

ENEL GENERACIÓN CHILE
ANNOUNCES CONSOLIDATED RESULTS
FOR THE PERIOD ENDED DECEMBER 31, 2020
(Amounts expressed in millions of Chilean Pesos)

- On December 31, 2020, Enel Generación Chile disconnected and stopped operations of unit 1 of the Bocamina power plant located in Coronel county, three years before the date the Company had originally committed to end the operation of this coal-fired unit. The disconnection of this Bocamina unit in addition to the closure of Tarapacá power plant on December 31, 2019, is a significant progress in the Company's decarbonization process.
- Net income attributable to Enel Generación Chile S.A. reached a Ch\$ 155,087 million loss as of December 2020 compared to a Ch\$ 196,343 million profit for the previous year. This was mainly explained by the Ch\$ 417,836 million higher impairment loss related to the decarbonization process and a Ch\$ 121,118 million extraordinary income booked in March 2019 due to the early termination of the electricity supply contracts signed by the Company with Anglo American Sur in 2016. Net income attributable to Enel Generación Chile for Q4 2020 reached Ch\$ 144,334 million, equivalent to a 114.2% increase when compared to Q4 2019 mainly due to lower operating costs and lower tax expenses.
- When excluding these extraordinary effects, net income of Enel Generación Chile S.A. increased 20.8% to Ch\$ 372,779 million as of December 2020 when compared to the Ch\$ 308,582 million adjusted net income as of December 31, 2019. When applying the same criterion to quarterly results, net income increased 120.8% from Ch\$ 69,047 million for Q4 2019 to Ch\$ 152,456 million for Q4 2020.
- Net electricity generation reached 15,913 GWh in 2020, 9.3% less than the previous year, while during Q4 2020 net electricity generation amounted to 4,334 GWh, which is 5.6% higher than the figure for Q4 2019 mostly due to greater hydroelectric generation and higher combined cycle power plant dispatch.
- Physical energy sales amounted to 21,810 GWh as of December 2020, 1.9% less than 2019 mainly explained by a lower regulated demand. However, physical energy sales during Q4 2020 improved 9.5% to total 5,700 GWh due to higher physical sales to free customers and to the spot market.

- Operating revenues for 2020 reached Ch\$ 1,490,102 million, equivalent to a 9.1% reduction when compared to 2019 due to the extraordinary income booked in March 2019 as mentioned above, and also due to lower gas sales. These effects were partially offset by higher energy sales as a result of the positive effect of the average energy price when expressed in Chilean pesos. During Q4 2020, operating revenues declined 5.3% to Ch\$ 368,693 million primarily due to lower gas sales.
- Procurement and services costs decreased 2.8% to Ch\$ 811,504 million as of December 2020, mainly explained by lower transportation costs and other variable procurement and services costs. During Q4 2020, the trend was similar but heightened by the snow melting season that led procurement and services costs to decrease 26.4% to Ch\$ 158,685 million. This was mostly due to lower energy purchases, lower transportation costs and lower other variable procurement and services costs.
- As a result of the factors previously mentioned, the Company's EBITDA as of December 2020 decreased 18.3% to Ch\$ 547,442 million, but when excluding the extraordinary effects, EBITDA increased 4.4% when compared to December 2019, to Ch\$ 572,690 million. During Q4 2020, EBITDA increased 25.7% to Ch\$ 174,232 million when compared to Q4 2019. When excluding the extraordinary effects, EBITDA increased 32.3% when compared to Q4 2019 to Ch\$ 183,328 million.
- Net financial result improved from a Ch\$ 58,362 million expense as of December 2019 to a Ch\$ 46,482 million expense as of December 2020, mainly explained by lower financial expenses. During Q4 2020, net financial result amounted to a Ch\$ 16,446 million expense representing a 15.5% decrease when compared to Q4 2019 due to the lower financial expenses mentioned above.

FINANCIAL SUMMARY

- Gross financial debt of the Company at year-end 2020 reached US\$ 1,113 million, US\$ 47 million less than year-end 2019.
- The average cost of debt increased from 6.1% as of December 2019 to 6.5% as of December 2020.
- The Company's available cash and cash equivalents amounted to US\$ 7 million as of December 2020.

ENEL GENERACIÓN CHILE

FINANCIAL STATEMENTS ANALYSIS

AS OF DECEMBER 31, 2020



The Enel Generación Chile Group owns and operates 109 electricity generation units with 6,001 MW total combined gross installed capacity as of December 31, 2020. Of this total, 38 generation units are hydroelectric with a total 3,469 MW installed capacity, 20 are thermal generation units that operate using gas, coal, and fuel oil with 2,454 MW installed capacity and 51 are wind generation units with 78 MW installed capacity. Consequently, 59% of our installed capacity is renewable energy and 41% is thermal.

Markets in which participates	Energy Sales (GWh)						Market share (%)	
	Cumulative			Quarterly			Dec-20	Dec-19
	Dec-20	Dec-19	% Change	Q4 2020	Q4 2019	% Change		
Sistema Eléctrico Nacional (SEN)	21,810	22,232	(1.9%)	5,700	5,204	9.5%	30.4%	31.0%

INFORMATION RELEVANT TO THE ANALYSIS OF THESE FINANCIAL STATEMENTS

Regulatory Changes:

As part of the Social Agenda announced by the government, the Ministry of Energy published Law 21,185 (hereafter the “Tariff Stabilization Law”) in the Official Gazette on November 2, 2019. This Law creates a Temporary Regulated Customer Tariff Stabilization Mechanism that states that the price to charge regulated customers for electricity from July 1, 2019 through December 31, 2020 is to be equal to the prices in force during the first semester of 2019 (Decree 20T/2018). This stabilized price was named the “Stabilized Regulated Customer Price” (PEC in its Spanish acronym). From January 1, 2021 until the stabilization mechanism is suspended, the prices will be those defined in the tariff setting processes carried out every six months as established in Article 158 of the Electricity Law, but not to exceed the PEC adjusted by inflation according to the Consumer Price Index as of January 1, 2021, using the same date as base (adjusted PEC). The billing differences until 2023 are to be recorded as an account receivable in favor of generation companies, limited to a maximum US\$ 1,350 million. The balance of these account receivables must be recovered by December 31, 2027.

On September 14, 2020, the National Energy Commission published Exempt Resolution 340 that modified the technical provisions regarding the implementation of the Tariff Stabilization Law. This Resolution clarified that the payment to each supplier “must be booked against the balance in a chronological manner, beginning with the most dated to the most recent pending balances”, and not weighted based on the total balance pending payment as it had been interpreted by the Industry up to such date.

Additionally, this Resolution established that the payment of balances is to be performed using the Observed Exchange Rate on the sixth working day following the day the balance Payment Chart is published by the Coordinator, which replaces the average value of the dollar during the billing month that had been in force up to then.

I.- CONSOLIDATED FINANCIAL STATEMENT ANALYSIS

1. Statement of Comprehensive Income Analysis

Net income attributable to Enel Generación Chile as of December 2020 amounted to a Ch\$ 155,087 million loss, compared to a Ch\$ 196,343 million profit booked for the previous period. During Q4 2020, net income attributable to Enel Generación Chile amounted to Ch\$ 144,334 million, which represents a Ch\$ 76,946 million increase when compared to Q4 2019.

The following table shows comparative figures for each item of the income statement from operations as of December 31, of 2020 and 2019:

CONSOLIDATED INCOME STATEMENT (Million Ch\$)	Cumulative Figures				Quarterly Figures			
	Dec-20	Dec-19	Change	% Change	Q4 2020	Q4 2019	Change	% Change
REVENUES	1,490,102	1,638,374	(148,272)	(9.1%)	368,693	389,268	(20,575)	(5.3%)
Sales	1,457,276	1,494,119	(36,843)	(2.5%)	357,266	378,051	(20,785)	(5.5%)
Other operating revenues	32,826	144,255	(111,429)	(77.2%)	11,427	11,217	210	1.9%
PROCUREMENT AND SERVICES	(811,504)	(834,936)	23,432	(2.8%)	(158,685)	(215,581)	56,896	(26.4%)
Energy purchases	(378,199)	(327,157)	(51,042)	15.6%	(83,214)	(118,436)	35,222	(29.7%)
Fuel consumption	(231,176)	(230,944)	(232)	0.1%	(37,485)	(29,340)	(8,145)	27.8%
Transportation expenses	(107,534)	(158,966)	51,432	(32.4%)	(19,906)	(38,830)	18,924	(48.7%)
Other variable procurement and service cost	(94,595)	(117,869)	23,274	(19.8%)	(18,080)	(28,975)	10,895	(37.6%)
CONTRIBUTION MARGIN	678,598	803,438	(124,840)	(15.5%)	210,008	173,687	36,321	20.9%
Other work performed by entity and capitalized	4,659	4,673	(14)	(0.3%)	1,372	1,440	(68)	(4.7%)
Employee benefits expense	(48,830)	(49,731)	901	(1.8%)	(12,820)	(11,778)	(1,042)	8.9%
Other fixed operating expenses	(86,985)	(88,637)	1,652	(1.9%)	(24,328)	(24,762)	434	(1.8%)
GROSS OPERATING INCOME (EBITDA)	547,442	669,743	(122,301)	(18.3%)	174,232	138,587	35,645	25.7%
Depreciation and amortization	(85,968)	(107,456)	21,488	(20.0%)	(18,112)	(26,278)	8,166	(31.1%)
Impairment loss (Reversal)	(697,856)	(280,020)	(417,836)	149.2%	(2,030)	(2,272)	242	0.0%
Impairment loss (Reversal) for applying IFRS 9	(226)	(1,348)	1,122	(83.2%)	(58)	(1,226)	1,168	(95.3%)
OPERATING INCOME (EBIT)	(236,608)	280,919	(517,527)	(184.2%)	154,032	108,811	45,221	41.6%
NET FINANCIAL EXPENSE	(46,482)	(58,362)	11,880	(20.4%)	(16,446)	(19,465)	3,019	(15.5%)
Financial income	12,075	9,420	2,655	28.2%	(1,200)	6,092	(7,292)	(119.7%)
Financial costs	(28,329)	(65,711)	37,382	(56.9%)	9,530	(26,323)	35,853	(136.2%)
Gain (Loss) for indexed assets and liabilities	(703)	(5,157)	4,454	(86.4%)	1,056	(735)	1,791	n/a
Foreign currency exchange differences, net	(29,525)	3,086	(32,611)	n/a	(25,832)	1,501	(27,333)	n/a
OTHER NON-OPERATING RESULTS	11,973	2,227	9,746	n/a	10,545	(174)	10,719	n/a
Net Income from other investments	2,495	546	1,949	n/a	1,161	(174)	1,335	n/a
Net Income from Sale of Assets	94	150	(56)	(37.3%)	-	-	-	-
Share of profit (loss) of associates accounted for using the equity method	9,384	1,531	7,853	n/a	9,384	-	9,384	100.0%
NET INCOME BEFORE TAXES	(271,117)	224,784	(495,901)	n/a	148,131	89,172	58,959	66.1%
Income Tax	122,434	(23,458)	145,892	n/a	(1,595)	(19,925)	18,330	(92.0%)
NET INCOME	(148,683)	201,326	(350,009)	(173.9%)	146,536	69,247	77,289	111.6%
Shareholders of the parent company	(155,087)	196,343	(351,430)	(179.0%)	144,334	67,388	76,946	114.2%
Non-controlling interest	6,404	4,983	1,421	28.5%	2,202	1,859	343	18.5%
Earning per share (Ch\$/share) (*)	(18.91)	23.94	(42.85)	(179.0%)	17.60	8.22	9.38	114.2%

(*) As of December 31, 2020 and December 31, 2019 the average number of paid and subscribed shares was 8,201,754,580.

Operating Income

The Company's EBITDA decreased Ch\$ 122,301 million to Ch\$ 547,442 million as of December 31, 2020. Operating income decreased Ch\$ 517,257 million to a Ch\$ 236,608 million loss as of December 31, 2020.

Operating revenues totaled Ch\$ 1,490,102 million, representing a Ch\$ 148,272 million or 9.1% reduction when compared to the previous year, mainly due to the following:

- Lower other sales for Ch\$ 59,032 million mainly due to a reduction in gas sales revenue.
- Lower other operating revenues for Ch\$ 111,429 million mainly due to the extraordinary income booked last year for Ch\$ 121,118 million due to the early termination of the 3 Anglo American Sur contracts that had been signed in 2016, and to the reversal of Ch\$ 2,680 million in fines booked in 2019, offset by higher revenues related to insurance policies for Ch\$ 4,597 million, and greater revenues from temporary facility rentals for Ch\$ 7,714 million.

The above was partially offset by:

- Higher energy sales amounting to Ch\$ 22,438 million, mainly explained by: (i) a higher average sales price when expressed in Chilean pesos due to the depreciation of the local currency / US dollar exchange rate for Ch\$ 34,922 million; (ii) a Ch\$ 22,936 million increase in revenues from ancillary services related to safety and service quality; and (iii) greater revenue from commodity hedges for Ch\$ 10,717 million. These effects were partly offset by a 421 GWh reduction in physical sales amounting to Ch\$ 46,137 million (-1,881 GWh to regulated customers partially offset by a +1,150 GWh increase in physical sales to free customers and +310 GWh to the spot market), as a consequence of the lockdowns declared in the Chile's main cities due the COVID 19 pandemic, in addition to the migration of customers.
- During Q4 2020, operating revenues amounted to Ch\$ 368,693 million, which represents a Ch\$ 20,575 million reduction (or 5.3%), when compared to Ch\$ 389,268 million for Q4 2019. This variation is mainly explained by a Ch\$ 16,334 million reduction in gas sales and a Ch\$ 5,662 million decrease in energy sales.

Procurement and services costs decreased Ch\$ 23,432 million, or 2.8%, explained by the following:

- A Ch\$ 51,432 million decrease in transportation costs mainly explained by a Ch\$ 58,706 million reduction in tolls primarily due to a Ch\$ 37,913 million decrease in the electricity transmission charge (“CET” in its Spanish acronym) that is a component of the toll for feeding electricity into the national transmission system, a lower cost of the zonal transmission system’s AAT (Spanish acronym for harmonization adjustment tariff) amounting to Ch\$ 18,086 million, and lower gas transportation costs for Ch\$ 6,390 million. These effects were partially offset by a Ch\$ 13,699 million increase in regasification costs.
- Other procurement and services costs decreased Ch\$ 23,274 million, mainly due to lower gas commercialization costs for Ch\$ 40,665 million, and lower thermal emission taxes for Ch\$ 1,377 million. These effects were partly offset by a higher cost of commodity hedging transaction amounting to Ch\$ 13,541 million, and a higher cost related to temporary facility rentals for Ch\$ 5,572 million.

The above was partially offset by:

- A Ch\$ 51,042 million increase in energy purchases, mainly greater physical energy purchases on the spot market (+1,477 GWh) due to lower hydroelectric generation (-845 GWh) as a consequence of Chile’s hydrologic conditions. Additionally, thermal power plant dispatch declined -780 GWh due to a lower coal fired generation.
- Fuel consumption costs increased Ch\$ 232 million mainly due to a higher cost of commodity hedges amounting to Ch\$ 23,746 million, a Ch\$ 21,246 million impairment loss on coal inventories and Ch\$ 329 million on diesel oil inventories both related to Bocamina II power plant, higher gas consumption costs for Ch\$ 8,012 million related to greater gas-fired electricity generation and a Ch\$ 2,444 million increase in fuel oil consumption costs. These effects were offset by a Ch\$ 55,546 million reduction in coal consumption costs related to lower coal fired generation during the period and a lower international price of coal.
- During Q4 2020, procurement and services costs reached Ch\$ 158,685 million, representing a 26.4% decrease, or Ch\$ 56,896 million, when compared to the Ch\$ 215,581 million for the same quarter of 2019. This reduction is mainly due to (i) a Ch\$ 35,222 million decrease in energy purchases primarily due to a lower

average purchase price, (ii) Ch\$ 18,924 million reduction in transportation costs, mainly the Ch\$ 19,727 million reduction in tolls offset by a Ch\$ 1,356 million increase in regasification costs, and (iii) a reduction in other procurement and services costs for Ch\$ 10,895 million mainly related to lower gas commercialization costs for Ch\$ 13,349 million. The above was partially offset by (iv) a Ch\$ 8,145 million increase in fuel consumption costs, mainly due to the Ch\$ 3,873 million increase in gas consumption costs, higher commodity hedging costs for Ch\$ 8,083 million, the Ch\$ 5,304 million impairment loss on coal inventories and Ch\$ 118 million on diesel oil inventories related to Bocamina II power plant, and a Ch\$ 727 million increase in fuel oil consumption costs, compensated by lower coal consumption costs for Ch\$ 10,064 million.

Other operating expenses decreased Ch\$ 1,652 million, mostly due to a Ch\$ 4,904 million decline in maintenance and repair service expenses, a Ch\$ 2,085 million decrease in outsourced services costs, a Ch\$ 1,229 million reduction in professional services costs, and a Ch\$ 585 million reduction in personnel administrative costs. The aforementioned was partially offset by a Ch\$ 3,185 million increase in insurance coverage costs and a Ch\$ 3,278 million increase in technical support and administrative costs, and a Ch\$ 588 million increase in asset write offs.

Other operating expenses during Q4 2020 amounted to Ch\$ 24,328 million, Ch\$ 434 million, or 1.8%, less than the Ch\$ 24,762 million booked for the same quarter of last year.

Depreciation and amortization decreased Ch\$ 21,488 million mainly related to the lower depreciation of coal fired power plants Tarapacá and Bocamina I impaired in June 2019 for Ch\$ 3,398 million and Ch\$ 1,280 million respectively, and Bocamina II for Ch\$ 16,066 million in June 2020, related to the Group's decarbonization process.

During Q4 2020, the Ch\$ 8,166 million reduction is related to the same effects mentioned above regarding the impairment loss for Bocamina II amounting to Ch\$ 8,646 million.

Impairment losses increased Ch\$ 417,836 million due to the Ch\$ 697,856 million impairment loss related to Bocamina II power plant booked as of June 2020, and the Ch\$ 197,188 million impairment loss for Tarapacá power plant and Ch\$ 82,832 million impairment loss of Bocamina I power plant, both booked in 2019, due to the Group's decarbonization process.

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The accumulated and quarterly revenues, costs and operating margin for the periods ended December 31, 2020 and 2019, are shown below:

	Cumulative Figures (Figures in million Ch\$)					
	Dec-20			Dec-19		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Enel Generación Chile S.A.	1,454,984	(1,810,257)	(355,273)	1,752,842	(1,586,148)	166,694
Empresa Eléctrica Pehuenche S.A.	162,555	(43,890)	118,665	147,472	(33,355)	114,117
Consolidation adjustments	(127,437)	127,437	-	(261,940)	262,048	108
Total Consolidated	1,490,102	(1,726,710)	(236,608)	1,638,374	(1,357,455)	280,919

	Quarterly Figures (Figures in million Ch\$)					
	Q4 2020			Q4 2019		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Enel Generación Chile S.A.	351,744	(238,631)	113,113	378,886	(303,542)	75,344
Empresa Eléctrica Pehuenche S.A.	47,638	(6,719)	40,919	38,100	(4,633)	33,467
Consolidation adjustments	(30,689)	30,689	-	(27,718)	27,718	-
Total Consolidated	368,693	(214,661)	154,032	389,268	(280,457)	108,811

Energy sales of Enel Generación Chile and its subsidiary for the periods ended December 31, 2020 and 2019 are shown below:

(Figures in million Ch\$)	Cumulative Figures				Quarterly Figures			
	Dec-20	Dec-19	Change	% Change	Q4 2020	Q4 2019	Change	% Change
Sales to regulated customers	778,840	851,903	(73,063)	(8.6%)	175,479	189,901	(14,422)	(7.6%)
Sales to unregulated customers	586,591	510,346	76,245	14.9%	138,651	146,446	(7,795)	(5.3%)
Sales at spot market	47,035	27,779	19,256	69.3%	29,467	12,910	16,556	128.2%
Total energy sales	1,412,466	1,390,028	22,438	1.6%	343,596	349,258	(5,661)	(1.6%)

Non-Operating Income

Non-operating income as of December 31, 2020 and 2019 are summarized below:

NON OPERATING INCOME (Figures in million Ch\$)	Cumulative Figures				Quarterly Figures			
	Dec-20	Dec-19	Change	% Change	Q4 2020	Q4 2019	Change	% Change
Financial income	12,075	9,420	2,655	28.2%	(1,200)	6,092	(7,292)	(119.7%)
Financial costs	(28,329)	(65,711)	37,382	(56.9%)	9,530	(26,323)	35,853	(136.2%)
Gain (Loss) for indexed assets and liabilities	(703)	(5,157)	4,454	(86.4%)	1,056	(735)	1,791	n/a
Foreign currency exchange differences, net	(29,525)	3,086	(32,611)	n/a	(25,832)	1,501	(27,333)	n/a
NET FINANCIAL EXPENSE	(46,482)	(58,362)	11,880	(20.4%)	(16,446)	(19,465)	3,019	(15.5%)
Share of profit (loss) of associates accounted for using the equity method	2,495	546	1,949	n/a	1,161	(174)	1,335	n/a
Net Income From Other Investments	94	150	(56)	(37.3%)	-	-	-	-
Net Income From Sale of Assets	9,384	1,531	7,853	n/a	9,384	-	9,384	100.0%
OTHER NON-OPERATING RESULTS	11,973	2,227	9,746	n/a	10,545	(174)	10,719	n/a
NET INCOME BEFORE TAXES	(271,117)	224,784	(495,901)	n/a	148,131	89,172	58,959	66.1%
Income Tax	122,434	(23,458)	145,892	n/a	(1,595)	(19,925)	18,330	(92.0%)
NET INCOME OF THE PERIOD	(148,683)	201,326	(350,009)	(173.9%)	146,536	69,247	77,289	111.6%
<i>Attributable to Shareholders of the parent company</i>	<i>(155,087)</i>	<i>196,343</i>	<i>(351,430)</i>	<i>(179.0%)</i>	<i>144,334</i>	<i>67,388</i>	<i>76,946</i>	<i>114.2%</i>
Attributable to Non-controlling interest	6,404	4,983	1,421	28.5%	2,202	1,859	343	18.5%

Net Financial Result

The financial result as of December 31, 2020 reached a Ch\$ 46,482 million loss, which represents a Ch\$ 11,880 million improvement when compared to the previous year, which is mainly due to the following:

Higher financial income amounting to Ch\$ 2,655 million, mainly from higher interest income related to the Tariff Stabilization Law amounting to Ch\$ 7,759 million, which was offset by lower returns on fixed income investments amounting to Ch\$ 2,925 million and a Ch\$ 2,179 million reduction in interest related to funds invested through the Centralized Treasury Contract with Enel Chile.

During Q4 2020, financial income decreased Ch\$ 7,292 million when compared to the same quarter of 2019, mainly due to lower interest income related to the Tariff Stabilization Law amounting to Ch\$ 4,122 million, a Ch\$ 2,349 million reduction in interest related to funds invested through the Centralized Treasury Contract with Enel Chile, and lower returns on fixed income investments amounting to Ch\$ 821 million.

Lower financial expenses amounting to Ch\$ 37,382 million, mainly explained by the Ch\$ 14,251 million lower interest expenses related to the Tariff Stabilization Law, a Ch\$ 20,017 million increase in capitalized interest due to the Los Cóndores project,

less interest on factoring contracts for Ch\$ 1,703 million, lower bank fees for Ch\$ 1,088 million and lower financial expenses related to trade account payables for Ch\$ 2,262 million, offset by an increase on bond interest expenses for Ch\$ 1,939 million.

During Q4 2020, financial expenses decreased Ch\$ 35,853 million when compared to the same quarter of 2019 mainly due to lower interest expenses related to the Tariff Stabilization Law for Ch\$ 14,251 million, a Ch\$ 18,793 million increase in capitalized interest due to the Los Cóndores project, lower interest on bonds amounting to Ch\$ 1,030 million, and lower bank fees and expenses for Ch\$ 1,779 million.

Lower losses related to indexation amounting to Ch\$ 4,454 million primarily explained by higher positive indexation effect related to IAS 29 “Financial Reporting in Hyperinflationary Economies” on the Group’s branch in Argentina that amounted to a Ch\$ 3,186 million profit, and greater income related to the indexation of recoverable taxes for Ch\$ 1,268 million.

During Q4 2020, income related to indexation amounted to a Ch\$ 1,791 million profit when compared to the same quarter of 2019, primarily due to the greater positive indexation effect related to IAS 29 “Financial Reporting in Hyperinflationary Economies” amounting to Ch\$ 935 million and greater income related to the indexation of recoverable taxes for Ch\$ 856 million.

Higher loss from exchange rate differences amounting to Ch\$ 32,611 million, mainly due to greater negative exchange rate difference on trade account receivables for Ch\$ 20,397 million including the Ch\$ 23,891 million negative effect related to the Tariff Stabilization Law that set the US dollar as the currency for the accounts receivables of pending billings to regulated customers, on trade account payables for Ch\$ 10,656 million, and on derivatives for Ch\$ 2,091 million. The aforementioned was partly offset by the positive exchange rate difference effect on cash and cash equivalents for Ch\$ 492 million.

During Q4 2020, the loss from exchange rate differences reached Ch\$ 27,333 million when compared to the same quarter of 2019 primarily due to a higher negative exchange rate difference effect on trade accounts receivables for Ch\$ 32,790 million including the Ch\$ 28,778 million negative effect related to the Tariff Stabilization Law, and a higher negative exchange rate difference effect on trade accounts payables for Ch\$ 1,825 million. The aforementioned was partially offset by the positive exchange rate differences effect on derivative instruments for Ch\$ 4,911 million and the Ch\$ 2,473 million positive effect on cash and cash equivalents.

Other non-operating results

Income from companies accounted for using the equity method

The Ch\$ 1,949 million positive variation is mainly due to the greater profit of our associate company GNL Chile S.A. for Ch\$ 1,381 million and Ch\$ 657 million from Transmisora Eléctrica de Quillota Ltda. compensated by a Ch\$ 89 million lower profit from Enel Argentina.

Sale of Assets

Net income from Sale of Assets increased by Ch\$ 7,853 million when compared to 2019, mainly explained by the sale of the Quintero-San Luis transmission line for Ch\$ 9,384 million in December 2020, which is compared to net income from the sale of a gas turbine rotor to the related company Enel Generación Costanera for Ch\$ 1,341 million booked in 2019.

Regarding Q4 2020, net income from Sale of Assets increased by Ch\$ 9,384 million when compared to the same quarter of 2019, explained by the sale of the Quintero-San Luis transmission line in December 2020.

Corporate Taxes

Corporate income tax amounted to a Ch\$ 122,434 million income as of December 31, 2020, which represents a Ch\$ 145,892 million increase when compared to the previous year. This variation is primarily explained by a Ch\$ 112,816 million increase in tax profit due to the higher impairment loss booked in 2020 as a consequence of the Group's decarbonization plan, a Ch\$ 33,700 million higher tax income as a result of fixed asset goodwill in Enel Generación Chile booked as a consequence of the merger of Gas Atacama Chile into Enel Generación Chile, a Ch\$ 32,702 million reduction in expenses due to the extraordinary income in 2019 generated by the early termination of the 3 energy supply contracts with Anglo American Sur, offset by greater taxes as a result of goodwill booked related to the merger between Gas Atacama Chile and Gasoducto Atacama Argentina in 2019 amounting to Ch\$ 29,269 million.

During Q4 2020, Corporate income tax represented a Ch\$ 1,595 million loss and a Ch\$ 18,330 million improvement when compared to Q4 2019 primarily due to the Ch\$ 33,700 million greater tax profit related to fixed asset goodwill resulting from the

merger with Gas Atacama Chile, partially offset by the Ch\$ 15,918 greater tax expense related to the Company's better results.

2. Balance Sheet Analysis

ASSETS (Figures in million Ch\$)	Dec-20	Dec-19	Change	% Change
Current Assets	465,808	591,085	(125,277)	(21.2%)
Non Current Assets	2,625,153	2,996,114	(370,961)	(12.4%)
Total Assets	3,090,961	3,587,199	(496,238)	(13.8%)

Total Assets of the Company as of December 2020 decreased Ch\$ 496,238 million when compared to December 2019, mainly due to:

- A 21.2% reduction in Current Assets equivalent to Ch\$ 125,277 million, mainly due to the following:
 - ❖ A Ch\$ 8,828 million reduction in Cash and cash equivalents, mainly lower bank account balances for Ch\$ 5,323 million and lower time deposits for Ch\$ 3,514 million.
 - ❖ A Ch\$ 133,282 million reduction in Current related party accounts receivables mainly due to lower accounts receivables from GNL Chile S.A. related to advance payments and dividends receivables amounting to Ch\$ 10,341 million, lower balance of funds invested through the Centralized Treasury Service contract with Enel Chile for Ch\$ 116,259 million, a Ch\$ 9,614 million lower balance of receivables from Enel Distribución for energy sales, partly offset by a Ch\$ 2,301 million increase in accounts receivables from Enel Global Trading S.p.A. for Ch\$ 2,301 million related to gas sales and commodity derivatives.
 - ❖ A Ch\$ 17,970 million reduction in inventories, mainly coal amounting to Ch\$ 12,093 million, spare parts and other supplies for Ch\$ 4,907 million, and a lower balance of fuel oil amounting to Ch\$ 962 million.
 - ❖ A Ch\$ 17,867 million reduction in Current tax assets, mainly a lower tax credit for absorbed earnings amounting to Ch\$ 16,665 million and a lower tax credit related to employee training expenses for Ch\$ 2,177 million.
 - ❖ The abovementioned was partially offset by a Ch\$ 49,807 million increase in current trade accounts receivables and other current accounts receivables mainly due to an increase in customer trade accounts receivables for

Ch\$ 30,969 million, receivables from insurance companies for Ch\$ 5,360 million and advance payments to suppliers for Ch\$ 13,464 million.

- A Ch\$ 370,961 million reduction in Non-Current Assets, mainly explained by:
 - ❖ A Ch\$ 610,235 million reduction in Property, Plant and Equipment due to the Ch\$ 697,856 million impairment loss booked for Bocamina II power plant as a consequence of the Company's decarbonization process, the Ch\$ 81,503 million depreciation of the period, which was partially compensated by new investments carried out during the period that amounted to Ch\$ 139,820 million and dismantling provisions for Ch\$ 28,385 million.
 - ❖ The aforementioned is partly offset by an increase in other non-current financial assets for Ch\$ 13,471 million mainly related to hedging derivatives and other derivatives.
 - ❖ A Ch\$ 70,705 million increase in non-current trade accounts receivables and other non current accounts receivables primarily due to the recognition of pending billings as a result of the Tariff Stabilization Law for Ch\$ 70,792 million.
 - ❖ A Ch\$ 59,597 million increase in non-current related party accounts receivables explained by higher accounts receivable from GNL Chile S.A. related to advance payments amounting to Ch\$ 13,952 million and greater accounts receivables from Enel Distribución Chile as a consequence of the Tariff Stabilization Law for Ch\$ 45,645 million.
 - ❖ A Ch\$ 92,820 million increase in Deferred tax assets mainly related to fixed assets.

LIABILITIES AND EQUITY (Figures in million Ch\$)	Dec-20	Dec-19	Change	% Change
Current Liabilities	347,895	488,184	(140,289)	(28.7%)
Non Current Liabilities	1,003,735	1,125,161	(121,426)	(10.8%)
Total Equity	1,739,331	1,973,854	(234,523)	(11.9%)
Attributable to the Shareholders of parent company	1,729,218	1,963,775	(234,557)	(11.9%)
Attributable to Non-controlling interest	10,113	10,079	34	0.3%
Total Liabilities and Equity	3,090,961	3,587,199	(496,238)	(13.8%)

Total Liabilities and Net Equity of the Company decreased Ch\$ 496,238 million as of December 2020 when compared to December 2019, mainly explained by the following:

- A 28.7% reduction in Current Liabilities equivalent to Ch\$ 140,289 million mainly explained by the following:
 - ❖ A Ch\$ 46,779 million reduction in Other current financial liabilities, mainly explained by a Ch\$ 46,855 million reduction in hedging and other derivative liabilities.
 - ❖ A Ch\$ 74,262 million reduction in Trade accounts payable and other accounts payable primarily due to a Ch\$ 29,447 million reduction in accounts payable to suppliers of goods and services and fixed assets, a Ch\$ 43,030 million reduction in energy and fuel accounts payable, and a Ch\$ 2,850 million reduction in dividends payable to third parties.
 - ❖ A Ch\$ 73,635 million decrease in Accounts payable to related parties primarily due to a lower balance of dividends payable to Enel Chile for Ch\$ 55,103 million, a Ch\$ 12,937 million reduction in accounts payable to Enel Distribución Chile for energy sales and tolls, a Ch\$ 5,467 million reduction in accounts payable to Enel Global Trading S.p.A. for commodity derivative and services.
 - ❖ The above mentioned was partly offset by a Ch\$ 45,623 million increase in Current tax liabilities, mainly income tax.
 - ❖ A Ch\$ 9,410 million increase in Other current non-financial liabilities, mainly explained by an increase in VAT debits.
- A Ch\$ 121,426 million reduction in Non-Current liabilities, equivalent to a 10.8% reduction, mainly due to the following:

- ❖ A Ch\$ 64,939 million reduction in Other non-current financial liabilities, mainly explained by a Ch\$ 14,366 million decrease in hedging and other derivative liabilities, a Ch\$ 50,573 million decrease in the balance of bond debt, of which Ch\$ 27,098 million is due to lower exchange rate differences, Ch\$ 32,240 million due to bond payments, partly offset by the indexation of UF denominated bond debt for Ch\$ 7,289 million.
 - ❖ A Ch\$ 87,629 million reduction in Deferred tax liabilities mainly related to fixed assets.
 - ❖ The above is partially compensated by a Ch\$ 33,680 million increase in Other non-current provisions, primarily dismantling provisions.
- A Ch\$ 234,523 million reduction in Net Equity when compared to December 2019 mostly due to:
- ❖ The portion attributable to the owners of the controlling shareholders decreased Ch\$ 234,557 million, primarily explained by the Ch\$ 155,087 million net loss for the period, dividend payments that amounted to Ch\$ 179,296 million, compensated by a comprehensive net income amounting to Ch\$ 97,391 million.
 - ❖ Equity of non-controlling shareholders increased Ch\$ 34 million, primarily explained by the Ch\$ 6,404 million net income of the period, compensated by dividend payments for Ch\$ 6,370 million.

The performance of the main financial ratios is the following:

RATIO		UNIT	Dec-20	Dec-19	Chg	Chg %
Liquidity	Liquidity (1)	Times	1.34	1.21	0.13	10.7%
	Acid-test (2)	Times	1.30	1.15	0.15	13.0%
	Working capital	Million Ch\$	117,913	102,901	15,012	14.6%
Leverage	Leverage (3)	Times	0.78	0.82	(0.04)	(4.9%)
	Short-term debt (4)	%	25.7%	30.3%	(4.6%)	(15.1%)
	Long-term debt (5)	%	74.3%	69.7%	4.6%	6.5%
	Financial expenses coverage (6)	Times	9.35	9.88	(0.53)	(5.4%)
Profitability	Op. income / Op. Revenues	%	(15.9%)	17.1%	(33.0%)	(192.6%)
	ROE (7)	%	(8.4%)	10.0%	(18.4%)	(184.2%)
	ROA (8)	%	(4.5%)	5.5%	(10.0%)	(180.3%)

(1) Current Assets / Current Liabilities

(2) Current Assets net of Inventories and prepayments

(3) Total Liabilities / Total Equity

(4) Current Liabilities / Total Liabilities

(5) Non Current Liabilities / Total Liabilities

(6) EBITDA/ Net Financial Costs

(7) Net income of the period attributable to the owners of the parent company for LTM / Average of equity attributable to the owners of the parent company at the beginning and at the end of the period

(8) Total Net Income of the period for LTM / Average of total assets at the beginning and at the end of the period

- The **current ratio**, as of December 31, 2020, reached 1.34 times, which represents a 10.7% increase when compared to December 2019. This improvement is mainly due to the reduction of: (i) current related party accounts payable and (ii) trade accounts payable and other current accounts payable.
- The **acid test**, as of December 31, 2020, was 1.30 times, a 13.0% increase when compared to December 31, 2019, mainly due to the reduction of: (i) current related party accounts payable, (ii) trade accounts payable and other current accounts payable, and (iii) a lower level of inventory.
- **Working capital**, as of December 31, 2020, amounted to Ch\$ 117,913 million, a Ch\$ 15,012 million positive variation when compared to December 2019, mainly due to the reduction of: (i) current related party accounts payable, and (ii) trade accounts payable and other current accounts payable.
- The **debt ratio** was 0.78 times, which means that the level of commitment of Enel Generación Chile equity was 0.78 times for the period ended December 31, 2020.

- The **financial expenses coverage ratio** represents the ability to cover all financial expenses with the EBITDA margin of the respective period. For the period ended December 31, 2020, the ratio was 9.35 times, 5.4% lower than 2019 due to the lower EBITDA of 2020 when compared to 2019.
- The **profitability index**, calculated by dividing operating income by operating revenues, was negative 15.9% as of December 31, 2020, which is lower than the figure for the same period of 2019 because of the negative EBIT in 2020. When excluding the extraordinary impairment of Bocamina II, this index would have been positive 32.6% as of December 31, 2020.

When excluding the impact of the Anglo American Sur extraordinary income and the impairment losses of Central Tarapacá and Bocamina I booked last year, the figure would have reached positive 29.0% as of December 31, 2019.

- **Return on equity** of the owners of the controlling shareholder was negative 8.4% for the period ended December 31, 2020. When excluding the extraordinary impairment of Bocamina II, this index would have been positive 17.7% as of December 2020.

When excluding the impact of the Anglo American Sur extraordinary income and the impairment losses of Central Tarapacá and Bocamina I booked last year, the figure would have reached positive 15.7% for 2019.

- **Return on assets** was negative 4.5% for the period ended December 31, 2020. When excluding the extraordinary impairment of Bocamina II, this index would have been positive 10.4% as of December 2020.

When excluding the impact of the Anglo American Sur extraordinary income and the impairment losses of Central Tarapacá and Bocamina I booked last year, the figure would have reached positive 8.7% for 2019.

3.- Cash Flow Analysis

The Company generated a Ch\$ 8,606 million negative cash flow during 2020, which is broken down as follows:

NET CASH FLOW (Figures in million Ch\$)	Dec-20	Dec-19	Change	% Change
From Operating Activities	361,758	568,606	(206,848)	(36.4%)
From Investing Activities	(33,358)	(392,607)	359,249	(91.5%)
From Financing Activities	(337,006)	(314,369)	(22,637)	7.2%
Total Net Cash Flow	(8,606)	(138,370)	129,764	(93.8%)

Operating activities generated a Ch\$ 361,758 million positive cash flow, which represents a 36.4% reduction when compared to December 2019. This cash flow mainly comprises Ch\$ 1,732,648 million in payments received for sales of goods and services, partially offset by payments to suppliers of good and services for Ch\$ 1,177,931 million, employee-related payments amounting to Ch\$ 45,339 million, insurance payments for Ch\$ 20,371 million, tax payments for Ch\$ 30,791 million, and other operating activity payments for Ch\$ 100,716 million.

Investment activities generated a Ch\$ 33,358 million negative cash flow, mainly explained by funds received from related parties for Ch\$ 115,915 million that had been invested through the Centralized Treasury Service Contract, compensated by the addition of property, plant, and equipment for Ch\$ 139,962 million and the purchase of intangible assets for Ch\$ 10,565 million.

Financing activities generated a Ch\$ 337,006 million negative cash flow. This cash flow is primarily explained by dividend payments for Ch\$ 243,618 million, interest payments for Ch\$ 58,255 million and bond repayments for Ch\$ 32,240 million.

Capex and Depreciation

COMPANY	INFORMATION FOR ASSETS AND EQUIPMENTS (Figures in million Ch\$)			
	Payments for Additions of Fixed Assets		Depreciation	
	Dec-20	Dec-19	Dec-20	Dec-19
Enel Generación Chile	139,627	192,377	74,180	96,904
Pehuenche	335	556	7,323	7,384
Total Consolidated	139,962	192,933	81,503	104,288

II. MAIN RISKS ASSOCIATED TO THE ACTIVITIES OF ENEL GENERACION CHILE

The companies of the Enel Generación Chile Group follow the guidelines of the Risk Management Control System (SCGR) defined at the Holding level (Enel SpA), which establishes the guidelines for risk management through the respective standards, procedures, systems, etc., which are applied at the different levels of the Companies of Enel Generación Chile Group, in the processes of identification, analysis, evaluation, treatment and communication of risks that the business faces continuously. These are approved by the Board of Directors of Enel SpA, which houses a Controls and Risks Committee, which supports the evaluation and decisions of the Board of Directors of Enel Generación Chile with respect to internal controls and risk management system, as well as those related to the approval of the periodic financial statements.

To comply with this, there is a specific Risk Control and Management policy within each Company, which is reviewed and approved at the beginning of each year by the Board of Directors of Enel Generación Chile, observing and applying local requirements in terms of risk culture.

The company seeks protection for all risks that may affect the achievement of business objectives. In January 2020, a new risk taxonomy has been approved for the entire Enel Group, which considers 6 macro categories and 37 sub-categories.

The Enel Group's risk management system considers three lines of action (defense) to obtain effective and efficient management of risks and controls. Each of these three "lines" plays a distinct role within the broader governance structure of the organization (Business and Internal Controls areas, acting as the first line, Risk Control, acting as the second line and Internal Audit as the third line of defense). Each line of defense has the obligation to inform and keep Senior Management and Directors updated on risk management, with Senior Management being informed by the first and second line of defense and the Board of Directors in turn by the second and third line of defense.

Within each company of the Group, the risk management process is decentralized. Each manager responsible for the operational process in which the risk originates is also responsible for the treatment and adoption of risk control and mitigation measures.

Interest Rate Risk

Interest rate variations modify the fair value of those assets and liabilities that accrue a fixed interest rate, as well as the future cash flows of assets and liabilities pegged to a variable interest rate.

The purpose of interest-rate risk management is to reach a balanced debt structure in order to minimize the cost of debt while maintaining reduced income statement volatility.

Depending on the Group's forecasts and debt structure objectives, hedging transactions take place through purchasing derivatives that mitigate these risks. The financial debt structure of the Enel Generación Chile Group, in terms of fixed rate and/or fixed protection rate on gross debt, using derivatives, is the following:

Gross position:

INTEREST RATE (%)	December 31, 2020	December 31, 2019
Fixed Interest Rate	100%	94%

Risk control through specific processes and indicators allows limiting possible adverse financial impacts and, at the same time, optimizes the debt structure with an adequate degree of flexibility. In this sense, the volatility that characterized the financial markets during the first phase of the pandemic, in many cases returned to pre-COVID-19 levels and was offset by effective risk mitigation actions through derivative financial instruments.

Exchange Rate Risk

Exchange rate risks are mainly related to the following transactions:

- Group subsidiaries and affiliate companies debt commitments denominated in currencies different from their cash flow currency.
- Payments in currencies that are different from that of the companies' cash flows indexation, for example, payments to suppliers related to projects and insurance policies payments, among others.
- Revenues of Group companies that are directly linked to evolution of currencies different from their cash flow currency.

In order to mitigate exchange rate risk, the Group focuses on maintaining a balance between cash flows indexed to the U.S. dollar and the amount of asset and liability denominated in such currency. The objective is to minimize the exposure of cash flows to the risk related to exchange-rate fluctuations.

Currency swaps and exchange rate forwards are the instruments currently used in order to comply with this policy.

During the fourth quarter of 2020, exchange rate risk management continued in the context of complying with the aforementioned risk management policy, without difficulty in accessing the derivatives market. It should be noted that the volatility that characterized the financial markets during the first phase of the pandemic, in many cases returned to pre-COVID-19 levels and was offset by risk mitigation actions through derivative financial instruments.

Commodities Risk

Enel Generación Chile Group is exposed to risk related to price fluctuation of certain commodities, primarily due to:

- Fuel purchases for electricity generation.
- Energy trading transactions in local markets.

In order to reduce risks under extreme drought conditions, the Group has defined a trading policy that establishes sales commitment levels based on the firm energy capacity of its power plants during a year considered to be dry, and includes risk mitigation clauses in some contracts with unregulated customers, and in the case of regulated customers framed under long-term bidding processes, it determines indexing polynomials that reduce exposure to commodities.

Considering the operating conditions faced by the electricity generation market in Chile, drought and volatility of commodity prices in international markets, the Company is constantly evaluating the convenience of contracting hedges to mitigate the impact of price changes on profits.

As of December 31, 2020, the Company held swaps for 1,782 kBbl of Brent oil to be settled in 2021, and 16.8 TBtu of Henry Hub to be settled in 2021.

As of December 31, 2019, the Company held swaps for 1,412 kTon of Coal API2 to be settled in 2020, for 1,059 kBbl of Brent oil to be settled in 2020 and for 4.79 TBtu of Henry Hub gas to be settled in 2020.

According to the operating conditions that are constantly being updated, these hedging measures may be modified, or include other commodities.

The Group was able to minimize the effects of volatility in commodity prices on the results of the fourth quarter of 2020 due to the mitigation strategies implemented.

Liquidity Risk

The Group's liquidity policy consists of contracting committed long-term credit facilities and short-term financial investments, for the amounts required to support estimated future needs for a certain period based on the conditions and the expectations of debt and capital markets.

The aforementioned forecast includes net financial debt maturities, i.e. after financial derivatives. For further detail with regard to the characteristics and conditions of financial debt and financial derivatives, see Notes 18 and 21.2.

As of December 31, 2020, the Enel Generación Chile Group's liquidity was Ch\$ 4,659 million in cash and cash equivalents. As of December 31, 2019, the Enel Generación Chile Group's liquidity was Ch\$ 13,488 million in cash and cash equivalents.

Credit Risk

The Enel Generación Chile Group carries out a detailed follow-up of credit risk.

- **Trade account receivables**

Concerning the credit risk associated with accounts receivables stemming from commercial activities, historically the risk has been limited due to short-term payment deadlines, preventing clients from accumulating significant individual amounts.

It is possible to discontinue the power supply in the event of non-payment, and almost all contracts state that payment default is a cause for contract termination. Therefore, credit risk is monitored constantly as well as the maximum amounts exposed to payment risk, which as stated previously, are limited. However, for customers that comply with Law No. 21,249 and Law No. 21,301 enacted in August 2020 and

December 2020, respectively, effective until May 2021, the supply cut-off measure is suspended.

With respect to the impact of COVID-19, the results of specific internal analyses did not reveal significant statistical correlations between the main economic indicators (GDP, unemployment rate, etc.) and solvency.

- **Financial assets:**

Investments of cash surpluses are made with both national and foreign first-class financial entities with limits set for each entity.

Investment banks selection considers those with Investment Grade rating, considering the three major international rating agencies (Moody's, S&P and Fitch).

Investments may be guaranteed by treasury bonds of Chile and/or paper issued by first class banks, giving priority to those offering the best returns (always within the current investment policies).

It should be noted that the downward macroeconomic scenarios due to the COVID-19 effect did not have significant impacts on the credit quality of the counterparties.

Risk Measurement

The Enel Generación Chile Group performs a Value at Risk measurement of its debt and financial derivatives, in order to monitor the risk assumed by the Company, thereby limiting income statement volatility.

The portfolio included in the calculation of the Value at Risk consists of:

- Financial debt.
- Hedging derivatives for debt.

The Value at Risk calculated represents the potential change in value in the portfolio described above within a quarter period with 95% confidence. To this effect, a study is made of the volatility of the risk variables that affect the value of the portfolio, against the Chilean peso, including:

- Libor interest rate of the U.S. dollar.
- The exchange rate of the different currencies used in the calculation.

The Value at Risk is based on extrapolation of future scenarios (to one quarter of) of the market values of the risk variables according to scenarios based on actual observations for the same period (quarter of) for five years.

The Value at Risk to a quarter of with 95% confidence is calculated as the 5% percentile over the most adverse possible quarter ofly changes.

Given the aforementioned assumptions, the Value at Risk to a quarter of the positions discussed above corresponds to Ch\$ 110,381 million.

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

Other Risks

As is common practice in bank credit facilities and capital market operations, a portion of Enel Generación Chile's financial debt is subject to cross-default provisions. If certain non-payments are not corrected, a cross default could result and certain liabilities of Enel Generación Chile could eventually become enforceable.

Additionally, non-payment – after any applicable grace period – for any debt of Enel Generación Chile or its subsidiary, with a principal amount that exceeds US\$ 30 million, or its equivalent in other currencies, could lead to the acceleration payment of its Yankee Bonds. In the specific case of the Yankee bond issued in April 2014, maturing in 2024, the threshold is US\$ 50 million, or its equivalent in other currencies.

Lastly, in the case of Enel Generación Chile's local bonds and local credit line, acceleration is only triggered by the issuer's or debtor default, and not referring to its subsidiaries. In the case of local bonds, the cross-default may be triggered in cases where the amount in arrears exceeds US\$ 50 million in a single debt, or its equivalent in other currencies.

There are no credit-agreement clauses stating that changes in the corporate or debt rating of Enel Generación Chile, performed by credit-rating agencies, would result in the need to make prepayments of debt.

III. BOOK VALUE AND ECONOMIC VALUE OF ASSETS

With regard to most relevant assets, it is worth noting the following:

Property, plant, and equipment are valued at their acquisition cost, net of the corresponding accumulated depreciation, and impairment losses. The property, plant, and equipment, net of their residual value, depreciate by distributing the cost of their different components linearly over the years of the estimated useful life of the asset, which is the period in which the companies expect to use them. The estimated useful life of the asset is revised periodically.

The appreciation (goodwill) generated in the consolidation represents the premium paid in the cost of acquisition over the Group's participation in the fair value of assets and liabilities, including the identifiable contingent liabilities and non-controlling interest of a subsidiary on the date of acquisition. The appreciation is not amortized, but at the end of each accounting period, an estimation of any impairment that might reduce its recoverable value to an amount below the recorded net cost is calculated, in which case an adjustment is made for the impairment (see Note 3.b of the Financial Statements).

Throughout the year, and most importantly at its closing, an evaluation is carried out to determine whether any asset might have suffered an impairment loss. In the event that there is an indication of such loss, an estimate of the recoverable value of such asset is made to determine the amount of the impairment. In the case of identifiable assets that do not generate cash flows independently, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs, which is considered to be the smallest group of assets that generate cash inflows independently.

Assets denominated in a foreign currency are translated using the period's closing exchange rate.

Accounts and notes receivable from related companies are classified according to their maturity in short-term and long-term. Transactions are adjusted to conditions prevailing in the market.

In summary, asset values are determined according to the International Financial Reporting Standards whose criteria are presented in Notes 2 and 3 of the Financial Statements.