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Santiago, November 14, 2017

Mr. Giuseppe Conti  
Chairman of the Board of Directors  
Enel Generación Chile S.A.

**Ref: Enel Generación Chile S.A. Directors' Committee Supplementary Report on Enel Chile S.A Corporate Reorganization (the Elqui Project)**

This document refers to the Enel Generación Chile S.A. ("Enel Generación" or the "Company") Directors' Committee report issued on November 9, 2017, concerning the Enel Chile S.A. corporate reorganization, the "Elqui Project". That report stated that in order to determine whether the proposed Transaction, as defined hereafter, is on arm's length terms, the Enel Chile reorganization proposal, including its terms and conditions (particularly its prices, components, and exchange ratios), must be available to the Directors' Committee, but as of that date, such information was not available. The report also indicated that once the Directors' Committee had access to such information, its report would be supplemented with the required statement regarding the Transaction.

On November 14, 2017, the Board of Directors of Enel Chile S.A. ("Enel Chile"), disclosed its collective pronouncement regarding the prices, terms and conditions – not previously disclosed – of the Transaction on the company's website.

Mr. Enrique Cibié Bluth, Mr. Jorge Atton Palma and Mr. Julio Pellegrini Vial, as members of the Directors' Committee of Enel Generación, hereby supplement the report issued on November 9, 2017. A supplementary version of the Directors' Committee report is set forth hereunder, which includes the Committee's new conclusions concerning the prices, terms and conditions of the Transaction.

The Board of Directors of Enel Generación Chile S.A., in its session N° 1542 held on August 28, 2017, determined that the Transaction is a related party transaction as defined by the provisions of the Corporations Law N° 18,046 ("LSA" in its Spanish acronym), and specifically article 50 bis N° 3, which states that Directors' Committees "*must examine all information related to transactions referred to by Title XVI and issue a report regarding such transactions*" and requires that "*a copy of such report be sent to the Board of Directors and that it should be read at the board meeting in which the related party transaction is to be approved or rejected*", therefore, on behalf of the Directors' Committee of Enel Generación, Mr. Enrique Cibié Bluth, Mr. Jorge Atton Palma and Mr. Julio Pellegrini Vial, comply with the Law by reporting on the Transaction that Enel Chile S.A. is planning to undertake and has proposed to Enel Generación, as described below.

## **I. General Information**

### **A. Description of the Transaction**

The corporate reorganization of Enel Chile is the subject of this report (the "Transaction" or the "Reorganization"). It consists of the merger of Enel Green Power Latin America S.A. ("Enel Green Power") into Enel Chile and a public

tender offer of shares (“PTO”) by Enel Chile to acquire up to 100% of the shares issued by Enel Generación Chile S.A. (“Enel Generación”) owned by the minority shareholders of Enel Generación. This PTO will include a condition that the minority shareholders of Enel Generación that accept the offer must apply a portion of the cash to be received from Enel Chile as payment for their Enel Generación shares to subscribe and pay for shares of Enel Chile. This allows the minority shareholders of Enel Generación that accept the PTO to become shareholders of Enel Chile once the PTO has been declared successful.

For the PTO to be a success, it must satisfy the following conditions:

- a) The shareholders of Enel Chile and Enel Green Power must have approved the Merger and it must be enabled to be carried out without restrictions.
- b) The shareholders of Enel Generación Chile S.A. must have approved an amendment to the bylaws of the Company that eliminates the provisions of Title XII of Decree Law (“DL”) 3,500/1980 regarding the 65% shareholder maximum concentration limit of issued capital and other shareholding restrictions included in such Title XII;
- c) The shareholders’ of Enel Chile must have approved a capital increase so as to be able to issue sufficient Enel Chile shares to be subscribed by the shareholders of Enel Generación Chile S.A. that accept the offer to sell their shares in the PTO.
- d) As a result of the PTO, Enel Chile’s ownership share of Enel Generación Chile S.A must exceed 75%.

In addition, Enel SpA, as Enel Chile’s controlling shareholder, sent a letter to Enel Chile dated August 25, 2017, stating that the Transaction would be supported by Enel SpA provided that at least the following conditions were met: (i) the Transaction must be carried out on arm’s length terms, taking into consideration the growth expectations of renewable energy in Chile; (ii) the Transaction must lead to an increase in Enel Chile’s earnings per share; (iii) Enel SpA’s ownership share of Enel Chile, when the process concludes, must be similar to its current ownership share, and it must at all times, be Enel Chile’s controlling shareholder within the 65% shareholder concentration limit established in the bylaws; and (iv) once the process concludes, Enel Generación must no longer be subject to Title XII of DL 3,500/1980, and the shareholder concentration limit restrictions and other restrictions must have been eliminated from its bylaws.

According to current regulation, the merger of a corporation must follow special procedures, which include being approved by the Extraordinary Shareholders’ Meeting of the corporation, and having the Board of Directors of such corporation appoint at least one independent appraiser (*perito independiente*) to issue a report referring to the valuations of the companies involved in the merger and the exchange ratio of their respective shares. Regulation also determines that the Reorganization must comply, as a whole, with the rules of Title XVI of the LSA regarding related party transactions.

#### **B. Objectives of the Reorganization:**

As stated in Enel Generación’s board meeting held on August 28, 2017, the Transaction could lead to the following potential benefits, among others: (i) simplifying Enel Chile’s ownership structure and eliminating potential conflicting interests between the electricity generation companies, namely, Enel Generación, and Enel Green Power (by having both companies become directly controlled by Enel Chile); (ii) allowing all shareholders (including Enel SpA and the minority shareholders of Enel Chile and Enel Generación) to invest in one company (Enel Chile) that controls conventional and non-conventional renewable electricity generation and electricity distribution; (iii) reducing Enel Chile’s holding company discount that currently affects the trading price of its shares, thereby allowing shareholders (including Enel Generación’s minority shareholders who accept the PTO) to invest in a company that would not be affected by such discount.

#### **C. Development of the process:**

In the significant event notice dated August 25, 2017, the Chairman of Enel Chile's Board of Directors informed the SVS and the general public that the Board of the company had unanimously decided to begin the analysis and evaluation of the Transaction, and also described its main characteristics indicating that the Transaction's approval, as a whole, would be subject to the procedures and requirements established by Title XVI of the LSA as a related party transaction. Such significant event notice also made available to the public all communications between Enel Chile and Enel SpA related to the Reorganization that were conducted prior to such disclosure. All communications were, at the time, submitted as confidential significant event notices to the SVS.

Mr. Herman Chadwick Piñera, Chairman of Enel Chile's Board of Directors, informed Mr. Giuseppe Conti, Chairman of Enel Generación's Board of Directors on Enel Chile's Reorganization proposal through a letter dated August 25, 2017.

The Board of Directors of Enel Generación, during its session held on August 28, 2017, noted that board members Mr. Giuseppe Conti, Mr. Francesco Giorgianni, Mr. Mauro Di Carlo, Mr. Umberto Magrini, Mr. Luca Noviello, and Mr. Julio Pellegrini Vial had been elected with the votes of the controlling shareholder, Enel Chile, and therefore had a special interest in the Transaction. Pursuant to article 44 and article 147, both of the LSA, board member Mr. Fabrizio Barderi declared that he is an employee of Enel Trade SpA, a company affiliated with Enel SpA, and board members Di Carlo, Noviello and Magrini declared that they own shares of Enel SpA.

In the significant event notice dated August 28, 2017, the Chairman of Enel Generación's Board of Directors, Mr. Giuseppe Conti, informed the SVS and the general public that the Board of the Company had unanimously resolved to begin the analysis and evaluation of the Transaction, and also described its main characteristics indicating that its approval would be subject to the procedures and requirements established by Title XVI of the LSA.

On September 1, 2017, the Company's Board of Directors appointed Banchile Asesorías Financieras S.A. ("Banchile") as Enel Generación's independent evaluator (*evaluador independiente*) to prepare a report on the Reorganization. The Board of Directors determined that the independent evaluator must state whether the Transaction was in the Company's best interest and whether its price, terms and conditions were on arm's length terms at the time of its approval.

Similarly, the Company's Directors' Committee at its extraordinary session held on September 1, 2017 unanimously agreed to appoint Asset Chile as an additional independent evaluator to issue a report including at least the following content: i) a description of the Transaction's terms; ii) an analysis of the potential effects and impacts of the Transaction on Enel Generación identifying: a) whether the Transaction is in the Company's best interest and b) whether the Transaction prices, terms and conditions are on arm's length terms at the time of its approval and; iii) other specific topics regarding the Transaction that the Directors' Committee may expressly request be evaluated by the additional independent evaluator.

Enel Chile submitted a confidential inquiry to the SVS on October 13, 2017, with the purpose of clarifying certain aspects regarding the PTO that could affect the decisions to be adopted by its Extraordinary Shareholders' Meeting. The inquiry asked the SVS whether it was permissible for the PTO to require minority shareholders of Enel Generación that accept the offer to apply a portion of the cash to be received as payment for their Enel Generación shares to subscribe for Enel Chile common stock. For this to be possible, Enel Chile's shareholders must have previously approved a capital increase of the company in order to issue the new shares.

The SVS responded to Enel Chile's inquiry with Confidential Letter N° 27,562 dated October 13, 2017 stating that based on the Securities Market Regulation and the Corporations Law, the structure described was permissible.

The Superintendence of Pensions ("**SP**") responded to the inquiry submitted by Enel Chile dated September 26, 2017, with Letter N° 24,211, as disclosed by Enel Chile through a significant event notice dated October 24, 2017. The SP

response letter stated that Chilean pension funds could subscribe for Enel Chile's common stock as required by the PTO, namely, having a portion of the PTO price applied for the subscription of Enel Chile common stock, provided that such subscription be carried out according to SP rules, which Enel Chile refers to in its inquiry. The SP response letter specifically added that the mechanism to pay pension funds must strictly comply with the simultaneous delivery versus payment condition established by the Pension System Regulations Compendium Book IV, Title I, Letter A, Chapter V, V.2, number 1.

A significant event notice dated October 26, 2017, disclosed that Enel Generación's Board of Directors, in a session held that same date, unanimously reviewed the new structure of the Transaction based on the responses received from the SVS and the SP, which established that the consideration to be paid in the Enel Generación PTO would be cash only, subject to the condition that all shareholders that accept the offer to sell their shares in the PTO must apply a specified portion of the price in cash to be received to subscribe and pay for Enel Chile common stock.

The SVS informed Enel Generación, through Official Letter N°28, 883 dated October 26, 2017, that the Company's approval of the Transaction must be in accordance with the Rules of article 147, numeral 4 of the LSA, which states that the Transaction may only proceed if it is approved unanimously by directors who do not have a special interest in the Transaction, or, if not possible, by the extraordinary shareholders' meeting.

Consequently, the approval of the Transaction, as a related party transaction, requires the unanimous approval by all directors who do not have a special interest in the Transaction, or if not possible, requires approval by two thirds of the shares with voting rights at an extraordinary shareholders' meeting.

The significant event notice dated November 3, 2017 disclosed that Enel Generación's Board of Directors had received the final report of each independent evaluator, Banchile and Asset Chile, and the reports had been disclosed to the SVS and the general public on the Company's website.

On November 9, 2017 Enel Generación's Directors' Committee issued a report stating that in order to determine whether the Transaction was on arm's length terms, the Committee must have access to the final proposal of the Transaction and be informed on its terms, conditions and particularly its price, components and exchange ratios, but that as of that date, such information was not available. The report also indicated that once the Directors' Committee had access to such information, its report would be supplemented with the required statement regarding the Transaction.

Finally, On November 14, 2017, Enel Chile's Board of Directors disclosed a collective pronouncement concerning the Reorganization, which was published on the company's website. According to the pronouncement, within the context of the Reorganization's predetermined guidelines and conditions, the following are the values of the parameters that could justify its implementation:

a. With respect to the PTO for Enel Generación:

- (i) Price of Enel Generación's share: Ch\$ 590 per share
- (ii) Price of Enel Chile's share in the capital increase: Ch\$ 82 per share
- (iii) Based on the above, an implied exchange ratio of 7.19512 Enel Chile shares for each Enel Generación share
- (iv) Based on a PTO price equal to Ch\$ 590 per share, 40% of such price would be allocated to subscribe for Enel Chile common stock (an implied exchange ratio for the 40% portion of 2.87805 Enel Chile shares for each Enel Generación share) and 60% would be received in cash by the shareholders of Enel Generación that accept the PTO.

b. With respect to the Merger, an exchange ratio equal to 15.8 Enel Chile shares for each Enel Green Power share

## II. Reports analyzed by the Directors' Committee

The following documents have been taken into account to prepare this report:

1. Banchile's Independent Evaluator Report dated November 3, 2017
2. Asset Chile's Additional Independent Evaluator Report dated November 3, 2017

Based on the Independent Evaluators' Reports, we consider they all have performed with the appropriate level of independence, access to information, and time to fulfill their mandates.

The reports referred to in this document and used to prepare this report are available to all shareholders and the general public.

### A. Independent Evaluator Report by Asset Chile appointed by the Board of Directors

The report prepared by Asset Chile contains, among others, the following analyses:

1. Asset Chile's opinion regarding the Transaction's contribution to the Company's best interest
2. Whether the Transaction's prices, terms and conditions are on arm's length terms at the time of its approval.

Asset Chile's valuation of the Transaction obtained the following figures for Enel Chile and Enel Green Power:

	Enel Generación (Ch\$ billions)			Enel Green Power (US\$ million)		
	Low	Average	High	Low	Average	High
Company value	5,246	5,353	5,595	2,834	2,899	2,991
Equity value	4,417	4,524	4,766	1,578	1,643	1,735
Price per share	538	552	581	1.91	1.99	2.10

They applied the "sum-of-the-parts" valuation method ("SOTP") to Enel Chile. Within this framework, the sum of parts value of Enel Chile is Ch\$ 4,452 billion (including Enel Chile's cash) and its current market capitalization is Ch\$ 3,679 million (as of October 20, 2017). Asset Chile's report also states that based on this market capitalization value, Enel Chile's current holding discount would be approximately 17%. Given the impact of the announcement of the Transaction on the market, Asset Chile believes this discount value may not necessarily be considered representative.

Asset Chile's report includes an opinion regarding the Transaction's exchange ratios. It states that the exchange ratios are a function of several variables. The most relevant variable in this case is the relative value of the underlying assets. Other variables that have an impact on the ratios are the following: (i) the Transaction's assumptions that become inputs to the calculation of the ratios: Enel Chile's holding discount, the mix in terms of cash and Enel Chile shares offered in exchange for Enel Generación shares, and the premium defined by the PTO; and (ii) variables currently unknown that result from the Transaction: percentage of minority shareholders that accept Enel Generación's PTO, the percentage of Enel Chile minority shareholders that exercise their pre-emptive rights in Enel Chile's capital increase that is required to finance the PTO, and the number of Enel Chile minority shareholders that exercise their merger withdrawal rights.

Asset Chile's analysis is based on the following assumptions:

1. A 10% holding discount, similar to the holding discount value over the past 12 months. To be conservative and to avoid any speculation, the percentage holding discount is assumed to not change as a result of this Transaction.
2. A PTO premium within 10% and 14% above the market price is adequate for this type of transaction, which implies a PTO price for Enel Generación shares between Ch\$ 570 and Ch\$ 590 per share.
3. No Enel Chile minority shareholder will exercise their pre-emptive rights in the Enel Chile capital increase nor will any Enel Chile minority shareholder exercise his or her merger withdrawal rights.

Therefore, Asset Chile concludes that assuming the PTO and the Merger are paid 100% with Enel Chile shares, the exchange ratios of the proposed Transaction should fall within the following ranges:

<b>PTO Between Enel Generación and Enel Chile</b>	<b>Merger Between Enel Green Power and Enel Chile</b>
Between 7.2x and 8.5x Enel Chile shares for 1 Enel Generación share	Between 15.1x and 19.0x Enel Chile shares for 1 Enel Green Power share

According to Asset Chile, the Transaction contributes to the best interest of Enel Generación shareholders that accept the PTO for the following reasons:

1. Asset Chile believes the Transaction will have a minimum or no impact at all on the Company's ordinary course of business. With regard to Enel Generación's decision making processes, as long as Enel Generación continues to have minority shareholders, these processes will not be simplified. This is particularly true because the controlling shareholder will manage Enel Generación separately and will potentially compete with Enel Green Power. The gap between Enel Chile's controlling shareholding and minority shareholdings will be lower as a result of the Transaction, but this, in itself, does not necessarily reduce potential conflicts of interest or friction that possibly exist today. Therefore, Asset Chile believes the Transaction is neutral from Enel Generación's standpoint.
2. Assuming the PTO takes place within the ranges included above, and therefore on arm's length terms, Asset Chile sees an opportunity for the current shareholders of Enel Generación that accept the PTO to capture the entire value of their ownership position, and potentially with a premium. The shareholders that accept the PTO will align their interest to those of the controlling shareholder. Therefore, Asset Chile believes the Transaction is positive for shareholders.
3. Some shareholders may decide not to accept the PTO, despite the risk that their shares may be subject to a liquidity discount once the PTO is consummated. Asset Chile assumes that such shareholders prefer maintaining their direct ownership of Enel Generación for different reasons: risk selection and focus (i.e. conventional electricity generation in Chile), portfolio diversification, and/or different views regarding the value of the underlying business going forward. All these reasons are possible and legitimate and are a reflection of such shareholders preference when having the option to decide otherwise.
4. Consequently, the Transaction conducted on arm's length terms is neutral or positive for Enel Generación shareholders that accept the PTO.

Asset Chile concluded that the Transaction is in the best interest of Enel Generación and/or its shareholders and its effects are either neutral or positive.

Regarding the analysis of whether the Transaction is being conducted on arm's length terms, Asset Chile's report states that as of the date of delivery of the report, they had not received the final proposal of the Transaction, its terms, conditions and particularly its prices, components and exchange ratios from Enel Chile. Therefore, it is not possible for them to have an opinion on the matter. But, if the final PTO terms were within the range mentioned above, Asset Chile considers the Transaction would be on arm's length terms, for this type of transaction.

## **B. Independent Evaluator Report by Banchile appointed by the Board of Directors**

The report prepared by Banchile performs, among others, the following tasks:

1. Describes the proposed transaction.
2. Analyzes the transaction's rationale and potential impact on Enel Generación shareholders.
3. Evaluates the considerations and potential risks related to the execution of the Transaction.
4. Performs a valuation of Enel Generación, Enel Chile and Enel Green Power within the context of the Transaction to: (i) determine the exchange ratio range for the Merger between Enel Chile and Enel Green Power; and (ii) determine a range for the terms and conditions of the PTO, comparing them to fundamental market valuations.
5. Verifies the conditions precedent determined by Enel Chile.

Banchile concludes that the Transaction would contribute to the best interest of Enel Generación shareholders who accept the PTO. This conclusion is based on the strategic and procedural considerations summarized below:

### **Strategic considerations**

Banchile sees the following benefits for the shareholders who accept the Transaction:

1. Diversification: invest in a company that combines both generation (conventional and renewable) and distribution assets.
2. Growth: gain access to the attractive renewable generation sector through Enel Green Power, the largest non-conventional renewable generation company in Chile (in terms of installed capacity) that has a portfolio of greenfield projects in an advanced stage allowing them to reach significant growth in the medium and long term.
3. Interest alignment: reduce the existing conflict of interest between Enel Generación and Enel Green Power.
4. Holding discount: if Enel Generación shareholders' acceptance level is high, the Enel Chile holding discount (estimated by Banchile to be within Ch\$8.5 and Ch\$ 9.2 per share) could potentially decline; but, the probability of such scenario and the magnitude of the reduction are unpredictable.

However, Banchile believes the Transaction is not neutral for Enel Generación shareholders who decide not to accept the PTO. The shareholders that maintain their direct ownership of Enel Generación may be affected mainly by the following:

1. Deteriorated liquidity of Enel Generación shares after the PTO.
2. Enel Generación's controlling shareholder will obtain additional corporate governance rights (i.e. quorums>2/3)
3. Potential loss of tax benefits if Enel Generación becomes a thinly traded stock.

### **Procedural considerations**

Banchile believes that the execution risks for Enel Generación shareholders are minimized if the Enel Generación PTO and the Enel Chile capital increase occur at the same time as the Merger, in other words simultaneously. Moreover, the fact that approvals will happen concurrently (i.e. changes to the bylaws, approval of the Related Parties Transaction, PTO and of the terms of the Merger) minimizes uncertainty for those shareholders of Enel Generación to vote in favor of the transaction.

However, the number of minority shareholders that subscribe in the capital increase may impact the implementation of the Transaction:

1. If a high number of Enel Chile shareholders subscribe in the capital increase, then Enel SpA's ownership position in Enel Chile would decline.
2. This impact could be mitigated by defining a maximum level of subscription as a condition precedent or by raising the amount of the capital increase above the maximum required by the PTO.

Regarding the analysis of whether the Transaction is being conducted on arm's length terms, Banchile's report determines that, within the context of the Transaction, the following valuation ranges represent current market conditions for each company:

	Enel Generación		Enel Green Power		Enel Chile	
	Low	High	Low	High	Low	High
Company value	MUS\$6,958	MUS\$7,439	MUS\$1,586	MUS\$1,705	MUS\$5,899	MUS\$6,330
Price per share	Ch\$ 541	Ch\$ 579	Ch\$ 1,223	Ch\$ 1,315	Ch\$ 77	Ch\$ 82

The price per share resulting from Enel Generación's valuation is between 10.7% and 18.3% higher than the price per share before the Transaction was announced, in other words, the price per share on August 24, 2017. This implicit price premium would be, according to Banchile, an additional incentive for Enel Generación shareholders to accept the PTO. The valuation ranges recommended by Banchile imply the following exchange ratios:

PTO Between Enel Generación and Enel Chile	Merger Between Enel Green Power and Enel Chile
Between 6.6x and 7.5x Enel Chile shares for 1 Enel Generación share	Between 14.9x and 17.2x Enel Chile shares for 1 Enel Green Power share

Banchile's report does not make a final recommendation and does not refer to the lack of a final proposal of the Transaction, including its terms and conditions, particularly regarding its price, components and exchange ratios.

### III. Best interest of Enel Generación and market conditions

The criteria established by Article 147 of the LSA to approve a related party transaction states that the transaction must be in the best interest of the company and be conducted at prices, terms and conditions prevailing in the market at the time of its approval.

Based on the above mentioned, the following aspects of the Transaction are analyzed separately:

- The contribution to the Company's best interest.
- Alignment with market prices, terms and conditions

#### A. Best interest of the Company

Best interest refers to the interest shared by all shareholders to participate in the company with the purpose of sharing the benefits generated by its business as authorized by the company's corporate purpose. Therefore, it is an interest

shared by all shareholders and must outweigh individual interests that belong to one or more shareholders in particular, including the controlling shareholder.

In our opinion, it is necessary to determine whether the Transaction contributes to Enel Generación's best interest allowing shareholders to increase their returns from the business and reduce the risk of future losses.

According to this Committee's opinion, the Transaction would contribute to Enel Generación's best interest and the best interest of its shareholders for the following reasons:

(i) As Asset Chile concluded, the PTO represents an opportunity for the shareholders who accept the PTO to capture the entire value of their ownership position, and potentially receive an additional price premium. The shareholders who accept the PTO will align their interests to those of the controlling shareholder. Therefore, the Transaction would be positive for shareholders.

(ii) Similarly, we share the opinion stated by Banchile's report regarding the benefits for Enel Generación shareholders who decide to accept the PTO, such as, diversification by investing in a company that combines generation and distribution assets, alignment of interests with the controlling shareholder, growth and reduction of the holding discount.

(iii) The proposed Transaction would reduce the conflicts of interest Enel Generación's controlling shareholder currently has with different investment vehicles in the country. Enel SpA currently indirectly owns 36.4% of Enel Generación, equivalent to approximately US\$ 2.3 billion to US\$2.5 billion. It also owns 100% of Enel Green Power, which according to different appraisers, is estimated to be worth between US\$ 1.6 billion and US\$1.8 billion. This dual ownership is generally perceived by the market as negative.

Regarding Enel Generación's decision making processes, this Committee believes they will not be simplified as long as Enel Generación continues to have minority shareholders. This is particularly true because the controlling shareholder will manage Enel Generación separately and will potentially compete with Enel Green Power. The gap between Enel Chile's controlling and minority shareholdings will be lower as a result of the Transaction, but this, in itself, does not necessarily reduce potential conflicts of interest or friction that possibly exist today.

The Committee considers that a future merger of both companies would completely eliminate the conflicts of interest and strengthen the generation companies' business. The shareholders who accept the PTO will benefit from the significant medium and long term growth opportunities offered by Non-Conventional Renewable Energies ("NCRE") while maintaining the reliability and stability offered by thermal and hydroelectric energy. The NCRE technologies proved to be more competitive than conventional ones in the latest regulated and non-regulated bids due to their low marginal production cost, decreasing investment costs, short installation period and being positively perceived by the community. But lately, regulation has emphasized the need for system stability, supply reliability and energy and storage capacity, in which conventional energies have an advantage. The combination of complementary technologies would create a more robust company, from both an operational and a commercial point of view.

(iv) The fact that Enel Generación shareholders who accept the PTO must apply a portion of the cash to be received from Enel Chile as payment for their Enel Generación shares to subscribe and pay for the Enel Chile common stock, would allow capturing part of the value created by the Transaction and simultaneously obtain a premium above the current market value of Enel Generación.

(v) Combining complementary energy industry businesses in one company offers important strategic, commercial and operational benefits, namely:

- Including Enel Green Power, which is the largest NCRE generation company in Chile, as Enel Chile's generation vehicle would offer access to attractive NCRE growth opportunities in the industry. From 2012 to 2016, 47% of Chile's nearly 6 GW of new installed capacity was from wind and solar power plants, surpassing

the 35% from traditional thermal technologies. Enel Green Power has a portfolio of greenfield projects in an advanced stage that would allow new Enel Chile to continue growing in this business segment and maintain its leadership position in the generation industry.

- Greater integration among group companies would allow consolidating operations and reduce duplication and inefficiencies and in the mid-term, allow capturing synergies.

#### **B. Market price and other terms and conditions**

In conclusion, the Ch\$590 price per share of Enel Generación stock, as proposed by Enel Chile's Board of Directors in its collective pronouncement disclosed today is within the upper range of those recommended by the independent evaluators. Consequently, the Committee concludes that this price, to be paid in cash, is consistent with market conditions.

The terms and conditions of Enel Chile's PTO proposal for Enel Generación are the following: (i) pay 60% of the Ch\$590 price per share in cash; (ii) pay the remaining 40% in shares, equal to the number of shares obtained by calculating 40% of the 7.19512 exchange ratio. This 7.19512 is calculated by dividing the Ch\$ 590 Enel Generación PTO price by the Ch\$ 82 Enel Chile capital increase common stock issuance price per share.

Therefore, shareholders who accept the PTO will receive Ch\$ 354 in cash plus 2.87805 shares of Enel Chile common stock for each Enel Generación share tendered.

The Committee considers the 60% cash payment to be consistent with market conditions. With regard to whether paying the remaining 40% in Enel Chile common stock issued as part of the company's capital increase is consistent with market conditions, the Committee believes it will depend on the trend of the holding discount, which depends on the success of the PTO.

If current market closing prices were considered, the exchange ratio at 40% would be below Enel Generación's market value. This confirms the importance of a successful PTO and the Enel Chile's holding discount trend.

Taking all the above-mentioned into account, this Committee believes the prices, terms and conditions of the Transaction are within the ranges presented by the independent evaluators, which are reasonable and consistent with market conditions.

Regarding the Merger, Enel Chile proposes an exchange ratio of 15.8 shares of Enel Chile common stock issued as part of the capital increase, for each Enel Green Power share. Using the Ch\$ 82 Enel Chile issue price per share, the value of Enel Green Power would be approximately US\$1,700 million. Using the current market closing price of Enel Chile shares of Ch\$ 72.1, the value of Enel Green Power would be approximately US\$ 1,500 million.

Consequently, at the Ch\$ 82 price per Enel Chile share, the value of Enel Green Power and the value of Enel Generación are above the upper ranges presented by the independent evaluators. At the Ch\$72.1 price per Enel Chile share, the value of Enel Green Power and the value of Enel Generación are within the average ranges presented by the independent evaluators. Therefore, this Committee concludes that such values are fair.

The Chairman of the Committee, Mr. Enrique Cibié Bluth is hereby authorized to make this report available to Enel Generación for disclosure on the Company's website.

Based on all the aforementioned, this Committee is convinced that the Transaction, under the terms and conditions described in this report, is in the best interest of the Company.

Santiago, November 14, 2017

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