



**EXPLANATIONS OF THE MATTERS SUBMITTED FOR VOTE AT THE ORDINARY SHAREHOLDERS'  
MEETING OF ENEL CHILE S.A. TO BE HELD ON APRIL 26, 2017**

▪ **Approval of the Annual Report, Balance Sheet, Financial Statements and External Auditors and Account Inspectors' Reports for the year ended December 31, 2016**

The Board agreed to propose to the Ordinary Shareholders' Meeting of Enel Chile S.A. the approval of the Annual Report, Balance Sheet, Financial Statements and reports of external auditors and account inspectors for the year ended December 31, 2016. Documents available on the Company's website [www.enelchile.cl](http://www.enelchile.cl).

▪ **Distribution of 2016 net income and dividends**

It was agreed to propose to the Ordinary Shareholders Meeting of Enel Chile S.A. the distribution of a definitive dividend equivalent to 50% (fifty percent) of the annual net income for 2016, equal to Ch\$ 3.23430 per share, discounting from this amount the interim dividend paid in January 2017. After the interim dividend payment, the effective amount to distribute to shareholders in May 2017 would be Ch\$ 2.47546 per share.

▪ **Settlement of the compensation of members of the Board'**

Enel Iberoamérica, S.R.L has proposed to pay the members of the Board of Directors of Enel Chile S.A. an annual variable compensation equal to one thousandth of net income for the current fiscal year.

In addition, a monthly compensation shall be assigned to every member of the Board of Directors, comprised of an unconditional and a conditional amount.

The compensation is composed by the following:

UF 180 of unconditional fixed monthly compensation, and UF 66 for attending to each Board meeting, with a maximum of 15 meetings, either ordinary or extraordinary, within the fiscal year.



The monthly compensation received by a board member will be treated as a payment in advance and, as such, will be deducted from annual variable remuneration.

Under the provisions of the Company's by-laws, the remuneration of the Chairman of the Board will be 50% more than that of the other Board members.

If the payments in advance are greater than the annual variable compensation, no reimbursements will be paid. The balance of the annual variable compensation, if applicable, will be paid once the Ordinary Shareholders Meeting approves the Annual Report, Balance Sheet, Financial Statements and reports of external auditors, and account inspectors for the fiscal year ended December 31, 2017.

If a member of the Board of Directors of Enel Chile S.A. serves as a member of the Board of Directors of more than one subsidiary and/or related company, or serves as a member of the Board or governing body of other companies or legal entities in which Enel Chile S.A. holds a direct or indirect interest, the member may only receive compensation from one of the Board of Directors or governing bodies.

Executive Officers of Enel Chile S.A and/or its subsidiaries or related companies, will not receive fixed or per board meeting compensation for attending as a member of the Board of any subsidiary, related company or any way affiliated company to Enel Chile S.A.

Such compensation may be received by Executive Officers if they are previously authorized in advance to receive the annual variable compensation related to their contract with its respective employer.

- **Setting the compensation and budget of the Directors' Committee for 2017**

Enel Iberoamérica S.R.L. has proposed to pay to the Directors' Committee an annual variable compensation equal to 0.11765 per thousand (0.11765/1000) of net income for the current fiscal year.

Also, each member of the Directors' Committee shall also receive monthly compensation, consist of the following: UF 60, unconditional, fixed monthly compensation, and UF 22 for attending each Board meeting, with a maximum of 15 meetings, ordinary or extraordinary, within the fiscal year.



The monthly compensation received by a board member will be treated as in advance payment and as such will be deducted from the aforementioned annual variable compensation.

If the advanced payments are greater than the annual variable compensation, no reimbursements will be paid. The balance of the annual variable compensation, if applicable, will be paid once the Ordinary Shareholders' Meeting approves the Annual Report, Balance Sheet, Financial Statements and reports of external auditors, and account inspectors for the fiscal year ended December 31, 2017.

Moreover, the Board of Directors of Enel Chile S.A., during the session held on February 28, 2017, through Agreement N° 15/2017, agreed to propose to the Ordinary Shareholders' Meeting of Enel Chile S.A. a 10,000 UF operating budget for the Directors' Committee of Enel Chile S.A. and its advisors for 2017.

- **Report on Board of Directors' expenses and Annual Report on the Directors' Committee Management, Activities and Expenses**

This matter is only to inform Shareholders, and it is therefore not subject to vote by the Shareholders Meeting.

- **Appointing an External Audit Firm governed by Title XXVIII of Law 18,045**

In accordance with Article 50 bis of Law 18,046 and Official Letters No 718/2012 y No 764/2012 of the Superintendence of Securities and Insurance, it is established that, regarding the proposal of external auditing firms, *"the Board of Directors must provide the shareholders with justification of all candidates who will be proposed at the shareholders' meeting, in order to provide all necessary information to the Shareholders for the decision of which audit firm will examine the financial statements. Such justification should contain, in detail, the Board's reasons for proposing each firm, taking into account aspects like the hours and resources they will devote to the review process, the experience of the audit firm, the knowledge and experience of the team that will be in charge of such review, taking into account the industry, sector, size and other characteristics of the company to be reviewed, and any other aspect considered relevant. The above should be accompanied by the corresponding order of preference of the candidates proposed."*



Therefore, for Shareholder information, listed below are the audit firms under consideration, and in order by which indicates the Board of Directors preference to be presented to the Ordinary Shareholders ' Meeting. Proposals were requested from firms EY – Ernst & Young, KPMG Auditores Consultores Ltda., PKF Chile Auditores Consultores Ltda., RSM Chile Auditores Ltda., BDO Auditores & Consultores Ltda., and Deloitte, the latter excused to participate in the process due to independence issues.

On March 30, 2017, and after analyzing the proposals received regarding their qualitative and quantitative features, the Board of Directors of Enel Chile S.A. agreed to propose to the Ordinary Shareholders Meeting, in order of preference, the following list of firms as the External Auditors for Enel Chile S.A.:

1. EY – Ernst & Young
2. KPMG Auditores Consultores Ltda.
3. BDO Auditores & Consultores Ltda.
4. RSM Chile Auditores Limitada
5. PKF Chile Auditores Consultores Ltda.

However, considering that KPMG Auditores Consultores Ltda is the auditing firm proposed for Enel Generación Chile S.A., it is therefore unable to serve as the external auditing firm for Enel Chile S.A. by Resolution 667/2002, published by the Honorable Antimonopoly Resolute Commission. In such case, the options that follow should be considered in the same order as listed.

The relevant foundations behind presenting Ernst & Young as the preferred candidate to be the External Audit Firm of Enel Chile S.A. are the following: (i) it submitted the most competitive proposal, in both technical and economic terms; (ii) it has high qualifications in terms of available resource quality as well as experience in the electricity sector; (iii) it is one of the four most important auditing firms nationally and internationally, and the firm with the highest level of synergy with Enel Chile S.A., since Enel Chile S.A.'s controlling shareholder has Ernst & Young as its main auditing firm; and (v) it does not pose any inconvenience with regard to the Sarbanes-Oxley Act nor Chilean legislation.



- **Appointment of two Account Inspectors, two alternates, and their compensation**

Enel Chile S.A. will propose to the Ordinary Shareholders' Meeting Mr. **Waldo Gómez** and **Luis Bone** as account inspectors, and **Luis Rivera** and **Fernando Yevenesh**, as their respective alternates. They have all confirmed their independence from the Company, and have submitted copies of their valid Account Inspector and External Auditor Registry (RICAE in its Spanish acronym) Membership Certificate, issued by the Superintendence of Securities and Insurance.

The compensation for account inspectors to be proposed to, and decided by, the Ordinary Shareholders' Meeting amounts to UF 50.

- **Appointment of Private Credit Rating Agencies**

On February 28, 2017, through Agreement N° 14/2017, the members of the Board of Directors of Enel Chile S.A. present at the session, unanimously agreed to propose to the Ordinary Shareholders' Meeting the designation of firms **Feller Rate Clasificadora de Riesgo Limitada** and **Fitch Chile Clasificadora de Riesgo Limitada** nationally, and **Standard & Poor's Rating Services** internationally, as the Private Credit Rating Agencies for Enel Chile S.A. in fiscal year 2017.

This year, as opposed to last year, the Board proposes to have one international Credit Rating Agency rather than two, considering that the Company has no debt.

- **Approval of the Investment and Financing Policy**

On February 28, 2017, through Agreement N° 16/2017, the Board of Directors of Enel Chile S.A. agreed to propose the following investment and financing policy to the Shareholders' Meeting:

## ENEL CHILE 2017 INVESTMENT AND FINANCING POLICY

### 1. INVESTMENTS



- A) Investment Areas: i) Enel Chile will invest, as established by its by-laws, in the following areas: investments in, or for the creation of, subsidiaries and related companies whose activities are aligned, related, or linked to energy, in any type or form, or to the provision of utility services or whose primary raw material is energy; (ii) investments consisting of the acquisition, exploitation, construction, rental, administration, commercialization, and disposal of all kinds of property, either directly or through subsidiaries; and (iii) other investments in all types of financial assets or transferable securities.
- B) Maximum investment limits: the maximum investment in each investment area is the following: i) investments in its electricity sector subsidiaries, the amount necessary for the subsidiaries to fulfill their respective corporate purpose, limited to a maximum amount equal to 50% of Total Equity of Enel Chile S.A. consolidated balance sheet as of December 31, 2016; and (ii) investments in other subsidiaries not in the electricity industry, as long as at least 50.1% of the total consolidated assets of Enel Chile S.A. are part of the electricity industry.
- C) Participation in the control of investments: In order to control investments, and in accordance with the corporate purpose of Enel Chile, the following procedure will be adhered to, whenever possible:
- i) At the subsidiaries' or related companies' Shareholders' Meetings, proposals will be submitted to appoint directors to reach at least the percentage of Enel Chile's ownership share in such company and preferably chosen among board members or executives of Enel Chile or its subsidiaries;
  - (ii) investment, financing and commercial policies will be proposed to the subsidiaries and related companies, in addition to the accounting systems and criteria to follow;
  - (iii) management of subsidiaries and relates companies will be supervised; and
  - (iv) debt levels will constantly be monitored.

## 2. FINANCING

- A) The maximum amount of debt. The maximum indebtedness of Enel Chile S.A. will be given by the ratio of Total Financial Debt (defined as other current financial liabilities plus other noncurrent financial liabilities) to Total Equity equal to or less than 2.2 times calculated with figures from Enel Chile's consolidated balance sheet as of December 31, 2016;



- B) Management's attributions to convene with lenders regarding Enel Chile's dividend distribution restrictions. Management may only convene with lenders regarding dividend distribution restrictions if such restrictions have been approved by a Shareholders Meeting (ordinary or extraordinary);
  - C) Management's attributions to convene with lenders regarding granting guarantees. The Extraordinary Shareholders' Meeting is to approve granting liens or warranties on the essential assets indicated below, as guarantee of third-party obligations;
  - D) Essential assets to the Company's operation. Assets considered essential for the operation of Enel Chile are the stocks that allow maintaining control, either by holding the majority of shares or through agreements or pacts with shareholders, in Enel Generación Chile and Enel Distribución Chile.
- **Dividend Policy for fiscal year 2017 and Information on Procedures to be followed for Dividend Distribution**

On February 28, 2017, through Agreement N°17/2017, the Board of Directors agreed to propose to the Ordinary Shareholders' Meeting of Enel Chile S.A. the following Dividend Policy for 2017, as well as the corresponding procedure for the payment of dividends of Enel Chile S.A.

#### DIVIDEND POLICY FOR FISCAL YEAR 2017

The Board of Directors aims to distribute an interim dividend, deducted from the net income of the fiscal year 2017, of up to 15% of net income as of September 30, 2017, as shown on the consolidated financial statements of Enel Chile S.A. as of that date and to be paid in January 2018. The Board of Directors also intends to propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2017, the distribution of a definitive dividend equal to 55% of net income for the fiscal year 2017.

The definitive dividend will correspond to the one determined by the Ordinary Shareholders' Meeting to be held during the first quarter of 2018.



Compliance with the aforementioned dividend program would be conditioned to the actual net income that the company obtains, as well as to the results of projections that the company regularly performs, or to the existence of certain conditions, as appropriate.

**Dividend Payment Procedure for Enel Chile S.A.** For the payment of dividends, whether interim or definitive and aiming to avoid undue collection, Enel Chile S.A. considers the following alternatives: 1. Deposit in a current account, whose holder is the shareholder; 2. Deposit in a savings account, whose holder is the Shareholder; 3. Forwarding a check or bank note through certified mail services to the residence of the shareholder, as listed in the Enel Chile S.A.' Shareholder Registry; and 4. Pick up the check or bank note at the offices of DCV Registros S.A. in its condition of administrator of the Shareholder Registry of Enel Chile S.A., or in the bank or branch offices that are determined for such purpose, and that will be disclosed in the notice to be published regarding dividend payments.

To these effects, current and savings accounts may be from any bank in the country. It is important to emphasize that the preferred method of payment by each shareholder will be used by DCV Registros S.A. for all dividend payments, as long as the shareholder does not express in writing his or her intention to modify the payment method and requests another alternative.

To shareholders that have not registered a method of payment, they will be paid by method N° 4, described above.

If checks or bank notes are returned by mail to DCV Registros S.A., they shall remain in its custody until requested or picked up by the shareholders.

When is chosen a current account deposit, Enel Chile S.A. and/or DCV Registros S.A. could request the bank to verify account for security reasons. Should the account indicated by the shareholder be objected, either due to a verification process or any other reason, the dividend will be paid by method N° 4, described above.





Moreover, the Company has adopted and will continue to adopt in the future all necessary security measures required by the process of dividend payments to protect the interests of shareholders as well as Enel Chile S.A.

- **Board of Directors' Agreements regarding acts or contracts governed by Title XVI of Law N° 18,046.**

This matter is only to inform Shareholders, and it is therefore not subject to vote by the Shareholders Meeting.

- **Other matters within the competence of the Ordinary Shareholders' Meeting**

Regarding any remaining matters to be voted by the Ordinary Shareholders' Meeting, to this date, no proposals to be voted upon have been received from shareholders or the Board of Directors.

- **Additional agreements adopted to correctly implement the approved resolutions.**

A proposal to the Ordinary Shareholders' Meeting will be submitted to authorize Nicola Cotugno, Raffaele Grandi and Domingo Valdés Prieto, to indistinctly formalize and legalize the agreements and resolutions adopted by the Shareholders' Meeting; to disclose the significant events related to the Shareholders' Meeting agreements, or those required by pertinent public authorities; and to grant explanatory or complementary public deeds that contain the agreements reached by the Shareholders' Meeting.