



**EXPLANATIONS OF THE MATTERS SUBMITTED FOR VOTE AT THE ORDINARY SHAREHOLDERS' MEETING  
OF ENEL CHILE S.A. TO BE HELD ON APRIL 25, 2018**

- **Approval of the Annual Report, Balance Sheet, Financial Statements and External Auditors' and Account Inspectors' Reports for the year ended December 31<sup>st</sup>, 2017**

The Board agreed to propose 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, 2017. The documents are available on the Company's website [www.enelchile.cl](http://www.enelchile.cl).

- **Distribution of fiscal year 2017 net income and dividends**

According to Enel Chile's current dividend policy, the Board proposes to distribute a dividend equivalent to 55% of fiscal year 2017 distributable net income equal to Ch\$ 192,160,453,281. Deducting the interim dividend paid in January 2018, equivalent to 15% of net income as of September 30, 2017, equal to Ch\$37,134,944,063 or Ch\$ 0.7564238476207 per share.

Thus, the effective amount that will be proposed to distribute to the shareholders at the next Ordinary Meeting will be of a total of Ch\$ 155,025,509,218 to be paid on May 18, 2018 to all those shareholders registered in the Register of Shareholders with 5 business days in advance of said payment date.

- **Renewal of the Board of Directors**

Board member Mr Vincenzo Ranieri resigned to his position as board member of Enel Chile in February 2018, and therefore the Ordinary Shareholders' Meeting must renew the entire Board of Directors. As determined by Article 50 bis of the Chilean Corporations Act 18,046 and Executive Circular N° 1956/2009 issued by the Superintendence of Securities and Insurance (currently the Financial Market Commission), the Company is awaiting the list of the proposed candidates to the Board of Directors, to opportunistically disclose to shareholders.

The members to the Board will be elected from among the candidates that have been duly registered as candidates on the list, which will be published on the Company website [www.enelchile.cl](http://www.enelchile.cl) once it has been received.



- **Establishing Board member's compensation**

To date, proposals from shareholders on this subject, to be voted on during the Ordinary Shareholders' Meeting, have not been received. Proposals on the matter from the Board of Directors have not been received either. Therefore, the proposals that shareholders formulate during the Meeting, when the matter is being dealt with, will be subject to the approval of the Ordinary Shareholders' Meeting.

- **Establishing the Directors' Committee compensation and budget for 2018**

To date, proposals from shareholders on this subject, to be voted on during the Ordinary Shareholders' Meeting, have not been received. Proposals on the matter from the Board of Directors have not been received either. Therefore, the proposals that shareholders formulate during the Meeting, when the matter is being dealt with, will be subject to the approval of the Ordinary Shareholders' Meeting.

The Board of Directors of Enel Chile S.A., during the session held on February 27, 2018, through Agreement N° 31/2018, 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 2018. This amount does not include the compensation for the members of the Directors' Committee.

- **Report on Board of Directors' expenses and Annual Report on the Directors' Committee Management 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 Executive Orders N° 718/2012 y N° 764/2012 of the Superintendence of Securities and Insurance (currently the Financial Market Commission) 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, the audit firms under consideration to be proposed to the Ordinary Shareholders' Meeting, and in the order which indicates the Board of Directors preference, are listed below. The Board requested proposals from firms EY – Ernst & Young, KPMG Auditores Consultores Ltda., BDO Auditores & Consultores Ltda., PKF Chile Auditores Consultores Ltda., RSM Chile Auditores Ltda., and Deloitte, the latter recusing from the process due to independence issues.

On March 29, 2018, and after analyzing the received proposals regarding their qualitative and quantitative features, the Board of Directors of Enel Chile S.A. agreed to propose to the Ordinary Shareholders Meeting the following list of firms as the External Auditors for Enel Chile S.A., in order of preference:

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

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

The relevant justifications for 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 (iv) 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. **Bruno David Agustín Costa Nattero**, and **Rolf Ernst Heller Ihle** as account inspectors, and **Luis Raúl Bone Solano** and **Wenceslao Matamala Castro**, 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 Registration Membership Certificate (RICAЕ in its Spanish acronym), issued by the Financial Market Commission.

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

- **Appointment of Private Risk Rating Agencies**

On February 27, 2018, through Agreement N° 20/2018, 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** and **Fitch Chile Clasificadora de Riesgo** nationally, and **Standard & Poor's Rating Services** and **Moody's** internationally, as the Private Risk Rating Agencies for Enel Chile S.A. for 2018.

This year, as opposed to last year, the Board proposes to have two international Risk Rating Agencies.

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

On February 27, 2018, through Agreement N° 21/2018, the Board of Directors of Enel Chile S.A. agreed to propose the following investment and financing policy to the Shareholders' Meeting:

#### ENEL CHILE 2018 INVESTMENT AND FINANCING POLICY

##### 1. INVESTMENTS

- A) Investment Areas: i) Enel Chile will invest, as authorized by its bylaws, in the following areas: investments in, or for the creation of, subsidiaries and associate 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; (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, 2017; and (ii) investments in other subsidiaries not in the electricity business, as long as at least 50.1% of the total consolidated assets of Enel Chile S.A. belong to 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 associate 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 associate companies, in addition to the accounting systems and criteria to follow; (iii) management of subsidiaries and associate 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, 2017;
- 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 to third-party obligations;



D) Assets essential 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, of Enel Generación Chile and Enel Distribución Chile.

▪ **Dividend Policy 2018 and Information on Procedures to be followed for Dividend Distribution**

On February 27, 2018, through Agreement N°22/2018, the Board of Directors agreed to propose to the Ordinary Shareholders' Meeting of Enel Chile S.A. the following Dividend Policy for 2018, as well as the corresponding procedure for the payment of dividends of Enel Chile S.A.

**"DIVIDEND POLICY 2018**

The Board of Directors intends to distribute an interim dividend, deducted from the net income of fiscal year 2018, of up to 15% of net income as of September 30, 2018, as shown on the consolidated financial statements of Enel Chile S.A. as of that date, to be paid in January 2019.

The Board of Directors also intends to propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2019, the distribution of a definitive dividend equal to 60% of net income for the fiscal year 2018. The definitive dividend will correspond to the one determined by the Ordinary Shareholders' Meeting to be held during the first four months of 2019.

Compliance with the aforementioned dividend program will be conditioned to the actual net income the company obtains, as well as to the results of projections 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 checking 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. Check or bank note available for pick up at the offices of *DCV Registros S.A.* as the 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, checking 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.



The shareholders that have not registered a method of payment 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 checking account deposit is chosen, Enel Chile S.A. and/or *DCV Registros S.A.* could request the bank to verify the 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.

The Company has adopted and will continue to adopt in the future all necessary security measures required by the dividend payment process to protect the interests of shareholders and of 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.

- **Information regarding costs of processing, printing, and delivery of the information required by Executive Order N° 1,816 of the Superintendence of Securities and Insurance**

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

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

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

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

The Board will propose to the Ordinary Shareholders' Meeting to duly 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 subscribed by the Shareholders' Meeting.