous tenders. The 2016 tender awarded a total 12,430 GWh/yr. at a weighted average 47.6US\$/MWh that will be effective in 2022, and the 2015 tender awarded three blocks for a total 1,200 GWh/yr. at an average 79.3US\$/MWh (effective in 2021). Enel Generación Chile was at the top of the winning company list of the 2017 bid for being awarded 54% (1,180 GWh/yr.) of the bid, followed by renewable energy companies: Energía Renovable Verano Tres SpA awarded 25% of the tender (540 GWh/yr.), Atacama Solar S.A. awarded 10% (20 GWh/yr.), Cox Energía SpA awarded 6% (120 GWh/yr.) and Atacama Energy Holdings S.A. awarded 5% (120 GWh).

Given the level of competition and the lower prices of the previous supply tenders, Enel Generación performed a very thorough and extensive analysis of market conditions to present a competitive offer (price and energy blocks) in the 2017 tender process and also obtain an attractive future profit margin (20 years beginning in 2024). Consequently, the offer presented was based on very low cost solar and wind renewable generation technologies, backed up by the existing diversified generation portfolio and consistent with the Company's previously signed supply commitments. As a result, we were awarded more than half of the tender at an average 34.7 US\$/MWh to become effective in 2024, a price that is higher than the total bid price average equal to 32.5 US\$/MWh. These price levels reflect the market conditions to be in place in the future, when the respective contracts come into effect (2024 in this case). There is a clear trend in the industry to operate with renewable energy with very low generation costs that allow Enel Generación Chile to forecast attractive margins for the electricity supply already awarded. Enel is actively participating in the development and operation of renewable projects, which is facilitated by the integration of the SIC and SING because it allows the use of renewable resources available in northern Chile.

On November 16, 2017, the Ministry of Public Works and Enel Generación Chile signed the Laja Reservoir Operation and Maintenance Agreement that supplements the Agreement signed in 1958. The agreement was accomplished after four years of studies and dialogue with the different parties that use the water from the Laja basin. It was also signed by the communities and authorities involved. It includes the following main commitments:

- i) Secure water requirements of farmers in the area, giving them priority to use the water when the level of the reservoir is low, which is also used for generation.
- ii) Maintain the level of water required for the Laja Falls, a well-known tourist attraction in the area, to maintain its beauty.
- iii) Increase flexibility in the use of the annual water volume to manage it more efficiently, based on irrigation and generation needs.

This agreement is extremely significant because it normalizes the use and operations of the water in this basin, putting an end to recurrent conflicts and lawsuits that took place in drought periods and were being solved with temporary solutions that did not allow the parties involved to plan and manage their use of this water efficiently.

The events previously mentioned reflect the Company's solid position to reach very high levels of operational and commercial performance as a consequence of the following strengths that deserve to be highlighted:

- i) Significant and technologically diversified generation capacity, mainly comprised of efficient hydroelectric and thermal plants, which allow the company to be very competitive and generate at low average operating costs.

- ii) Generation facilities are managed focusing on high quality, availability and sustainability goals, which require operational procedures and maintenance and modernization programs that fully comply with technical and environmental standards established by the electricity and environmental rules and regulations.
- iii) The commercial policy is defined to be consistent with the production characteristics of the Company's power plants and is permanently adjusted to the increasingly competitive and changing market conditions. The goal of such policy has been to combine achieving an attractive return with a low exposure to production and market risk.

The production and market risk relate mainly to the following:

- i) Hydrology variability, a risk that is permanently reduced by analyzing and designing sales contracts that commit to an optimum level of energy sales.
- ii) Commodity variability risk, mainly the price of fuels that directly affect thermal production costs.
- iii) Currency variability risk, mainly the price of the United States dollar that has an impact on the revenue of the Company. This risk has been managed successfully by our parent company in Italy using financial instruments that have provided important revenue to our Company.

It is important to highlight the natural gas supply agreement with Nueva Renca power plant, owned by AES Gener. This agreement allowed the natural gas available to Enel Generación to be used by Nueva Renca in 2017, and consequently optimize natural gas electricity generation and manage production risk and margins.

Hydrologic condition in the SIC

Hydroelectricity represents a significant portion of Enel Generación Chile's generation mix and therefore it influences operational and commercial matters making hydrologic conditions relevant to the Company. Although 2017 was moderately less dry than 2016, hydrology was quite irregular when compared to the rainfall and water availability expected for a typical year. The year began with a very dry ice melt season and this dry condition continued until September, and rainfall was below expectations during the winter months. Rainfall increased during the last quarter of the year, reversing the dry trend present in previous months and ending the year with a level of hydrology above the level in 2016. When compared to 2016, the first two quarters of the year were slightly drier with very high average accumulated exceedance probability of rivers, roughly 96% and 85% respectively. This dry condition remained stable during the third quarter of 2017, at 86% exceedance probability, which resulted in a lower recovery of seasonal reservoir levels. The last quarter of the year, spring, the snow melting season, was quite favorable, consistent with an "average" exceedance probability of roughly 51%, which led to a significant recovery of reservoir levels and turning 2017 into a year that was moderately less dry than 2016 with a 78% total accumulated exceedance probability compared to 93% in 2016."

Generation and electricity supply costs of the SIC

Hydrology of 2017, when compared to 2016, was less dry and therefore resulted in lower thermal generation than in 2016. Energy supplied by the SIC reached 54.9 TWh of which 51% was thermal, lower than the 57% in 2016 and equivalent to a 10% reduction. Hydroelectricity increased from 36% in 2016 to 39% in 2017, representing a 12.5%

increase when compared to the previous year. Electricity generation from solar and wind renewable sources increased a significant 45% when compared to 2016, representing almost 10% of the system's total generation.

Regarding thermal generation, coal maintained its leading position representing 26% of total SIC generation, but lower than the 31% share in 2016. LNG followed with 19% of total generation, similar to the year before. Generation with diesel and biomass slightly declined from 6% to 5% of total generation.

Electricity generation of Enel Generación Chile in the SIC reached 16.5 TWh, which represents a 31% share of the SIC's total generation, slightly less than the 32% share in 2016. Hydroelectricity amounted to 9.7 TWh, 18% of the SIC's total, compared to 17% in 2016. Thermal electricity generation of Enel Generación Chile reached 6.7 TWh, 12% of the SIC's total and lower than the 7.4 TWh generated in 2016. Bocamina power plant coal generation fell from 3.0 TWh in 2016 to 2.3 TWh in 2017. Far behind comes wind generation reaching 0.1 TWh (0.2% of the total) and fuel oil generation with 0.06 TWh.

Enel Generación Chile maintained its leadership position in hydroelectricity reaching 45% of total hydro generation (48% in 2016) and also made a significant LNG generation contribution to the system, representing 45% of total LNG generation. Regarding LNG, the agreement signed with AES Gener previously mentioned, allowed the Nueva Renca power plant to generate about 1.7 TWh during 2017, positively adding to the commercial margin of both companies.

During 2017, the average price of fuels increased when compared to 2016. Coal was the predominant fuel in electricity generation and its price increased a significant 42% from an average 82 US\$/ton in 2016 to roughly 117 US\$/ton in 2017. Regarding the price of LNG, although the purchase prices of Enel Generación Chile are confidential, according to information provided by the electricity authority, the average price increased 19% from 2.49 US\$/MMBTU in 2016 to 2.97 US\$/MMBTU in 2017. Liquid fuel as an electricity generation source was used very little for electricity generation in the SIC. Average prices of liquid fuels increased significantly, diesel 23% and fuel oil 42%.

Despite the increase in the price of fuel mentioned, the average price of electricity in 2017 was similar to 2016. The average annual spot market price of energy at the Alto Jahuel node (220 kV), which is representative of the consumption in the metropolitan area, declined slightly (3%) from 60 US\$/MMBTU in 2016 to 58.4 US\$/MMBTU in 2017, without pronounced variations throughout the year. Average prices increased moderately (7%) during the first semester when compared to the same semester of the previous year, and declined significantly (-15%) during the last two quarters, meaning that the greater cost of thermal generation was compensated by the greater contribution of hydroelectric generation and renewable energies with a variable cost equal to zero.

The relevance of liquefied natural gas (LNG)

Enel Generación Chile entered the LNG market in 2009 when the GNL Quintero Regasification Terminal began operations, which was a project of national interest that required a significant public and private effort to ensure the country a supply of natural gas since the Argentine supply had been interrupted.

Metrogas, Enap and Enel Generación Chile, jointly promoted the development of the GNL Quintero Terminal, a facility that has played a crucial role in the supply of energy to the central region of Chile for both residential and industrial customers and also for the electricity system as a whole.

In 2017, Enel Generación Chile sold its entire 42.5% ownership share of Electrogas to Aerio Chile, a subsidiary of the Portuguese company REN-Redes Energeticas Nacionais for US\$ 180 million. This sales contract does not affect the use of Electrogas' pipeline to transport the gas required by Enel to supply electricity generation power plants.

In terms of electricity operations, the availability of LNG provided by the long-term supply contract with BG Global Energy Ltd (BG) in addition to the two shipments of LNG

purchased in the spot market was key to compensate for the lower level of hydroelectricity available due to the extremely dry conditions during the year.

The rental contracts signed in 2017 with AES-Gener regarding the Nueva Renca thermoelectric power plant allowed this unit to supply the SIC with natural gas fueled electricity in addition to San Isidro and Quintero plants. Total generation of Enel Generación Chile using natural gas (including operations of Nueva Renca) was 6.0 TWh throughout the year, which represented 10.9% of the SIC's total annual generation, 5% more than in 2016.

During the first quarter of 2017, Enel Generación Chile partially unloaded the first LNG shipment transported from the Quintero terminal to the Mejillones terminal since both power plants began operations. This allowed providing a greater amount of LNG to the central region to face the existing drought conditions.

In terms of LNG trading activities, there were no significant events during 2017.

Enel Generación Chile sold three LNG shipments, including the sale of two shipments of LNG to Enel Trade to be delivered in the United Kingdom. This was the first international trading transaction outside Latin America related to the BG contract.

Also, the Company, along with ENAP and Agesa (company related to Metrogas) reached a new export agreement Enarsa (with Empresa Nacional de Energia Argentina), to export natural gas from the Quintero terminal to Argentina. Natural gas exported amounted to 277 million cubic meters. Enel Generación Chile contributed with 32% of such amount.

In 2017, the Company once again signed a terminal use agreement, TUA, with GNL Mejillones that allowed unloading an LNG shipment. This transaction allowed renewing natural gas sales contracts with mining and industrial customers located in northern Chile making Enel Generación Chile the main industrial gas trader in northern Chile. It also makes natural gas available for the generation units of Enel Generación Chile (Taltal and GasAtacama) connected to the northern gas pipeline network.

The main satellite regasification plant built to this date, located in Teno, began operations in 2017 and is supplied with Enel Generación Chile LNG transported in trucks.

During 2017, the Quintero terminal unloaded 50 shipments of natural gas, a total 3,947 MMm3. Of that amount 1,451 MMm3 were for Enel Generación Chile, to satisfy its commercialization and electricity generation requirements. Roughly 720 MMm3 of gas belonging to other partners of the terminal, were sold to other generators connected to the SIC to generate electricity.

Enel Generación Chile continued consolidating as a relevant player in the gas market in Chile in 2017, expanding its activities in the commercialization of gas and LNG in the local and international market.

In the commercial front

The commercial actions carried out by Enel Generación Chile in 2017 were consistent with its commercial policy. The commercial policy focuses on the following objectives: maintain industry leadership; adequately manage risk and return under the existing supply and competitive market conditions; implement plans to strengthen customer loyalty, add additional new customers and increase commercial management efficiency within the company.

The main actions carried out are described below.

New electricity supply contracts were signed with important industrial customers, such as: Occidental Chemical Chile Ltda. (170 GWh/yr. for 10 years) and CMPC (606 GWh/yr. for 10 years). Important contracts were also signed with distribution companies to supply their nonregulated customers, such as: SAESA, 280 GWh/yr. for 5 years; Chilquinta, 170 GWh/yr. for 5 years; CGE Group, 230 GWh/yr. for 4 years; and Enel Distribución, 600 GWh/yr. for 9 years.

As a result of the changing trends in the electricity industry in Chile, Enel Generación Chile signed supply contracts in 2017 with approximately 100 nonregulated customers for a total 500 GWh/yr. for 5 years. These are groups of new smaller customers that decided to become nonregulated customers after being regulated customers, as allowed by current electricity industry regulation.

In August 2016, the results of the electricity supply bid LIC2015/01 for regulated customers in Chile was announced. Enel Generación Chile was awarded approximately 5,900 GWh/yr for a 20-year period between 2022 and 2041. This process continued during 2017, formalizing 26 contracts, which involved reviewing and signing the supply contracts with all the distribution companies in Chile that participated in the bid.

In November 2017, the results of the electricity supply bidding 2017/01 for regulated customers in Chile was announced. Enel Generación Chile was awarded approximately 1,180 GWh/yr. for a 20-year period beginning in January 2024. Within this context, the customer management area of Enel Generación Chile has continued the subscription process with the distribution companies and the CNE that is expected to conclude in 2018. The process involves writing up the contacts and reviewing the required documentation to sign over twenty supply contracts resulting from the electricity tender.



Enel Generación Chile projects under construction and optimization

Los Cóndores project

The Los Cóndores hydroelectric power plant project is located in the San Clemente district, in the Maule basin and Maule region. The project involves the construction of a pass-through hydroelectric power plant with installed

capacity of approximately 150 MW, using 2 vertical axle Pelton units that will utilize water from the Maule lagoon reservoir. The plant will be connected to the national electricity network by an 87 km transmission line to the Ancoa substation.

The environmental qualification resolutions required for the power plant and the transmission line were obtained in 2011 and 2012 respectively. In 2014, the hydraulic works plan of the project was approved.

By the end of 2017, the physical progress of the project was 61%, the excavation of the tunnel reached 7.2 km, the civil works of the underground powerhouse cavern had concluded and the installation of electromechanical equipment was in progress. Regarding the transmission lines, 60% of the structure was assembled and 4.6 km of cable have been installed.

The total investment accrued as of December 31, 2017 was Ch\$ 274,958 million. Based on the information available up to the date of this report, the investment is estimated to exceed the nominal amount approved for the development and construction stage, in 20% to 25%. The power plant is expected to begin operations during the second semester of 2020.

Optimization of Bocamina's second unit

Bocamina is a coal fired generation power plant located in the Coronel district (Concepción, southern Chile) comprised of two units, 128 MW and 350MW.

Bocamina unit 2 began commercial operations in October 2012, but was interrupted in December 2013 due to a judicial order issued by the Concepcion Court.

Enel Generación Chile submitted a new environmental impact study (EIA in its Spanish acronym) in December 2013, proposing a technical optimization plan. The EIA was approved on March 16, 2015 and obtained the RCA approval on April 2, 2015.

The plan involves performing the following works:

- Installation of Johnson filters to both units to mitigate the suction of microbiological organisms.
- Installation of a geodesic structure on the north and south coal fields.
- Improvement of the landfill for ashes.
- Evaluation of a new landfill for ashes.
- Installing a rainwater treatment plant.

Main progress achieved in 2017 was the following:

- The Municipal Works Department (DOM in its Spanish acronym) of Coronel approved the dome built on the north coal field on July 12, 2017, and it became operational on July 17.
- The construction permit of the dome for the south coal field was granted by the Coronel DOM on January 27, 2017.
- The installation of the metallic structure on the south coal field concluded on December 21, 2017, 62 days before the programmed date. The construction is expected to conclude in 2018.

The total estimated investment is Ch\$ 62,026 million. As of December 31, 2017, a total Ch\$ 53,695 million had been disbursed.

Tarapacá DeSox & DeNOx environmental equipment project

The Tarapacá power plant is a 158 MW coal fired thermal unit whose average annual generation is 1,100 GWh, and is connected to the Northern Interconnected System (SING).

On June 23, 2011, DS 13 was issued to regulate the emissions of thermal power plants, forcing the reduction of SO₂ and NO_x emissions by June 23, 2016. This rule implied adapting the Tarapacá power plant to comply with the decree by installing a desulphurization system (DeSox) and adopting methods to reduce NO_x emissions (DeNO_x).

Main progress achieved in 2017:

- Since December 15, 2016 the power plant became available to operate commercially and is mitigating its environmental impact.
- During 2017 the works pending were concluded and the principal contracts related to the project were closed.

The estimated total investment is Ch\$ 68,240 million, of which Ch\$ 67,696 million was accrued as of December 31, 2017.



Enel Chile projects under evaluation

Neltume and Choshuenco Hydroelectric Project

In January 2018, after a very comprehensive analysis, the Board of Directors of Enel Generación informed their decision to abandon the Neltume and Choshuenco projects located in the Region de Los Rios and booked a Ch\$ 25,106 million loss, which affected fiscal year 2017 results. The water rights for these projects were returned to the state.

Taltal optimization project

The project is located in the Antofagasta Region. It is an energy efficiency project that uses the heat generated by the existing gas turbines to produce steam. This is done by installing a steam turbine and its generator, which allow converting the existing Taltal open cycle plant into a gas-fired combined-cycle plant.

In December 2013, an Environmental Impact Declaration (“DIA” in its Spanish acronym) of the optimization project was submitted to the authority and was approved in January 2017.

Any decision related to the construction of this project will depend, among other things, on the commercial opportunities envisioned for the following years, such as, the prices of future tenders to supply the electricity required by the regulated market and/or existing or new nonregulated customers.

Hydroelectric Project Vallecito

The project is located in the Maule Region, specifically on the upper basin of the Maule River. It is a pass through hydroelectric power plant with nearly 55 MW installed capacity. The energy it produces is to be supplied to the Interconnected System using the line that is currently in construction to evacuate electricity from the Los Córdobres Hydroelectric power plant.

Since 2015, Vallecito has been developed based on sustainable criteria, which consists of defining the technical, economic, environmental and social aspects of the project considering high sustainability standards. This project has included community collaboration processes that have contributed to a shared vision of the territory, and to identify the activities to be carried out in each of nine communities of the Pehuenche Route.

The basic engineering studies were carried out in 2017, the environmental campaigns concluded and the implementation of the sustainable development plan began by supporting the activities defined as a shared vision for the territory.

Based on the commercial opportunities envisioned for Vallecito, the next step will be the preparation of the environmental studies to present to the authority, once the design of the project, defined along with the community, has concluded.

Quintero combined cycle project

The project is located in the Valparaiso Region. It is an energy efficiency project that will use the heat generated by the existing gas turbines to produce steam. This is done by installing a steam turbine and its generator, which allow converting the existing open cycle Quintero plant into a gas-fired combined cycle.

During 2017, the company continued working on the environmental impact study and the implementation of the sustainability plan.

The final investment decision regarding this project will depend, among other things, on the commercial opportunities foreseen for the following years, such as, the prices of future tenders to supply the electricity required by the regulated market and/or existing or new nonregulated customers.

Ttanti Combined Cycle Project

The Ttanti project is to be developed in the Antofagasta Region, on land adjacent to the existing Atacama power plant that is located in the industrial zone of the city of Mejillones. The project involves the construction of a natural gas combined-cycle power plant with an installed capacity of 1,290 MW (three units with 430 MW each).

On December 28, 2017, the Environmental Evaluation Commission of the Antofagasta Region voted in favor of the power plant's environmental approval.

Any decision related to the construction of the project will depend, among others, on the commercial opportunities foreseen in the upcoming years, e.g., prices in future tenders for supplying the energy requirements of the regulated market and/or negotiations with existing or new unregulated customers.



Tarapacá Battery Energy Storage System

Enel Generación Chile is analyzing the installation of a battery energy storage system (BESS) to the Tarapacá thermal power plant to provide the ancillary services that the National Electricity System could require in upcoming years.

The project involves the installation of a BESS with about 14 MW of installed capacity and 7 MWh of energy storage capacity, connected to the 11.5 kV bar of the existing 23 MW turbine installed in the Tarapacá thermal power plant.

In December 2017, the Environmental Impact Agency (SEA in its Spanish acronym) of the Tarapacá Region issued a resolution waiving the obligation to submit the project to environmental assessment before its construction. Despite this fact, any decision related to the construction of the project will depend, among others, on the commercial opportunities foreseen in the upcoming years and, particularly, on the evolution of the regulatory framework for the provision and remuneration of the ancillary services.

Land reserved for future projects

As of December 2017, Enel Generación Chile has approximately 48.3 hectares of immovable property (land) to develop natural gas fired thermal plants and hydroelectric plants. These assets are located in the Antofagasta Region (6.3 hectares) and the Los Lagos Region (42 hectares).



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Electricity distribution



Enel Chile participates in the distribution business through its subsidiary Enel Distribución Chile. Enel Chile's has a 99.1% direct interest in Enel Distribución Chile.

Enel Distribución Chile's concession is a high-density consumption area. It concentrates a large proportion of the country's population, businesses parks, industrial parks, small industry and commercial activities.

Other electricity distribution Groups that participate in the electrical system are: Chilquinta Energía, CGE Distribución, Sociedad Austral de Electricidad and Empresa Eléctrica de la Frontera.

Enel Distribución Chile

Enel Distribución Chile is the largest electricity distribution company in Chile in terms of electric energy sales. It operates in 33 districts of the Metropolitan Region and its concession area covers more than 2,105 square kilometers, including the areas covered by its subsidiaries Empresa Eléctrica de Colina Ltda. and Luz Andes Ltda.

In 2017, the Company provided electricity to 1,882,394 customers, 3.1% more than in 2016. Of total customers, 89.6% are residential customers, 7.7% are commercial customers, 0.7% are industrial customers and 2.0% are other customers. During 2017, Enel Distribución Chile sold 16,438 GWh to its final customers, which represents a 3.2% increase when compared to 2016.

Enel Distribución Chile successfully fulfilled its Losses Plan for 2017, developed and implemented to keep losses at economically acceptable levels. As of December, the TAM indicator was 5.1%.

Distribution tariffs are set every four years based on cost studies conducted by specialized consulting firms. In late

2015, the CNE issued R.E. 699 that informs, among other matters, the terms of the "Costs Study of Electricity Distribution-Related Services" as part of the 2016-2020 tariff setting process. The terms identify five new electricity distribution-related services of which the most significant are "Construction and installment of temporary junctions" and "Lease of temporary junctions".

The "Final Electricity Distribution-Related Services Cost Study Report" was published on January 20, 2017. As determined by the established process, Enel Distribución Chile presented its observations on the Report.

Later, the CNE approved the Technical Report entitled "Tariff Formulas of Non-Electricity Supply Services, related to Electricity Distribution" through Exempt Resolution 213 dated April 27, 2017. To the date of this report, the tariff decree with the new tariffs is pending. Enel Distribución Chile also presented its observations on this Report, as established by the rules of the process.

As of this date, the decree to set the new tariffs has not been published.

Infrastructure and network projects

Smart Meters Project

The Enel group has more than 40,000 smart meters in operation, especially in Italy and Spain. This smart meter solution involves new meters, data concentrators, telecommunications infrastructure and centralized systems that allow remote and automated (reading, disconnections, reconnections, and tariff changes) management of meters through a two-way information flow. It also allows customers to install solar panels and inject their surplus energy into the distribution network without the need of any additional equipment.

The first phase of the Smart Meter Massification Project has been developed successfully since August 2017. It con-

sidered replacing 40,000 meters throughout 11 districts of our concession area (Santiago, Las Condes, Providencia, La Cisterna, Estación Central, Nuñoa, Maipú, La Florida, Vitacura, La Reina, y Lo Barnechea). A team of in house and outsourced employees was formed and have installed 45,628 Smart Meters and 451 data concentrators in 2017, reaching more than 100,000 Smart Meters installed during 2016 and 2017 in Santiago. This enables performing more than one million remote operations a year.

Solar energy projects

Solar photovoltaic

In 2017, we defined and developed photovoltaic products for residential use, which along with a strategy defined with our employees, allowed us to become leaders in our concession area exceeding a 60% share of the solar photovoltaic market. One of our goals for 2018 will be to expand our presence outside our concession area. The office we opened in Concepcion contributes to this goal.

Our success in the residential segment and our eagerness to continue developing this industry has led us to develop products for Small and Medium Sized Companies ("PYME" in its Spanish acronym). This sector demands more energy and are clearly interested in these products. We therefore developed 5, 7, and 10 kWp three-phase kits to add to our photovoltaic product line.

We have also developed a 500 Wp kit (may be increased to 3 kWp) to be installed by us following the same procedure applicable to the rest of our products. We are confident that this kit will allow other types of customers to have access to this technology thanks to the financing options we offer our customers to purchase these products.

In addition, we have installed more than 110 photovoltaic systems for residential customers and PYMEs within the framework of the Distributed Electricity Generation Law 20,571, which represents an important milestone in the massification of this type of technology.

Energy efficiency projects

Full Electric

In 2017, Enel Distribución Chile continued developing projects with equipment for Full Electric buildings and Energy Efficient Buildings and consolidating its position in the market.

It is worth noting that these businesses are an important contribution to the sale of value-added services, since they provide an important contribution of electric installed capacity displacing combustible energies, and also consolidate Enel Distribución as a leader in the country in solutions regarding renewable energy and energy efficiency.

Enel Distribución Chile has consolidated its position in the renewable energy market, with efficiency, profitability, and providing high value innovative solutions.

"Full Electric" projects refers to the use of only electric equipment in an apartment, using high tech, efficient devices. "Full Electric" apartments include kitchen appliances, hot water solutions and heating systems.

During 2017, "Full Electric" apartments represented 37% of the new apartments built in Santiago. Consequently, at December 2017, approximately 117,972 apartments in the country's Metropolitan Region are full electric, mainly in the central and east districts.

Energy efficiency projects for hospitals

Enel Distribución Chile was awarded three highly complex hospital projects through the tender organized by the Chilean energy efficiency agency, (ACHEE in its Spanish acronym). These projects involved the construction of thermal power plants as requested by each hospital.

The Hospital in Castro and the Regional Hospital Dr. Guillermo Grant Benavente in Concepcion, and the Concepción Hospital. This represented approximately Ch\$878 million in revenue.

Innovation projects

Employee program

In May 2017, the largest fleet of 100% electric cars in Latin America was delivered to Enel Chile employees. This program offered employees the opportunity to apply for either Nissan, Hyundai or BMW cutting edge electric vehicles. More than 65 applications were received, which exceeded the 30 available.

After 7 months and over 300,000 kilometers of use, employees qualify the overall experience as very positive, so that, we believe the second version, to be carried out in 2018, will also be a success.

The implementation of this program in 2018 will consolidate Enel as a leader in electric mobility in the country and a strategic partner of the automotive brands that have begun offering vehicles that are 100% electric.

Projects that were expanded in 2017

The #LUZ project was successfully implemented in 2016 at the company level and was therefore expanded in 2017.

This is a self-service emergency service through social networks for customers that works by typing "#Luz" on Twitter or Facebook. Once the message is received, the platform activates an automatic response and confirms the customer number, address, telephone number and customer service status (programmed service interruption, disconnection due to nonpayment or other situations in the Enel grid), and if necessary, will generate a service order to be attended by a field technician, by integrating with Sales Force.

The process works through Chattigo, the startup selected in 2015 by Enel Distribución's "Energy Start" program.

Chispers

The Chispers project evolved implementing technical developments and commercial events in 2017.

A development plan was executed improving functionality, the installation system and adding new formats. The application was improved by, trading Chispers for Likes in Facebook and adding tutorials; and developing management capabilities in the backend platform (dashboard with operation status of stores, report automation and status alerts). A new design of the charging location was developed for a new transportation format, with a systematic installation process. This new design was adapted to the traditional installation format used at shopping malls and for the HORECA segment.

From the commercial standpoint, in 2017 the Chispers team was involved in adding a total 120 new locations at 30 university campuses, and also installed additional locations in Los Dominicos Shopping Mall, Bar Las Tejas and Café If.



Electric Transantiago

The first two 100% electric buses began operations as part of the Transantiago fleet of the 516 Metbus route on Tuesday, November 14, benefitting eight districts in Santiago.

The vehicles provided by Enel under a leasing contract are BYD and may accommodate 81 passengers. The seats are padded, there is air conditioning, wifi, USB cellular chargers, and a safe and separate cabin for the driver.

The business model offered by Enel to Metbus consists of a monthly fee that includes the bus, energy and charging infrastructure. Maintenance is provided directly by the manufacturer of the bus to Metbus.

Regarding operations, the costs for the transportation company are 70% lower than conventional buses, costing Ch\$70 per kilometer compared to Ch\$ 300 for diesel vehicles.

These buses have a charging system, installed by Enel, that has the capacity to cover 250 kilometers after charging for two to three hours.



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Environment and sustainability



Environmental management highlights

Regarding the San Isidro thermal power plant, during 2017 a new flow rate available for dilution to discharge into the river was approved and new alternative wells to supply water to the plant were identified. On December 20, 2017, the General Water Authority (DGA in its Spanish acronym) authorized changing the location of the underground water intake, providing the power plant with flexibility regarding fresh water supply. On that same day, the DGA approved the request presented by Enel Generación Chile to increase the months available for dilution, which also adds flexibility to comply with the discharge limits of waste to the Aconcagua River.

Regarding progress in environmental management of thermal plant Bocamina, on June 5, 2017, the construction of the roof on the north coal field was approved and the construction of the roof on the south coal field began. Also worth mentioning is Bocamina's pilot project of real time data transmission to the Superintendence of the Environment (SMA in its Spanish acronym). Bocamina is the first power plant to make this connection in the country.

In 2017, the environmental authority also resolved in favor of the questions we submitted to the SEIA relative to new locations for Bocamina to dispose of coal ashes. This provides flexibility in managing coal ashes avoiding the need to build a new landfill.

As part of the Environmental and Social Recovery Program of Coronel (CRAS Coronel), the company, with the community, regional authorities and other companies defined a plan of environmental and social measures to be permanently developed in the district.

With regard to the environmental management activities of the hydroelectric power plant's Action Plan, the construction of the new storage room to store hazardous substances at the Laja power plants was completed, which

allows satisfying the requirements of D.S. 43/2016 issued by the Ministry of Health. The new Hazardous Waste Management Plan for the Maule power plants was approved by the Health authority, which allows satisfying the requirements of D.S. 148 "Health Regulation on Hazardous Waste Management" (Seremi de Salud Res 0764).

Regarding the commitments related to the RCA of the Ralco hydroelectric power plant, 2017 highlights are the following:

- In January, Enel Generación Chile and Universidad de Concepcion implemented the reforestation plan to plant a total 700 hectares with native trees as part of the Ralco power plant construction mitigation program. Several members of the indigenous community of the Bio Bio and Araucania Region were trained to collect the seeds of the native trees.
- The activities to recuperate the lots used as dumps and deposits during the construction of the Ralco power plant began in January. The goal is to recuperate the land by planting native trees.
- In March, Enel Generación Chile officially handed over the cemetery to the El Barco community. The Bio Bio regional director of the National Indigenous Development Corporation, (Conadi in its Spanish acronym) performed the honor. Building this cemetery was a commitment of Enel Generación Chile related to the construction of the Ralco Power plant.
- In March, a thematic map identifying the location of heritage sites in the district was presented to the mayor of the Alto Bio Bio district, Nivaldo Piñaleo, to be exhibited in the local museum. Three thousand brochures written in three languages (English, Spanish and Chedungun) were also donated to promote these sites. This activity is part of the project "Identifying and Protecting Heritage Sites," which is one of the five compensatory measures defined by the environmental authority in 2006.
- The construction of the Lonquimay Bridge, one of the compensatory measures related to the construction of the Ralco Power plant, concluded in April. It is the access to the New Barrio community in Lonquimay.



- Within the context of Ralco's RCA, the implementation proposal of the Long-Term Development Plan for the Ayin Mapu and El Barco communities that were relocated was prepared in 2016. The proposal was defined by the members of the communities, and their leaders through workshops in which they Identified their Interests, and opportunities for Improvement, by defining the activities and projects they expect to begin developing in 2017.

Compliance with thermoelectric power plant emission standard

The thermoelectric park of Enel Generación Chile and its subsidiary GasAtacama continue working to comply with the latest versions of protocols and guidelines defined by D.S 13/11 issued by the Superintendence of the Environment.

In July 2017, the SMA published the reports verifying compliance with the limits established by D.S No 13/11 based on the quarterly reports uploaded by each power plant to the SMA's "Thermal Power Plant" website. The SMA verified that all Electricity Generation Units (UGE in its Spanish acronym) of the company complied with the emissions limits.

Green taxes

The SMA approved the proposed methodology to quantify emissions the entire thermal park of Enel Generación and its subsidiary GasAtacama, as defined by resolutions of the Superintendence. During 2017, the power plants reported their emissions based on the approved methodology and taxes for 2017 will be paid in 2018 based on such reports.

New projects

The hydroelectric power plant Pehuenche was chosen as the "Sustainable Pilot Power Plant". This initiative seeks to develop projects with shared value that additionally contribute to the operational efficiency of the plants.

On January 17, 2017, the Evaluation Commission of the Antofagasta Region approved the DIA of the Optimization Project to transform the TalTal power plant into a combined cycle that began in December 2013. The Environmental Qualification Resolution was Res. Ex. 24/2017.

On December 28, 2017, the Evaluation Commission of Antofagasta approved the Environmental Impact Study of the Ttanti Thermal power plant (1,290 MW combined cycle located in Mejillones). The Environmental Qualification Resolution 13/2018 was issued on January 11, 2018.

On December 27, 2017, the SEA of the Tarapacá Region issued Resolution 90 stating that the project “Bess Energy Storage System to the Tarapacá power plant” does not need to be submitted to the SEIA in order to be implemented. During 2018, a similar project for the Tal Tal power plant is expected to be submitted to the opinion of the authority.

Sustainability

Sustainable business model

Sustainability is considered an essential principle of Enel Chile’s business and is part of the company’s value chain.

The 2017 sustainability plan has focused on five pillars that represent the grounds of sustainable development: health and workplace safety, solid governance, environmental sustainability, sustainable supply chain and creation of financial and economic value. The goals for 2017 are geared towards building a strong relationship with the community, implementing plans that consider workforce diversity and inclusion, seek operational efficiency and innovation, and an energy matrix that includes environmentally sustainable technologies.

The investment in digitalization is critical to the sustainability of the business, particularly in terms of power plant operational efficiency and improving products and services for our customers.

During 2017, our distribution business was affected by very severe and extraordinary weather conditions that affected a large number of customers. The company set up a contingency plan that focused on improving customer service tools by expanding service channels, particularly for the more vulnerable customers such as those whose life depends on the electricity supply. A dedicated emer-

gency channel for such customers, on and off line, and a specialized service registration system was implemented. Emergency measures for this type of customer also included the temporary installation of a household generator if necessary. We have also been experimenting with a photovoltaic pilot project with two customers. A systematic pruning plan to reduce the risk of vegetation affecting distribution lines has also commenced as a consequence of these extreme weather events. Within the context of environmental care, the wood from pruning has been used at a biomass power plant avoiding the 98 tons of CO₂ if it were treated conventionally.

Stakeholders and materiality

The Company has focused its sustainability management on inclusion and transparent collaboration with its stakeholders. Enel Chile is working on criteria and principles to achieve a fair relationship with all stakeholders, to involve them from the beginning of the design stage of a project, assuring equal conditions and equal access to information required for decision making. This is performed by identifying the most relevant stakeholders involved in each operation and evaluating potential areas of impact and joint opportunities.

The Enel Group participates in Chile promoting private-public actions to proactively contribute to improve private company compliance and behavioral standards to strengthen a culture inspired in transparency, honesty, and long-term sustainable relationships. Within this context, an agreement was formalized with Chiletransparente to strengthen and include actions into the Company’s compliance system.

Local needs are directly related to the Company’s goals in materiality matrices that’s are developed for each territory to carry out the projects that are adequate to reach shared goals and priorities.

The significant presence of the company in the territory allows having a constant view of the opportunities and instances available to align solutions and add value to all stakeholders. These opportunities have fostered the development of circular economy solutions, i.e., the transformation of waste, such as, pallets into community eco construction material.

The business culture of Enel Chile is guided by the Open Power Vision, committed to the United Nations Sustainable Development Objectives, the creation of shared value and complying with the company's Human Rights Policy.

Compliance system and complaint channel

Enel Chile has implemented a Penal Risk Prevention Model that builds on the Ethics Code and the Zero Corruption Tolerance policy. Enel Chile opposes to any form of corruption, direct or indirect, within any process of the value chain, any business location and with any stakeholder.

This model is based on the Global Compliance Program of the Enel Group, which is comprised of a series of specific programs that respond to local legislation and the highest international standards, such as, ISO 37001, the Foreign Corrupt Practices Act FCPA (U.S.A) and the Bribery Act (United Kingdom). The Group has also incorporated the definitions of the Global Compact and the Sustainable Development Objectives, both developed by the United Nations.

The Penal Risk Prevention Model covers all the requirements of the Crime Prevention Model defined by Law 20,393.

The objective of the Compliance System is to contribute to Enel's development of a long-term relationship of trust with its stakeholders, implementing activities in a responsible manner and communicating them transparently. The

focus on the creation of shared value allows collaborating with the local industry in defining a common standard to comply with and aligned to international best practices.

This system has been conceived as the focal point of the company's operations and is therefore a guideline on behavior for all company employees.

The Board of Directors approves the programs of the compliance system and, with the support of the Head of Crime Prevention, implements the programs. The Head of Crime Prevention has the organizational authority and resources to carry out his duties adequately.

Suppliers and contractors' employees adhere to the provisions of these programs by means of the General Contracting Conditions, a set of clauses that stress the importance and facilitate the control and proper implementation of the Compliance System specified in Law 20,393 applicable to Enel Chile and all its subsidiaries. Enel Chile and each subsidiary has its own specific compliance system.

If a potential or real action that opposes the principles of the Penal Risk Prevention Model were to take place, any stakeholder may present a complaint through the Complaints Channel managed by the Internal Audit Department. This channel has specific management procedures that guarantee confidentiality and no retaliation to the complainant.

This channel is managed with an external platform that uses industry standards in terms of confidentiality and is accessible through the internet, telephone or in writing.

Open Power Vision

Enel Generación Chile has identified the "Open" concept as the focal point of its business, a cornerstone of its strategy and operations. The idea is to Open energy to more people; Open energy to new technologies; offer people new ways to manage energy; add new uses to energy; and add more contributors to energy.



Sustainable development objectives

In 2015, the United Nations adopted the new Sustainable Development Objectives (ODS in its Spanish acronym). This initiative invites companies to use creativity and innovation to face sustainable development challenges, such as poverty, gender equality, access to clean water and energy, and climate change among others.

At the time, Enel SpA (“Enel”) announced the Group’s commitment to contribute to achieving four of those objectives. Particularly, Enel and its companies worldwide have focused on the following objectives:

1. Quality education (ODS 4):

Support educational activities for 400,000 people by 2020, through projects similar to those already underway, such as the scholarship program in Latin America. In 2017, the Group has already reached the 400,000 goal, and therefore the goal has doubled for 2020. In Chile, the goal is to add, by 2020, 150,000 people to the beneficiaries existing in 2016.

2. Affordable energy (ODS 7):

Commit to promoting affordable, sustainable, and modern energy through the initiative Enabling Electricity that is to benefit 3 million people, mainly in Africa, Asia and Latin America. Enel Chile has proposed to add 70,000 people to the beneficiaries existing in 2016 as the goal for 2020.



3. Decent job and economic growth (ODS 8):

Promote sustainable, inclusive job opportunities and economic growth for 500,000 people. Enel Chile expects to add 150,000 people to the beneficiaries existing in 2016 by 2020.

4. Action for the climate (ODS 13):

Adopt initiatives to fight climate change in order to be carbon neutral by 2050.

Human Rights Policy

The Company approved its Human Rights Policy in 2013. It represents Enel Chile's commitment and responsibility towards this critical aspect of social and corporate sustainability. The document sets out the Company's commitment to all human rights, particularly those that affect corporations and the activities carried out by all Company employees in Chile.

Within this framework, the company performed a Human Rights diagnosis (Due Diligence) in Chile to identify situations at risk and prevent them. The results of the diagnosis were disclosed to the stakeholders. This process continues to be constantly monitored and specific plans are implemented to minimize related risks.

During 2017, no human rights complaints were received through this platform.



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Ownership share table



San Isidro thermal power plant

Direct and Indirect Ownership Shares

Company	Business	Ownership
Enel Generación Chile	Gx	59.98%
Pehuenche	Gx	55.57%
HidroAysén	Gx	30.59%
Aysén Energía	Gx	30.59%
Aysén Transmisión	Tx	30.59%
Enel Distribución Chile	Dx	99.09%
Tranquillota	Tx	30.52%
GasAtacama Chile	Ox	61.03%
GNL Chile	Ox	19.99%
EE Colina	Dx	99.09%
Luz Andes	Dx	99.09%
Empresa de Transmisión Chena S.AS	Tx	99.09%
Cameros	Ox	57.50%
Gasoducto Atacama Argentina	Ox	61.03%

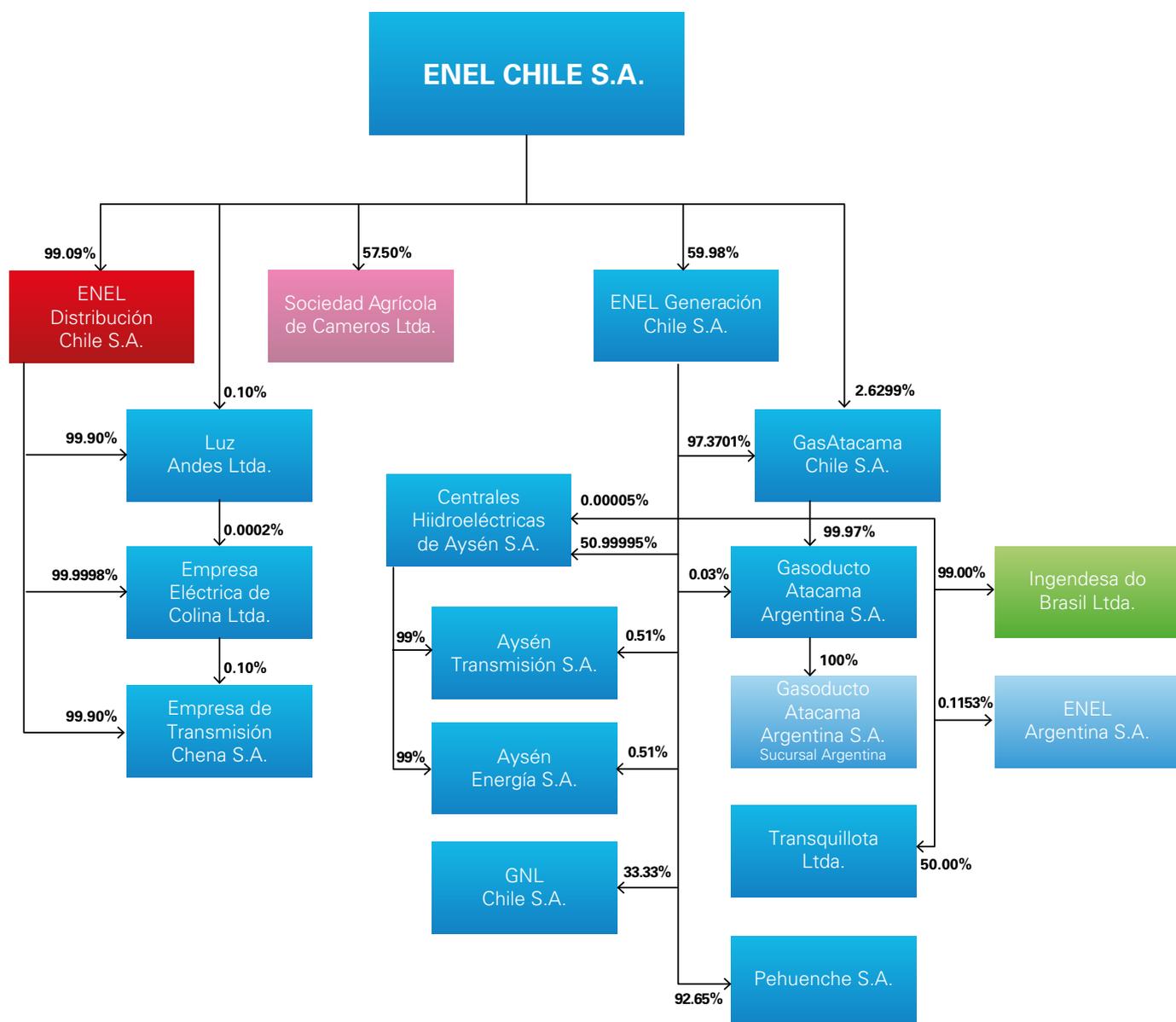
Gx: Generation

Dx: Distribution

Tx: Transmission / Trading

Ox: Gas pipeline, others

Organizational Structure



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Company's significant events



Rapel hydro power plant.

Consolidated Significant Events

In accordance with Articles 9 and 10, section 2, of the Securities Market Law 18,045 and as established under General Norm N° 30 of such Superintendencia, the following significant events were informed:

Enel Chile S.A.

- On April 28, 2017, it was informed as a significant event that the Ordinary Shareholders Meeting held on April 26, 2017, agreed to distribute a minimum mandatory dividend (from which the interim dividend paid in January 2017 is to be deducted) and an additional dividend totaling Ch\$158,780,560,797 equal to Ch\$3.23430 per share.

Given that the above-mentioned interim dividend has already been paid, the distribution and payment of final dividend No 3 shall amount to a total Ch\$121,527,144,216, or Ch\$2.47546 per share.

- On August 25, 2017, it was informed as a significant event that the Board of Directors of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its extraordinary session held August 25, 2017, analyzed a letter sent to the Company by its controlling shareholder, Enel SpA, (the "Enel SpA Letter") in which Enel SpA favorably viewed the non-binding proposal sent by Enel Chile to Enel SpA on July 3, 2017 (the "Enel Chile Letter").

The proposal contained in the Enel Chile Letter consists of a corporate reorganization within the Enel Group, through which Enel Chile S.A. would merge with Enel Green Power Latin America Ltda., adding the latter's non-conventional renewable energy generation assets in Chile to Enel Chile S.A.. The Enel Chile Letter was sent to the Superintendencia of Securities and Insurance ("SVS") on July 4, 2017 as a Confidential Event and a copy is being made available to all shareholders and the market in general through this filing. As indicated in the Enel Chile Letter, the proposal also implies that the merger is conditioned to the success of a Public Tender Offer ("PTO"), to be carried out by Enel Chile to acquire up to 100% of the common shares issued by its subsidiary, Enel Generación Chile S.A. owned by minority shareholders. The aforementioned PTO would be a mixed tender offer, that is, partly payable in cash and partly in common shares issued by Enel Chile, and subject to the condition precedent that after the PTO, Enel Chile must own at least 75% of Enel Generación Chile's issued capital.

For the PTO to be possible, Enel Chile must carry out a capital increase so as to incorporate Enel Generación Chile's shareholders who tender their shares. Likewise, the success of such PTO will be subject to the execution of an amendment to Enel Generación Chile's bylaws, to eliminate the restrictions imposed by Title XII of Decree 3,500/1980, on stock concentration and other restrictions.

In accordance with the response contained in the Enel SpA Letter, a copy of which accompanies this filing, the Company's Board of Directors has unanimously resolved to initiate all work, analysis and steps leading to the execution of the referenced corporate reorganization project, in the terms described in the Enel SpA Letter, and in accordance with the procedures and requirements of Title XVI under The Chilean Corporations Law, regarding related party transactions.

A copy of Enel Chile's original presentation to Enel SpA, and a copy of the response letters are attached, as well as additional communications between both companies, duly informed to the SVS as Confidential Events.



The Chief Executive Officer and General Manager

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Enel Chile S.A.
Santa Rosa 76
Santiago (Chile)

A la atención de D. Herman Chadwick P.
Presidente

Roma, 25 de agosto de 2017
Prot. AMD5/134

Muy Sres. nuestros:

Hacemos referencia a su carta de 3 de julio pasado mediante la que nos trasladan para nuestra consideración un proyecto tendente a consolidar la posición líder del grupo Enel en la industria de la energía en Chile.

Una vez analizada, consideramos que su propuesta estaría en línea con algunos de los objetivos estratégicos de Enel SpA, tales como la simplificación de la estructura de accionistas minoritarios en Chile y el consiguiente alineamiento de intereses.

En consideración a ello, y con el respaldo de nuestro consejo de administración, les animo a que lleven a cabo un mayor análisis de la operación planteada y a que desarrollen y concreten sus términos para que Enel SpA y los demás accionistas de Enel Chile S.A. pueda pronunciarse sobre la misma, para lo cual cuentan ustedes desde ya con nuestra colaboración.

En este sentido, y sin perjuicio de un ulterior análisis de los términos económico-financieros de la propuesta una vez estén definidos, les hacemos saber que para poder gozar del respaldo de Enel SpA la operación deberá cumplir como mínimo con las siguientes condiciones:

1. Que la operación se lleve a cabo en términos de mercado, considerando al efecto las perspectivas de crecimiento de las energías renovables en Chile.
2. Que se obtenga un incremento del beneficio neto atribuible por acción (*earnings per share*) de Enel Chile S.A.
3. Que Enel SpA mantenga al final del proceso una participación accionarial en Enel Chile S.A. similar a la actual y sin perder en ningún momento su condición de controlador dentro del límite estatutario de concentración máxima accionaria situado en el 65%.
4. Que, tras el proceso, Enel Generación Chile S.A. deje de estar sujeta al Título XII del D.L. 3.500 de 1980, quedando eliminadas de sus estatutos las limitaciones a la concentración accionaria y demás restricciones previstas en el mismo.

Naturalmente, nos reservamos nuestra valoración de los términos económico-financieros una vez conocidos, a cuyo efecto tomaremos también en consideración la creación de valor que el proyecto pueda reportar para el Grupo Enel y sus accionistas.

Atentamente,

Francesco Starace
Consejero Delegado



The Chief Executive Officer and General Manager

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T +39 06 83054665

Enel Chile S.A.
Santa Rosa 76
Santiago (Chile)

A la atención de D. Herman Chadwick P.
Presidente

Roma, 25 de julio del 2017
Prot. AMD5/126

Muy Sres. nuestros:

Nos referimos nuevamente a su carta de 3 de julio pasado mediante la que nos trasladan para nuestra consideración un proyecto tendente a consolidar la posición líder del grupo Enel en la industria de la energía en Chile.

Les confirmamos que seguimos analizando el contenido y alcance de su propuesta, y les rogamos que nos concedan más tiempo para completar nuestro análisis. Estimamos poder hacerles llegar nuestras consideraciones preliminares a más tardar el próximo 31 de agosto.

Atentamente,

Francesco Starace
Consejero Delegado



L'Amministratore Delegato e Direttore Generale

Viale Regina Margherita, 137 - 00198 Roma
T +39 06 83054665

New York
13 de julio de 2017

Prot. AMD5/121

Enel Chile S.A.
Santa Rosa 76
Santiago (Chile)

A la atención de D. Herman Chadwick P.
Presidente

Muy Sres. nuestros:

Acusamos recibo de su carta de 3 de julio pasado mediante la que nos trasladan para nuestra consideración un proyecto tendente a consolidar la posición líder del grupo Enel en la industria de la energía en Chile.

Estamos analizando el contenido y alcance de su propuesta, para lo que necesitamos algunos días más. Nos proponemos responder a su carta y hacerles saber nuestras consideraciones preliminares no más tarde del próximo 25 de julio.

Atentamente,

Francesco Starace
Consejero Delegado



Santiago, 3 de julio de 2017

Señor
Francesco Starace
Consejero Delegado
Enel SpA

De nuestra consideración:

En sesión extraordinaria del día 3 de julio de 2017, el Directorio de Enel Chile S.A., considerando la alta prioridad que tienen las energías renovables en la estrategia Open Power de Enel Chile y con el propósito de consolidar un vehículo que potencie al máximo dicha estrategia, ha acordado presentar a Enel SpA una propuesta orientada a consolidar su posición líder en la industria de la energía chilena.

La propuesta que presentamos a su consideración consiste en fusionar Enel Green Power Latam (EGP Latam) con Enel Chile S.A. Esta fusión permitiría alcanzar mayores sinergias, un mayor crecimiento orgánico, una mayor diversificación de la cartera de proyectos y una gestión de los activos de generación que hoy tiene EGP Latam, a través de su filial EGP Chile (EGPC).

Creemos que, para viabilizar esta operación al interior del Grupo Enel, sin que las participaciones accionariales de Enel SpA en Enel Chile S.A. superen el máximo nivel estatutario, así como para alcanzar una optimización del flujo de caja y de la estructura financiera de capital de la Sociedad, incrementando el beneficio neto atribuible por accionista, aquella debería incluir el ofrecimiento por parte de Enel Chile S.A. a los minoritarios de Enel Generación Chile S.A., el incorporarse en su accionariado a través de una Oferta Pública de Adquisición de acciones (OPA) de naturaleza mixta con una componente en dinero y otra en acciones emitidas por Enel Chile S.A.

Con estas dos operaciones Enel Chile S.A. tendría una mayor capitalización bursátil, alcanzando una mayor liquidez y dando a sus accionistas la posibilidad de acceder a un flujo de caja derivado de la generación eléctrica convencional y renovable no convencional, así como de la distribución eléctrica. Asimismo, es esperable que el descuento de Holding de Enel Chile S.A. se reduzca al quedar esta compañía con una proporción mayor del resultado neto de Enel Generación Chile S.A. y que todos los accionistas de Enel Chile S.A. se beneficien del mayor valor creado y de la integración de los actuales y futuros activos de energías renovables no convencionales que se desarrollen desde esta Sociedad.

Es por ello que el Directorio de la Sociedad ha decidido, por la unanimidad de sus miembros, someter a consideración del accionista controlador, Enel SpA, este proyecto en términos no vinculantes, el cual, como señalábamos, consiste en la fusión de Enel Chile S.A. con la sociedad holding de las compañías propietarias de los activos de energía eléctrica renovable en Chile de Enel SpA., Enel Green Power Latam Limitada. Dicha fusión estaría condicionada a que esta operación se realizaría sólo si la OPA anteriormente indicada, dirigida al 100% de los accionistas minoritarios de Enel Generación Chile S.A., alcanzase un nivel de aceptación que llevase a una

participación total de Enel Chile S.A. en el capital social de Enel Generación Chile S.A. no inferior al 75% de su capital emitido.

La implementación de la estrategia descrita conlleva una serie de actuaciones para las cuales se exigen aprobaciones de Directorio y de Juntas de Accionistas de Enel Chile S.A. y de Enel Generación Chile S.A., por lo que entenderán ustedes que la presente propuesta no puede tener aún carácter vinculante y que nada podrá reclamarse en caso de que, por cualquier causa, alguna o algunas de las acciones aquí descritas no se adopte o no prospere.

En vista de lo anteriormente indicado, en caso de ser lo expuesto de interés para Enel SpA, procederíamos desde Enel Chile S.A. a convocar a los órganos sociales de ésta y a proponer que se convoquen en Enel Generación Chile S.A. las respectivas reuniones de sus órganos sociales, para que se traten y deliberen en las instancias correspondientes cada una de las operaciones señaladas y cada una de las acciones que se deberían llevar a efecto, como cambios de Estatutos, aumento de capital, OPA y fusión.

Del mismo modo, correspondería a Enel SpA promover, en las instancias societarias pertinentes, la adopción de las decisiones correspondientes respecto de Enel Green Power Latam Limitada que permitan llegar a la estructura descrita.

Hacemos saber a ustedes que este Directorio ha considerado que esta propuesta no vinculante sea considerada Hecho Esencial Reservado a los fines de resguardar sus términos hasta que Enel SpA se pronuncie formalmente, lo que solicitamos tenga lugar dentro de los próximos 15 días. Por lo tanto, les instamos a que observen la más estricta reserva y confidencialidad en relación con esta propuesta.

Les agradecemos desde ya que la propuesta antes descrita sea sometida a la deliberación del órgano societario competente de Enel SpA, y quedamos a su disposición para las aclaraciones que estimen necesarias.

Cordialmente,



Herman Chadwick Piñera
Presidente



- On August 30, 2017, it was informed as a significant event that the Board of Directors of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its extraordinary session held August 30, 2017, unanimously agreed to appoint Mr. Oscar Molina H. as independent expert and Larraín Vial Servicios Profesionales Limitada as independent appraiser with regard to the corporate reorganization described in the Significant Event dated August 25, 2017.

Also, the Directors' Committee, in its extraordinary session held immediately after the aforementioned Board of Directors' meeting, within its legal authority unanimously agreed to appoint Econsult Capital as an additional independent appraiser.

Such independent appraisers will evaluate the integrity of the operation described in the aforementioned Significant Event.

- On October 13, 2017, it was informed as a significant event that Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), has taken note of the response issued by the Superintendencia de Securities and Insurance through its Official Letter No 27,562 dated October 13, 2017, to the Confidential Consultation filed by the Company on that same date.

The Board of Directors of Enel Chile will analyze the response received at a forthcoming session and will duly inform the SVS and the market in general, through a significant event, on the impact of the SVS response on the design of the operation whose scheme was informed by a significant event dated August 25, 2017.

- On October 24, 2017, it was informed as a significant event that Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), has taken note of the response letter issued by the Superintendencia de Pensions through the Official Letter N° 24,211 dated October 24, 2017, to the Inquiry submitted by Enel Chile on September 26, 2017 (Gen.Ger letter N°022/2017) supplemented by the Inquiry dated October 19, 2017 (Gen.Ger letter N°028). Such Official Letter and the Inquiries referred to have an impact on the transaction, which was informed by the Company in the Significant Event dated August 25, 2017.

Enel Chile's Board of Directors will analyze the response received during the forthcoming session.

- On October 26, 2017, it was informed as a significant event that the Board of Directors of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its ordinary session held October 26, 2017, examined the Official Letter N° 27,562 of the Superintendencia de Securities and Insurance and the Official Letter N° 24,211 of the Superintendencia de Pensions, through which each of these public authorities have issued their respective responses to the inquiries of Enel Chile regarding certain aspects of the corporate reorganization informed by the Company to the market through a Significant Event dated August 25, 2017.

Copies of the said responses were made available to the market through the Significant Events dated October 13 and October 24, 2017, respectively. These responses confirmed that Enel Chile may include in the terms and conditions of the Public Tender Offer on the shares of its subsidiary Enel Generación Chile S.A. (the "PTO"), a subsequent condition for the success of the PTO, consisting of all the shareholders that agree to tender their shares, must use part of the cash consideration that they receive for each Enel Generación share tendered to subscribe Enel Chile's first issue shares, thus the subscription price of those shares will be paid with part of the cash consideration of the PTO.

The Board of Directors of Enel Chile has unanimously agreed to review the structure of the reorganization in progress, as described through the Significant Event dated August 25, 2017, specifying that the PTO for the shares issued by Enel Generación Chile S.A. shall be payable exclusively in cash. However, the PTO will include in its terms and conditions as a subsequent condition that the shareholders that agree to tender their shares of Enel Generación Chile S.A. apply part of the cash consideration they receive to subscribe for Enel Chile's first issue shares, thus the subscription price of those shares will be paid with part of the cash consideration of the PTO.

Finally, at the aforementioned session the Board examined the preliminary report issued by the independent appraiser Mr. Óscar Molina, the preliminary report issued by the independent evaluator appointed by the Board, Larraín Vial Servicios Profesionales Limitada, and the preliminary report issued by the independent evaluator appointed by the Directors' Committee, Econsult Capital, which was also previously examined by the latter corporate body. Copies of the aforementioned preliminary reports will be available to such Superintendence and to the market in general on the Company's web site, www.enelchile.cl.

- On November 3, 2017, it was informed as a significant event that the Board of Directors of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its extraordinary session held November 3, 2017, examined the following documents regarding the corporate reorganization informed to the market through the Company's Significant Events dated August 25 and October 26, 2017:
 - a) Final report issued by the independent appraiser appointed by the Board, Larraín Vial Servicios Profesionales Limitada, within the context of the Corporate Reorganization process;
 - b) Final report issued by the independent appraiser appointed by the Directors' Committee, Econsult Capital, within the context of the Corporate Reorganization process;
 - c) Final report issued by the independent expert appointed by the Board of Directors, Mr. Oscar Molina, to report on the value of the merging companies, Enel Chile and Enel Green Power Latin America and the merger exchange ratio of the aforementioned companies and corresponding pro-forma balance sheet.

The aforementioned reports will be available as of this date to shareholders on the Company's website, www.enelchile.cl. Likewise, a copy of these documents may be obtained at our main office, located 76 Santa Rosa St., 15 Floor (Investor Relations Department), Santiago, Chile.

- On November 9, 2017, it was informed as a significant event of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), that Enel Chile received the Directors' Committee's report, issued in accordance with article 50 bis of the Chilean Corporations Act, Law No 18,046, regarding the corporate reorganization made public through significant events dated August 25, 2017 and October 26, 2017.

The aforementioned report will be available to the shareholders on the Company's website, www.enelchile.cl. Likewise, shareholders of the Company may obtain a copy of these documents at our main office, located at 76 Santa Rosa St. 15 Floor (Investor Relations Department), Santiago, Chile, as of this date.

- On November 14, 2017, it was informed as a significant event that the Board of Directors of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its extraordinary session held November 14, 2017, received and analyzed the individual statements issued by Messrs. Herman Chadwick Piñera, Chairman of the Board of Directors, Giulio Fazio, Vice-Chairman of the Board of Directors and Directors Salvatore Bernabei, Vincenzo Ranieri, Fernán Gazmuri Plaza, Pablo Cabrera Gaete and Gerardo Jofré Miranda regarding the corporate reorganization as a related party transaction, in accordance to the rules of Title XVI of the Chilean Corporations Act.

The Board of Directors unanimously issued a collective declaration in favor of the operation, in accordance with the corporate bylaws and the United States of America legislation.

All the aforementioned documents will become public and available, as of this date, on the Company website: www.enelchile.cl. Copy of the above-mentioned documents are also available for the Shareholders at our main office located at 76 Santa Rosa St. 15 floor (Investor Relations Department)] in Santiago, Chile, as of this date.

Likewise, the Board of Directors unanimously agreed to summon an Extraordinary Shareholders' Meeting to take place at Enel Chile's Stadium, located at 858 Carlos Medina St., Independencia, Santiago, on December 20, 2017 at 10:00 a.m.

The following topics will be submitted to the decision of the Extraordinary Shareholders Meeting:

1. Related Party Transaction. Approve a corporate reorganization (the "Reorganization") as a related party transaction, in accordance to the rules of Title XVI of the Chilean Corporations Act, Law N°18,046. Such Reorganization involves the following: (i) the merger by incorporation of Enel Green Power Latin America S.A. ("Enel Green Power") by Enel Chile (the "Merger"), which will require a capital increase in Enel Chile in order to pay the Enel Green Power' shareholders the shares to which they are entitled under the exchange rate agreed for the Merger, and which is conditioned to the success of Enel Generación's PTO, mentioned below; (ii) a Public Tender Offer to be carried out by Enel Chile to acquire up to 100% of the shares and American Depositary Shares ("ADS") of Enel Generación Chile S.A. ("Enel Generación") owned by the minority shareholders of the latter (The "Enel Generación PTO") and that will have, among other objective requirements, the condition that the Enel Generación shareholders that accept Enel Generación PTO for such a number of shares that allow Enel Chile to achieve an ownership of more than 75% of the shares issued by Enel Generación, such acceptances must contemplate the commitment of the shareholders of Enel Generación that agree to sell their shares and ADS, to subscribe shares and ADS issued by Enel Chile in the capital increase mentioned in (iii). These shares and ADS will be paid by the shareholders of Enel Generación with part of the price of their respective shares that they agree to sell in the Enel Generación PTO; (iii) a capital increase of Enel Chile to reach sufficient number of shares and ADS to deliver to the shareholders of Enel Generación that decide to sell their shares in the Enel Generación PTO, which will be paid in cash (the "Enel Chile Capital Increase") and which is conditioned to the suc-

cess of the Enel Generación PTO, mentioned in (ii); and (iv) as a success condition for the Enel Generación PTO, that Enel Generación agrees to amend its bylaws so as to eliminate limitations and restrictions established by Title XII of Decree Law 3,500/1980 in particular, but not limited to, the shareholding concentration limit which states that no shareholder shall hold more than 65% of the capital with voting rights of Enel Generación (the "Amendment to Enel Generación Bylaws"), which is conditioned to the success of the Enel Generación PTO, aforementioned in (ii). The Reorganization includes all the above-mentioned stages, which are bundled and tied together, meaning that the Reorganization shall be considered successfully approved, only if all of them are approved.

For the approval of the Related Party Transaction, the following information has been made available to the shareholders: (i) the document "General Basis of the Reorganization", which includes a detailed description of the grounds, terms and conditions of the Reorganization, and that will be subject of the approval by the shareholders as part of this related party transaction; (ii) the reports from the independent appraisers designated by the Board of Directors of Enel Chile and Enel Generación and their respective Directors' Committee; (iii) the reports from the independent experts designated as a result of the Merger between Enel Chile and Enel Green Power; (iv) the audited statement of financial position of Enel Chile and Enel Green Power, as entities that participate in the Merger; (v) Enel Chile Directors' Committee Report; and (vi) Individual opinions issued by Messrs. Herman Chadwick Piñera, Chairman of the Board, Giulio Fazio, Vice Chairman of the Board and by Directors Salvatore Bernabei, Vincenzo Ranieri, Fernan Gazmuri Plaza, Pablo Cabrera Gaete and Gerardo Jofré Miranda. Shareholders may obtain, as of this date, a complete copy of all the information previously referred to at our main office located at 76 Santa Rosa St. 15 floor (Investor Relations Department) in Santiago, Chile and on the Company website: www.enelchile.cl.

2. Merger. Approve, in accordance to the rules of title IX of the Chilean Corporations Act and title IX of the Chilean Corporations Regulations: (i) the proposed Merger by means of which Enel Chile will absorb Enel Green Power, which will be dissolved without liquidation. Enel Chile will succeed to all rights and obligations; and (ii) the exchange ratio for the Merger, the audited Financial Statements of Enel Chile and Enel Green Power, as entities to be merged; a Capital Increase in Enel Chile to assign and distribute the issued shares to the Enel Green Power shareholders, in order to apply the exchange ratio for the Merger.
3. Enel Chile Capital Increase. Increase Enel Chile's capital by Ch\$ 1,891,727,278,668, through the issuance of 23,069,844,62 new shares, all of the same series and without par value, at the price and other conditions to be determined by the Extraordinary Shareholders Meeting.
4. Enel Chile's Extraordinary Shareholders Meeting vote on the Amendment to the Bylaws of Enel Generación Chile. Duly authorize Enel Chile's Chairman of the Board of Directors, Mr. Herman Chadwick, or whoever he appoints, to attend the corresponding extraordinary shareholders' meetings of Enel Generación and vote in favor of the Amendment to Enel Generación Bylaws.
5. Amendment to Enel Chile Bylaws. (a) Amend Enel Chile's bylaws to include the agreements regarding the Merger, the Capital Increase of Enel Chile and other agreements adopted by this Extraordinary Shareholders' Meeting, and replace Article Five and First Transitory Article for this purpose. (b) Expand Enel Chile's corporate purpose, in order to include information and communications technology activities, and modify for this purpose, Article Four of the bylaws. (c) Modify Articles Fifteen and Sixteen, in order to eliminate the Vice Chairman position from the Board of Directors and any references to such position. (d) Eliminate the Second Transitory Article and the Tenth Transitory Article because they are no longer in force, and (e) Provide an amended text of the bylaws of Enel Chile S.A.
6. Duly empower Enel Chile's Board of Directors to register the new shares in the Superintendence of Securities and Insurance Register and the new ADSs before the Securities and Exchange Commission and other faculties required for the Reorganization. Confer broad powers to Enel Chile's Board of Directors to perform all actions required to carry out the Reorganization including requesting the registration of the shares resulting from the Capital Increase in the Superintendence of Securities and Insurance Register (or its successor the Financial Market Commission), as well as the registration of the American Depository Shares in the Securities and Exchange Commission of the United States of America, perform the Enel Generación PTO in accordance with the terms and conditions approved by the Extraordinary Shareholder Meeting, carry out the actions required to consummate the Merger and, in general, to develop all other pertinent actions related to the Reorganization, adopting the other agreements that are convenient to legalize and make effective the above-mentioned Enel Chile bylaw amendments.
7. Information regarding Other Related Party Transactions. Inform shareholders on the agreements associated to Other Related Party Transactions referred to by Title XVI of the Chilean Corporations Act, Law N°18,046, other than the Reorganization, that have adopted since the last Enel Chile shareholders' meeting and until the date of the session summoned and identifying the Board members that approved them.
 - On November 17, 2017, it was informed as a significant event that Enel Chile S.A. received the Directors' Committee's Report on November 17, 2017, in accordance with Article 50 bis of the Chilean Corporations Act, regarding the corporate reorganization, which was made public through the significant events dated August 25 and August 26 of 2017.
 - On November 17, 2017, it was informed as a significant event that Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), received a letter from its controlling shareholder, Enel SpA (the "Enel SpA Letter")

through which the company confirms what was stated in the Collective Declaration of the Board of Directors of Enel Chile S.A regarding the Corporate Reorganization Transaction of the Company (Elqui Project) disclosed through Significant Event dated November 14, 2017 and made available to shareholders and the public through its publication on the Enel Chile's website www.enelchile.cl.

A copy of the Enel SpA Letter is attached to this Significant Event and confirms the Collective Declaration, establishing the explicit commitment of Enel SpA, as

the holding company of the Enel Group, to develop and manage the nonconventional renewable energies in Chile exclusively through subsidiaries of Enel Chile S.A.

- On December 20, 2017, it was informed as a significant event that Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its Extraordinary Shareholders Meeting held today, complying with the quorum requirements established by law and the Company by-laws, has approved the following:



- (a) Carry out the Corporate Reorganization (the "Reorganization") as a Related Party Transaction in accordance with the provisions of Title XVI of the Chilean Corporations Law No 18,046, which involves the following stages: (i) the merger by incorporation of Enel Green Power Latin America S.A ("Enel Green Power") by Enel Chile S.A. (hereinafter the "Merger"), that is subject to the success of the Enel Generación PTO as a condition precedent as mentioned in the following numeral, and which will require a capital increase in Enel Chile to pay Enel Green Power shareholders for their shares, according to the Merger's exchange ratio; (ii) a Public Tender Offer by Enel Chile to purchase up to 100% of the shares and the American Depository Shares ("ADS") issued by Enel Generación Chile S.A. ("Enel Generación") held by the minority shareholders of the latter (the "Enel Generación PTO"). This tender offer will be subject to a series of conditions, including that Enel Chile reach an ownership share of more than 75% of Enel Generación's common stock as a result of the Enel Generación PTO and that the shareholders that accept to sell their shares in the PTO also accept to subscribe Enel Chile shares and ADS, as the case may be, issued as part of the capital increase process as mentioned in numeral (iii) hereafter. Such shares and ADS will be paid for by Enel Generación shareholders with part of the price they receive for selling their shares in the Enel Generación PTO; (iii) a capital increase in Enel Chile that is subject to the success of the Enel Generación PTO, as mentioned in numeral (ii) above and that is needed to have sufficient shares and ADS to deliver to the shareholders of Enel Generación that accept to sell their shares in the Enel Generación PTO, which is payable in cash (the "Enel Chile Capital Increase"); and (iv) an amendment to the Enel Generación bylaws to eliminate all limitations and restrictions imposed by the provisions of Title XII of Decree Law No 3,500/1980, particularly that no shareholder may concentrate more than 65% of Enel Generación's equity with voting rights (the "Amendment to Enel Generación Bylaws"). This amendment is established as a condition precedent to the success of the Enel Generación PTO mentioned in numeral (ii).
- (b) In accordance with Title IX of the Chilean Corporations Law and Title IX of Corporations Regulations, carry out: (i) the proposed Merger in which Enel Chile will absorb Enel Green Power taking on its rights and responsibilities. Enel Green Power would dissolve without liquidation; and (ii) approve the exchange ratio of the Merger, the audited financial statements of each merging company, Enel Chile and Enel Green Power, a capital increase in Enel Chile with the purpose to distribute its shares to Enel Green Power shareholders according to the Merger's exchange ratio.
- (c) A Ch\$ 1,891,727,278,668 capital increase in Enel Chile through the issuance of 23,069,844,862 new shares, belonging to one same series, without par value, at the price and other terms to be determined by the Extraordinary Shareholders Meeting.
- (d) Empower Mr. Herman Chadwick Piñera, the Chairman of Enel Chile's Board of Directors, or whom he may have empowered to represent him, to attend the Enel Generación Extraordinary Shareholders Meetings and vote in favor of the Amendment to Enel Generación Bylaws.
- (e) Amend Enel Chile bylaws: (a) substitute Transitory Article One and Five of the Company Bylaws in order to capture the agreements regarding the Merger, the Enel Chile Capital Increase, and other agreements adopted by the Shareholders Meeting, (b) replace the Fourth Article of bylaws to add information and communications technology to Enel Chile's purpose, (c) modify Article Fifteen and Sixteen to eliminate the Board of Directors' Vice-chairperson position and all references to such position, (d) eliminate Transitory Article Two and Transitory Article Ten that are no longer applicable, (e) deliver a revised version of Enel Chile S.A. Bylaws.

(f) Empower Enel Chile's Board of Directors to perform all actions necessary to carry out the Reorganization, including requesting the registration of the shares issued as part of the capital increase in the Register of the Superintendence of Securities and Insurance (or its successor, the Financial Market Commission) as well as the registration of American Depositary Shares in the United States Securities and Exchange Commission, carry out the Enel Generación PTO according to the terms and conditions approved by the Shareholders' Meeting, perform activities necessary to complete the Merger and all other activities required to complete the Reorganization, adopting all agreements required to legalize and put Enel Chile Bylaw amendments previously mentioned into effect.

It is hereby noted that the Extraordinary Shareholders' Meeting of Enel Generación Chile S.A. held today has agreed to approve the Amendment to Enel Generación Bylaws required to carry out the Operation, and the Extraordinary Shareholders' Meeting of Enel Green Power Latin America S.A. held today has agreed to approve the Merger by absorption of Enel Green Power Latin America S.A. by Enel Chile S.A.

Finally, I inform that, notwithstanding what according to the law and applicable regulation will be informed opportunely, the shareholders that disagree with the Merger have the right to withdraw as stated by current legislation.

- On December 20, 2017, it was informed as a significant event that the Board of Directors of Enel Chile S.A. (hereafter "Enel Chile" or the "Company"), in its session held today, unanimously agreed to distribute an interim dividend of Ch\$ 0.75642 per share on January 26, 2018, attributable to the 2017 fiscal period, corresponding to 15% of Enel Chile's net income as of September 30, 2017, based on the Company's Financial Statements at such date.
- As set forth in Superintendence Circular Letter No 660 of 1986, we enclose herein Form No 1 that provides information regarding the interim dividend.





22

Identification of subsidiaries
and associate companies



Canela I wind farm

AGRÍCOLA DE CAMEROS

Name

Sociedad Agrícola de Cameros Limitada

Type of Company

Limited Liability Company

Taxpayer ID

77.047.280-6

Address

Camino Polpaico a Til-Til, S/N
Til-Til, Chile

Telephone

(56 2) 2378 4700

Subscribed and Paid Capital (ThCh\$)

5,738,046

Corporate Purpose

The purpose of the company is the exploitation of agricultural land.

Core Business

Real estate and agriculture

Administration

Bylaws include a Board of Directors:

Directors

Francisco Silva Bafalluy

Hugo Ayala Espinoza

Manuel Larraín García

María Cristina Auad Faccuse

Cristián Guadi Imbarack Dagach

Alternate Directors

Hans Knoop Frick

Solange Zincke Cavalieri

Ingrid Morales Ávila

Jorge Geldres Reyes

Andrés Garib Auad

Senior Executives

Hugo Ayala Espinoza

Chief Executive Officer

Business Relations

Service contract provided by Enel Chile: Provision of internal audit and compliance control services. Price: expressed in UF per hour that Enel Chile's staff assigns to the contracted services.

ENEL DISTRIBUCIÓN CHILE S.A.

Name

Enel Distribución Chile S.A.

Type of Company

Publicly held Limited Liability Stock Corporation

Taxpayer ID

96,800,570-7

Address

76 Santa Rosa St., 8th floor
Santiago, Chile

Telephone

(56 2) 2675 2000

Subscribed and Paid Capital (ThCh\$)

230,137,980

Corporate Purpose

Distribution and sale of electricity, either hydraulic, thermal or any other source of electricity in Chile or abroad, as well as the distribution, transportation, and sale of fuels of any kind, and supplying this energy or fuel directly or through other companies to as many customers as possible.

Core Business

Electricity distribution.

Board of Directors

Gianluca Caccialupi (Presidente)

Rodolfo Avogadro Di Vigliano

Monica Hodor

Iris Boeninger von Kretschmann

Hernán Felipe Errázuriz Correa.

Senior Executives

Andreas Gebhardt Strobel

Chief Executive Officer

Simone Tripepi

Andrés González CerTaxpayer ID i

Daniel Gómez Sagner

Horacio Aránguiz Pinto

Victor Tavera

Yanett Henríquez Zamora

Rodrigo Vargas Gómez

Business Relations

(I) Service contract provided by Enel Chile: Comprehensive procurement service; Materials purchasing; Contracting of works, services and consultancies, Reception. Storage and supply of recurrent and non-recurrent materials, sales agent. Price: Mark-up over average price of consumed materials. (ii) Service contract provided by Enel Chile: Financial management, management and corporate services. Price: monthly amount fixed in UF. (iii) Trade accounts receivable (iv) Administration services provided by Enel Chile. Price: monthly amount fixed in UF.

ENEL GENERACIÓN CHILE

Name

Enel Generación Chile S.A.

Type of Company

Publicly held Limited Liability Stock Corporation

Taxpayer ID

91,081,000-6

Address

76 Santa Rosa St.
Santiago, Chile

Telephone

(56 2) 2630 9000

Subscribed and Paid Capital (ThCh\$)

552,777,321

Corporate Purpose

Generation and supply of electricity; provision of engineering and consulting services; and construction and exploitation of infrastructure projects in Chile and abroad.

Core Business

Electricity Generation

Directorio

Giuseppe Conti (Chairman)

Francesco Giorgianni

Frabrizio Barderi

Julio Pellegrini Vial

Mauro Di Carlo

Umberto Magrini

Luca Noviello

Enrique Cibié Bluth

Jorge Atton Palma

Principales ejecutivos

Valter Moro

Chief Executive Officer

Raúl Arteaga Errázuriz

Luis Ignacio Quiñones Sotomayor

Bernardo Canales Fuenzalida

Humberto Espejo Paluz

Claudio Helfmann Soto

Luis Vergara Adamides

Michele Siciliano

Claudio Órdenes Tirado

Juan Alejandro Candia

Carlo Carvallo Artigas

Business Relations

(i) Service contract provided by Enel Chile: Procurement services; Materials Purchasing; Contracting of works, services and consultancies. Price: Directly proportional to costs associated to staff and to operating and maintenance expenses. Every year, the amount for next annual period is determined, introducing the proper improvements and efficiencies. (ii) Service contract provided by Enel Chile: Money desk and treasury services. Price: Monthly amount expressed in UF. (iii) Service contract provided by Enel Chile:

Accounting services. Price: Monthly amount expressed in UF. (iv) Service contract provided by Enel Chile: Internal audit and compliance control services. Price: UF amount per hour that Enel Chile staff dedicates to contracted services. (v) Trade accounts receivable (vi) Administration services provided by Enel Chile.

SERVICIOS INFORMÁTICOS E INMOBILIARIOS LTDA. *

Name

Servicios Informáticos e Inmobiliarios Limitada

Type of Company

Limited Liability Company

Taxpayer ID

76.107.186-6

Address

76 Santa Rosa St. 9th floor
Santiago, Chile

Telephone

(562) 2353 4606

Subscribed and Paid Capital (ThCh\$)

61,948,674

Corporate Purpose

The purpose will be to carry out on its own or through third parties, the following activities: 1) Consultancy services provision in matters related to information technology and computing, telecommunications and data transmission; management, consultancy, advisory and administration of the company's own or third party contracts that are related to said matters; establishing, managing and exploiting data base centers; creation, development, design, management, operation, commercialization, purchase, sale, import, and export of all kinds of software; contract management and administration and project development and execution. 2) Acquire and sell all kinds of corporeal or incorporeal property related to its object; provide services and obtain representations to accomplish its purpose; organize, constitute, participate and be part of all kinds of companies, associations or joint accounts; make all types of cash, service and kind contributions, and to sign service or consultancy contracts, either in Chile or abroad. 3) Administration and exploitation of own or third party businesses and, in general, the development of any activity connected or supplementary to the aforementioned purposes, and any other partners deem mutually convenient. 4)

Purchase, divest, parcel, divide, lot division, commercialize and exploit at any title of all kinds of real estate, on its own account or for third parties, invest the corporate funds in all kinds of property, immovable or movable, corporeal or incorporeal and rights in societies, manage them and receive its proceeds and returns. On September 1, 2017, Enel Dsistribución Chile S.A.

* On September 1, 2017, Enel Dsistribución Chile S.A. sold its economic interest in To its only partner Enel Chile S.A. Therefore Servicios Informáticos e Inmobiliarios Ltda. dissolved without the need of a liquidation process and its assets were entirely absorbed by Enel Chile S.A.

AYSÉN ENERGÍA *

Name

Aysén Energía S.A.

Type of Company

Privately held corporation

Taxpayer ID

76,091,595-5

Address

383 Miraflores St. office 1302
Santiago, Chile.

Telephone

(562) 2713 5000

Corporate Purpose

Comply with the first article of Resolution 30 dated May 26, 2009, issued by the antitrust government agency, Tribunal de la Libre Competencia, to fulfill the commitment made by HidroAysén S.A. with the community of the XI Region of Aysén, within the framework of the Aysén Hydroelectric Project to provide the region with a lower cost electricity supply when compared to the current value, through the development, funding, ownership and operation of projects that generate and transmit electricity in that region. In order to comply with the above, the company may develop the following activities, among others: a) produce, supply and commercialize electricity using any source of generation; b) electricity transportation; c) provide services related to its Corporate Purpose; and d) to request, obtain or acquire and benefit from the concessions, rights and permits that are required.

*During the Extraordinary Shareholders' Meeting of Aysén Energía held December 22, 2017, the dissolution of the company was agreed.

AYSÉN TRANSMISIÓN *

Name

Aysén Transmisión S.A.

Type of Company

Privately held corporation, registered in the Securities Register of the SVS.

Taxpayer ID

76,041,891-9

Address

383 Miraflores, office 1302 Santiago, Chile.

Corporate Purpose

Develop and alternatively or additionally manage electricity transmission systems required in the hydroelectric generation project that HydroAysén plans to build in the Aysén Region. In order to fulfill its purpose, its business activities include the following: a) the design, development, construction, production, ownership, maintenance and operation of electricity transmission systems, b) electricity transportation, and c) providing services related to its Corporate Purpose.

*During the Extraordinary Shareholders' Meeting of Aysén Transmisión held December 22, 2017, the dissolution of the company was agreed.

CHENA

Name

Empresa de Transmisión Chena S.A

Type of Company

Privately held corporation registered in the securities register of the SVS.

Taxpayer ID

76,722,488-5

Address

76 Santa Rosa St. 8th floor
Santiago, Chile

Telephone

(56 2) 2353 4698

Subscribed and Paid Capital (ThCh\$)

250,429

Corporate Purpose

Electricity transmission

Core Business

Electricity transmission

Board of Directors

Andreas Gebhardt Strobel
Daniel Gómez Sagner
Francisco Messen Rebolledo

Senior Executives

Miguel Eduardo Readi Pizarro
Chief Executive Officer

Business Relations

(i) Network planning service contract provided by Enel Distribución Chile : supervision and remote operation, supervision, and coordination of connections and disconnections, planning and control of maintenance program, local operations , maintenance and emergency service, network planning, operations of facilities. Price: monthly amount fixed in UF. (ii) legal counsel service contract provided by Enel Distribución Chile: topo management, legal services, and secretary to the board. Price: Monthly amount fixed in Chilean pesos.

ELECTROGAS *

Name

Electrogas S.A.

Type of Company

Privately held corporation

Taxpayer ID

96,806,130-5

Corporate Purpose

Provide transportation services for natural gas and other fuels, on behalf of the Company and third parties, for which it can build, operate and maintain gas pipelines, oil pipelines, multipurpose pipelines and complementary facilities.

* In December, 2016, Enel Generación Chile S.A. sold its entire economic interest in Electrogas to a third party (Aerío Chile SpA). The shares of Electrogas held by Enel Generación Chile were transferred on February 7, 2017 and therefore ceased to be a subsidiary of Enel Chile S.A.

EÓLICA CANELA *

Name

Type of Company

Privately held corporation

Taxpayer ID

76,003,204-2

Address

Santa Rosa 76, Santiago, Chile

Corporate Purpose

Promote and develop renewable energy projects, mainly wind-powered energy projects, and identify and develop Clean Development Mechanism (MDL in its Spanish acronym) projects, and act as a depositary and trader of Emission Reduction Certificates resulting from such projects. It may also generate, transport, distribute, supply and commercialize electricity, and acquire and benefit from the corresponding concessions.

Core Business

Electricity Generation

Capital Suscrito y Pagado

(M\$) 12,284,743

*During the Extraordinary Meeting held on November 30, 2017, shareholders agreed to dissolve the company.

GASATACAMA CHILE

Name

GasAtacama Chile S.A.

Type of Company

Privately held corporation

Taxpayer ID

78,932,860-9

Address

76 Santa Rosa St.
Santiago, Chile

Corporate Purpose

The company has the following purpose:
a) develop the generation, transmission, purchase, distribution and commercialization of electricity or energy of any other source; b) purchase, extract, operate, process, distribute, commercialize and sell solid, liquid and gas

fuels; c) sell and provide engineering services; d) acquire, purchase, transfer, lease, charge and develop, in any form, the concessions referred to in the Electricity Law, maritime concessions and water rights of any nature; e) transport natural gas, by itself or jointly with third parties in Chile or abroad, including the construction, location, and operation of gas pipelines and other activities directly or indirectly related to such operations; f) catchment, extraction, treatment, desalination, transportation, distribution, commercialization, delivery and supply of seawater, in all its forms, including natural, drinking, desalinated or treated in any way, either by itself or through a third party; g) invest in all types of assets, tangible or intangible, movable or fixed; h) organize and create all kinds of companies whose objectives are related or linked to the energy industry in any form, or that use electricity as the main input, or that relate to any of the aforementioned activities. To achieve its purpose, the company may carry out all acts and enter into all contracts that contribute to its business activities, including the purchase, sale, acquisition or disposal, on any account, of all kinds of assets, tangible or intangible, movable or fixed and may enter into whatever kind of existing companies or join in their formation.

Core Business

Electricity generation and gas transportation

Subscribed and Paid Capital (ThCh\$)

482,511,131

Directors

Raúl Arteaga Errázuriz, Presidente
Sergio Ávila Arancibia
Pablo Arnés Poggi
Humberto Espejo Paluz

Senior Executives

Valter Moro
Chief Executive Officer

Business Relations con Enel Chile S.A.

Communications, human resource management, and capital management service contract provided by Enel Chile S.A. Price: monthly amount expressed in UF.

GASODUCTO ATACAMA ARGENTINA

Name

Gasoducto Atacama Argentina S.A.

Type of Company

Privately held corporation

Taxpayer ID

78,952,420-3

Address:

76 Santa Rosa St.
Santiago, Chile

Corporate Purpose

The transportation of natural gas, either by itself, through or jointly with a third party, in the Chile or abroad, including the construction, location and operation of gas pipelines and other operations directly or indirectly related to this objective. The company has incorporated an agency in Argentina under the name of Gasoducto Cuenca Noroeste Limitada Sucursal Argentina whose purpose is the construction of a gas pipeline between Cornejo, a town in the province of Salta and the Argentina-Chile border in the vicinity of Paso de Jama in Chile's Second Region.

Core Business

Gas transportation

Subscribed and Paid Capital (ThCh\$)

126,309,044

Directors

Raúl Arteaga Errazuriz
Pablo Arnés Poggi
Alex Díaz Sanzana

Senior Executives

Valter Moro
Chief Executive Officer

Business Relations

The company has no business relationships with Enel Chile.

GNL CHILE

Name

GNL Chile S.A.

Type of Company

Privately held corporation

Taxpayer ID

76,418,940-K

Address

532 Rosario Norte St. office 1303
Las Condes, Santiago

Telephone

(562) 2892 8000

Subscribed and Paid Capital (ThCh\$)

1,860,332

Corporate Purpose

The purpose of the company is: a) contract the services of GNL Quintero S.A., a liquefied natural gas ("LNG") regasification company, and utilize its entire natural gas storage, processing, regasification, and delivery capacity and LNG available at its regasification terminal, including its expansions, if any, and any other matter stipulated in the contracts the company might sign for the use of the regasification terminal; b) import LNG from suppliers, as determined by LNG purchase contracts; c) sell and deliver natural gas and LNG, as determined by the natural gas and LNG sales contracts signed by the company with its customers; d) manage and coordinate the schedules and nominations of LNG shipments, as well as the delivery of natural gas and LNG among various customers; and e) fulfill all its obligations and demand the enforcement of all its rights under the previously identified contracts, coordinate all operations under these contracts and, in general, carry out any type of act or enter into any contract that might be necessary, useful or convenient in order to accomplish its purpose.

Core Business

Import and commercialization of natural gas

Directors

Juan Oliva Vásquez
Yasna Ross Romero
Luis Arancibia Yametti

Senior Executives

Alejandro Palma Rioseco
Chief Executive Officer

Business Relations

The company has no business relationships with Enel Chile.

HIDROAYSÉN *

Name

Centrales Hidroeléctricas de Aysén S.A.

Type of Company

Privately held corporation, incorporated in Santiago, Chile and registered in the Securities Register of the SVS.

Taxpayer ID

76,652,400-1.

Corporate Purpose

The development, funding, ownership and exploitation of a hydroelectric project in the XI Region of Aysén with an estimated capacity of 2,750 MW through five hydroelectric power plants, collectively named "Aysén Project". To fulfill its purpose, the company may engage in the following activities: a) generation and transportation of electricity; b) supply and commercialization of electricity to its shareholders; c) manage, operate and maintain hydraulic infrastructure, electricity systems and hydroelectric power generating plants.

*During Extraordinary Meeting held on December 7, 2017, the shareholders agreed to dissolve the company.

PEHUENCHE

Name

Empresa Eléctrica Pehuenche S.A.

Type of Company

Publicly held Limited Liability Stock Corporation, and registered in the Securities Register of the SVS under the number 293

Taxpayer ID

96,504,980-0

Address

76 Santa Rosa St.
Santiago, Chile

Corporate Purpose

Generate, transport, distribute and supply electricity, and acquire and benefit from the respective concessions.

Core Business

Electricity generation

Subscribed and Paid Capital (ThCh\$)

175,774,920

Board of Directors

Raúl Arteaga Errázuriz
 Ignacio Quiñones Sotomayor
 Claudio Helfmann Soto
 Fernando Vallejos Reyes
 Juan Candia Narvaez

Senior Executives

Carlo Carvallo Artigas
Chief Executive Officer

Business Relations

Communications, human resource management, and capital management service contract provided by Enel Chile S.A. Price: monthly amount expressed in UF.

TRANSQUILLOTA

Name

Transmisora Eléctrica de Quillota Ltda.

Type of Company

Limited liability Company

Taxpayer ID

77,017,930-0

Address

Route 60, km 25, Lo Venecia
 Quillota, V Region of Valparaíso, Chile

Corporate Purpose

Transportation, distribution, and supply of electricity, either by itself or through a third party.

Core Business

Electricity transmission

Subscribed and Paid Capital (ThCh\$)

4,404,446

Representatives

Santiago Bradford Vicuña
 Goran Nekik
 Gastón Zepeda Carrasco
 Sergio Ávila Arancibia
 Pedro de la Sotta Sánchez

Business Relations

The company has no commercial relations with Enel Chile.

LUZ ANDES

Name

Luz Andes Limitada

Type of Company

Limited Liability Company

Taxpayer ID

96,800,460-3

Address

76 Santa Rosa St.
 Santiago, Chile

Telephone

(56 2) 2634 6310

Subscribed and Paid Capital (ThCh\$)

1,224

Corporate Purpose

Distribution and sale of electricity, and sale of household, sports, entertainment and computer appliances.

Core Business

Electricity distribution

Joint Administration

Claudio Inzunza Díaz
 Rodrigo Vicente Arévalo Cid.

Senior Executives

Claudio Inzunza Díaz
Chief Executive Officer

Business Relations

(i) Service contract provided by Enel Chile: Comprehensive procurement services, materials purchasing, contracting works, services and consultancies, reception, storage and supply of recurrent and non-recurrent materials, sales agent. Price: Mark-up over average price of consumed materials. (ii) Service contract provided by Enel Chile: Internal audit and compliance control services. Price: UF amount per hour that Enel Chile' staff dedicates to contracted services. (iii) Administration service contract provided by Enel Chile.

EMPRESA ELÉCTRICA DE COLINA

Name

Empresa Eléctrica de Colina Ltda.

Type of Company

Limited Liability Company

Taxpayer ID

96,783,910-8

Address

31 Chacabuco St., Colina
 Santiago, Chile

Telephone

(56 2) 2844 4280

Subscribed and Paid Capital (ThCh\$)

82,222

Corporate Purpose

Distribution and sale of electricity, and sale of household, sports, entertainment and computer appliances.

Core Business

Electricity distribution

Joint Administration

Francisco Javier Evans Miranda
 Rodrigo Vicente Arévalo Cid.

Senior Executives

Francisco Javier Evans Miranda
Chief Executive Officer

Business Relations

(i) Service contract provided by Enel Chile: Comprehensive procurement services, materials purchasing, contracting works, services and consultancies, reception, storage and supply of recurrent and non-recurrent materials, sales agent. Price: Mark-up over average price of consumed materials. (ii) Service contract provided by Enel Chile: Internal audit and compliance control services. Price: UF amount per hour that Enel Chile' staff dedicates to contracted services. (iii) Administration service contract provided by Enel Chile. Price: Monthly amount expressed in UF.



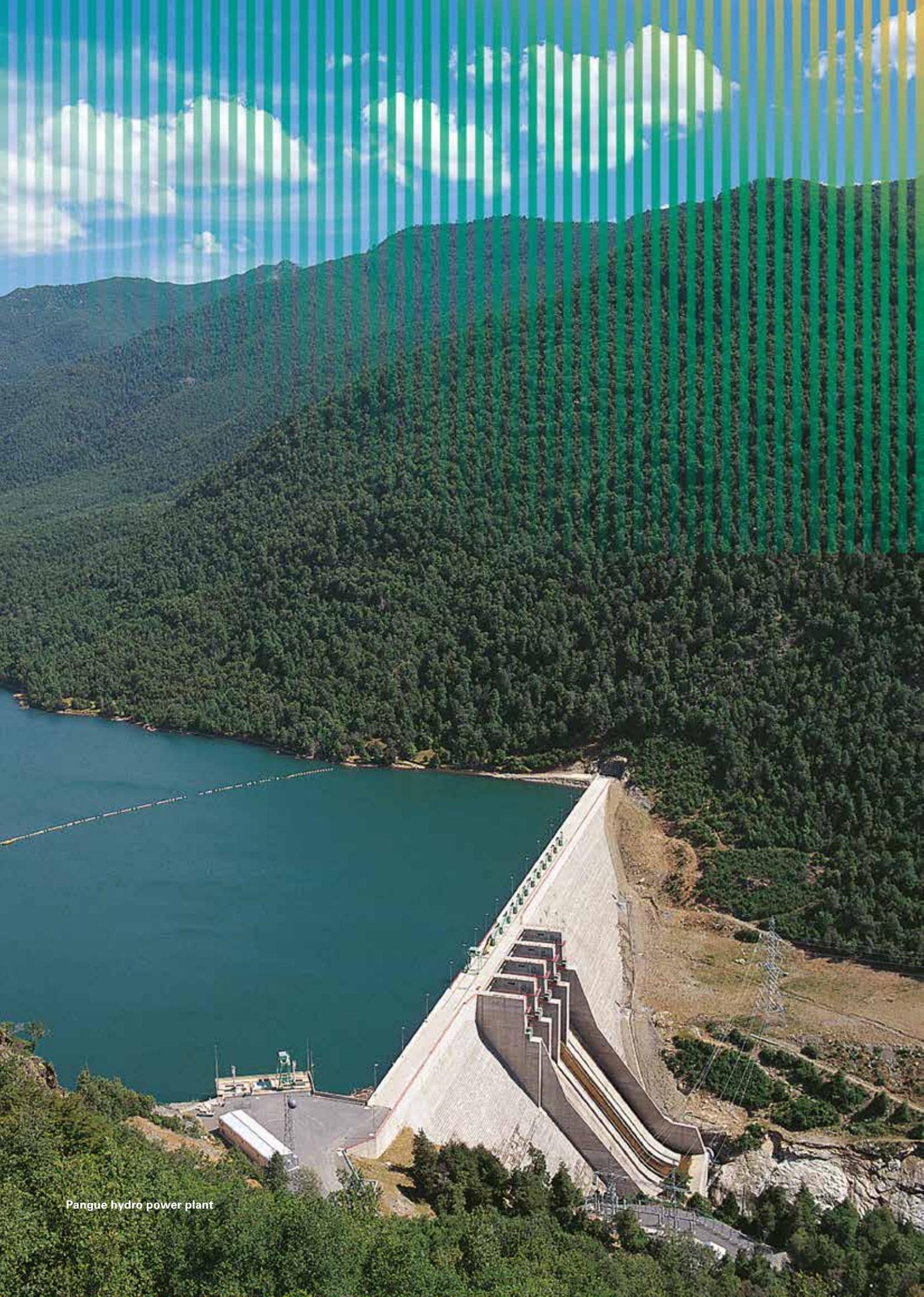


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Statement of Responsibility



A. BENEDETTACURA
AUTORIEBTE
PISTA DERECHA



Pangue hydro power plant

Statement of Responsibility

The Directors of Enel Chile S.A. and its Chief Executive Officer, signatories of this statement, are responsible under oath of the veracity of the information provided in this Annual Report, in compliance with the General Norm N°30, issued by the Superintendence of Securities and Insurance.



CHAIRMAN

Herman Chadwick Piñera
Taxpayer Id: 4,975,992-4



DIRECTOR

Giulio Fazio
Passport: YA4656507



DIRECTOR

Salvatore Bernabei
Taxpayer Id: 24,220,743-2



DIRECTOR

Pablo Cabrera Gaete
Taxpayer Id: 4,774,797-K



DIRECTOR

Daniele Caprini
Passport: YA9188092



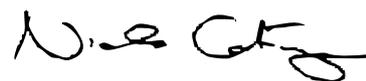
DIRECTOR

Gerardo Jofré Miranda
Taxpayer Id: 5,672,444-3



DIRECTOR

Fernán Gazmuri Plaza
Taxpayer Id : 4,461,192-9



CHIEF EXECUTIVE OFFICER

Nicola Cotugno
Taxpayer Id: 25,476,277-6