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**EMPRESA NACIONAL DE  
ELECTRICIDAD S.A. AND SUBSIDIARIES**

Pro forma Consolidated Statements of Financial Position as of  
October 1, de 2015

(With the Independent Auditors' Attestation Report)

## **EMPRESA NACIONAL DE ELECTRICIDAD S.A. AND SUBSIDIARIES**

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ThCh\$: Amounts expressed in thousands of Chilean pesos

**INTRODUCTION TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF EMPRESA NACIONAL DE ELECTRICIDAD S.A. AND SUBSIDIARIES (“ENDESA CHILE AND ENDESA AMÉRICAS”), AS OF October 1, 2015.**

The following pro forma consolidated statements of financial position of "Endesa Chile" and "Endesa Américas" as of October 1, 2015, are derived from the consolidated financial statements of Empresa Nacional de Electricidad S.A. and subsidiaries (hereinafter "Endesa") as of September 30, 2015 (hereinafter, the "historical financial statements"). These pro forma consolidated statements of financial position have been reviewed by our independent auditors KPMG Auditores Consultores Ltda. ("KPMG"), according to the Attestation Standards of the Chilean Association of Accountants, according to section AT 401 ("Reporting on Pro forma Financial Information").

Based on the requirements under Title IX, article 147, section c), of the Chilean Companies Act ("Reglamento de Sociedades Anónimas"), the date of the pro forma consolidated statements of financial position is the date following the consolidated statements of financial position date that serves as the basis for the spin-off. Given that the consolidated statements of financial position use as a base for the spin-off is dated September 30, 2015, the pro forma consolidated statements of financial position are dated October 1, 2015.

These pro forma consolidated statements of financial position consist of: (a) a pro forma consolidated statement of financial position as of October 1, 2015; and (b) certain accompanying notes, mainly the assumptions used by Management for developing the pro forma consolidated statements of financial position of "Endesa Chile" and "Endesa Américas."

The objective of preparing pro forma consolidated statements of financial position, is to present which would have been the significant effects on historical financial information, as if the transaction had been proposed on an earlier date under the assumptions described in Note 4.

This objective has been achieved by applying pro forma adjustments to the historical consolidated financial information of Endesa and subsidiaries. The assumptions used to determine the adjustments and the preparation of the pro forma consolidated statement of financial position are based on criteria and assumptions determined by Endesa's Management. The significant effects directly attributable to the transaction that have been considered are described as follows:

- On April 28, 2015, Endesa informed the Superintendencia of Securities and Insurance of Chile ("Superintendencia de Valores y Seguros", hereinafter "SVS") through a significant event, that the Board of Directors of its direct parent, Enersis S.A., communicated that it had decided to initiate an analysis of a corporate reorganization aimed at the separation of the activities of power generation and distribution in Chile from other activities conducted outside of Chile by Enersis S.A. and its subsidiaries Endesa and Chilectra S.A., maintaining its inclusion in the Enel SpA group.

In the same significant event, the Board of Directors of Endesa reported that it had agreed to initiate studies to analyze a possible corporate reorganization consisting of the spin-off of Endesa's businesses in Chile from those outside of Chile, and eventually merge the latter into a single company. Furthermore, it indicated that the objective of this reorganization is to create value for all its shareholders, as none of these operations require the contribution of additional resources from shareholders. The possible corporate reorganization would be take into account the best interests as well as all shareholder's interests, with special attention paid to minority interests, and if it were approved, be subject to approval at an Extraordinary Shareholders Meeting.

- On July 27, 2015, pursuant to the provisions of Articles 9 and 10 of the Securities Market Law No. 18,045 and the provisions of General Norm No. 30 of the SVS, Endesa informed the SVS, by means of a significant event, that the Board of Directors of the Company had decided unanimously that if the separation of power generation and distribution activities in Chile from the rest of the activities of Enersis group outside of Chile were approved, the reorganization would be carried out through the following corporate transactions:

### **Steps to carry out the corporate reorganization**

a) *Related to the preparation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015.*

- Each of the direct and indirect subsidiaries of Enersis S.A., Chilectra S.A. and Endesa, would be spun-off, resulting in the formation of: a new company from the spin-off of Chilectra S.A. (“Chilectra Américas”) and a new company from the spin-off of Endesa (“Endesa Américas”) which would be allocated the shareholdings and other assets that both Chilectra S.A. and Endesa hold outside of Chile, as well as certain other assets and liabilities related to them.
- At the same time, Enersis S.A will be spun-off and, resulting from this spin-off, will form a new company (“Enersis Chile”) which will hold the equity interests and assets of Enersis in Chile allocated to it, including equity interests in Chilectra S.A. and Endesa (after the spin-offs of these companies as described above), and certain other assets and liabilities related to them. Remaining in the continuing Enersis (to be called “Enersis Américas” after the spin-off) are the equity interests and corresponding liabilities of Enersis outside of Chile, as well as those held by each of the new companies “Chilectra Américas” and “Endesa Américas,” created as a result of the spin-offs of Chilectra S.A. and Endesa mentioned above, and the liabilities related to them.

b) *Related to the subsequent processes of the division phase.*

- Once the previously mentioned spin-off are completed, “Enersis Américas” would absorb by merger Chilectra Américas and Endesa Américas, and would dissolve them without liquidation, thus grouping all international shares of Enersis outside of Chile in Enersis Américas. The merger involving Endesa Américas and Chilectra Américas would take place as soon as legally possible and in accordance with the applicable regulations.

The preparation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015, do not include effects that could potentially arise as a result of the previously mentioned merger.

The resulting companies would be based in Chile and their shares would be listed in the same markets that Endesa is currently listed. As stated earlier, none of the transactions described above require the contribution of additional financial resources.

### **Accounting of the transaction**

Endesa’s Management has determined that this potential reorganization and the related subsequent corporate spin-off processes should be considered from an accounting point of view, if completed, as a transaction between companies under common control. Therefore, the pro forma consolidated financial information would be prepared using the consolidated book values of Endesa as of September 30, 2015, which have been prepared in accordance with the guidelines and instructions for the preparation and presentation of financial information, issued by the SVS, which are composed of the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), in addition to specific instructions issued by the SVS.

The reorganization process would not consider changes to the control exercised by the Enel SpA group as of the date of the spin-off.

For purposes of the preparation of the pro forma consolidated statements of financial position, Management has considered certain criteria and assumptions, which have led to the recording of certain adjustments to the historical financial information (“pro forma adjustments”). In order to carry out this exercise, it was used as initial balances those as of January 1, 2015.

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Endesa's Management distributed the effects related to income tax expenses, as described in Note 4 VIII) of the pro forma consolidated statements of financial position, as part of the adjustments to obtain the pro forma presentation.

The main assumptions determined by Management are those described in Note 4 of the attached pro forma statement of consolidated financial position.

The pro forma consolidated statements of financial position of "Endesa Chile" and "Endesa Américas" are derived from the consolidated financial statements of Endesa and subsidiaries as of September 30, 2015 and should be read in conjunction with the following information (i) the audited historical consolidated financial statements of Endesa and subsidiaries and notes, as of September 30, 2015, incorporated by reference and ii) the accompanying notes of this pro forma consolidated statements of financial position of "Endesa Chile" and "Endesa Américas" as of October 1, 2015.

The pro forma financial information presented in this document is not intended to reflect incomes or financial positions of "Endesa Chile" or "Endesa Américas" in future periods, if the two entities had operated separately before carrying out the spin-off.



**KPMG Auditores Consultores Ltda.**  
Av. Isidora Goyenechea 3520, Piso 2  
Las Condes, Santiago, Chile

Teléfono +56 (2) 2798 1000  
Fax +56 (2) 2798 1001  
**www.kpmg.cl**

## Report of the Independent Auditors

Shareholders and Directors

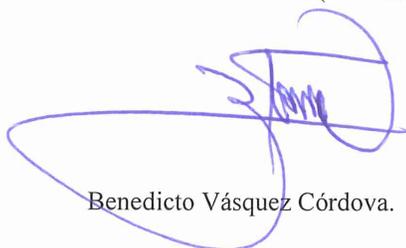
Empresa Nacional de Electricidad S.A.:

We have examined the pro forma adjustments that reflect the reorganization transaction described in Note 1 and the application of those adjustments to the historical amounts of the document named “pro forma statements of financial position of Empresa Nacional de Electricidad S.A. and subsidiaries (“Endesa Chile S.A.” and “Endesa Américas S.A.”)” as of October 1, 2015. The historical consolidated statements of financial position of Empresa Nacional de Electricidad S.A. and subsidiaries as of September 30, 2015, are derived from the consolidated financial statements of Empresa Nacional de Electricidad S.A. and subsidiaries, as of this date, incorporated by reference, which were audited by us, except for certain subsidiaries, which represent, on a consolidated level, 34.36% of total assets as of September 30, 2015, and certain associated and companies under common control, presented in the consolidated financial statements under the participation method, which represent, as a whole, a total of M\$ 469,460,155 as per September 30, 2015. Said financial statements were audited by other independent auditors, whose reports have been finished to us. These pro forma adjustments are based on management assumptions described in Note 4. Management of Endesa is responsible for the pro forma financial information. Our responsibility is to express an opinion on the pro forma financial information based on our audit and the reports of those other auditors.

Our audit was conducted in accordance with attestation standards issued by the Chilean Association of Accountants A.G. and consequently, incorporates the procedures considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

The objective of this pro forma financial information is to present the significant effects on the historical consolidated financial information as if the transaction had occurred at an earlier date. However, in the document named “pro forma consolidated statements of financial position of Empresa Nacional de Electricidad S.A. and subsidiaries (“Endesa Chile S.A.” and “Endesa Américas S.A.”)” results do not necessarily represent the income of the operations or the effects on the financial position that would have resulted if the transaction mentioned above had already occurred.

In our opinion, Management's assumptions provide a reasonable basis to present the significant effects directly attributable to the reorganization transaction described in Note 1, the pro forma adjustments appropriately reflect the effect of these assumptions and the pro forma columns reflects the appropriate application of those adjustments to the historical amounts of consolidated statements of financial position of Empresa Nacional de Electricidad S.A. and subsidiaries in document named “pro forma statements of financial position of Empresa Nacional de Electricidad S.A. and subsidiaries (“Endesa Chile S.A.” and “Endesa Américas S.A.”)”, as of October 1, 2015.



Benedicto Vásquez Córdova.

KPMG Ltda.

Santiago, October 30, 2015

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**ENDESA S.A. & SUBSIDIARY COMPANIES**

**Pro Forma Consolidated Statements of Financial Position, Classified  
as of October 1, 2015**

(in thousands of Chilean pesos)

ASSETS	Historical	Pro Forma Adjustments			Pro Forma Financial Position	
	Endesa as of 09/30/2015 ThCh\$	Intercompany Elimination and Other Adjustments ThCh\$	Pro Forma Adjustments (Endesa Américas) ThCh\$	Pro Forma Tax Adjustment (Endesa Chile) ThCh\$	Endesa Chile Pro Forma as of 10/01/2015 ThCh\$	Endesa Américas Pro Forma as of 10/01/2015 ThCh\$
<b>CURRENT ASSETS</b>		Ref. 4.IV)	Ref. 4.I)	4.VIII A)		
Cash and cash equivalents	182,094,964	-	4.III) (167,949,606)	-	14,145,358	167,949,606
Other current financial assets	14,303,917	-	(12,785,890)	-	1,518,027	12,785,890
Other current non-financial assets	28,825,126	-	(18,224,388)	-	10,600,738	18,224,388
Trade and other current receivables	531,950,235	-	(194,759,627)	-	337,190,608	194,759,627
Current accounts receivable from related companies	98,474,310	65,665	4.VII) (38,562,305)	-	59,977,670	38,562,305
Inventories	55,285,038	-	(23,636,397)	-	31,648,641	23,636,397
Current tax assets	18,841,824	-	(119,634)	-	18,722,190	119,634
<b>Total current assets other than assets or groups of assets for disposal classified as held for sale or held for distribution to owners</b>	<b>929,775,414</b>	<b>65,665</b>	<b>(456,037,847)</b>	<b>-</b>	<b>473,803,232</b>	<b>456,037,847</b>
<b>TOTAL CURRENT ASSETS</b>	<b>929,775,414</b>	<b>65,665</b>	<b>(456,037,847)</b>	<b>-</b>	<b>473,803,232</b>	<b>456,037,847</b>
<b>NON-CURRENT ASSETS</b>						
Other non-current financial assets	23,419,678	-	(630,294)	-	22,789,384	630,294
Other non-current non-financial assets	7,299,468	-	(3,911,758)	-	3,387,710	3,911,758
Trade and other non-current receivables	119,840,676	-	(119,792,042)	-	48,634	119,792,042
Investments accounted for using the equity method	476,098,715	-	(428,410,790)	-	47,687,925	428,410,790
Intangible assets other than goodwill	50,877,967	-	(31,494,143)	-	19,383,824	31,494,143
Goodwill	131,030,038	-	(106,169,681)	-	24,860,357	106,169,681
Property, plant and equipment	5,389,257,955	-	(2,724,602,767)	-	2,664,655,188	2,724,602,767
Deferred tax assets	39,016,974	52,239	(20,980,619)	-	18,088,594	20,980,619
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,236,841,471</b>	<b>52,239</b>	<b>(3,435,992,094)</b>	<b>-</b>	<b>2,800,901,616</b>	<b>3,435,992,094</b>
<b>TOTAL ASSETS</b>	<b>7,166,616,885</b>	<b>117,904</b>	<b>(3,892,029,941)</b>	<b>-</b>	<b>3,274,704,848</b>	<b>3,892,029,941</b>

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**ENDESA S.A. & SUBSIDIARY COMPANIES**

**Pro Forma Consolidated Statements of Financial Position, Classified as of October 1, 2015**

(in thousands of Chilean pesos)

LIABILITIES AND EQUITY	Historical	Pro Forma Adjustments			Pro Forma Financial Position		
	Endesa as of 09/30/2015 ThCh\$	Intercompany Elimination and Other Adjustments ThCh\$	Pro Forma Adjustments (Endesa Américas) ThCh\$	Pro Forma Tax Adjustments (Endesa Chile) ThCh\$	Endesa Chile Pro Forma as of 10/01/2015 ThCh\$	Endesa Américas Pro Forma as of 10/01/2015 ThCh\$	
<b>CURRENT LIABILITIES</b>		<i>Ref.</i>	<i>4.IV)</i>	<i>Ref.</i>	<i>4.I)</i>	<i>4.VIII A)</i>	
Other current financial liabilities	287,523,876	-	-	4.V)	(256,058,853)	-	31,465,023
Trade and other current payables	469,202,627	-	-	-	(241,126,388)	175,379,000	403,455,239
Current accounts payable to related companies	377,749,879	65,665	65,665	4.VII)	(43,466,612)	-	334,348,932
Other current provisions	127,959,695	-	-	-	(109,102,383)	-	18,857,312
Current tax liabilities	34,569,757	-	-	-	(30,706,802)	-	3,862,955
Other current non-financial liabilities	33,595,175	-	-	-	(21,209,536)	-	12,385,639
<b>Total current liabilities other than those associated with groups of assets for disposal classified as held for sale</b>	<b>1,330,601,009</b>	<b>65,665</b>	<b>65,665</b>		<b>(701,670,574)</b>	<b>175,379,000</b>	<b>804,375,100</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,330,601,009</b>	<b>65,665</b>	<b>65,665</b>		<b>(701,670,574)</b>	<b>175,379,000</b>	<b>804,375,100</b>
<b>NON-CURRENT LIABILITIES</b>							
Other non-current financial liabilities	1,797,443,787	-	-	4.V)	(887,227,704)	-	910,216,083
Other non-current provisions	91,142,007	-	-	-	(33,744,505)	-	57,397,502
Deferred tax liabilities	370,392,077	52,239	52,239	-	(160,776,532)	(42,090,960)	167,576,824
Non-current provisions for employee benefits	37,230,373	-	-	-	(22,512,843)	-	14,717,530
Other non-current non-financial liabilities	43,943,882	-	-	-	(41,321,935)	-	2,621,947
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,340,152,126</b>	<b>52,239</b>	<b>52,239</b>		<b>(1,145,583,519)</b>	<b>(42,090,960)</b>	<b>1,152,529,886</b>
<b>TOTAL LIABILITIES</b>	<b>3,670,753,135</b>	<b>117,904</b>	<b>117,904</b>		<b>(1,847,254,093)</b>	<b>133,288,040</b>	<b>1,956,904,986</b>
<b>EQUITY</b>							
Issued capital	1,331,714,085	-	-	4.II)	(778,936,764)	-	552,777,321
Retained earnings	2,138,092,441	-	-	4.II)	(1,250,597,877)	-	887,494,564
Share premium	206,008,557	-	-	4.II)	(120,497,065)	-	85,511,492
Other reserves	(1,050,468,789)	-	-	4.II)	942,817,077	(133,288,040)	(240,939,752)
<b>Equity attributable to owners of the parent company</b>	<b>2,625,346,294</b>	<b>-</b>	<b>-</b>		<b>(1,207,214,629)</b>	<b>(133,288,040)</b>	<b>1,284,843,625</b>
<b>Non-controlling interests</b>	<b>870,517,456</b>	<b>-</b>	<b>-</b>	4.II)	(837,561,219)	-	<b>32,956,237</b>
<b>TOTAL EQUITY</b>	<b>3,495,863,750</b>	<b>-</b>	<b>-</b>		<b>(2,044,775,848)</b>	<b>(133,288,040)</b>	<b>1,317,799,862</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,166,616,885</b>	<b>117,904</b>	<b>117,904</b>		<b>(3,892,029,941)</b>	<b>-</b>	<b>3,274,704,848</b>

**EMPRESA NACIONAL DE ELECTRICIDAD & SUBSIDIARIES**  
**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF**  
**“ENDESA CHILE AND ENDESA AMÉRICAS”**

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**1. DESCRIPTION OF THE TRANSACTION**

On April 28, 2015, Endesa informed the SVS through a significant event, that the Board of Directors of its direct parent, Enersis S.A., communicated that it had decided to initiate an analysis of a corporate reorganization aimed at the separation of the activities of power generation and distribution in Chile from other activities conducted outside of Chile by Enersis S.A. and its subsidiaries Endesa and Chilectra S.A., maintaining its inclusion in the Enel SpA group.

In the same significant event, the Board of Directors of Endesa reported that it had agreed to initiate studies to analyze a possible corporate reorganization consisting of the spin-off of Endesa’s businesses in Chile from those outside of Chile, and eventually merge the latter into a single company. Furthermore, it indicated that the objective of this reorganization is to create value for all of its shareholders, as none of these operations require the contribution of additional resources from shareholders. The possible corporate reorganization would take into account the best interests as well as all shareholder’s interests, with special attention paid to minority interests, and if it were approved, be subject to approval at an Extraordinary Shareholders’ Meeting.

On July 27, 2015, pursuant to the provisions of Articles 9 and 10 of the Securities Market Law No. 18,045 and the provisions of General Norm No. 30 of the SVS, Endesa informed the SVS by means of a significant event, that the Board of Directors of the Company had decided unanimously, that if the separation of power generation and distribution activities in Chile from the rest of the activities of Enersis group outside of Chile were approved, the reorganization would be carried out through the following corporate transactions:

**Steps to carry out the corporate reorganization:**

- a) *Related to the preparation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015.*
- Each of the direct and indirect subsidiaries of Enersis S.A., Chilectra S.A. and Endesa, would be spun-off, resulting in the formation of: a new company from the spin-off of Chilectra S.A. (“Chilectra Américas”) and a new company from the spin-off of Endesa (“Endesa Américas”), to which would be allocated the shareholdings and other assets that both Chilectra S.A. and Endesa have outside Chile, as well as certain other assets and liabilities related to them.
  - At the same time, Enersis S.A. will be spun-off and, resulting from this spin-off, will form a new company (“Enersis Chile”), which will hold the equity interests and assets of Enersis in Chile allocated to it, including the equity interests in Chilectra S.A. and Endesa (after the spin-offs of these companies as described above), and certain other assets and liabilities related to them. Remaining in the continuing Enersis (to be called “Enersis Américas” after the spin-off) are the equity interests and corresponding liabilities of Enersis outside of Chile, as well as those held by each of the new companies “Chilectra Américas” and “Endesa Américas,” created as a result of the spin-offs of Chilectra S.A. and Endesa mentioned above, and the liabilities related to them.
- b) *Related to the subsequent processes of the division phase.*
- Once the previously mentioned spin-off are completed, “Enersis Américas” would absorb by merger Chilectra Américas and Endesa Américas, and would dissolve them without liquidation, thus grouping all international shares of Enersis outside of Chile in Enersis Américas. The merger involving Endesa Américas and Chilectra Américas would take place as soon as legally possible and in accordance with the applicable regulations.

**EMPRESA NACIONAL DE ELECTRICIDAD & SUBSIDIARIES**  
**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF**  
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The preparation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015, do not include effects that could potentially arise as a result of the previously mentioned merger.

The resulting companies would be based in Chile and their shares would be listed in the same markets that Endesa is currently listed. As stated earlier, none of the transactions described above require the contribution of additional financial resources.

## **2. BASIS OF PREPARATION AND PRESENTATION**

### **a) Basis of preparation:**

The historical consolidated financial statements of Endesa and subsidiaries as of September 30, 2015 have been prepared in accordance with the guidelines and instructions for the preparation and presentation of financial information, issued by the SVS, which are composed of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in addition to specific instructions issued by the SVS.

The attached pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015, including their related notes, should be read in conjunction with the historical consolidated financial statements of Endesa and subsidiaries as of September 30, 2015, which are included by reference in the present document<sup>1</sup>.

Based on the requirements under Title IX, article 147, section c), of the Chilean Companies Act (“Reglamento de Sociedades Anónimas”), the date of the pro forma consolidated statements of financial position is the date following the consolidated statements of financial position date that serves as the basis for the spin-off. Given that the consolidated statement of financial position use as a base for the spin-off is dated September 30, 2015, the pro forma consolidated statements of financial position are dated October 1, 2015.

The purpose of this report is to fulfil the Chilean Company’s Act and those specific instructions issued by the SVS for this type of transactions, reason for which the information presented herein may differ from the requirements established in Article 11 of Regulation S-X (Pro forma financial information), which describes and addresses the requirements of the Securities and Exchange Commission of the United States of America (“SEC”) for a registrant to prepare pro forma financial information.

### **b) Basis of presentation of pro forma financial information:**

The pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” were prepared assuming that the corporate reorganization was approved by shareholders and its effects are effective starting from January 1, 2015.

The attached pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015, are comprised of:

- Pro forma consolidated statements of financial position as of October 1, 2015.

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<sup>1</sup> These financial statements are published at the following link:

<http://www.endesa.cl/es/Reestructuracion/Paginas/Home.aspx> or by requesting a physical copy to Endesa S.A., Investor Relations, Santa Rosa 76, Santiago de Chile.

**EMPRESA NACIONAL DE ELECTRICIDAD & SUBSIDIARIES**  
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- The accompanying notes to the pro forma consolidated statements of financial position.

The structure for the preparation of the pro forma financial information is as follows:

- i Historical of Endesa: corresponds to the historical consolidated financial information of Endesa and subsidiaries that has been audited as of September 30, 2015.

- ii Pro forma adjustments:

- Intercompany elimination and other adjustments: reflects intercompany balances of transactions between Chilean and foreign companies of Endesa and subsidiaries, which were eliminated in financial statements as part of the consolidation adjustments and eliminations.

The aforementioned is explained in the context that at the moment of the spin-off, certain balances between related companies will no longer qualify as transactions within the same group, and therefore will not be eliminated in the consolidation process of “Endesa Chile” and “Endesa Américas” and will be included in the pro forma consolidated statements of financial position and consolidated statements of comprehensive income of both companies, as balances between related parties.

- Pro forma adjustments of Endesa Américas: correspond to the effects of the corporate reorganization and application of assumptions and criteria determined by Endesa’s Management about the assets and liabilities of foreign activities related to the energy generation.

- Pro forma adjustments taxes of Endesa Chile: correspond to the taxes payable by “Endesa Chile” in Peru and Argentina for transferring the investments owned by Endesa in these countries. (Please refer to note VIII.A)

- Pro forma as of October 1, 2015 of Endesa Chile: corresponds to the assets and liabilities coming from activities performed in Chile. This company will be the continuing company of Endesa, once the Chilean net assets are separated from those that belong to the generation and distribution activities performed outside of Chile.

- Pro forma as of October 1, 2015 of Endesa Américas: represents the new entity in which the assets and liabilities coming from the energy generation and distribution activities performed in Argentina, Peru, Colombia and Brazil (Enel Brasil, associated) that have been allocated. Assets and liabilities were separated from Endesa in order to demonstrate what the spin-off (corporate reorganization) of Endesa and subsidiaries would be in the context of this transaction.

The pro forma adjustments do not consider possible synergies or expenses that could be materialized or incurred, respectively, in the next phases of the corporate reorganization. Additionally, some services could be provided between the companies that are subsequently controlled by the Enel SpA group.

The allocation of tax effects related to income tax expenses has been completed with the unique purpose to present the pro forma financial information on indicative terms.

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**3. SUMMARY OF ACCOUNTING POLICIES**

The accounting policies used in preparing these pro forma consolidated statement of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015, are the same as those used in preparing the audited consolidated financial statements of Endesa and subsidiaries as of September 30, 2015, except for certain items that were subject to pro forma adjustments mentioned in Note 4.

**4. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS**

For purposes of the preparation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” as of October 1, 2015, the Management has considered assumptions which have led to the recording of certain adjustments in order to prepare the pro forma financial information (“Pro forma adjustments”), reflected in the summarized pro forma consolidated statements of financial position of both “Endesa Chile” and “Endesa Américas”. The preparation of pro forma financial information is based on current information available and also considers estimates in the pro forma adjustments. Endesa’s Management believes that the assumptions used, as well as the use of certain estimates, to prepare the pro forma financial information provide a reasonable basis for presenting the significant effects related to the reorganization and the pro forma adjustments reflect the assumptions determined by the Management. The initial balances determined by Management are those as of January 1, 2015. The main assumptions determined by Management are described below:

**I. Division of net assets and income for the period from Endesa S.A. and subsidiaries and their allocation to “Endesa Américas”**

The main pro forma adjustment made to the consolidated historical financial statements of Endesa and subsidiaries as of September 30, 2015, correspond to the allocation of assets, liabilities, equity accounts and net income of Endesa for the nine-month period ended September 30, 2015, that are related to the foreign operations of electricity generation through subsidiaries in Argentina, Peru, Colombia in addition to electricity generation, transmission and distribution through its associate in Brazil to the new entity Endesa Américas.

**II. Distribution of paid-in capital and division of other equity accounts, including retained earnings, various other reserves and other comprehensive income**

*a. Paid-in capital:* the paid-in capital of Endesa has been divided for the purpose of the presentation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas” based on the net asset book value ratio assigned to each of these two entities.

*b. Retained earnings, including income for the period:* similar to paid-in capital account, retained earnings of Endesa as of October 1, 2015, including the net income from the nine-month period ended October 1, 2015, have been allocated to “Endesa Chile” and “Endesa Américas” based on the net asset book value ratio allocated to each of the two companies.

*c. Other various equity reserves, including other comprehensive income:* the equity reserves of Endesa have been allocated to “Endesa Chile” and “Endesa Américas” based on the origin of each of them, distinguishing

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and assigning, as appropriate, those equity reserves that the IFRS requires recycling/reclassification after the date of the statement of financial position.

According to this definition, it has been identified and allocated to each of the two companies the items related to "other comprehensive income," such as the equity effects of cash flow hedges, the equity effects of conversion adjustments for investments held in a currency other than Chilean pesos (the functional currency), the equity effects of changes in the fair value of those investments in financial assets classified as available for sale, the equity effects caused by benefit plans to employees, and the corresponding effects of deferred taxes that might affect each of these items.

The remaining reserves are mainly associated with the "various other reserves" included in the net equity of Endesa. These reserves are primarily composed of the equity effects of past reorganizations, business combinations under common control, buyouts of non-controlling interest, residual effects of first-time adoption of IFRS and the equity effects of the current spin-off process. The allocation of these reserves to “Endesa Chile” and “Endesa Américas” has been made considering the transaction and circumstances that led to the reserves.

### **III. Allocation of cash and cash equivalents**

The criteria used to divide and assign cash and cash equivalents of Endesa on a stand-alone basis, to the companies “Endesa Chile” and “Endesa Américas” was to use the valuation relative weights of the companies included in the consolidation<sup>2</sup> and based on that determine the amounts corresponding to each entity.

Based on the exercise carried out by Endesa’s Management, the ratios obtained for the division of the cash and cash equivalents are as follows:

<b>Entity</b>	<b>Proportion of Economic Assets (**)</b>	
	<b>Endesa Chile</b>	<b>Endesa Américas</b>
Endesa	66%	34%

(\*\*) The entities considered in the analysis were Endesa , Emgesa , Edegel S.A.A., Costanera, Hidroeléctrica El Chocón S.A., Edesur S.A. and Enel Brasil S.A.

### **IV. Distribution of inter-company balances**

The division criterion of inter-company balances defined by Endesa’s Management is based mainly on identifying the entity that provided the service as well as the nature of it. According to the above, if the Management believes a service will continue to be provided/received in the future by “Endesa Chile”, then the balance of this account at the time of presentation of the pro forma financial information has been assigned to “Endesa Chile”. Moreover, in cases where the Management has determined that certain services will continue to be provided/received in the future by “Endesa Américas”, then the balance at the date of the presentation of the pro forma financial information has been allocated to “Endesa Américas”.

<sup>2</sup> The economic equity was obtained from four reports prepared by local and foreign stockbrokers issued at different dates (Nov. 2014 - Dec. 2014 and April 2015). The methodologies used were mainly based on the use of discounted cash flows (equity value), using the average relative weight of the four valuation reports.

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**V. Distribution of debt instruments and interest expenses, exchange differences and effects of hedge accounting strategies**

*a. Allocation of debt instruments and their related interest expenses:* the allocation of debt instruments (bonds and loans) of Endesa on a stand-alone basis to “Endesa Chile” and “Endesa Américas” was carried out using various qualitative and quantitative criteria, which have mainly considered: i) clauses established in debt contracts in relation to reorganization scenarios, ii) compliance with contractual *covenants*, iii) the new entities’ financing structures in order to maintain an investment grade classification, iv) the new entities’ cash flow potential generation and v) the related tax effects. Based on the above, the Endesa’s Management decided to allocate 100% of its debt instruments to “Endesa Chile”.

For the purposes of a correct presentation of the pro forma consolidated statements of financial position of “Endesa Chile” and “Endesa Américas”, Endesa’s Management has distributed the financial cost to each entity based on the allocation of debt instruments as of January 1, 2015.

*b. Allocation of exchange rate differences and effects of hedge accounting strategies:* the allocation of exchange rate differences to “Endesa Chile” and “Endesa Américas” recorded as of September 30, 2015 originated in Endesa’s stand-alone debt in a currency other than Chilean pesos, is allocated as the debt. That is, all of the exchange differences arising from Endesa’s stand-alone foreign currency debt have been assigned to “Endesa Chile”.

In relation to derivative instruments designated as hedging instruments, Endesa’s Management has adopted as a criterion to keep the strategies of hedge accounting in the pro forma financial statements of “Endesa Chile” and “Endesa Américas”. Therefore, all effects on the statement of financial position, income and other comprehensive income are assigned to the different companies to which the hedged items were assigned. In the case of Endesa on a stand-alone basis, the main items covered by the hedging strategies are related to debt (hedging exposure to foreign currency debt and variability of the interest rate). Therefore, the main derivative instruments associated with such hedging strategies have been assigned according to debt criteria mentioned in the previous paragraph.

**VI. Considerations regarding the distribution of personnel, salary expenses other employee benefits**

For purposes of properly distributing the accounting effect of personnel from Endesa on a stand-alone basis between “Endesa Chile” and “Endesa Américas”, the Company’s Management defined as a criterion to identify those personnel whose main activities are related 100% with the operations based in Chile. This group of employees was assigned to “Endesa Chile”.

On the other hand, Management also identified those employees whose main activities relate 100% to foreign operations. This group of employees was assigned to “Endesa Américas”.

All remaining personnel, who divide their main activities between the Chilean operations of Endesa and foreign operations, were assigned to “Endesa Chile”, meaning that as of the date of the spin-off, those employees should identify and control their activities offered to foreign operations and vice-versa. This should lead to contracts of the inter-company provision of services between “Endesa Chile” and “Endesa Américas”.

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Below is a summary table presenting the breakdown of the employees to be allocated to “Endesa Chile” and “Endesa Américas”:

<b>Entity</b>	<b>Employee Allocation</b>	
	<b>Endesa Chile</b>	<b>Endesa Américas</b>
Endesa	925	7

Once the allocation of personnel was determined, Endesa’s Management applied the same division criteria to all accounts of the statements of financial position, income and other comprehensive income that were affected by this criterion.

**VII. Allocation of dividends receivable and payable**

The criterion defined by Endesa’s Management to allocate to both “Endesa Chile” as well as to “Endesa Américas” a portion of dividends receivable accounts as of the date of the corporate spin-off, has been based mainly on identifying the origin of each one of those dividends receivable. If the dividends receivable come directly from a foreign subsidiary, these dividends have been allocated to “Endesa America”, and vice versa, if the dividends receivable come directly from a Chilean subsidiary, these dividends have been assigned to “Endesa Chile”.

**VIII. Considerations with respect to the tax effects of the pro forma adjustments**

The tax effect related to pro forma adjustments for the preparation of the pro forma consolidated statements of financial position was calculated using the statutory corporate tax rates according to the country where the adjustment was originated. In this case, since the pro forma adjustments only affect the Chilean entities, the rate of first category income tax applied to pro forma adjustments was 22.5%.

This pro forma adjustment related to the tax effect has only been recorded in the financial statements of “Endesa Chile” and “Endesa Américas” at the level of the income statement, with no effect in determining the current income tax provision presented in the statement of financial position, since from a tax point of view, there is currently only one taxpaying company, which is Endesa, and whose successor entity would be “Endesa Chile”, if the corporate reorganization is finally approved.

In relation to deferred tax assets and liabilities, these have been assigned to “Endesa Chile” and “Endesa Américas”, taking into account the underlying assets and liabilities, whose respective temporary differences have resulted in said deferred taxes.

**VIII. A) Specific aspects related to taxes that would emerge from carrying out the spin-off.**

According to regulations in force and considering the spin-off processes to be completed (see note 1.a), “Endesa Chile” would be required to pay taxes in Peru and Argentina. These taxes, according to tax laws (*Ley del Impuesto a la Renta* in Peru and *Ley de Impuesto a las Ganancias* in Argentina), apply to the transfer of investments that Endesa has in these countries and would be transferred to “Endesa Américas”. According to preliminary assessments by Endesa’s Management, it is estimated that these taxes amount to ThCh\$ 175,379,000. These taxes, according to the cited laws, are applied to capital gains generated by the

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difference between the value of disposal and the cost of acquisition of these investments. The applicable tax rate on the respective profit is 30% in Peru and 15% in Argentina.

These taxes would be considered as deductible expenses for purposes of determining income tax in Chile, therefore creating a tax benefit estimated at ThCh\$ 42,090,960 for “Endesa Chile”, using a rate of 24%, which would be applicable in the year 2016 (the year in which the spin-off is expected to be completed).