



endesachile11

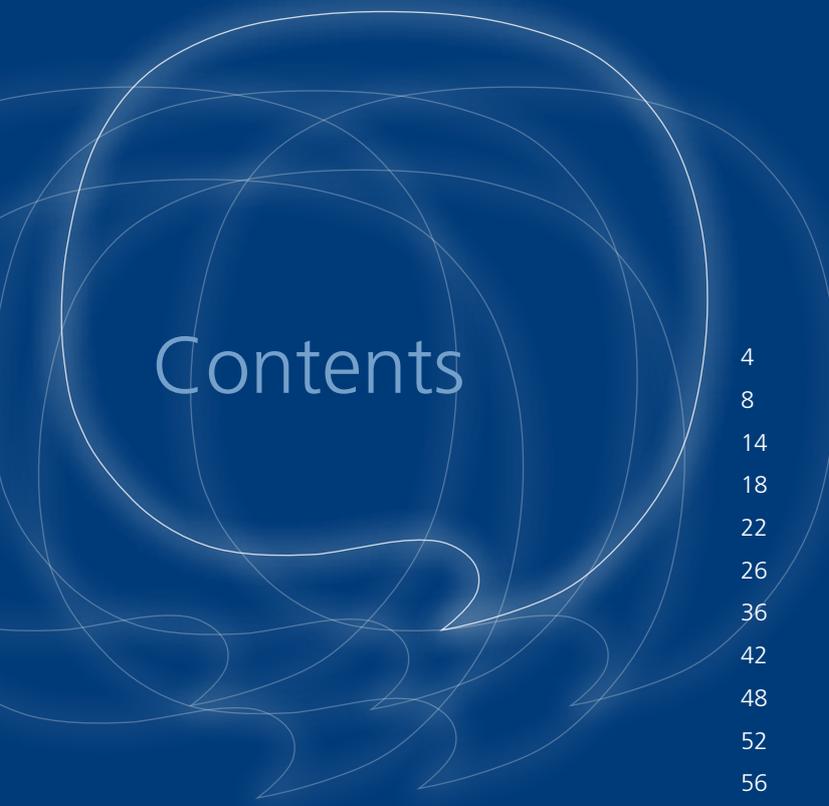
2011 Annual Report

endesachile
E

Una empresa del Grupo Enersis

Endesa Chile was incorporated in 1943 with the name Empresa Nacional de Electricidad S.A. In 1994, the company's bylaws were amended, to incorporate the trading name "Endesa", and in 2005 the trading name "Endesa Chile" was added. Endesa Chile was registered in the Santiago Trade Register (folio 61 No.62 and folio 65 reverse of No.63) on January 17, 1944. Its legal domicile and head offices are at Santa Rosa 76, Santiago, Chile. Its paid in capital as of December 31, 2011 was ThCh \$1,331,714,085, divided into 8,201,754,580 shares. Its shares are quoted on the Chilean stock exchanges, the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs) and on the Madrid Stock Exchange (LATIBEX). The objects of the company are the production, transport and distribution of electricity. The company also has the objects of providing consulting services, making investments in financial assets, developing projects and carrying out activities in the energy field and in others in which electricity is an essential element, and participating in public works infrastructure concessions in the civil or hydraulic areas. Its total assets amounted to Ch\$6,565,013 million as of December 31, 2011. In 2011, the operating revenues amounted to Ch\$2,404,490 million, the operating income

Endesa Chile
2011 Annual Report



Contents

4	Chairman's Letter
8	2011 Landmarks
14	Principal financial and operating indicators
18	Company identification and legal incorporation documents
22	Property ownership and control
26	Management
36	Human Resources
42	Stock exchange trading
48	Dividends
52	2011 investment and financing policy
56	Company business operations
60	Investments and financial operations
68	Risk factors
74	The regulatory framework of the electric industry
96	Description of the electric energy business by country
122	Environment and sustainable development
126	Technology and Innovation
130	Share in affiliates and related companies and Outline
136	Relevant company highlights
140	Identification of Affiliate and Related Companies
158	Liability Statement



Chairman's Letter

To shareholders:

I am pleased to submit to you Endesa's 2011 Annual Report and Financial Statements for the year 2011.

In the year 2011, the company was confronted with a number of situations and events that brought out the best in each of us enabling us to sort out the challenges of a more competitive electric market within a more restricted environment. Nevertheless, the geographical diversity of our investments in the region, the appropriate commercial policy and the adequate generation mix, permitted –despite Chile's adverse hydrological conditions and the impact of the non-recurring effect of Colombia's Equity Tax - our EBITDA to total \$973,891 million.

Still to be added to these results is the contribution of our investment in Endesa Brasil, which we do not consolidate but instead account for under the equity method; as of December 2011, such results amounted to \$115,355 million.

Endesa Chile experienced a 16.2% decrease in profits compared to those of the previous year; going from \$533,556 million in 2010 to \$446,874 million in 2011. Its operating result, on the other hand, amounted to \$787,971 million; namely, 11.5% less than the \$890,724 million recorded in 2010. The main causes of this decline were higher fuel consumption costs in Argentina, Chile and Peru and an increase in Other Fixed Operating Costs as a consequence of Colombia's Equity Tax.

Thus, net income was \$2,404,490 million, a 1.3% decline, because of lower energy sale prices. On the other hand, the cost of procurement and services increased by 2.2%, and reached \$1,217,260 million.

Energy sales have continued to grow, increasing by 2.4% with respect to the previous year, totaling 58,012 GWh. The countries along the Pacific axis; that is, Colombia, Peru and Chile, were those that led this growth by a rate of 3%.



Financial results, on the other hand, represented expenses totaling \$121,296 million, \$1,579 million over those of 2010, explained primarily by the foreign exchange difference item, which went from a profit of \$15,619 million to a loss of \$6,467 million.

Beyond last year's figures, our shareholders must know that all of us at Endesa Chile have a clearly established road ahead: we will continue to consolidate our current leadership position in Chile while strengthening our presence in the region with an emphasis on Pacific Coast countries.

We are clearly an international company. We are backed by one of the world's most important energy groups; namely, the ENEL ENDESA Group. This group operates in 40 countries, has over 96,800 MW of installed capacity, and nearly 61 million clients in the electric and gas markets. In Latin America, along with Enersis, our parent company, we own an ample portfolio of projects aimed at confronting the needs of the markets in which we operate and, in that manner, provide electric supply services that are safe, reliable, and friendly toward the environment and the communities at competitive prices. Along the Pacific Axis, as I just pointed out, Endesa Chile owns a broad portfolio of projects in order to face the needs of the markets in which it operates, particularly in Chile, Colombia and Peru.

This vocation is reflected in the investments that we are carrying out. Allow me, therefore, to highlight a few of them such as the construction of the Bocamina II thermal

power plant and the El Quimbo Hydroelectric power plant in Colombia.

I am proud to inform you that last February 24 our Colombian affiliate, Emgesa, organized a special event in order to place the founding stone of the El Quimbo Hydroelectric project, an event that was presided by Colombia's President, Juan Manuel Santos, Endesa Spain's President, Borja Prado, as well as Endesa's Latin American General Director, Ignacio Antoñanzas.

El Quimbo Hydroelectric power plant will have an installed capacity of 400 MW, it will generate 2,216 GWh/year and, along with Betania, it is expected to supply nearly 8% of Colombia's entire market demand. El Quimbo will be the first project of its kind built by Colombia's private business sector and one of the most important ones, since it is meant to elevate the safety and stability of that country's electric system, significantly contributing toward its energy independence.

In the case of Bocamina II, a power plant with a 370 MW capacity, and as a result of the earthquake that severely affected the Biobío Region in 2010, some project fronts were impacted, thereby forcing a diligent review of its entire construction works. Additionally, toward mid-September 2011, certain social manifestations took place that prevented access to the worksite. This situation was solved in early December 2012 thanks to the intervention of the regional authority. In light of the foregoing, it is estimated that the power plant's commercial start up may take place by the end of the first half of 2012.

Chile faces important challenges: a paramount one consists in recovering the use of water resources of which we were endowed as a source of energy, strictly abiding by the current legislation and the mitigations that stem from it. Thus, one of our greatest challenges is the HydroAysén Project. I say that it is a major challenge because this hydroelectric complex, with its 2,750 MW capacity and its estimated mean capacity of 18,430 GWh/year, implies the full use of human resources, talents and engineering skills never before seen in our country. The project has advanced important steps, including the Environmental Impact Study (EIS/EIA), approved on May 9, 2011. We expect that the Environmental Rating Resolution will be ratified during 2012 by the Environmental Council of Ministers.

In parallel, we are elaborating the EIS/EIA for the Aysén Transmission System, which will transport generated energy from the hydroelectric complex to the Central Interconnected Grid (SIC in its Spanish acronym).

In December, Aysén Transmission carried out a voluntary and anticipated disclosure and dialogue process making available to the community the information of the project which will transport the produced energy from the power plants in the Baker and Pascua Rivers. In this first stage, the project extends for 660 kilometers above ground and 160 kilometers of submarine cables. The path comes within 15 kilometers of the town of Cochrane and, subject to the announcement of the characteristics of the Public Electric Highway, the line advances until connecting with the SIC. We intend to submit the study to the authorities during 2012.

In brief, dear shareholders, we count with a diversified portfolio of projects to meet the needs of the countries in which we operate, particularly those in Chile, a country in which a long history of joint growth and development ties us as a company.

Challenge to achieve development

As you all well know, Endesa Chile has been, is and will remain one of the key architects guiding the steps that Chile has set to join the select club of developed countries in the very near future. Our goal, as that of all Chileans, is to have a country capable of offering more and better welfare levels and quality of life for all its inhabitants. Toward that end, it is necessary to count on the energy which will enable to start the engines that drive this process, fully complying with existing law.

Along its more than 68 years of life, Endesa Chile has fulfilled this purpose. We have generated and provided energy for companies and homes which have been used to grow and advance. Today's challenge goes beyond what we have already done well. We must be able to take an unprecedented leap.

Chile has the opportunity of reaching the full development threshold, and that demands that we persevere in the achievements obtained, but above all to be able as a society to outline a clear track and not to stray outside the path. Only in that way we will be able to overcome the obstacles that today separate us from welfare, as well as those that certainly will arise as we advance.

Chile has been growing solidly. This is revealed by the estimates made by various technical organizations and the country's economic authorities that project a growth of over 4.4% during 2012. This is certainly an example of the adequate macro policies that the country has given itself,

which today should be considered as a sound heritage for all sectors. The situation is even more deserving, because it occurs in an international context in which a good portion of the developed world faces the effects of a financial crisis that shows no signs of diminishing.

Hitherto, Chile together with Peru and Colombia has been able to overcome these difficulties. But we must remain alert so that the 'bad weather' does not reach our shores. For this to happen, we must be among the economies that are driving the world's growth. Chile and the region are today an example of how well things can be done, but this does not mean falling asleep on one's laurels. We must protect and strengthen what we have achieved.

This task is possible, although it is a big challenge. To achieve similar income levels as those of today's developed nations, in a time horizon not greater than 12 years will imply that we should be able to make the economy grow in a sustained and robust rhythm. That necessarily requires having more energy at one's disposal. As pointed out in a recent presentation before the Engineers Institute, to fulfill this task, the current average electric energy consumption per capita will have to grow from our current level of 3,450 KWh to 5,600 KWh. This is equivalent to the consumption of a French citizen at the end of the past decade.

If we want to count with sufficient energy to maintain an average growth of the Gross Domestic Product of 6% from here on out to 2024, we should count with an installed generation capacity of 29,000 MW. This is equivalent to the extraordinary challenge of developing additional 13,000 MW in 13 years, which is equivalent of doing between 70% and 80% of what took us 114 years to do in the past.

The historical responsibility of using water

This purpose can only be achieved by counting on sufficient energy. We must remember that many countries have been left behind for lack of it. We must have the wisdom to permit us to transform the current pitfalls and shortcomings into opportunities to advance at a quick pace. The good news is that the country has the human resources, talents and capacities to do so.

To this we add the enormous blessing of counting on sufficient energy resources to undertake this task confidently. Just like some nations have been able to grow and develop thanks to their fossil fuels, we, in turn, have clean, renewable, native, abundant, pure and crystalline petroleum stemming from the glaciers of the high peaks of our long Andes Mountain Range which flows into the sea. These are thousands of kilometers of rivers with steep slopes that make them irreplaceable engines toward making our country grow and contributing toward achieving its proposed goals.

Water is our engine to achieve full development, and not using it would be a mistake and a major absurdity for which we will have to respond to future generations. Today we have a historic responsibility to ensure them a harmonic, balanced and sustainable path toward growth. For this, we must now adopt public policy decisions. We have a unique window of opportunity and we cannot waste it for not having taken the appropriate decisions to seize it.

The country must have an energy matrix that values and makes good use of all the energy sources at its reach. All energy sources have an important role to play in achieving development. Therefore, Non-Conventional Renewable Energies (NCRE), among them aeolic, geothermal and photovoltaic are and will be necessary contributions. However, we will have to make use of all these technologies to achieve the goals that we have set for ourselves as a country.

The use of fossil fuels as carbon or diesel to generate energy will still be necessary due to their high usage factor. If there is something we cannot afford as a country, it is to make decisions that will impact those who have less. As I have said on other occasions, an energy matrix should always bet on adding supply and diversity of sources, not take them away.

The necessary stimulus for an important industry as the NCRE must be properly balanced with fiscal funds so as to avoid problems and take care of the energy model which for the last 30 years, with its natural adjustments, has indeed measured up to Chile's big challenges.

The concern for having a more diversified energy matrix, less polluting but also more economic for both home and company budgets are a fundamental part of the authorities'

agenda. The idea is for this matrix to be a factor that drives and enhances the country's competitiveness. To make all this happen, it is paramount to make progress in institutionalizing this debate.

In Chile, this challenge has made some interesting progress. Among the more recent and valuable, we must highlight the work carried out by the Electricity Development Advisory Commission (Comisión Asesora para el Desarrollo Eléctrico - CADE), whose conclusions stemmed from 15 outstanding professionals of the electric energy sector, led by an engineer, Juan Antonio Guzmán, offer us reasonable and technically-based alternatives to face this necessary and non-deferrable debate.

Due to costs and limited plant usage factors associated to NCRE, the report of the Presidential Advisory Commission considered that an ambitious goal would be a 15% reliance on such energy sources by the year 2024. This means that toward 2024-2025, out of the 13,000 MW of the additional capacity that the country needs to have in order to keep up with its projected growth, 6,000 MW should come from NCRE, while the other 7,000 MW should necessarily come from conventional energy sources.

It is here where hydroelectric energy will play an irreplaceable role. It is unthinkable to meet these goals without using the country's vast hydraulic renewable resources. Without high-security and high-usage factor hydroelectric power plants, as projected in the country's southernmost regions, including HidroAysén, we will be confronted to excessive growth in other generation sources: more polluting and expensive.

In Chile's southernmost regions, we have rivers that hold an enormous hydroelectric potential, without which we will hardly be able to provide the levels of welfare that Chileans wish.

In other words, without developing our 100% native, abundant and secure renewable hydroelectric resources the system will not be able to rely on sustainable backup to foster the development of necessary Non-Conventional Renewable Energy. This development needs to avoid resorting to expensive subsidies as has happened in some countries.

We all know that Chile is now in condition to aspire to full development in the near future. This is a unique opportunity that will be able to give all our fellow countrymen higher levels of welfare and quality of life.

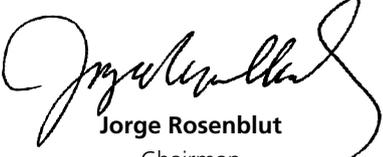
However, the prospects of access to better works, health and quality education depend on our heading for a decisive path of growth. This is about building, between all of us, the development that we want.

Our ability to take this path will depend on resources that, fortunately, are abundant in our country, and especially on our capacity for making today the necessary decisions which will define the future of coming generations.

If we prove capable of finding the wisdom to recognize our opportunities adding our will to make that dream come true, our children and grandchildren will be the protagonists of a better future with greater opportunities, particularly by launching Chile into the developed world.

Development is possible; however, it requires the energy to drive it and sustain it. We, at Endesa Chile, have the capacity and the will to offer it.

If at the time when I entered the university to study engineering in the late 60's, someone would have told me that my generation would have the possibility of seeing Chile become a developed country, I would probably have thought that it was nothing but wishful thinking. Nevertheless, it is not. It is indeed within our reach to join the First World by the year 2024. Hydroelectric energy is one of the pillars to make it happen. That's my idea, dear shareholder, what do you think?



Jorge Rosenblut
Chairman



2011 Highlights





CENTRAL ABANICO

endesa Chile
E

2011 Highlights



Process of "Open Houses" for Neltume and LAT Neltume-Pullinque Hydroelectric Power Plants Projects

Within the framework of the Citizen Participation processes of both initiatives, Endesa Chile implemented the "Open House" model in nearly 10 Panguipulli localities and communities. Daily meetings were successfully carried out in order to inform the neighbors about technical, environmental and social aspects related to the initiatives.

First Stone of the El Quimbo Hydroelectric Power Plant

The El Quimbo Hydroelectric Power Plant will have a capacity of 400 MW and will start operations in 2014. Along with Betania, it will supply 8% of Colombia's energy market demand. The plant will be located south of Huila, in southeastern Colombia.

Modernization program for hydraulic power plants makes progress

Endesa Chile has successfully finished modernization works in 6 hydroelectric power plants located in the north, center and south of the country. The works aim to adapt the facilities to the requirements of the Technical Regulations on Security and Quality Services (Norma Técnica de Seguridad y Calidad de Servicios) and also to enable updating equipment to required operational standards.

San Isidro II Central is awarded Operational Excellence Prize

The combined-cycle thermoelectric power plant which operates in the Valparaíso Region obtained Endesa Chile's 2010 Prize for Operational Excellence, after closing the period's management with excellent operational parameters. This prize seeks to establish excellence as a variable to position the company as a worldwide benchmark in electric energy production.

We initiate Lean methodology in generation

Lean methodology has reported important achievements in worldwide corporate strategic projects, evaluating potential improvement niches and becoming a facilitating tool for operational excellence. With this focus, the company started the application of this methodology in one of its developing centers, a test initiative expected to be extended to the other generation centers and also to other countries in the region.

Biddable Social Project Funds get started in Coronel

This initiative, which is framed within the company's Corporate Social Responsibility (CSR) program, seeks to materialize the initiatives to be prepared by the community neighbors of the Lo Rojas, La Colonia and Cerro Obligado sectors in Coronel and Concepción. A task force integrated by representatives of the resident's associations, the Municipality and Endesa Chile was put in charge of evaluating and approving the disbursement of the funds on a monthly basis.



The Aysén Region's Environmental Evaluation Commission approved HidroAysén's EIS/EIA

The Environmental Evaluation Commission of the Aysén Region approved the Environmental Impact Study (EIS/EIA) of HidroAysén, a company organized by Endesa Chile (51%) and Colbún (49%). The project at full capacity will provide 2,750 MW to the Central Interconnected Grid (CIG/SIC), energy production of that will replace the operation of seven thermoelectric power plants and will avoid the emission of 16 million tons of CO₂ per year, equivalent to 25% of Chile's current emissions.

San Isidro I and II power plants highlighted at launching of standards for thermoelectric power plants

Environment Minister, María Ignacia Benítez, disclosed the new emission standards for thermal units within the context of her visit to the San Isidro thermoelectric complex in the Valparaíso Region. The cabinet member emphasized that the combined-cycle units –an integral part of Endesa Chile's operations- indeed comply with such new standards.

The National Security Council distinguishes Endesa Chile

In recognition for the efforts developed in security and accident risk prevention, the National Security Council (NSC/CNS) granted an award to Endesa Chile's management, within the context of the 49th anniversary of the 2010 National Annual Security Competition.

Pioneer program is developed for maintenance of generation power plants

Condition Based Maintenance (CBM) is the name of the pilot project that Endesa Chile began implementing in the Pehuenche Hydroelectric Power Plant deployed in the Maule Region. With the use of expert systems especially designed to emulate the reasoning of the experts, the program is capable of capturing the knowledge and experience of the workers, thus, optimizing the units' preventive maintenance, among other measures.

Endesa Chile launches Extranet for clients

The company released a new interactive tool, the Extranet for Clients, an initiative that seeks to be a service channel with its principal consumers, via a user friendly web site. With the Extranet, clients will be able to access information on work construction plans, failure and supply reports, state of consumption over different date ranges, invoice copies and node prices, among other services.

More than 730 Pehuenche families affected by snowstorms receive emergency help

Endesa Chile activated an operation to deliver emergency forage and canned food to assist five Pehuenche communities in the foothills of Alto Biobío, benefiting more than 730 families affected by strong winter snowstorms, with isolation problems and scarcity of stock feed



Tourism Project for Pehuenche communities in Alto Bio Bío

Through the Pehuén Foundation, the company signed an agreement with the Evangelic Development Service (SEPADE) to give life to the Kayoluf project, a program aimed at starting a tourism grid in the area. Six (6) Pehuenche communities, members of the Foundation, participate in the initiative where 662 families live. The program envisages 3 work phases, from the search for enterprising leaders to the viability of the business plans.

A Corporate Social Responsibility benchmark

Endesa Chile was ranked in 11th place in the seventh version of the National Corporate Social Responsibility ranking, elaborated by ProHumana Foundation and Qué Pasa magazine. The study reflects the Company's and Group's sustainable development commitment.

Moody's improves Endesa Chile's corporate risk rating

At the closing of the 3rd quarter, Moody's improved Endesa Chile's corporate risk rating to Baa2 from Baa3, with a stable outlook. On the other hand, Feller Rate ratified its AA rating of the company's bond, shares and negotiable instruments programs.

AChEE and Endesa Chile signed agreement to implement an Energy Management System

The objective of the initiative is to apply a management system based on ISO 50,001 standard (Energy Management Systems) and is aimed at improving energy performance, increasing energy efficiency and reducing environmental impact without altering the company's productivity. The program was first implemented in

the Central Termoeléctrica Quintero, operating in the Valparaíso Region, which runs an Integrated Management System (IMS/SGI) that has been certified according to ISO 9,001, ISO 14,001 and OHSAS 18,001 standards.

Optimization Project for Central Hidroeléctrica Los Cóndores was approved

The Environmental Evaluation Commission of the Maule Region approved the Environmental Impact Statement (EIS/DIA), "Optimization of the works of the C.H. Los Cóndores," a report that was submitted on March 2011. The EIS/DIA seeks to improve the project approved in 2008, reducing the area to be inundated, with an important environmental benefit for the existing landscape, soil, vegetation and fauna of the area.

Work carried out in the El Barco Pehuenche Community is singled out

The Economic Development Unit (UDEL) of the Alto Biobío Municipality singled out this community for being a positive example of intervention, with respect to the work carried out by Endesa Chile in production systems, with optimal results in the production of bale, cattle management, and landscape maintenance.

The second condor rescued by Endesa Chile workers was released in Maule

After 5 months of rehabilitation, company workers released the second condor rescued by company workers in the Maule Region. Its liberation was carried out on the Los Cóndores mountain road of the area's mountain range. The event was attended by the Regional Director of the Agricultural and Livestock Service (SAG), Eric Paredes, local authorities, students, experts from The House of Noé and several company executives.



Endesa Chile ranked on 5th place in Corporate Transparency

Recognizing the excellence obtained in the area of corporate transparency and Corporate Government, Universidad del Desarrollo awarded the company 5th place in the ranking while its holding company, Enersis, obtained the 2th place.

The Enersis Group ranked 3rd in ranking for Best Companies for Working Mothers and Fathers

We received the third place in the national ranking for the "Best Companies for Working Mothers and Fathers," which is annually carried out by El Mercurio's Revista Ya and Fundación Chile Unido. This is an important recognition, which ratifies the commitment of the Enersis Group companies (Enersis, Endesa Chile and Chilectra) and one of its most important assets: its employees.

San Clemente School rises to autonomous level thanks to Endesa Chile's permanent support

Providing quality education is one of the objectives of Endesa Chile's Energy for Education program. In this endeavor, its support work had an important achievement: the designation obtained by the El Colorado School in San Clemente to become an autonomous school and be the first out of the 37 schools of the community to rise above the emerging level.

Neighbors of Juan Quintuman community achieved certification in labor training

57 neighbors of Juan Quintuman community in the community of Panguipulli received their certification in the educational workshops with plastics, mechanics and underground works. The main objective of this initiative, promoted by Endesa Chile, is to expand labor skills aimed at enhancing job alternatives and family growth.

Energy Minister supports the construction of the Bocamina II Project

Energy Minister, Rodrigo Álvarez, visited the Bocamina II project and the facilities of Bocamina I in Coronel. On that occasion, he condemned the violent acts in the area and emphasized the importance of the power plant for the country's energy supply.

Optimal performance reveals improvements in Rapel Plant's unit

Unit N°5 of the Rapel Power Plant posted positive results in its first evaluation, after being submitted to Endesa Chile's repowering of hydraulic turbine plan. The machine improved its performance at the point of optimal operation, even surpassing the performance that it had at the time when it was delivered by the manufacturer in 1971.



Main
financial and
operational
indicators





1. Main financial and operational indicators

As of December 31 of each year (figure in millions of nominal pesos)

	2007 (1)	2008 (2)	2009 (2)	2010 (2)	2011 (2)
Total assets	5,678,830	6,678,905	6,169,353	603,4872	6,562,013
Total liabilities	2,616,269	3,976,951	3,214,351	2,930,045	3,120,873
Operating income	1,726,964	2,536,388	2,418,919	2,435,382	2,404,490
Ebitda	765,028	1,060,768	1,257,072	1,070,438	973,890
Net Income (3)	192,439	433,177	627,053	533,556	446,874
Liquidity index	0.97	0.92	0.96	0.83	1.02
Leverage ratio (4)	0.94	1.47	1.09	0.94	0.91

1) Financial statements prepared in accordance with Chilean generally accepted accounting principles.

2) Until 2008, the annual financial statements were prepared in accordance with Chilean generally accepted accounting principles. Since 2009, the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), also restating the company's 2008 financial statements under the new accounting standard. As a result of this change in accounting standards, jointly controlled companies in which Endesa Chile has participation became consolidated with Endesa Chile's equity share. Therefore, as of 2008, these jointly controlled companies are included according to their percentage share of capacity, generation, energy sales and employees.

3) As of 2008, this corresponds to the Net Income attributable to the controlling company.

4) Total liabilities/equity plus minority interest.

	As of December 31 of each year				
	2007	2008	2009	2010	2011
ARGENTINA					
Number of employees	323	325	332	404	415
Number of generation units	20	20	20	20	20
Installed capacity (MW)	3,644	3,652	3,652	3,652	3,652
Electric energy generated (GWh)	12,117	10,480	11,955	10,940	10,801
Energy sales (GWh)	12,406	11,098	12,405	11,378	11,381
CHILE					
Number of employees	841	1,123	1,172	1,151	1,155
Number of generation units	63	65	110	107	107
Installed capacity (MW)	4,779	5,283	5,650	5,611	5,611
Electric energy generated (GWh)	18,773	21,267	22,239	20,914	20,722
Energy sales (GWh)	19,212	21,532	22,327	21,847	22,070
COLOMBIA					
Number of employees	399	404	415	430	441
Number of generation units	28	29	29	30	30
Installed capacity (MW)	2,829	2,895	2,895	2,914	2,914
Electric energy generated (GWh)	11,942	12,905	12,674	11,283	12,090
Energy sales (GWh)	15,613	16,368	16,806	14,817	15,112
PERU					
Number of employees	206	219	224	228	230
Number of generation units	24	24	25	25	25
Installed capacity (MW)	1,468	1,467	1,667	1,668	1,668
Electric energy generated (GWh)	7,654	8,102	8,163	8,466	9,153
Energy sales (GWh)	7,994	8,461	8,321	8,598	9,450



Identification
of the Company
and legal
incorporation
documents



1. Identification of the Company

Name	Empresa Nacional de Electricidad S.A. (ENDESA or ENDESA CHILE)
Type of entity	Publicly traded limited liability stock company registered with the Superintendence for Securities and Insurance Companies under Number 114.
Rut (Tax ID)	91.081.000-6
Address	Santa Rosa 76
Postal code	833-0099 SANTIAGO
Telephone	+(56-2) 630 9000
Fax	+(56-2) 635 4720 +(56-2) 635 3938
Post office box	1392, Santiago
Web site	www.endesa.cl
Email	comunicacion@endesa.cl
Investor Relations Phone	+(56-2) 353 4682
Investor Relations Fax	+(56-2) 378 4782
External auditors	KPMG Auditores Consultores Ltda.

2. Documents of incorporation

Empresa Nacional de Electricidad S.A. was incorporated via a public deed dated December 1, 1943 before the Santiago notary public, Luciano Hiriart Corvalán.

By virtue of Supreme Finance Ministry Decree N°97 of January 3, 1944, the company's existence and bylaws were approved, stating that the company's business objective was the production, transportation and distribution of electric energy and, particularly, to carry out the country's Electrification Plan approved by Corfo's Council in its N°215 session of March 24, 1943.

The abstract of the public deed and the above-mentioned decree were published together in the Official Gazette of January 13, 1944 and registered in Santiago's Commercial Registry on sheets 61 N°62 and leafs 65 (at the end) vta. and N°63, respectively, dated January 17, 1944.

Its legal existence was declared via Supreme Decree of the Ministry of Finance N°1,226, of February 23, 1945, published in the Official Gazette of March 6, 1945 and registered in the Santiago's Commercial Registry on sheets 727 N°532, in March 16, 1945.

The company's bylaws have experienced numerous modifications, noteworthy among them was that of 1980, which eliminated from its objectives the execution of the country's Electrification Plan, a responsibility that the Law assigned to the National Energy Commission; that of 1982, which adapted its bylaws to Law N°18,046, the Law on Corporations; that of 1987, which adapted its bylaws to the standards of Decree Law N°3,500 of 1980, allowing funds

managed by the Pension Funds Administrators (AFP) to be invested in securities issued by the company; and, that of 1988, which expanded the company's business objective to include consulting services.

The amendment of 1992 should also be mentioned which again expanded the company's business objective, permitting the company to make investments in financial assets, develop projects and carry out operations in the energy field and others in which electric energy is essential, and to participate in public works infrastructure concessions in civil or hydraulic areas, either directly or through affiliate or associate companies, both Chile and abroad. There was also the amendment of 1994, which added to its bylaws the business name of Endesa, increased its capital so that part of this could be placed in the international markets through the ADR mechanism, and adapted the bylaws to the new provisions introduced by Law 19,301 to Decree Law 3,500 of 1980 which permitted, among other things, an increase in the maximum percentage of share concentration to 26%. The 1995 amendment modified the company's arbitration system, allowing the disputes among shareholders or between them and the company or its managers to be settled, alternatively, by arbitration or by the ordinary courts of justice. In 1999, an amendment permitted an increase of the maximum percentage of share concentration to 65% of the capital with voting rights of the company. The 2005 amendment modified the bylaws to add the "Endesa Chile" business name to that of Endesa. The 2006 amendment, added to the bylaws a new title called, "Director's Committee and Audit Committee", in order to include in the bylaws a number of regulations related both to the Director's



Committee, as referred to in Law 18,046, as to the Audit Committee, created by the Board of the Company to meet the provisions of the United States' Sarbanes Oxley Act, to which the Company is subject, since it has ADRs and bonds registered in that market. The 2007 amendment modified permanent article 5° and transitory article 1° of the bylaws to reflect the Company's present capital and the manner in which it has been subscribed and paid. In 2008, the company amended clause 3° and 4° of article 44 adapting them to article 75 of Law 18,946, Chile's Law on Corporations, in order to replace the Board of Directors' obligation to forward a copy of the Balance Sheet and company Annual Report (not later than the date of the first publication of summons to an Ordinary Shareholders' Meeting, to each Shareholder registered in the respective Shareholders' Register) as well as its obligation to forward them a copy of the Balance Sheet and Profit & Loss Statement (whenever amended by the Shareholder's Meeting, within the following 15 days) for the obligation, in both cases, of making the referred documents available to such shareholders on the same occasions indicated above. And, the 2010 amendment that modified: (a) several articles of incorporation in order to adapt some of them to Law 18,046, Chile's Law on Corporations and to the Law on Securities –which were amended by Law 20,382, concerning the improvement of Corporate Governance, as well as other articles in order to adapt them to the provisions of the Regulations of the Law on Corporations; and, (b) Title IV of the Bylaws, "Directors' Committee and Auditing Committee," for the purpose of merging both committees, thereby reflecting the changes and independence requirements introduced into article 50 bis of Law 18,046, Chile's Law on Corporations, by the above-referred Law 20,382.

3. Business purpose

The company's main business purpose is to develop the production, transportation, distribution and supply of electric energy and to that effect obtain, acquire and utilize the respective grants and concessions.

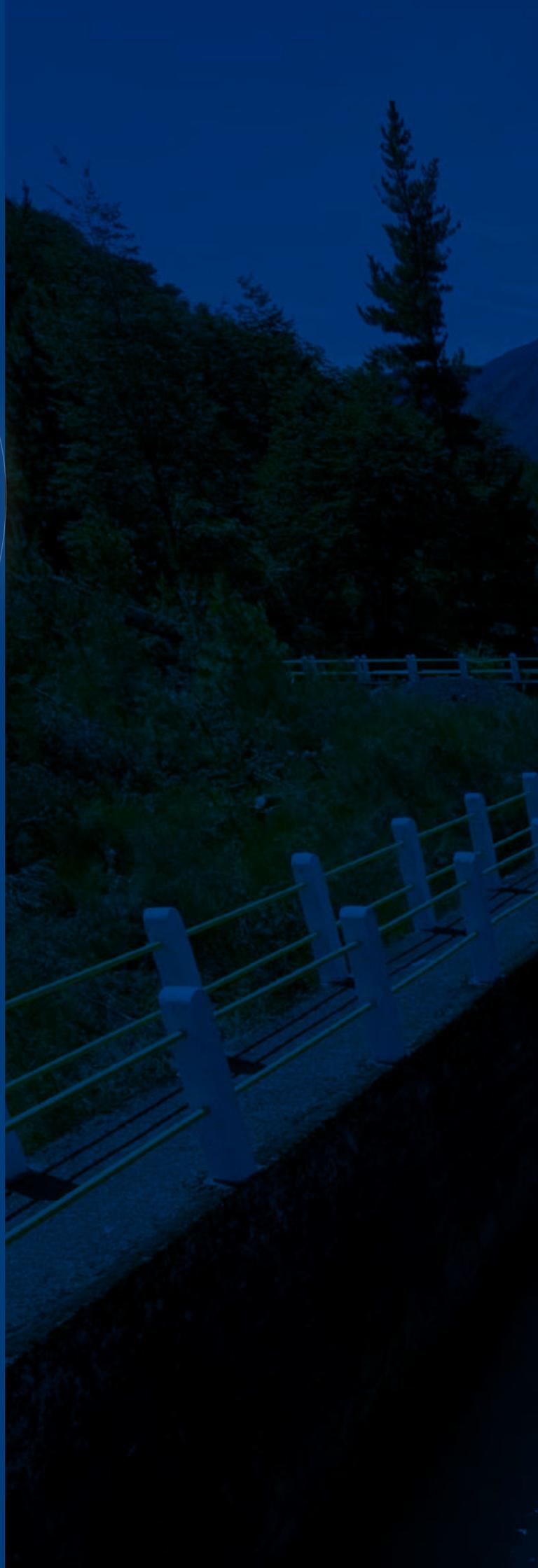
It is also its purpose to provide consulting services in all engineering and company management spheres and trades; acquire, design, build, maintain and develop civil or hydraulic infrastructure works directly related to public work concessions; develop the goods that comprise its assets; to invest, develop projects, operate or carry out operations in the energy field and in other operations or products directly related to energy; to invest, develop projects, operate or carry out operations in industrial projects and processes where electric energy is essential, determinant and used intensively.

Additionally, the company is entitled to invest in real estate property, financial assets, instruments or securities, equity in companies and in commercial documents in general, provided they are related to its business purpose and to that effect it shall also be entitled to acquire, manage or sell them.

While performing its business purpose, the company is entitled to operate directly or through its affiliates or related companies, both domestically and abroad.



Ownership and control





1. Ownership structure

The company's share capital as of December 31, 2011 amounted to 8,201,754,580 subscribed and paid shares, distributed among 18,053 shareholders.

Shareholders	%
Enersis S.A.	59.98%
ADR (Citibank N.A.)	4.90%
Chilean Pension Funds	14.30%
Individuals	3.84%
Others	11.59%
Stock brokers	5.39%

2. Identification of Controllers

Enersis S.A. controls Endesa Chile, with a direct 59.98% shareholding. Enersis S.A. does not have a joint operation agreement.

It is worth mentioning that during 2011 there were no transactions of the company's majority shareholders.

3. The twelve largest shareholders of the company

Name	ID No.	No. of shares	% holding
Enersis S.A. (1)	94,271,000-3	4,919,488,794	59.98%
Citibank N.A., according to Circular 1375 of the SSIC/SVS	59,135,290-3	402,082,680	4.90%
Banco de Chile, on behalf of third-party Investors	97,004,000-5	202,620,974	2.47%
AFP Provida S.A., for pension fund C	98,000,400-7	181,208,141	2.21%
Banco Itaú, on behalf of Investors	76,645,030-K	154,780,542	1.89%
AFP Habitat S.A., for pension fund C	98,000,100-8	151,168,946	1.84%
AFP Capital S.A., for pension fund C	98,000,000-1	131,407,549	1.60%
Banco Santander, on behalf of foreign Investors	97,036,000-K	126,265,387	1.54%
AFP Cuprum S.A., for pension fund C	98,001,000-7	124,234,248	1.51%
Banchile Corredora de Bolsa S.A.	96,571,220-8	109,320,947	1.33%
AFP Habitat S.A., B fund	98,000,100-8	72,081,093	0.88%
AFP Cuprum S.A., A fund	98,001,000-7	66,540,035	0.81%
TOTAL		6,641,199,336	80.97%

(1) Enersis S.A. is an affiliate of Endesa Lationamérica S.A., a Spanish corporation 100% controlled by its Spanish parent company ENDESA S.A.



4. Most significant property ownership changes

The most significant ownership changes in Endesa Chile during 2011 were the following:

- Citibank N.A. according to Circular Letter N°1.375 of the Superintendencia for Securities and Insurance Commission increased its equity share from 3.90% in 2010 to 4.90% in 2011.
- AFP Provida S.A. diminished its equity share from 4.43% in 2010 to 3.83% in 2011.
- AFP Habitat S.A. diminished its equity share from 3.96% in 2010 to 3.65% in 2011.
- AFP Capital S.A. diminished its equity share from 3.57% in 2010 to 3.24% in 2011.
- AFP Cuprum S.A. diminished its equity share from 3.49% in 2010 to 3.12% in 2011.
- Banco de Chile, in representation of third-party investors, increased its equity share from 2.15% in 2010 to 2.47% in 2011.
- Banco Itaú, in representation of third-party investors, increased its equity share from 1.63% in 2010 to 1.89% in 2011.
- Banco Santander, on behalf of foreign investors, increased its equity share from 0.87% in 2010 to 1.54% in 2011.

5. Shares traded at the stock exchange by related persons

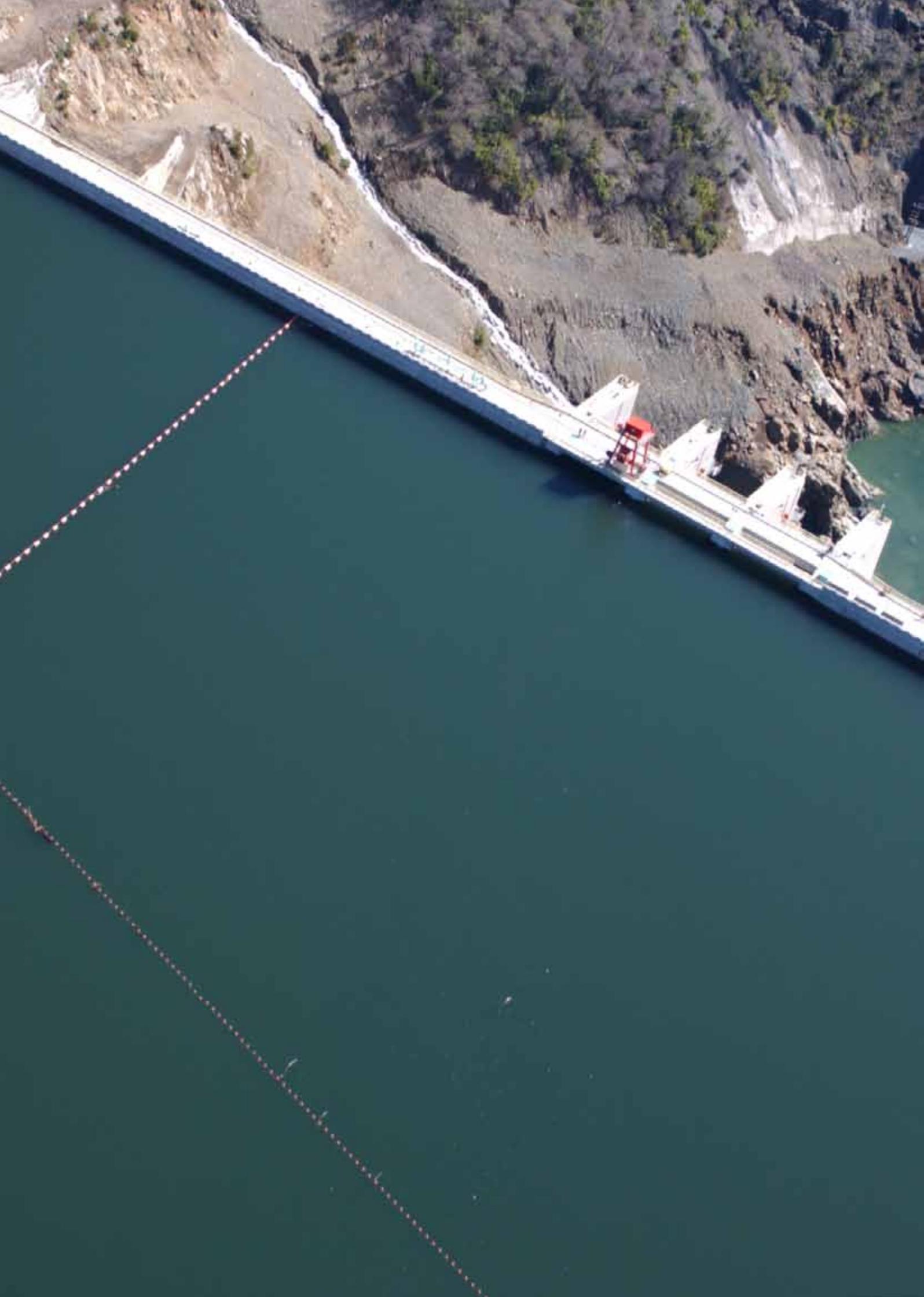
During 2011, neither board members nor senior executives traded their shares at the stock exchange.

6. Summary of comments and proposals submitted by the Director's Committee and by Shareholders

The company did not receive any comments or observations regarding the management of the company's business as performed between January 1 and December 31 of 2011 from either its majority shareholders or shareholder groups owning more than 10% of the voting shares issued -according to the provisions of article 74 of Law N°18,046, and of articles 82 and 83 of the regulations of the Law on Corporations- nor from the Directors' Committee, without prejudice of the Committee's Report contained in the present Annual Report.



Administration



1. Company Board of Directors



CHAIRMAN

Jorge Rosenblut

Industrial Civil Engineer
Universidad de Chile
Taxpayer ID: 6,243,657 3



VICE CHAIRMAN

Paolo Bondi

B.A. in Administrative Sciences
Università Commerciale
Bocconi di Milano
Passport: G084839



DIRECTOR

Francesco Buresti

Electronic Engineer
Università Degli Studi di Bologna
Passport: F685628



DIRECTOR

José María Calvo-Sotelo

Ibáñez-Martín
B.A. in Physics
Universidad Complutense de Madrid
Taxpayer ID: 48,115,220 8



DIRECTOR

Felipe Lamarca Claro

Commercial Engineer
Pontificia Universidad Católica
de Chile
Taxpayer ID: 4,779,125 1



DIRECTOR

Vittorio Corbo Lioi

Commercial Engineer
Universidad de Chile
Taxpayer ID: 4,965,604 1



DIRECTOR

Jaime Estévez Valencia

B.A. in Economics
Universidad de Chile
Taxpayer ID: 4,774,243 9



DIRECTOR

Jaime Bauzá Bauzá

Civil Engineer
Pontificia Universidad Católica de
Chile
Taxpayer ID: 4,455,704 5

The company is managed by a Board of Directors constituted by nine Directors, elected at the Shareholders' Meeting. Directors have a three year term of office and may be reelected.

On December 31, 2011, Director Luis de Guindos Jurado submitted his resignation, so that the Board now has one vacant position.

In case of death, resignation, bankruptcy, incompatibility or limitation to assume positions or other impossibility incapacitating a Director to discharge his/her functions or force him/her to cease them, the company's Board must be totally renewed at the next Shareholders' Meeting and the Board may appoint a substitute in the interim.



1.1. Director's Compensation

Pursuant to the provisions of article 50 bis of the Law on Corporations, the Ordinary Shareholders' Meeting must establish the compensation of Directors who participate in the Directors' Committee and their expense budget.

Remuneration received by Board Members in 2011
(Thousands of [Chilean] pesos)

Board Member's Name	Position	Fixed Compensation	Ordinary Meetings	Extraordinary Meetings	Board Members' Committee	Total
Jorge Rosenblut	Chairman	47,074	30,769	-	-	77,843
Paolo Bondi (1)	Vice Chairman	-	-	-	-	-
Jaime Estévez Valencia	Director	23,537	15,384	-	18,916	57,837
Francesco Buresti (1)	Director	-	-	-	-	-
José María Calvo-Sotelo (2)	Director	23,537	15,384	-	-	38,921
Luis de Guindos Jurado	Director	23,537	15,384	-	-	38,921
Vittorio Corbo Lioi	Director	23,537	15,384	-	-	38,921
Jaime Bauzá Bauzá	Director	23,537	15,384	-	18,916	57,837
Felipe Lamarca Claro	Director	23,537	15,384	-	18,916	57,837
TOTAL		188,296	123,073	-	56,748	368,117

1) Endesa Chile's Directors Messrs. Paolo Bondi and Francesco Buresti renounced to their compensation and other fees.

2) During fiscal year 2010 Mr. José María Calvo Sotelo Ibáñez Martín was paid M [Ch] \$19,218 accrued in fiscal year 2009.

1.2. Incentive plans

The company does not have incentive plans for its board members

1.3. Board consulting expenses

During 2011, the Board did not incur in consulting expenses.

2. Directors' Committee

The Board Members' Committee of Empresa Nacional de Electricidad S.A. was elected at the Extraordinary Endesa Chile Board meeting held on April 26, 2011, resulting in the appointment of Messrs. Felipe Lamarca Claro, Jaime Bauzá Bauzá and Jaime Estévez Valencia. Pursuant to the Law on Corporations, all of them are independent board members. Prior to said appointment, the Board Members' Committee was constituted by Messrs. Gerardo Jofré Miranda, Paolo Bondi and Jaime Estévez Valencia.

2.1. Annual activities report

Pursuant to the provisions of article 50 bis of the Law on Corporations, amended by Law No. 20,382, published in the Official Gazette on October 20, 2009, the following report is submitted about the operations developed by the Board Members' Committee, its annual performance and the expenses incurred in fiscal year 2011.

The Board Members' Committee of Empresa Nacional de Electricidad S.A. was elected at the Extraordinary Endesa Chile Board meeting held on April 26, 2011, resulting in the appointment of Messrs. Felipe Lamarca Claro, Jaime Bauzá Bauzá and Jaime Estévez Valencia. Pursuant to the Law on Corporations, all of them are independent board members. The Committee Chairman is Board member Mr. Felipe Lamarca Claro and its Financial Expert is Mr. Jaime Estévez Valencia, for the purposes stated in the Sarbanes Oxley Law of the United States of America. Both appointments were made at Meeting No. 117 held on April 26, 2011.

During 2011, the Board Members' Committee met on 13 occasions, and basically reviewed company operations and the contracts executed with related companies and, in general, ruled on those matters referred to in article 50 bis of the Law on Corporations reporting its decisions to the company's Board. In addition, the Board Members' Committee ruled, when asked to do so, on the pre approval of the services provided by external auditors other than the regular audit services and the accusations derived from the company Ethics Channel.

In its February 2011 meeting, the Board Members' Committee agreed to submit to the company's Board its proposal to appoint the Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada credit rating agencies to provide national credit rating services during 2001, and the USA Fitch Ratings Services, Moody's Investors Services and Standard & Poor's International Ratings Services

to provide identical services with relation to international corporate credit rating.

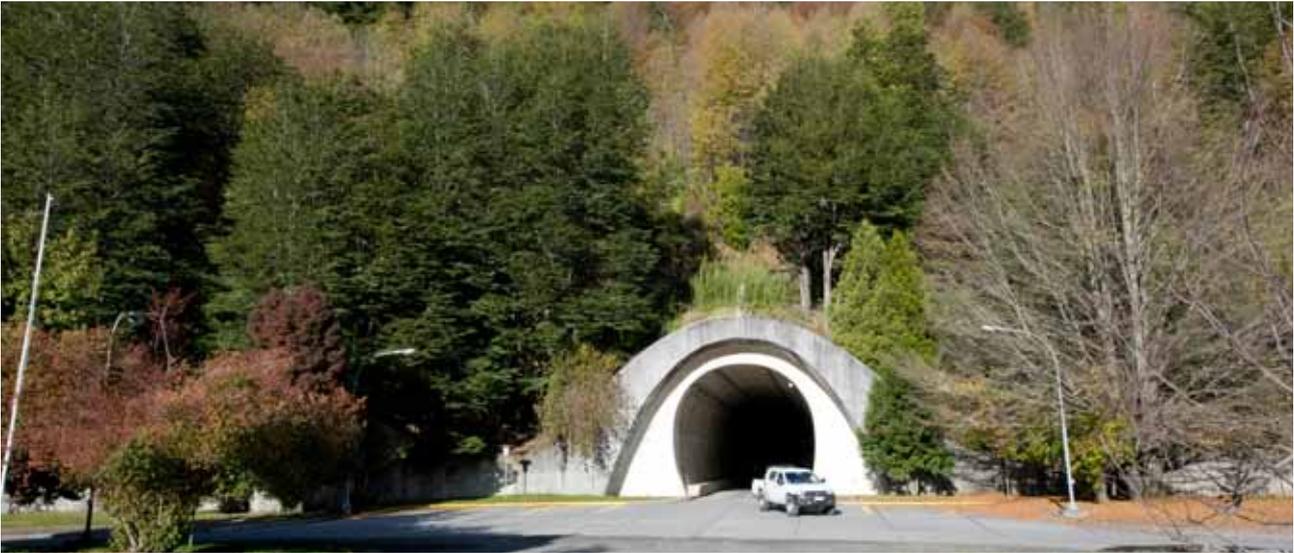
On March 31, 2011 and prior to the company's Ordinary Shareholders' Meeting, the Board Members' Committee proposed to the company's Board the appointment of KPMG Auditores Consultores Limitada as the company's external auditors.

In due course, the Board Members' Committee analyzed the company's quarterly and annual financial statements and the reports issued by the external auditors and accounts examiners. Additionally, KPMG Auditores Consultores Limitada, the company's external auditors, submitted to the Board Members' Committee the Annual Audit Plan and Report stipulated in Section 404 of the Sarbanes Oxley Law regarding internal company control.

Likewise, the Board Members' Committee issued its opinion on document 20 F and authorized its submission to the USA Securities and Exchange Commission.

In 2011, the Board Members' Committee analyzed and favorably reported to the company's Board about market conditions on which the following specific operations had been carried out between related parties:

- Participation of Endesa Chile in the open and regulated public bid called by Chilectra with respect to its energy needs for 2014.
- Contract for internal audit services to be rendered by Enersis to Endesa Chile, at a rate of 0.8 UF for each effective invoiced hour.
- Contract between Endesa Servicios SL and Endesa Chile for the use and maintenance of 205 SAP licenses for the 2011 and 2012 period at a total price of 184,911.
- Contract for the provision of support services for the Bocamina 2 power plant commissioning, between Enel and Endesa Chile, for a total amount of US\$2,210,000.
- Contract for specialized engineering services between Endesa S.A. as services supplier and Endesa Chile as services recipient, based on unit prices series plus reimbursable expenses with an estimated contract value of 665,000.
- Contract for the purchase of 2,600,000. - MMBTU (70.5 mm³) of liquefied natural gas from the Spanish Carboex company at a price of 14.1 US\$/MMBTU.
- Coal supply contract subscribed between Endesa Generación (Spain) and Endesa Chile, for the supply of 700 Kton of coal to the Bocamina and Tarapacá power plants during the first semester of 2012, at a price of US\$101.54 Kton.
- Contract between Endesa Chile and Enersis for the use



of the Group's Sports Stadium by the employees of Endesa Chile and its affiliates at 0.90 UF per employee, dependents included.

- Contract for the supply of electric energy to the Cementos Bío Bío plants in Curicó and Talcahuano, owned by affiliates of the Cementos Bío Bío company related at the time with company's Board member Mr. Jaime Bauzá, who abstained from voting, with a value of 87.8 US\$/MWh for the Talcahuano plant and 89.7 US\$/MWh for the Curicó plant.

In respect of all the above-referred contracts and operations, the Board Members' Committee checked market through bids, requests for comparable bids or, in its case, by observing the relevant market conditions.

The Ordinary Shareholders' Meeting of Endesa Chile, held on April 26, 2011, adopted the following decision with relation to the compensation and budget of the Board Members' Committee: (a) Set a meeting attendance compensation of 56 Unidades de Fomento (UF), with an annual limit of 12 paid meetings; and (b) an annual expense budget of 6,000 Unidades de Fomento.

During 2011, the Board Members' Committee members received a total compensation of 2,016.25 UF.

In 2011, the Board Members' Committee used a part of the annual expense budget set by the Ordinary Shareholders' Meeting, 590 Unidades de Fomento (UF), to hire KPMG for an audit of the operations between related parties with respect to the following matters:

- Review of the accounting treatment of volume discounts for centralized purchases.
- Reading of the energy and capacity bargain and sale contracts between Endesa Chile and Pangué in order to confirm that their prices follow market prices.
- Review of the energy and capacity sales contract between the company and Chilectra to corroborate that the physical energy and capacity quantities are consistent with the injections system.
- Review of contracts signed with suppliers, to verify that they meet the terms and conditions set forth in their bids.
- Verify that total payments made by the centralized area agree with the original bids.
- Verify interest calculations, so that they correspond to the terms and conditions indicated in the "inter-company" agreements.
- At the December 2011 Board Members' Committee meeting, the external auditors made their first presentation on this audit.

2.2. Directors' Committee Expenses

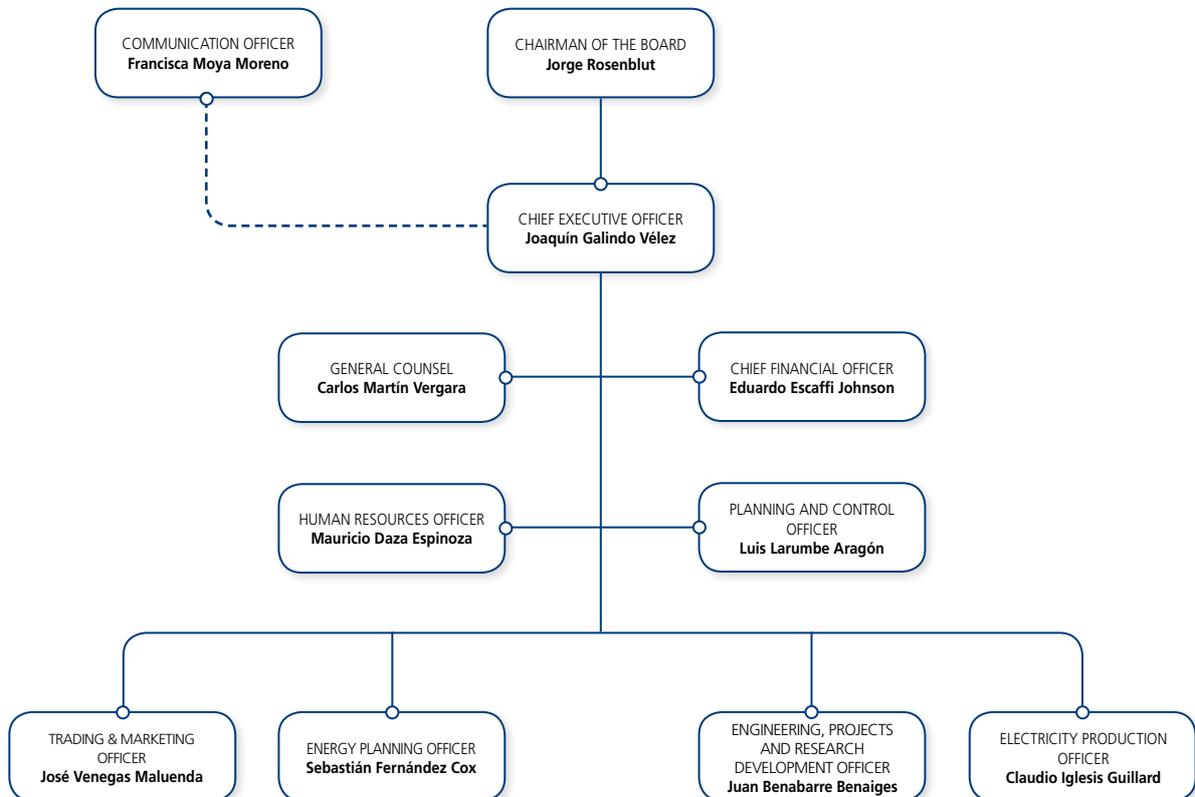
The Ordinary Shareholders' Meeting of Endesa Chile held on April 26, 2011, adopted the following decision concerning the Board Members' Committee compensation and budget: to establish a meeting attendance compensation of 56 Unidades de Fomento, with a limit of 12 paid meetings per year; and an annual budget of 6,000 Unidades de Fomento.

During fiscal year 2011, the Board Members' Committee was offset with the total sum of 2,016.25 Unidades de Fomento.

In 2011, the Board Members' Committee used a part of the annual expense budget set by the Ordinary Shareholders' Meeting, 590 Unidades de Fomento (UF), to hire KPMG for an audit of the operations between related parties with respect to the following matters:

- Review of the accounting treatment of the volume discounts for centralized purchases.
- Reading of the energy and capacity sales contracts between Endesa Chile and Pangue in order to confirm that their prices follow market prices.
- Review of the energy and capacity sales contract between the company and Chilectra to corroborate that the physical energy and capacity quantities are consistent with the injections system.
- Review of contracts signed with suppliers, to verify that they meet the terms and conditions set forth in their bids.
- Verify that total payments made by the centralized area agree with the original bids.
- Verify interest calculations, so that they correspond to the terms and conditions indicated in the "inter-company" agreements.

3. Organizational structure



4. Main Executives



CHIEF EXECUTIVE OFFICER
Joaquín Galindo Vélez
Superior Industrial Engineer and B.A. in
Economic & Business Sciences
Universidad de Sevilla
Tax ID: 23,295,610 0



COMMUNICATION OFFICER
Francisca Moya Moreno
Journalist
Universidad de Santiago de Chile
Tax ID: 12,690,736 2



GENERAL COUNSEL
Carlos Martín Vergara
Attorney
Pontificia Universidad Católica
de Valparaíso
Tax ID: 6,479,975 4



ELECTRICITY PRODUCTION OFFICER
Claudio Iglesias Guillard
Electrical Civil Engineer
Universidad de Chile
Tax ID: 7,289,154 6



ENERGY PLANNING OFFICER
Sebastián Fernández Cox
Commercial Engineer
Universidad de los Andes
Tax ID: 10,673,365 1



ENGINEERING, PROJECTS AND
RESEARCH DEVELOPMENT OFFICER
Juan Benabarre Benaiges
Mechanical Civil Engineer
Universidad de Chile
Tax ID: 5,899,848 6



CHIEF FINANCIAL OFFICER
Eduardo Escaffi Johnson
Civil Engineer
Universidad de Chile
Tax ID: 7,984,912 K



TRADING & MARKETING OFFICER
José Venegas Maluenda
Civil Industrial Engineer
Pontificia Universidad Católica de Chile
Tax ID: 7,893,919 2



PLANNING AND CONTROL OFFICER
Luis Larumbe Aragón
B.A. in Economic and Business Sciences
Universidad Comercial de Deusto
Tax ID: 23,303,647 1



HUMAN RESOURCES OFFICER
Mauricio Daza Espinoza
Electrical Civil Engineer
Universidad Católica de Valparaíso
Tax ID: 12,498,491 2



4.1. Managers and senior executives' compensation

The total compensation received by Endesa Chile managers during 2011 was [Ch] \$2,000 million.

4.2. Benefits for managers and senior executives

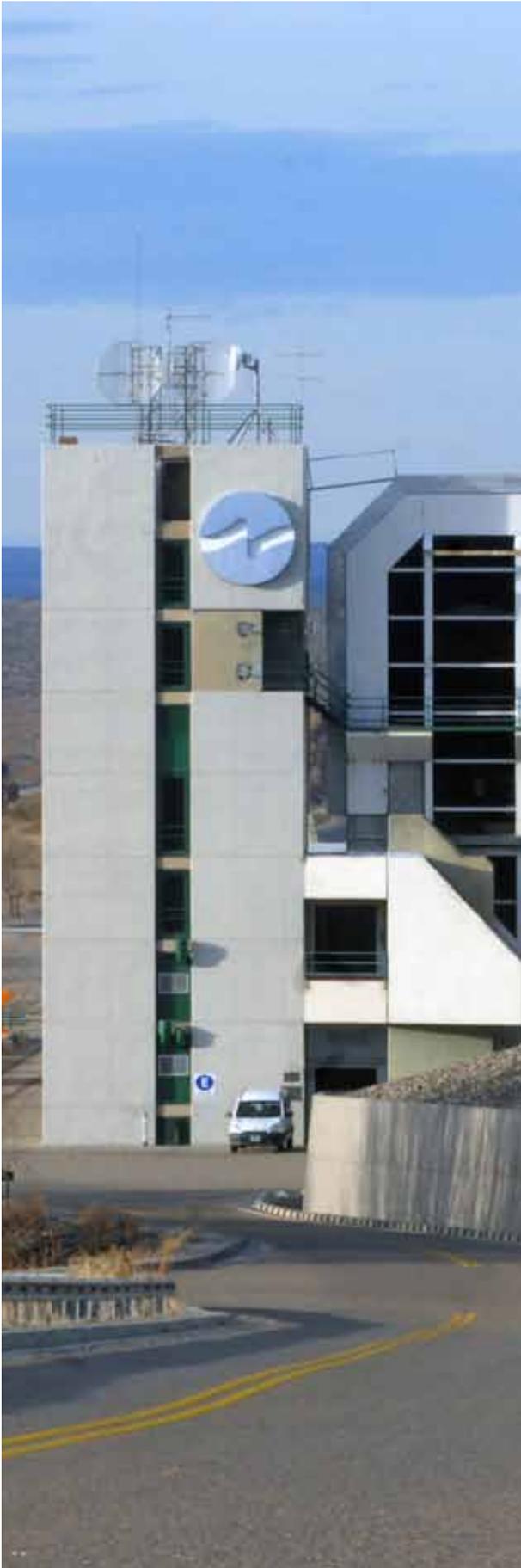
The company keeps in effect a complementary health insurance policy and a catastrophic insurance policy for senior executives and their dependents. Additionally, the company has a life insurance policy in force for each senior executive. These benefits are granted following the managerial level of each worker at any particular time. In 2011, the amount was [Ch] \$25 million, a sum that is included in the compensation received by senior executives.

4.3. Incentive plans for managers and senior executives

For this managerial level, Endesa Chile has an annual bonus plan based on performance of objectives and individual contribution to company results. This plan includes a definition of a bonus range for each management level. The bonuses granted to company executives consist of a specific number of their gross monthly salaries.

4.4. Severance pay

In 2011, Endesa Chile paid [Ch] 82 million in severance pay to its senior executives.



5. Management of main affiliates

Endesa Costanera

José Miguel Granged Bruñen
Industrial Engineer
Escuela Técnica Superior de
Ingenieros Industriales de Zaragoza

Hidroeléctrica El Chocón

Fernando Claudio Antognazza
Certified Public Accountant
Universidad de Buenos Aires

Emgesa

Lucio Rubio Díaz
B.A. in Economic and Business Sciences
Universidad Santiago de Compostela

Edegel

Carlos Luna Cabrera
Civil Engineer
Escuela Colombiana de Ingeniería Julio Garavito

Pehuenche

Lucio Castro Márquez
Civil Engineer
Universidad de Chile

Pangue

Lionel Roa Burgos
Civil Industrial Engineer
Universidad de Chile

Endesa ECO

Wilfredo Jara Tirapegui
Mechanical Civil Engineer
Universidad de Santiago de Chile



Human
Resources



enoc

desa chile



1. Staffing

The following table shows the permanent staff of Endesa Chile and its affiliates, as of December 31, 2011 (1):

Companies	Managers and senior executives	Professionals and technicians	Other workers	Total
ARGENTINA				
Endesa Costanera	6	347	13	366
Hidroeléctrica El Chocón	1	43	5	49
Total Staff in Argentina	7	392	16	415
CHILE				
Endesa Chile	10	914	79	1,003
Pehuenche	3	0	0	3
Pangue				0
Celta	1	0	0	1
San Isidro				0
Central Eólica Canela				0
Endesa Eco				0
Ingendesa (2)	0	2	1	3
Túnel El Melón	1	6	9	16
GasAtacama (3)	4	76	14	94
HidroAysén (3)	4	26	5	35
Consortio Ara-Ingendesa (3)				0
Total Staff in Chile	23	1,024	108	1,155
COLOMBIA				
Emgesa	6	420	15	441
Total Staff in en Colombia	6	420	15	441
PERU				
Edegel	6	208	16	230
Total Staff in Peru	6	208	16	230
TOTAL STAFF IN ENDESA CHILE AND SUBSIDIARIES	42	2,042	157	2,241

Notes:

(1) Consequently, this table does not include fixed-term or project-specific personnel, which amounts to 55 persons at Endesa Costanera S.A., 3 persons at Hidroeléctrica El Chocón, 74 persons at Endesa Chile, 57 at Emgesa and 17 at Edegel.

(2) The staffing of Chilean affiliate Ingendesa includes Ingendesa's employees in Brazil.

(3) Includes proportional staffing of jointly controlled companies.

2. Human resources operations

2.1. Labor relations

In labor relation matters, 2011 was characterized by collective bargaining process at Endesa Chile. Three collective bargaining processes were conducted with: the Pangue Regional Union and Negotiating Group, Endesa Chile Union No. 7, and with the Commission of Professional and National Unions of Endesa Chile (negotiators for Ingeniería Ingendesa). These processes were carried out under a regulated framework, in compliance with the dates set forth in the current legislation. It is interesting to note that in 2 cases these negotiations concluded with Collective Labor Agreement that will be in effect for 4 and 2 years, respectively. These agreements harmonize educational benefits and improve variable compensation packages, among other items.

Periodic meetings between union leaders and the company have provided opportunities for a continuous and direct dialogue to address matters of common interest for both parties, and to the benefit of workers.

2.2. Training

In order to define the 2011 Training Program of Endesa Chile, the company conducted a process to detect our training needs. Based on its results, the company established a training schedule to meet its business needs, which resulted in a training bid following two action avenues: a Cross-Sectional Plan with development training topics and Technical-Functional Training.

In 2011, and for the second consecutive year, the company conducted the "Business Vision for the Human Resources Function in Latin America" program, which considered training operations through e learning and classroom courses. The main objective of this program is to help company members identify, understand and take part in the operations and stages involved in the generation processes, so that they can define the issues where they can add value to our business from their particular corporate area.

Likewise, the second version of the "Risk, Safety and Occupational Health Management" Diploma offered by the Universidad del Desarrollo was successfully completed. Its purpose was to develop the skills needed for the administration of these principles and, at the same time, reinforce the tools that will strengthen their effective control.

Work competencies correspond to the skills, knowledge and competencies needed to perform the operations that make up a work function, following established norms or standards. In the context of giving recognition to our workers know how, we conducted an award ceremony for the first operators certified in work competencies at the Tarapacá Power Plant, located 65 km south of Iquique. The professionals who obtained this certification took a series of tests that evidenced their capabilities to successfully carry out their functions. An external agent was responsible for reviewing and subsequently certifying each operator.

Another interesting milestone was the beginning of training programs using the thermal simulator of the Coal Thermal Power Plant, with the attendance of three Bocamina Power Plant operators and one operator from the Tarapacá Power Plant, who invested 3 days rehearsing several contingencies.

In 2011, the company initiated the process to evaluate the gaps in the operation and maintenance of the generation business in Chile.

The company continued the training plan through the "Knowledge Management" Latam Campus, a virtual learning space offering e learning courses based on technical competency curricula. These courses permit systematizing knowledge and provide key competency training and development opportunities, capturing the business know how.

At the same time, and with the purpose of providing our employees with development and advancement opportunities within the company, study scholarships were awarded to 61 workers. The purpose of this program is to encourage and support them in their pursuit of professional improvement studies, or undergraduate and graduate studies.

2.3. People development

2.3.1. Leadership skills development program

This program seeks to make more effective competencies such as leadership, strategic thinking, negotiation and coaching. In 2011, company employees attended the Universidad de los Andes every Tuesday of August and September. In addition to the participation of renowned academics, Enersis Group managers made a series of presentations.

2.3.2. Work atmosphere

In view of the importance that Endesa Chile gives to the work atmosphere, in 2011 the company prepared an Action Plan in light of the results obtained from the last Work Atmosphere Survey conducted in 2010. This Action Plan centered its attention on 3 improvement areas: merit appreciation and recognition, training and development, and communication & vision.

In order to work on the above improvement areas, the company defined biennial plans (2011-2012) common for the entire organization as well as unitary management plans for the specific support of different company units, seeking to improve the perception of these and other matters in the next Work Atmosphere Survey, scheduled for late 2012.

2.3.3. 3rd place among the top companies for working parents

Every year, Revista Ya -published by the El Mercurio daily newspaper- and Fundación Chile Unido prepare a ranking with the Best Companies for Working Parents. In 2011, and for the second consecutive year, the Enersis Group participated as a whole and obtained the 3rd place in this ranking, advancing 5 places with respect to the position obtained in 2010.

This award recognizes those companies with the best policies in the work and family conciliation area; which, in turn, promotes adopting these practices with company workers.



2.3.4. Performance evaluation

Performance evaluation is important for Endesa Chile as a development tool for its workers. This is why, since 2010, the company has in place an evaluation system for all its local companies, which includes a BARS (Behaviorally Anchored Rating Scales) behavioral evaluation and a goal attainment evaluation. These evaluations are essential personal development tools and define a path to guide development training operations.

2.4. Occupational safety and health

Endesa Chile and its affiliates have been successful in bringing together work safety and health through the development of operations that promote the integral protection of all its workers, stimulating a safe work attitude centered on company processes and operations.

In relation to result (profit/loss) indicators, in 2011, the generation business (generation and development of engineering projects) in Chile showed a global frequency index equal to 2.79 (number of accidents per million man hours worked, including our own and subcontractor workers) and a global severity of 77.

In 2011, there were no fatal accidents in Endesa Chile's operations. However, there was one fatal event in engineering and projects.

Specifically, in matters of engineering and projects, the Bocamina II power plant works have been performed adhering to standards of excellence. Results have been

achieved with sustained motivational development, centered in the culture of foreseeing or preventing the occurrence of events. Thus, the global frequency indicator obtained was 3.33 and the global severity indicator was 90 per million of man hours worked.

In certification matters, in 2011, the company and its affiliates kept in effect 100% of the OHSAS 18.001:2007 standardization, with respect to installed capacity.

2.5. Handling of contractors

In order to add value to our business with a proper administration of labor contingencies, during 2011 the company developed a program to verify our subcontractor companies' compliance with their labor and social security obligations, thereby reducing the risks inherent to these contingencies. Consequently, the company checked every month nearly 4,000 contractors' workers for their employers' compliance with their respective labor and social security obligations, verifying that said workers' compensation and social security contributions had been paid in due course; that they had work contracts in effect; that they received the benefits of the Full Work Week Law and their base salaries; and that collective bargaining processes had been followed, among other fundamental labor matters.

In like manner, considering the nature of these contingencies, in association with the Contract Management and Support areas, the company sought to resolve detected contingencies, so that our subcontractor companies improved their management and cash flow processes in order to meet their contract obligations in good time, significantly reducing labor risks.



2.6. Personnel selection

Endesa Chile, with the purpose of promoting the professional development of its workers within the organization, has strengthened their internal mobility seeking a change in our organizational culture giving priority to internal vacancy notices to hedge company hiring needs. In this way, during 2011, there were 486 internal position changes and 135 new people joined the organization.

Endesa Chile had, in 2011, a remarkable participation in Labor Fairs, confirming the high degree of admiration and reputation level. These Fairs were a significant recruiting source for the vacancies generated during the year.

Likewise, in order to provide a positive response to the support needs of company areas, we started the Trainee and Thesis Students Recruiting Process. This initiative provides company areas with the best students selected for this process. During 2011, the company graduated 116 students who made their professional practice in Endesa Chile.

On the other hand, the company took up the challenge of providing work positions hiring persons with disabilities. Along these lines, the company implemented the "Entry" project and incorporated 5 interns with disabilities.

As a strategy to bring in young professionals with a high potential and to offer them an opportunity to pursue an international career, the company initiated the first recruiting stage of its Young Talents project. This pioneering program invites the best students in their classes to take part in a selection process enabling them to accomplish a successful career in the company.



Stock Transactions





MDCCCXIII

BOLSA DE COMERCIO

1. Market information

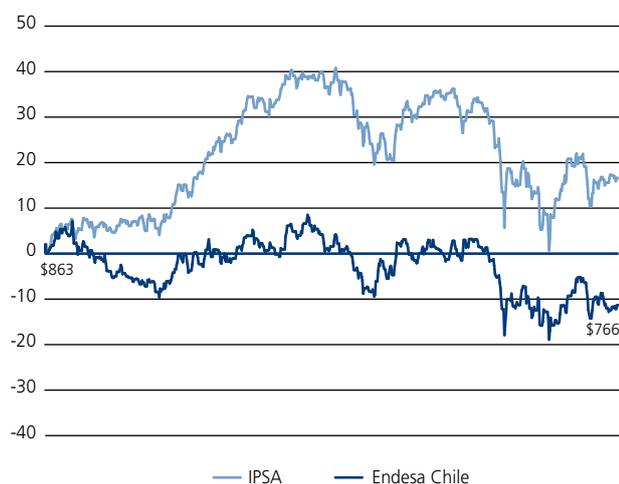
During 2011, the Chilean stock market followed the same path of most international stock exchanges, showing negative yields mostly marked by the predominant uncertainty associated to the debts crisis of some Euro area member countries. This caused a lower GNP growth in developed and emerging countries and a weakening of banks that restricted access to external financing. On the other hand, the United States of America's market has shown recovery signals, distancing itself from certain European events.

During the last two years, Endesa Chile shares have performed poorly in those markets where they are traded, directly influenced by the complex economic environment that characterized this period.

1.1. Santiago Stock Exchange

The table shows the evolution of Endesa Chile share prices in the last two years with respect to the Selective Share Price Index (Índice Selectivo de Precios de Acciones, IPSA) in the local market:

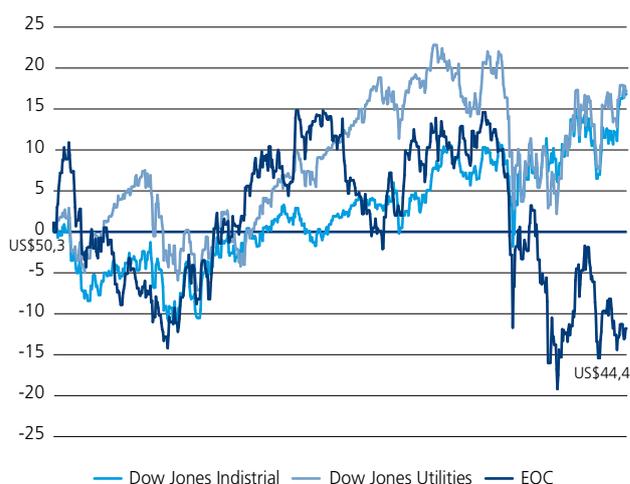
Variation	2010	2011	Accumulated 2010-2011
Endesa Chile	1.6%	-12.6%	-11.3%
IPSA	37.6%	-15.2%	16.6%



1.2. New York Stock Exchange (NYSE)

The following table shows the behavior of Endesa Chile ADRs listed in the NYSE (EOC), with respect to the Dow Jones Industrial and Dow Jones Utilities indexes during the last two years:

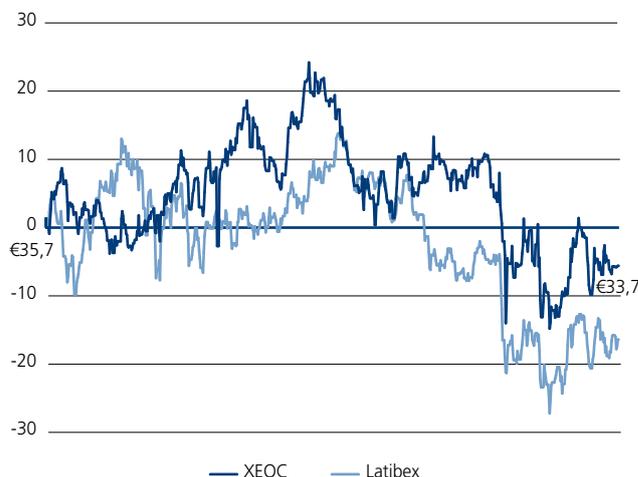
Variation	2010	2011	Accumulated 2010-2011
EOC	11.8%	-21.1%	-11.8%
Dow Jones Industrial	11.0%	5.5%	17.2%
Dow Jones Utilities	1.8%	14.7%	16.8%



1.3. Latin American Securities Stock Exchange at the Madrid Stock Exchange (Latibex)

The table shows the performance of Endesa Chile shares (XEOC*) listed in the Madrid Stock Exchange (Latibex) in the last two years, with respect to the IBEX Index.

Variation	2010	2011	Accumulated 2010-2011
XEOC	18.5%	-20.3%	-5.6%
LATIBEX	9.0%	-23.3%	-16.4%



*Desde el 2 de mayo de 2011 la unidad de contratación es unitaria. La unidad de contratación se expresaba en los años anteriores en 30 unidades por acción.

2. Stock exchange transactions

2.1. Chilean stock exchanges' trading

During 2011, the Santiago Stock Exchange traded 1,273 million shares of Endesa Chile for an amount of [Ch] \$1,052,280 million. In addition, the Chile Electronic Stock Exchange traded 177 million shares of Endesa Chile with a total value of [Ch] \$144,728 million. Finally, the Valparaíso Stock Exchange traded 1.6 million shares of Endesa Chile, for [Ch] \$1,308 million.

In 2011, the Endesa Chile share value closed at a unit price of [Ch] \$766.07 in the Santiago Stock Exchange, at [Ch] \$765.00 in the Electronic Stock Exchange, and at [Ch] \$766.98 in the Valparaíso Stock Exchange.

Quarterly stock exchange trading information for the last three years

Santiago Stock Exchange			
Quarter	Units traded	Amount traded ([Ch] \$)	Average price ([Ch] \$)
1st quarter 2009	447,013,386	329,787,457,532	737.76
2nd quarter 2009	324,825,960	258,296,691,935	795.18
3rd quarter 2009	309,797,829	270,026,978,883	871.62
4th quarter 2009	393,553,068	326,733,507,128	830.21
1st quarter 2010	433,014,057	376,020,533,681	868.38
2nd quarter 2010	455,655,231	371,918,680,410	816.23
3rd quarter 2010	401,368,264	348,049,847,524	867.16
4th quarter 2010	395,276,668	351,743,398,059	889.87
1st quarter 2011	455,389,983	385,642,098,459	847.04
2nd quarter 2011	307,129,801	267,834,613,160	871.69
3rd quarter 2011	287,328,831	228,241,714,742	794.14
4th quarter 2011	222,858,074	170,561,978,207	765.33

Chile Electronic Stock Exchange			
Quarter	Units traded	Amount traded ([Ch] \$)	Average price ([Ch] \$)
1st quarter 2009	32,670,159	24,264,764,478	742.72
2nd quarter 2009	46,930,229	37,906,412,950	807.72
3rd quarter 2009	48,022,917	42,193,871,497	878.62
4th quarter 2009	85,083,517	71,711,309,637	842.83
1st quarter 2010	56,468,996	49,401,429,103	874.84
2nd quarter 2010	41,990,639	34,251,126,745	815.68
3rd quarter 2010	53,125,161	46,256,114,991	870.70
4th quarter 2010	46,225,042	41,195,187,277	891.19
1st quarter 2011	35,585,747	30,020,877,219	849.79
2nd quarter 2011	51,603,185	45,057,903,142	871.55
3rd quarter 2011	36,239,908	28,750,234,887	792.78
4th quarter 2011	53,653,332	40,898,855,660	766.21

Valparaíso Stock Exchange			
Quarter	Units traded	Amount traded ([Ch] \$)	Average price ([Ch] \$)
1st quarter 2009	645,361	489,305,421	758.19
2nd quarter 2009	3,493,136	2,762,398,145	790.81
3rd quarter 2009	764,634	664,524,204	869.07
4th quarter 2009	1,426,791	1,194,517,595	837.21
1st quarter 2010	3,371,493	2,937,445,334	871.26
2nd quarter 2010	978,005	799,359,160	817.34
3rd quarter 2010	2,285,812	1,993,085,466	871.94
4th quarter 2010	528,415	477,693,820	904.01
1st quarter 2011	380,755	319,073,979	838.00
2nd quarter 2011	659,841	576,978,546	874.42
3rd quarter 2011	185,755	150,672,131	811.13
4th quarter 2011	343,116	261,997,012	763.58



2.2. New York Stock Exchange (NYSE) trading

In the United States of America, 30.8 million Endesa Chile ADRs were traded in 2011, totaling US\$1,544.6 million. One ADR represents 30 Endesa Chile shares. The price of an Endesa Chile ADR closed the period at US\$44.4.

Quarterly stock exchange information for the last three years

New York Stock Exchange (NYSE)			
Quarter	Units traded (number of ADRs)	Amount traded (US\$)	Average ADR price (US\$)
1st quarter 2009	10,235,374	375,403,197	36.68
2nd quarter 2009	10,795,566	454,743,168	42.12
3rd quarter 2009	6,674,417	321,204,285	48.12
4th quarter 2009	10,535,267	507,365,960	48.16
1st quarter 2010	10,343,491	523,109,198	50.57
2nd quarter 2010	9,175,529	421,945,181	45.99
3rd quarter 2010	5,802,804	293,800,125	50.63
4th quarter 2010	6,212,224	345,583,081	55.63
1st quarter 2011	7,044	369,529	52.46
2nd quarter 2011	5,674	316,154	55.72
3rd quarter 2011	9,362	467,200	49.90
4th quarter 2011	8,678	391,722	45.14



2.3. Stock exchange transactions at the Madrid Stock Exchange (Latibex)

In 2011, 4.5 million contract units of Endesa Chile were traded at the Latin American Securities Stock Exchange at the Madrid Stock Exchange (Latibex), for a value of €5.5 million. Each contract unit represents 30 Endesa Chile shares in the 2001-2010 period and 1 company share in 2011. The contract unit price closed the year at €1.12.-

Quarterly stock exchange information for the last three years

Latibex			
Quarter	Contract Units	Amount traded (Euros)	Average contract unit price (Euros)
1st quarter 2009	110,899	3,119,782	28.13
2nd quarter 2009	133,835	4,136,536	30.91
3rd quarter 2009	85,527	2,892,240	33.82
4th quarter 2009	47,695	1,545,615	32.41
1st quarter 2010	37,960	1,380,092	36.36
2nd quarter 2010	117,283	4,258,270	36.31
3rd quarter 2010	34,400	1,332,301	38.73
4th quarter 2010	27,307	1,105,477	40.48
1st quarter 2011	967,650	1,241,554	1.28
2nd quarter 2011	1,587,111	2,040,143	1.29
3rd quarter 2011	1,117,743	1,342,140	1.20
4th quarter 2011	790,249	884,744	1.12



Dividends





1. Dividends

Pursuant to number 5 of General Norm No. 283, next we describe the company's dividends policy for fiscal years 2012 and 2011.

2. Dividends policy for 2012

2.1. General considerations

In compliance with the provisions of Circular Letter No. 687 dated February 13, 1987 issued by the [Chilean] Superintendence for Securities and Insurance Companies (SSIC/SVS), herein below we submit the Board's Dividends Policy to company shareholders.

2.2. Dividends policy

The Board intends to distribute a provisional dividend, charged to fiscal year 2012 profits, of up to 15% of the profits earned until September 30, 2012, as shown by the Financial Statements as of such date, payable on January 2013.

The Board intends to propose to the Ordinary Shareholders' Meeting, to be held in the first four months of 2013, to distribute as a final dividend an amount equal to 50% of fiscal year 2012 profits.

The final dividend will be ultimately defined by the Ordinary Shareholders' Meeting to be held during the first four months of 2013.

Actual observance of the above program will be subject -in the matter of dividends- to profits effectively earned, as well as to results regularly projected by the company, or to the existence of certain conditions, as appropriate.

2.3. Procedure for the payment of Endesa Chile's dividends

In order to pay dividends, whether provisional or final, and with the purpose of preventing their improper collection, Endesa Chile considers the following payment modalities:

1. Deposit in a bank checking account, whose account holder is the shareholder.
2. Deposit in a bank savings account, whose account holder is the shareholder.
3. Mailing of a check or cashier's check via registered mail to the shareholder's domicile recorded in the Shareholders Register.
4. Retrieval of a check or cashier's check from the offices of DCV Registros S.A., in its capacity as manager of Endesa Chile's Shareholders' Register, or from the bank and branches to be defined for this purpose and to be informed in the dividends' payment notice to be issued in due course.

To these effects, bank checking or savings accounts may be located anywhere in the country.

It is pertinent to emphasize that the payment modality chosen by each shareholder will be used by DCV Registros S.A. for all dividends payments for as long as the shareholder does not communicate in writing his/her intention to change it thereby registering a new option.

Shareholders who have not registered a particular payment modality will be paid via modality No. 4 indicated above.

In those cases where the checks or cashier's checks are returned by the post office to DCV Registros S.A., those documents will remain in custody until retrieved or requested by the shareholders.

In the case of deposits in bank checking accounts, Endesa Chile may request, for security reasons, their confirmation by the respective banks. If the accounts informed by the shareholders are objected, whether in a prior verification process or for any other reason, such dividend will be paid following the modality indicated in item No. 4 above.

Additionally, the company has adopted and will continue adopting in the future all the security measures required by the dividends payment process in order to safeguard the interests of shareholders and Endesa Chile.

3. Dividends policy for 2011

3.1. General considerations

In compliance with the provisions in Circular Letter No. 687 dated February 13, 1987, issued by the Superintendence for Securities and Insurance Companies (SSIC/SVS), next we submit to company shareholders the Board's Dividends Policy.

3.2. Dividends policy (1) (2)

The Board intends to distribute a provisional dividend, charged to the profits of fiscal year 2011 of up to 15% of the profits earned until September 30, 2011, as shown in the Financial Statements as of such date, payable on January 2012.

The Board intends to propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2012, to distribute as final dividend an amount equal to 55% of the profits of fiscal year 2011.

The final dividend will be ultimately defined by the Ordinary Shareholders' Meeting to be held during the first four months of 2012.

Actual observance of the above program will be subject -in the matter of dividends- to profits effectively earned, as well as to results regularly projected by the company, or to the existence of certain conditions, as appropriate.

(1) "On November 30, 2011, pursuant to the provisions of articles 9 and 10 second subparagraph of Law No. 18,045 and the provisions in General Norm No. 30 of said Superintendence, and exercising the capacities granted to me, I inform you, as an essential fact, that in its meeting held today, the Board of Empresa Nacional de Electricidad S.A. decided to distribute on January 19, 2012 a provisional dividend of [Ch]\$5.08439 per share, charged to the results of fiscal year 2011, corresponding to 15% percent of the net profits calculated on September 30, 2011, in line with the Company's dividends policy in effect."

(2) "On February 29, 2012, pursuant to the provisions of articles 9 and 10 second subparagraph of Law No. 18,045 and the provisions in General Norm No. 30 of said Superintendence, and properly authorized for this purpose by the Company Board, I inform you, as an essential fact, that in its ordinary meeting held today, the Board of Empresa Nacional de Electricidad S.A. decided to modify in advance the Dividends Policy for fiscal year 2011 presented at the past Ordinary Shareholders' Meeting. The amendment consists of reducing from 55% to 50% the percentage of net profits of fiscal year 2011 to be distributed as dividends."

4. Fiscal year 2011 distributable profits

Fiscal year 2011 distributable profits are the following:

Million pesos	
Fiscal Year profits attributable to the dominant (controlling) company	446,874
Distributable Profits	446,874

Dividends distributed in recent years:

Div No	Div type	Closing date	Payment date	Pesos per share	Charged to fiscal year	Annual dividend	% of profits
40	Final	24/03/06	30/03/06	5.82	2005	5.8200	50%
41	Prov.	16/12/06	22/12/06	2.57	2006		
42	Final	15/05/07	22/05/07	10.84	2006	13.4100	60%
43	Prov.	19/12/07	26/12/07	2.1926	2007		
44	Final	23/04/08	29/04/08	11.5647	2007	13.7573	60%
45	Prov.	12/12/08	18/12/08	5.3512	2008		
46	Final	06/05/09	12/05/09	15.933	2008	21.2842	40%
47	Prov.	10/12/09	16/12/09	9.31235	2009		
48	Final	28/04/10	05/05/10	17.5305	2009	26.8429	35%
49	Prov.	20/01/11	26/01/11	6.42895	2010		
50	Final	05/05/11	11/05/11	26.09798	2010	32.5269	50%
51	Prov.	13/01/12	19/01/12	5.08439	2011		



2011
investment
and financing
policy





1. Investment policy for 2011

During fiscal year 2011, the company will make investments consistent with its articles of incorporation, in the following investment areas, indicating the maximum investment limit in each case:

1.1. Electric energy generation

The maximum investment limit to be considered here will be the amount needed by the company to meet its main objectives (production, transport, distribution and supply of electric energy), with a maximum amount equal to 15% of Net Shareholders' Equity in Endesa Chile's consolidated balance sheet as of December 31, 2010.

1.2. Capital contributions to affiliates and subsidiaries

Contributions will be made to local and foreign affiliates and subsidiaries, so that they can complete their projects under development and make the investments and carry out the operations needed to meet their respective corporate purposes.

The maximum investment limit in all local and foreign affiliates and subsidiaries for 2011 will be a sum equal to 15% of Net Shareholders' Equity in Endesa Chile's consolidated balance sheet as of December 31, 2010.

1.3. Other investments

- Financial assets, certificates, rights, securities, real estate properties, contributions to companies and creation of affiliates and subsidiaries, as provided by the articles of incorporation, in order to invest in the electric sector. The maximum investment limit to be considered here will be the amount needed to take advantage of business opportunities, with a maximum amount in 2011 equal to 15% of Net Shareholders' Equity in Endesa Chile's consolidated balance sheet as of December 31, 2010.

- Financial assets, certificates, rights, securities, real estate properties, contributions to companies and creation of affiliates and subsidiaries, as provided by the articles of incorporation, in order to undertake projects and operations or operations in industrial processes associated with the obtainment of energy sources, and those where electric energy is essential, decisive and intensively used in said processes, for an amount not to exceed 5% of Net Shareholders' Equity in Endesa Chile's consolidated balance sheet as of December 31, 2010.

1.4. Investments in financial instruments

Endesa Chile will invest in financial instruments according to the portfolio selection and diversification criterion set forth by company management, in order to optimize the return on its cash surplus.

Within the framework to be approved by the Shareholders' Meeting, the Board must decide the specific investments in works and studies to be carried out by the company, defining the amount and financing modalities in each case, and adopting the pertinent measures to control these investments.

2. Financing policy for 2011

The company's financing policy considers that its level of indebtedness -defined as the ratio between Total Liabilities and Net Shareholders' Equity in the Consolidated Balance Sheet- must not exceed 2.20 times. Funds will be raised from the following sources:

- Company's own resources.
- Suppliers' credits.
- Loans from banks and financial institutions.
- Placement of securities in local and international markets.
- Revenues from the sale of assets and/or services provided by Endesa Chile.



3. Other matters

In order to materialize its investment and financing policies, the company's management will have sufficient capacities to execute and modify such contracts for the purchase, sale or lease of goods and services as needed to conduct company operations, within its applicable statutory framework, abiding by the market conditions of each case for goods and services of the same nature, quality and characteristics. Likewise, management will have the authority to extinguish obligations arising from said contracts, pursuant to the law, whenever corporate interests are well served.

By virtue of the provisions of article 120 of Statutory Decree No. 3,500, disposing of properties or rights declared essential for company operations, as well as pledging them as collateral, must be approved by an Extraordinary Shareholders' Meeting. Consequently, and in compliance with the provisions of article 119 of the same Decree, the following assets are declared as essential for company operations:

- Power generation plants and emergency and reserve units with a capacity above 50,000 kW, in operation or in their construction stage, owned by the parent company and affiliates.
- The shares of stock of Empresa Eléctrica Pehuenche S.A., Empresa Eléctrica Pangué S.A., Endesa Argentina S.A., San Isidro S.A., Celta S.A., Endesa Eco S.A. and Generandes Peru S.A. owned by Endesa Chile, which imply retaining at least 50.1% of these companies' subscribed and paid shares.

Likewise, the Extraordinary Shareholders' Meeting must approve the granting of real or personal guaranties to secure third-party obligations, unless said obligations were assumed by the affiliates themselves, in which case Board approval should suffice.



The Company's business





1. Company business description

The main operations undertaken by Endesa Chile, its affiliates and jointly-controlled companies are related to the generation and sale of electric energy and, additionally, to providing consulting and engineering services in all areas. Endesa Chile and its affiliates operate 179 units in four Latin American countries, with a total installed capacity of 13,455 MW. If we included 50% of the Atacama thermal power plant, owned by the GasAtacama jointly-controlled company, the total number of units reaches 182, totaling and installed capacity of 13,845 MW (1).

In Argentina, through Endesa Costanera S.A. and Hidroeléctrica El Chocón S.A., the company operates a total of 3,652 MW, representing 12% of Argentina's total interconnected grid.

Endesa Chile, including 50% of Gas Atacama, is the leading electric energy generation company in Chile and one of the largest companies in the country, operating a total of 5,611 MW and representing 32% of the installed capacity in the local market. 61.7% of the installed capacity of Endesa Chile, its affiliates and jointly-controlled companies in Chile is hydraulic, 36.9% thermal and 1.4% aeolic. The company also participates in the Central Interconnected Grid (Sistema Interconectado Central, CIG/SIC), the country's primary electric system, covering from Taltal to Chiloé, a territory holding approximately 93% of the population, where the installed capacity of Endesa Chile, its affiliates and jointly-controlled companies contribute a total of 5,039 MW to this system; i.e. nearly 40% of the total. The company also takes part in the Great North Interconnected Grid (Sistema Interconectado del Norte Grande, NIG/SING), through its Celta affiliate and, indirectly, through GasAtacama Chile S.A., a jointly-controlled company, supplying several mining companies. Celta has an installed capacity of 182 MW, equal to 4% of NIG/SING and, if we included GasAtacama Chile S.A., where Endesa Chile participates with a 50% ownership, the installed capacity in the North of Chile would reach 12%.

In Colombia, through Emgesa, the company operates a total of 2,914 MW, equivalent to 20% Colombia's installed capacity.

In Peru, through Edegel, the company operates a total of 1,668 MW, representing 26% of the Peruvian electric system.

Endesa Chile is also an actor in the generation, transmission and distribution market in Brazil, through its Endesa Brasil partner company, in association with Enersis and ENDESA

S.A., Endesa Brasil has an installed generation capacity of 987 MW, through Endesa Cachoeira and Endesa Fortaleza, and two transmission lines with a transmission capacity of 2,100 MW, through Endesa Cien. Endesa Chile operates the generation assets of Endesa Brasil.

(1) The company's Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS). Therefore, GasAtacama – a jointly-controlled company where Endesa owns a 50% share is consolidated according to Endesa Chile's property ownership share; therefore, the above-referred statements include 50% of the capacity, energy generation and sales of the Atacama power plant.

2. Jointly-controlled installed capacity, generation and sales

Installed capacity (MW) (1)	2010	2011
Argentina	3,652	3,652
Chile (2)	5,611	5,611
Colombia	2,914	2,914
Peru	1,668	1,668
TOTAL	13,846	13,845

Electric energy generation (GWh) (3)	2010	2011
Argentina	10,940	10,801
Chile (2)	20,914	20,722
Colombia	11,283	12,090
Peru	8,466	9,153
TOTAL	51,603	52,766

Electric energy sales (GWh)	2010	2011
Argentina	11,378	11,381
Chile (2)	21,847	22,070
Colombia	14,817	15,112
Peru	8,598	9,450
TOTAL	56,641	58,012

(1) These values result from the maximum capacities determined by Endesa Chile Operating Standard No. 38: "Standards for determining Endesa Chile's Maximum Capacity in Hydroelectric and Thermal Power Plants" (Norma para la definición de potencia máxima en centrales hidroeléctricas y termoeléctricas de Endesa Chile), issued on December 31 of each year. They correspond to the maximum design capacity of generating units; most of them, corroborated by the tests conducted by their suppliers to demonstrate that they meet their respective contract guaranties. In some cases, the maximum capacity values may differ from the capacity value declared by regulatory agencies and clients in each country, following the criteria defined by said entities and their compliance with the pertinent contract terms and conditions.

(2) Endesa Chile has a 50% participation in the GasAtacama jointly-controlled company, consolidating it according to its property ownership share, consequently including 50% of the capacity, generation and energy sales of the Atacama power plant.

(3) Corresponds to the total generation, discounting the company's own consumption.

3. Historical background

Empresa Nacional de Electricidad S.A. was created on December 1, 1943 as an affiliate company of Corporación de Fomento de la Producción (CORFO) -production furtherance state agency- with the purpose of carrying out Chile's Electrification Plan, including the generation, transport and distribution of electric energy.

During 44 years, Empresa Nacional de Electricidad S.A. was fully owned by the Chilean State, acquiring a predominant role in the sector and becoming one of the most relevant Chilean companies and the foundation of the country's electric energy development. Large investments were made and the company built important engineering and electrification works.

The privatization process -started in 1987 via a series of public offerings- was completed in 1989. The offerings attracted many shareholders, such as Pension Funds Administrators (AFPs), company employees, institutional investors, and thousands of small shareholders.

In 1992, the company took over control of Central Costanera S.A. (currently Endesa Costanera S.A.) and in 1993 it acquired Hidroeléctrica El Chocón S.A., both of them in Argentina. In 1995, Edegel S.A.A. was bought in Peru. In December 1996, the company purchased Central Hidroeléctrica de Betania S.A. E.S.P. and in September 1997, Emgesa S.A. E.S.P., both of them in Colombia. In September 1997, the company acquired Centrais Eléctricas Cachoeira Dourada S.A., in Brazil.

On July 27, 1994, the New York Stock Exchange (NYSE) started trading Endesa Chile shares in the form of ADRs, with the EOC ticker symbol.

In December 2001, Endesa Chile shares were listed in the Latin American Securities Exchange of the Madrid Stock Exchange (Latibex), under the XEOC ticker symbol.

In May 1999, Enersis S.A., through a Takeover Bid, became the company's controller, with 60% of the shares of stock of Endesa Chile.

On September 13, 2004, Endesa Chile subscribed the signatory letter for the United Nations Global Compact, an international initiative whereby it undertook to adopt ten basic universal principles regarding the respect of human rights, labor regulations, the environment, and the fight against corruption.

On April 18, 2005, Endesa Chile incorporated Endesa ECO S.A., whose purpose is to promote and develop renewable energy projects such as mini hydraulic, aeolic, geothermal, solar, and biomass power plants and to act as depositary and seller of the emission reduction certificates to be obtained from such projects.

The Endesa Brasil S.A. holding company was incorporated in 2005 with the assets held in Brazil by Endesa Latinoamérica, Endesa Chile, Enersis and Chilectra. In this way, in October 2005, Endesa Chile ceased consolidating Cachoeira Dourada, while Enersis started consolidating Endesa Brasil S.A.

On September 29, 2006, Endesa Chile, ENAP, Metrogas and GNL Chile executed the agreement defining the structure of Liquefied Natural Gas Project (Proyecto Gas Natural Licuado, GNL), where Endesa Chile participates with 20% share. This project follows the strategy to diversify natural gas supplies in view of its unavailability from Argentina. The GNL Quintero regasification terminal was inaugurated on October 22, 2009.

Centrales Hidroeléctricas de Aysén S.A. (HidroAysén) was legally incorporated in March 2007 -not consolidated by Endesa Chile- whose business objective is the development and operation of a hydroelectric project in the Aysén Region denominated "Proyecto Aysén".

As of December 31, 2011, Endesa Chile -directly or through its affiliates and jointly-controlled companies- operating 182 generation units in Latin America with an installed capacity of 13,845 MW, was one of the largest electric energy producing companies in the region.



Investments and financial activities





1. Investments

In 2011, Endesa Chile and its affiliates invested a total of US\$580 million, as follows:

	Investment (millions of dollars) (1)
Argentina	
Endesa Costanera	64
Hidroeléctrica El Chocón	1
Total investment in Argentina	65
Chile	
Endesa Chile	237
Pehuenche	1
Pangue	1
San Isidro	8
Celta	8
Ingendesa	-
Endesa Eco individual	7
Canela	-
Gasatacama (50%)	3
HidroAysén (51%)	13
Enigesas	-
Total investment in Chile	278
Colombia	
Emgesa	183
Total investment in Colombia	183
Peru	
Edegel	30
Total investment in Peru	30
Total material investment in companies	556
Total financial investment	24
Total Endesa Chile consolidated investment	580

(1) Applying the closing 2011 exchange rate, equivalent to [Ch] \$ 519.39 per dollar.

2. Financial operations

2.1. Analysis of the consolidated financial statements for fiscal year 2011

The result attributable to Endesa Chile's shareholders at the closing of December 2011 was a profit of [Ch] \$446,874 million, compared with a profit of [Ch] \$533,556 million in the preceding fiscal year, representing a 16.2% drop.

On December 31, 2011, operating results were [Ch] \$787,971 million, 11.5% below the [Ch] \$890,724 million mark recorded in December 2010. The main causes of this lower result were increased Other Fixed Development Expenses, which reflect the negative impact of the non-recurring effect of the Wealth Tax Reform imposed by the Government of Colombia, which implied registering at the beginning of the year the total amount payable for this concept during the entire 2011-2014 period, and a higher energy and fuel consumption, mostly in Argentina and Chile.

This effect diminished Endesa Chile's EBITDA by 9%, with respect to that of 2010, reaching [Ch] \$973,891 million, not including the contribution of its investment in Endesa Brasil, whose results are considered under share of profits (losses) of related companies as accounted by the participation method, amounting to [Ch] \$115,355 million as of December 2011.

In 2011, the operation in Chile amounted to [Ch] \$405,235 million, showing a 21.6% drop with respect to fiscal year 2010 (less than the -29.3% variation recorded in September 2011). The preceding is mostly explained by a 2% increase in supplies and services costs, to a great extent derived from higher costs incurred in energy purchases and fuel consumption. Development revenues experienced a negative 6.5% variation because of a 6.6% drop of mean energy sale prices denominated in [Chilean] pesos. The preceding was partially offset by higher physical sales, which increased by 1% as of December 2011, especially to non-regulated clients and the spot market, as compared to the previous year. The company's business' EBITDA -or gross operating result- in Chile amounted to [Ch] \$495,627 million in 2011, representing an 18% drop, when compared to that of fiscal year 2010.

In 2011, the operating result in Argentina was [Ch] \$30,154 million, representing a 28.9% decrease from the preceding year. This is essentially explained by higher fuel consumption costs, transportation costs, and energy purchase costs.



This result was partially offset by development revenues [Ch] \$37,777 million higher because of a 12.8% increase in average peso-denominated sale prices. The EBITDA of Argentinean operations reached [Ch] \$46,230 million, 22.8% lower than the 2010 figure. In Endesa Costanera, although revenues increased 15.8% in 2011, the operating result was [Ch] \$6,480 million in 2011, 40.2% less than the preceding fiscal year. This drop is mostly explained by a 19.4% increase in supplies and services costs, to a great extent derived from greater fuel consumption costs of [Ch]\$40,195 million and higher transportation costs of [Ch]\$4,373 million. The preceding was essentially a consequence of a 5.4% increase in 2011 generation. The operating result of El Chocón reached [Ch] \$23,742 million in 2011, reflecting a 25% drop, when compared to fiscal year 2010. This result is basically explained by 14.1% lower physical sales and a 1.6% drop in average energy sale prices. The effect of converting the financial statements from Argentina's peso to the Chilean peso in both fiscal years is a 10.1% drop in Chilean pesos as of December 2011 with respect to December 2010.

In 2011, the operating result of our operation in Colombia was [Ch] \$253,546 million, a 3.1% drop from the preceding fiscal year. The leading impact comes from the non-recurring effect of the Wealth Tax Reform imposed by the Government of Colombia, ordering to register on January 1, 2011 the total amount payable for this concept in the 2011-2014 period. This circumstance affected the operational results in [Ch] \$40,182 million. To the preceding must be added the effect of lower total revenues of [Ch] \$8,972 million, explained by a 4% drop in the average energy selling price. This was partially offset by a 2% increase in physical sales as a consequence of

increased hydraulic generation. The latter produced a positive impact on energy and fuel purchase costs, which dropped by [Ch] \$43,256 million and [Ch] \$3,834 million, respectively. The EBITDA, or gross operating result in Colombia, was down 2.4% in fiscal year 2011, reaching [Ch] \$290,824 million, which is largely explained by the negative impact of the above-mentioned governmental measures. The effect of converting the financial statements from Colombian pesos to Chilean pesos in both fiscal years is a 2.6% drop in Chilean pesos as of December 2011 with respect to December 2010.

In Peru, operating results amounted to [Ch] \$104,485 million in 2011, representing a 49% increase over fiscal year 2010. This growth is mostly owed to a [Ch] \$28,581 million increase in development revenues as a consequence of 9.9% higher physical sales and a 4.9% increase in the average energy selling price. In addition, the preceding was favorably influenced by lower personnel costs of [Ch] \$8,819 million. This improved result was partially offset by higher fuel consumption costs and transport expenses totaling [Ch] \$7,528 million, derived from higher thermal generation at Edegel. Peru's business EBITDA amounted to [Ch] \$141,209 million in 2011, a 30.3% increase when compared to fiscal year 2010. The effect of converting the financial statements from Peruvian soles to Chilean pesos in both fiscal years is a 2.7% drop in Chilean pesos in December 2011 with respect to December 2010.

The financial result of Endesa Chile as of December 31, 2011 reached the negative sum of [Ch] \$121,296 million, 1.3% above the December 2010 closing figure. The main variations of this result were generated by exchange rate

difference losses of [Ch] \$22,086 million, offset by lower financial expenses of [Ch] \$4,721 million and higher financial revenues of [Ch] \$17,956 million.

The results originated from the company's participation in related companies amounted to [Ch] \$123,033 million as of December 2011, a 34.2% increase over those of December 2010. Such results are mostly made up of the proportional participation of the results coming from Endesa Brasil S.A., the partner Brazilian company, whose contribution amounted to [Ch] \$115,355 million.

Income taxes increased by 17%, equivalent to [Ch] \$30,600 million, as compared to those of December 2010.

In December 2011, Total Company Assets increased by [Ch] \$527,141 million, with respect to December 2010, mostly resulting from:

1) An increase of Current Assets totaling [Ch] \$167,028 million, equivalent to 21.1%, mostly from: a) Increased cash and cash equivalents by [Ch] \$88,012 million, basically from higher deposits in pacts (agreements) and time deposits by [Ch] \$17,374 million and higher bank checking account balances in foreign affiliates by [Ch] \$70,506 million. b) Increased accounts receivable from related companies and commercial debtors by [Ch] \$49,537 million. c) Increased Inventories amounting [Ch] \$13,765 million.

2) An increase of Noncurrent Assets amounting [Ch] \$360,113 million, equivalent to 6.9%, mostly explained by: a) Higher noncurrent rights receivable of [Ch] \$25,147 million, mostly from Foninvenen, offset by a decrease of other financial assets by [Ch] \$14,697 million caused by Endesa Chile financial derivatives. b) Increase in property, plant and equipment by [Ch] \$349,996 million, principally originated by fiscal year additions for [Ch] \$296,299 million and conversion effects equal to [Ch] \$226,139 million, offset by a [Ch] \$172,952 million depreciation.

Total Company Liabilities evidence an increase of [Ch] \$527,141 million when compared to December 2010, mostly accounted by:

1) An increase of Noncurrent Liabilities by [Ch] \$214,589 million, equivalent to 10.9%, mostly explained by variations in: a) Other noncurrent financial liabilities that increase by \$189,444 million, principally in Emgesa because of the issuance of international bonds totaling [Ch] \$221,800 million, offset by the transfer to short-term of bank loans totaling [Ch] \$74,202 million and, at Endesa Chile, by an increase for [Ch] \$38,476 million in the US dollar debt caused by the exchange rate fluctuation. b) Other noncurrent financial liabilities increased by [Ch] \$37,706 million, mostly at Emgesa upon recognizing the upcoming Wealth Tax payments.

2) A decrease of Current Liabilities by [Ch] \$23,761 million, equivalent to 2.5%, basically explained by: a) A decrease of commercial accounts payable and other accounts payable totaling [Ch] \$19,696 million, mainly due to less suppliers for energy and fuels purchases totaling [Ch] \$119,624 million, a decrease in dividends payable by [Ch] \$9,350 million, offset by an increase in accounts payable to third parties by [Ch] \$110,453 million, essentially because of investments in power plant projects. b) A decrease in accounts payable to related companies by [Ch] \$87,652 million, mostly from lower accounts payable to Codensa, amounting to [Ch] \$75,943 million, and to Enersis amounting to [Ch] \$15,114 million. c) An increase of other current financial liabilities by [Ch] \$52,849 million, principally from the accrual of interest and higher loans in affiliates totaling [Ch] \$17,035 million and transfers of long-term debt to short-term totaling [Ch] \$118,461 million, partially offset by the payment of credits amounting to [Ch] \$88,524 million.

Net shareholders' equity increased by [Ch] \$336,313 million with respect to December 2010. The controller increased by [Ch] \$182,051 million, mostly explained by the fiscal year result of [Ch] \$446,874 million and a [Ch] \$73,814 million increase in the conversion reserve. The preceding was offset by registering minimum and final dividends of [Ch] \$240,773 million and a negative coverage reserve of [Ch] \$86,590 million.

The participation of minority shareholders increased by [Ch] \$154,262 million, as a consequence of net conversion effects and minority shareholders' results.



2.2. 2011 Domestic finance

At the end of 2011, Endesa Chile counts on fully committed credit lines available for the equivalent of US\$ 302 million.

Also at the end of 2011, Endesa Chile and its Chilean affiliates count on uncommitted credit lines in the Chilean domestic market for the equivalent of US\$ 204 million.

At the end of 2011, negotiable securities' programs remained unused for an aggregate maximum amount of US\$ 200 million. These negotiable securities' lines were registered in the Securities Registry of the Superintendence for Securities and Insurance Companies (SSIC/SVS) in January 2009.

In addition to the revolving credit contracts and bond programs already mentioned, Endesa Chile and its Chilean affiliates (excluding related companies) closed the year with US\$ 383 million in cash.

The consolidated financial debt of Endesa Chile in December 2011 reached US\$ 3,769 million. This debt is composed mainly of bank debt, as well as local and international bonds. Endesa Chile's consolidated cash closed at US\$ 811 million. Thus, consolidated net debt reached US\$ 2,959 million.

During 2011, the company did not need to resort to financing in Chile because of the company's large quantity of cash generation. We evidenced solid liquidity ratios at the consolidated level, with sufficient cushions to meet debt and interest expense maturities for both short and medium-term debt. We also received large amounts of dividends from the Group's affiliates.

2.3. 2011 International finance

During 2011, the world economies suffered stagnation mainly because of the financial situation faced by Europe and the United States. Meanwhile, and although there are still doubts about the sustainability of the recovery of the world economies, the emergent economies continued to grow. Anticipating this, the Group's foreign affiliates continued to refinance their long-term debt, improving interest rate levels, implementing a policy of maintaining financial risks in check.



In 2011, financial operations –both refinancing as well as new financing and hedging operations- were carried out in the foreign affiliates for an aggregate total of US\$ 743 million; of which, US\$ 158 million came from Argentina, US\$ 525 million from Colombia and US\$ 61 million from Peru. We should highlight the following financial operations carried out in 2011:

a) In Argentina, Endesa Costanera refinanced its 2011 debt maturities for approximately US\$ 80 million with bank loans. Included in such refinancing, we can highlight US\$ 35 million of maturities with Mitsubishi Corporation and US\$ 10 million with Credit Suisse. Hidroeléctrica El Chocón refinanced syndicated loans for US\$ 40 million for 4 years and contracted a new syndicated loan with local banks for US\$ 24 million for 3.5 years, enabling it to extend the average life of its debt.

b) In Colombia, Emgesa's most important operation, executed in January 2011, was the issuance of a US\$ 400 million international bond, a portion of whose resources will be used to finance the El Quimbo project. Moreover, exchange rate hedging operations were executed for approximately US\$ 116 million.

c) In Peru, Edegel took a US\$ 31 million, 7-year loan whose funds were used to refinance in advance 2012 debt maturities. Moreover, interest rate hedging instruments totaling US\$ 30 million were contracted.

2.4. Hedging policy

2.4.1. Rate of foreign exchange

The foreign exchange rate hedging policy for the Group is based on cash flows and aims at maintaining a balance between flows indexed to foreign exchange currencies (dollar), and the levels of assets and liabilities in that currency.

During 2011, executed financial operations permitted the maintenance of a level of dollar denominated liabilities adjusted to the expected cash flows in that currency.

As part of this policy, Endesa Chile contracted forwards totaling US\$ 163 million in order to hedge the exchange rate risk for the future payments of the construction of the Bocamina II plant, denominated in UF, swapping them for dollars, which is the currency in which the revenues of the affiliate are denominated.

Additionally, in Chile we took forwards totaling US\$ 203 million to hedge cash flows in different currencies from Latin American affiliates.

The rest of the companies of the Group in the region contracted foreign exchange rate forwards totaling US\$ 116 million in order to match hedge future payments in accordance with the indexation of its cash flows.

2.4.2. Types of interest

The Group's policy consists in maintaining hedging levels -total fixed debt and/or protected debt as a percent of the total net debt- within a band of plus/minus 10% with respect to the hedge level established in the annual budget.

In view of the foregoing, during 2011, interest rate swaps were contracted for US\$ 30 million to fix the LIBOR (London Interbank Offering Rate). By December's closing, the consolidated level of fixed and protected debt amounted to 82.76% of net debt.

2.5. Risk classification

Endesa Chile's current ratings are sustained by its diversified asset portfolio, the strength of its financial indicators, an appropriate debt maturity profile, and an ample liquidity. The company's geographic diversification in Latin America provides a natural hedge against various regulations and climatic conditions.

On April 25, 2011, Moody's improved the company's classification to Baa2 from Baa3, with a stable outlook. On the other hand, on July 15, 2011, Feller ratified its AA classification of the company's existing bond, share and negotiable securities program.

Along the same line, Standard & Poor's (November 30, 2011) and Fitch Ratings (January 5, 2012) confirmed the international classification for Endesa Chile as BBB+ with a stable outlook.

2.6. Insurance policies

2.6.1. Operational

On June 2011, Endesa Chile and its affiliates renewed the terms & conditions of their regional insurance program, All Risk and Civil Liability, via an international bidding contest inviting leading insurance companies. The contracts were renewed until June 2012.

The specifications of the insurance policies currently in force for all Endesa Chile affiliates in Argentina, Chile, Colombia and Peru and related companies in Brazil, are as follows

- Insurance for All Risk of Fixed Assets and Business Interruption, with an increase in the indemnified limit between US\$ 300 million and US\$ 500 million per claim. This measure is intended to provide a greater protection for generation plants and for the principal transformation substations against the risk of earthquake, avalanche, fire, explosion, flood, machinery breakdown and operational failures.
- Non-contractual civil liability insurance for the sum of US\$ 500 million a year, increasing by \$350 million the coverage for physical damage caused by the company against third parties requiring indemnification.

Additionally, as of January 1, 2011, and for 1 year, we renewed an insurance policy against terrorist acts and political risks with an indemnity limit of up to US\$80 million.

Endesa Chile's affiliates also have maritime, air and land transport insurance policies for the transfer of machinery, equipment and supplies, life and accident personal insurance for traveling personnel, in addition to those required by the current legislation.

2.6.2. Works' insurance policies

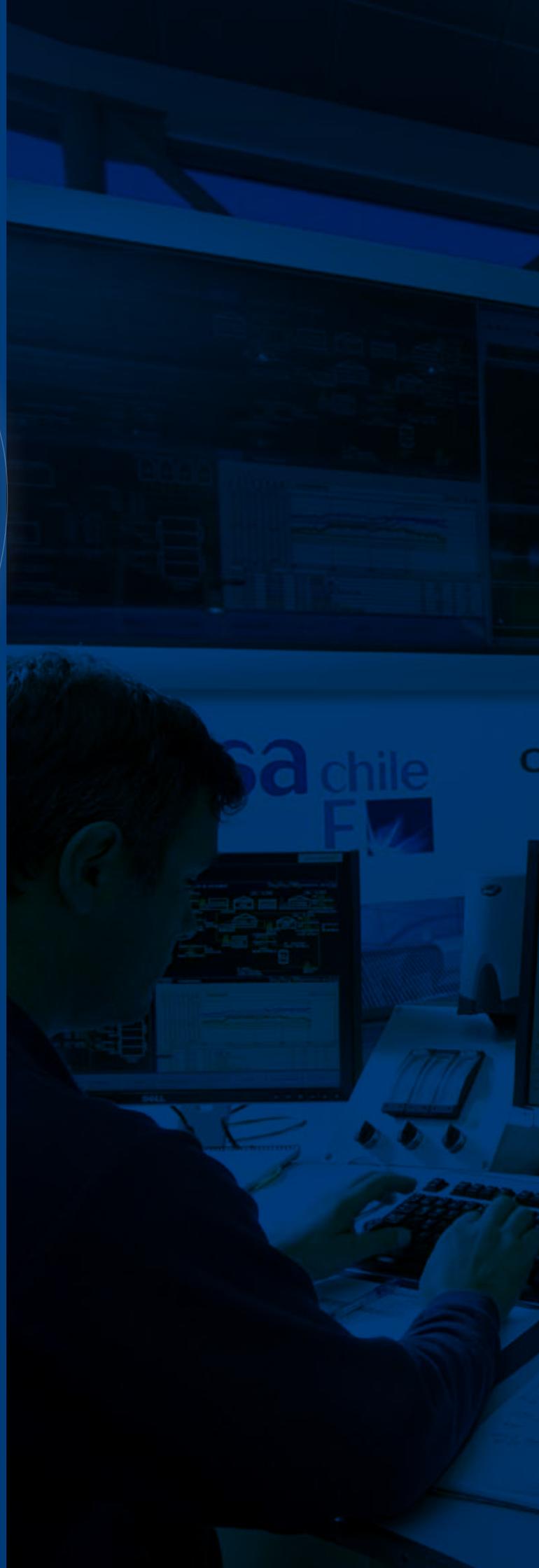
Endesa Chile has maintained existing insurance policies for construction and delayed start-ups of construction works carried out on its own. Such insurance policies were contracted after a private bidding contest, to which the principal insurance underwriters were invited.

The insurance coverage program established for all projects encompasses insurance policies against all risks in construction and assembly, transportation, civil liability and delayed start-ups with limits and deductibles in line with the company's own risk hedging policy.

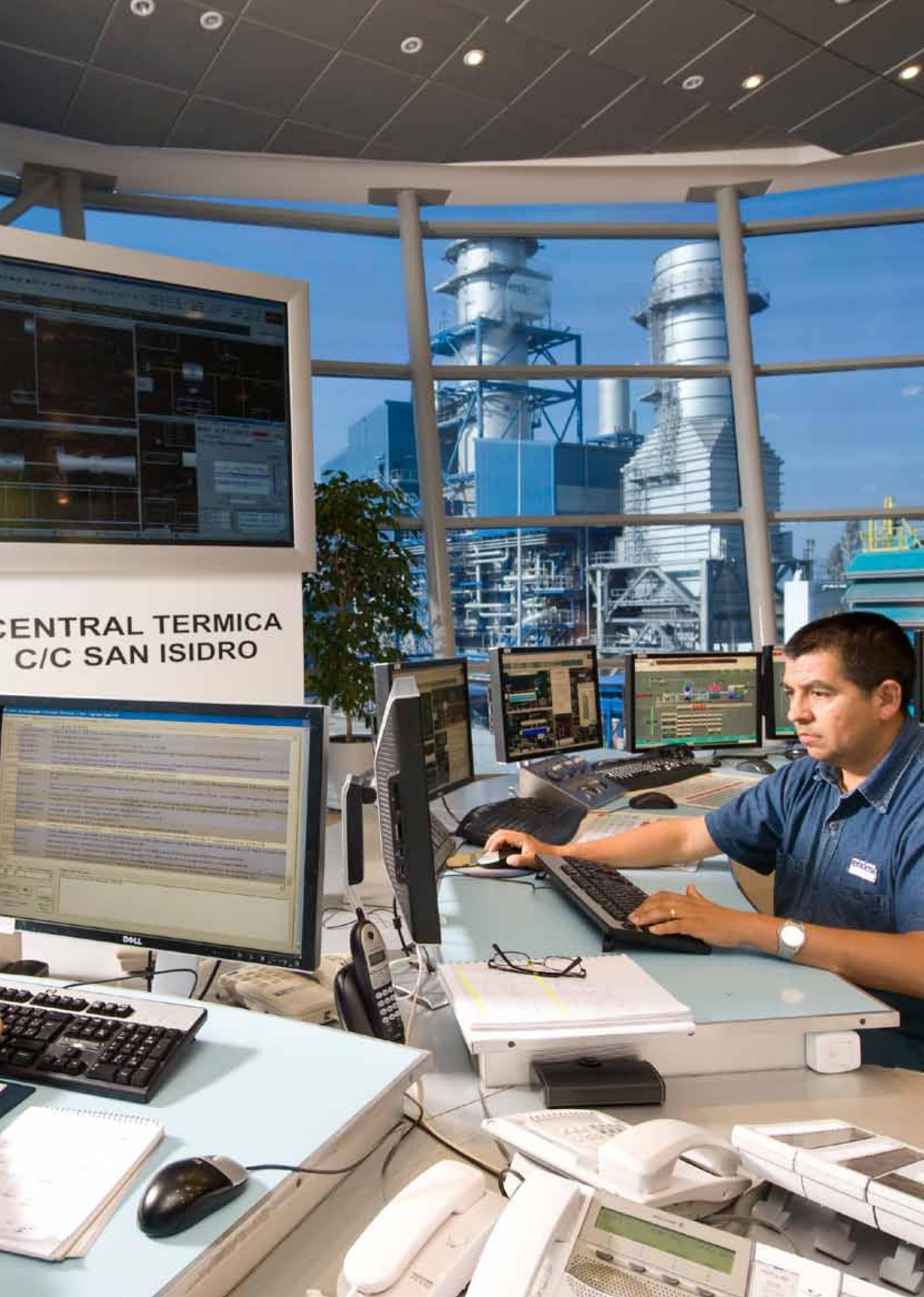
2.6.3. Accidents

The earthquake which occurred on February 27, 2010 caused significant damage in both the Bocamina plant and in the Bocamina II plant under construction. The damage repair costs and the lower income caused by the lower generation of Bocamina or the start-up delay of the Bocamina II plant due to the earthquake, are covered by the contracted insurances policies, where the company only assumes the respective deductibles for each insurance contract. The loss claims have already been submitted to the respective claim officers and are now being adjusted by the insurance underwriters.

Risk factors



CENTRAL TERMICA
C/C SAN ISIDRO



1. Risk factors

The Group's companies are exposed to certain risks handled through the implementation of identification, measurement, limitation of concentration, and supervision systems.

Among the basic principles defined by the Group, the following stand out:

- Compliance with Good Corporate Governance standards.
- Strict compliance with the Group's regulatory system.
- The Group's Risk Committee is the entity in charge of defining, approving and updating the basic principles to guide risk-related actions.
- Risk Governance is organized operationally through the functions of Risk Control and Risk Management, which are independent of each other.
- Each business and corporate area defines:
 - I. The markets and products where it can operate, as a function of a sufficient knowledge and capability in order to ensure an effective risk management.
 - II. Counterparty criteria.
 - III. Authorized operators.
- Businesses and corporate areas establish their own risk tolerance level for each market in which they operate, coherently with their predefined strategy.
- All business operations and corporate areas are executed within the limits approved for each case.
- The businesses, corporate areas, business lines and companies establish the necessary risk management controls to ensure that market transactions are performed in accordance with Endesa Chile's policy, standards and procedures.

2. Interest rate risks

Interest rate fluctuations modify the reasonable value of the assets and liabilities that accrue a fixed interest rate, as well as the future flows of assets and liabilities pegged to a variable interest rate.

The objective of the interest rate risk management is to achieve a debt structure equilibrium which allows minimizing the debt cost with reduced income statement volatility.

In keeping with the current interest rate hedging policy, the percentage of fixed and/or protected debt stood at 83% of total net debt as of December 31, 2011.

Depending on the estimations of the Group and the objectives of the debt structure, hedging operations are performed by contracting derivatives to mitigate such risks. The instruments currently used to implement this policy are variable-to-fixed interest rate swaps.

The structure of the Group's financial debt according to fixed, protected and variable interest rates, after the derivatives contracted, is as follows:

Net position

	dec-11 %	dec-10 %
Fixed interest rate	70%	83%
Variable interest rate	30%	17%
Total	100%	100%

3. Foreign exchange rate risks

Foreign exchange rate risks are associated primarily to the following transactions:

- Foreign-currency-denominated debt contracted by Group companies.
- Payments payable in the international markets for project-related purchases.
- Revenues in Group companies that are directly linked to the value of the dollar.
- Flows from foreign affiliates to Chilean parent companies that are subject to foreign exchange rate fluctuations.

In order to mitigate such risk, the Group's foreign exchange rate hedging policy is based on cash flows and promotes an equilibrium between those flows indexed to dollars and the levels of assets and liabilities in that particular currency. The objective is to minimize the exposure of cash flows to foreign exchange rate fluctuations.

The instruments currently used to comply with this policy correspond to foreign currency swaps and foreign exchange rate forwards. Likewise, the policy seeks to refinance the debt in the functional currency of each company.

4. Commodity risks

The Group is exposed to certain commodity price fluctuations, primarily through:

- Fuel purchases in the process of generating electric energy.
- Energy purchase and/or sale operations occurring in local markets.

With the objective of reducing the risk in situations of extreme drought, the company has designed a commercial policy that defines levels of sale commitments in accordance with the capacity of its generation plants during a dry year and includes risk mitigation clauses in some of its contracts with unregulated clients.

In the context of operational conditions in the electric energy generation market in Chile –i.e. drought and high oil price volatility– the company is permanently checking the convenience of hedging against Brent oil prices.

As of December 31, 2011, there are no hedging instruments in effect and those hedges contracted in the past have been ad hoc and for negligible amounts. We cannot rule out resorting to this type of tools in the future.

5. Liquidity risks

The Group maintains a liquidity policy consisting in contracting long-term credit facility commitments and temporary financial investments, for amounts sufficient to withstand projected needs for a period that is a function of the situation and the expectations of debt & money markets.

The above-mentioned projected needs include the expiration of net financial debt; namely, after financial derivatives. For more details regarding the terms & conditions of financial debt and financial derivatives, please refer to Notes 16, 18 and to Annex 4, respectively.

As of December 31, 2011, the Endesa Group had a liquidity of \$ 421,282 million in cash and cash equivalents and \$ 199,892 million in unconditionally-available long-term credit lines. As of December 31, 2010, the Endesa Group had a liquidity of \$ 333,269 million in cash and cash equivalents, and \$ 152,130 million in unconditionally-available long-term credit lines.

6. Credit risks

Given the current economic situation, the Group has been conducting a detailed credit risk follow-up.

6.1. Accounts receivable

With respect to credit risks associated to accounts receivable, this risk is historically very limited given the short collection terms from clients does not permit the individual accumulation of very significant sums.

In some countries payment defaults warrant energy supply cuts, and in almost all contracts payment default is a cause for terminating a contract. Toward this end, credit risks are constantly monitored and the maximum amounts exposed to such payment risk are continuously measured. As stated earlier, however, our risk exposure on this score is quite limited.

6.2. Financial assets

Cash surplus investments are made in reputable top domestic and foreign financial entities (with Investment Grade risk ratings), within pre-established limits for each entity.

In selecting banks eligible for investing, we consider those which have an Investment Grade classification from at least 2 of the 3 principal international risk classification agencies (Moody's, S&P and Fitch).

These investments are backed by treasury bonds of the countries where we operate and/or by debt notes issued by first line banks. Insofar as possible and, according to market conditions, we generally prefer the former over the latter.

Derivative contracts are performed with highly solvent entities; so that nearly 90% of all such operations are carried out with entities classified at least A-.



7. Risk measuring

Endesa Chile elaborates a measurement of the Value at Risk of its debt and financial derivative positions with the objective of ensuring that the risk being assumed remains consistent with management risk exposure policies, thereby limiting its income statement volatility.

The portfolio of positions included for purposes of calculating the current Value at Risk comprises:

- Debt.
- Financial derivatives.

The calculated Value at Risk represents the potential loss of value of the portfolio of positions previously described on a 1-day term and with a 95% confidence level. For this purpose, we carried out a volatility study of the risk variables that affect the value of the portfolio of positions, including:

- US dollar LIBOR rate.
- In the case of debt, considering the different currencies in which our companies operate, the habitual indices used by the local banks.
- The foreign exchange rates of the various currencies involved in the calculation.

The calculation of the Value at Risk is based on the generation of possible future scenarios (overnight) of the market values (both spot and term) of risk variables via bootstrapping methodologies. The number of scenarios generated ensures the compliance of

the convergence criteria of the simulation. For the simulation of future price scenarios, we apply the matrix of volatilities and correlations between the different risk variables calculated based on the historic record of logarithmic price returns.

Once price scenarios are generated, we calculate the reasonable value of the portfolio under each scenario to obtain the distribution of possible overnight values. The overnight Risk with a 95% level of confidence is calculated as the percentile of 5% of the possible value increments reasonable for overnight portfolios.

The valuation of the different debt and financial derivative positions included in the calculation has been made pursuant to the methodology of calculation of the economic capital reported to management.

Considering the above-described hypotheses, the Value at Risk of the company's investment positions, broken down by position type, is shown in the following table:

Financial positions	Balance as of	
	31-12-2011 M\$	31-12-2010 M\$
Interest rate	36,951,206	20,338,359
Exchange rate	3,122,801	245,827
Correlation	-470,475	3,063,908
Total	39,603,532	23,648,094

The Value at Risk positions have evolved during 2010 and 2011 according to their respective initiation/expiration of operations throughout each year.



8. Other risks

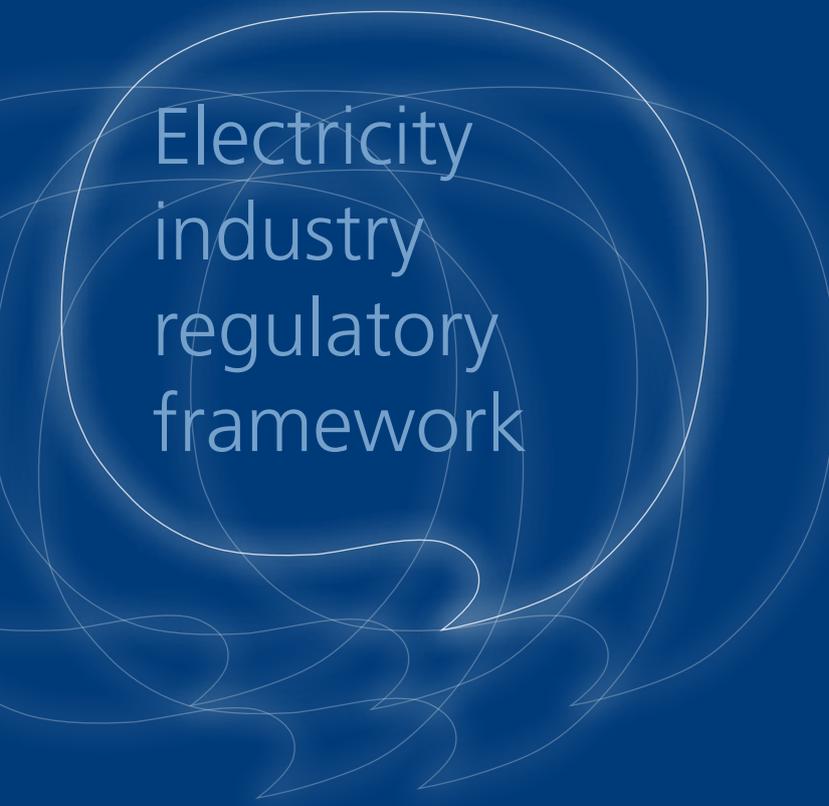
As is habitual practice for bank loans and money market operations, a portion of Endesa Chile's financial debt is subject to cross default provisions.

Payment defaults –following any applicable grace period- of debts of the company or of any of its relevant affiliates whose individual outstanding principal exceeds the equivalent of US\$ 50 million and whose amount in arrears also exceeds the equivalent of US\$ 50 million could lead to the advance payment of syndicated credits. In addition, such loans contains provisions under which certain events other than nonpayment in the company, such as bankruptcy, insolvency or adversely executed judicial judgments for amounts in excess of US\$ 50 million, or such as the expropriation of assets, among others, could cause the acceleration of these loans.

On the other hand, nonpayment, after any applicable grace periods, for any debt of Endesa Chile or any of its Chilean affiliates, with an outstanding principal in excess of US\$ 30 million, could lead to an anticipated mandatory payment of the Yankee bonds.

Finally, in the case of Endesa Chile's local bonds, the anticipated payment of this debt is triggered only by noncompliance of the Issuer.

There are no clauses in credit agreements by means of which changes in the corporate classification or the debt of such companies by risk classification agencies trigger the obligation to prepay the debt. However, a variation of a local risk classification, according to Feller or Fitch risk classification agencies could trigger a change to the margin applicable to determine the interest rate applicable local lines subscribed in 2009.



Electricity
industry
regulatory
framework





1. Argentina

1.1. Industry structure

In the Wholesale Electric Market (WEM/MEM) there are 4 categories of local agents (generators, transmitters, distributors and large clients) and foreign agents (generation and demand marketing companies) that are authorized to buy and/or sell electric energy as well as its byproducts.

The generation sector is organized on a competitive basis, with independent generators selling their product on the spot market of the WEM/MEM, to private contracts, to clients within the framework of WEM/MEM contracts, or to CAMMESA through special transactions such as contracts, pursuant to Resolutions SE 220/2007 and 724/2008.

Transmission operates under monopolistic conditions and is comprised of several companies to which Argentina's Federal Government grants concessions. One (1) concessionaire operates and maintains the highest voltage facilities, while 8 other concessionaires operate and maintain the facilities of high-to-medium voltages, to which the generation plants, the distribution systems and large consumers are connected. The interconnected international transmission grids require concessionaries granted by the Energy Secretariat. Transmission companies are authorized to apply different tolls for their services.

Distribution is a public service that operates under monopolistic conditions and is serviced by companies that have also been granted concessions. Distribution companies are responsible for electric energy to be made available to end clients within their specific concession area, regardless of whether the client has a contract with a distributor or a generator. In accordance with this, the companies have regulated tariffs and are subject to service quality specifications. Distribution companies can obtain electric energy either from the spot market of the WEM/MEM, at so-called "seasonal prices" or from the long-term market of the WEM/MEM through private contracts with generators. The "Seasonal Price," as defined by the Energy Secretariat, is the highest cost of electric energy purchased by distributors and transferred to regulated clients.

Regulated clients are supplied by distributors at government-regulated tariffs, unless they have a minimum demand capacity of 30 kW, in which case they can choose to contract their supply requirements directly from generators in the WEM/MEM spot market, and are thereafter considered

"Large Clients" that can freely negotiate their prices with the generation companies. There is an interconnected grid, the SADI, and small systems that provide electric energy to specific areas.

1.2. Main regulatory authorities

The Ministry of Federal Planning, Public Investment and Services, through the Energy Secretariat, is indeed the authority primarily responsible for the study and analysis of the performance of energy markets, the preparation of strategic planning regarding electric energy, hydrocarbon and other fuels, the promotion of competent and efficient policies in the allocation of resources, of directing actions to apply sectorial policies, of guiding the adaptation process of new general interest operators, and for looking after the rational development of resources and the preservation of the environment.

The National Electric Energy Regulatory Entity (NEERE/ENRE) carries out the necessary actions to secure national policy objectives regarding the supply, transmission and distribution of electric energy. Its main objectives are to adequately protect the rights of users, promote production competitiveness and stimulate investments toward ensuring long-term supply, promote free access, ensure non-discrimination and the general use of transmission and distribution services, regulate transmission and distribution services toward ensuring fair and reasonable tariffs, stimulate private investment in production, transmission and distribution, ensuring the competitiveness of the markets.

The main function of the Wholesale Electric Market Management Company S.A. (CAMMESA) is to coordinate the dispatch of the operations, set wholesale prices and manage the transactions made through the National Interconnected Grid (NIG/SIN); all of it in an economically-efficient manner.

The main functions of the Federal Electric Counsel are the following: i) to manage the specific funds of electric energy sector, and ii) to advise the national executive authority and the regional governments regarding the electric industry, priorities in development of studies and works, concessions and authorizations, and prices and tariffs in the electric energy sector. It also has the function of recommending modifications to the legislation concerning the electric industry.



1.3. Electric Law

Argentina's electric industry was originally developed by private companies. Since 1950, and as a result of service problems, the government took over control of the sector and a process of privatization began. Law 15,336/60 organized the sector and established the federal legal framework in order to start bigger works of transmission and generation. Several state companies were created within that framework in order to carry out various hydroelectric and nuclear projects.

With the 1989 supply crisis, starting in 1990, the following laws were enacted: Law 23,696 (State Reform Law), Law 23,697 (Economic Emergency Law) and Law 24,065 (Electricity Framework Law).

The objective of the change introduced was essentially to replace the model based on the vertical integration and state monopoly, centrally planned, for a competitive system based on the market and indicative planning.

Law 25,561, the Public Emergency Law, was enacted in 2002 to manage the public crisis that started that year. It forced the renegotiation of the contracts of public service (such as the contracts of electric energy transmission and of distribution concessions) and imposed the conversion of obligations denominated in dollars to Argentine pesos at the fixed rate of Ar\$1 for US\$1. The required conversion of the transmission and distribution tariff of dollars into Argentine pesos at a fixed rate, when the market exchange rate was approximately Ar\$3 for US\$1, and the regulatory measures to limit the spot prices and the seasonal prices, hindered the transfer of the variable generation costs of the tariffs to end consumers.

Resolution SE 240/2003 changed the way of fixing spot prices, decoupling such prices from marginal operation costs. Up until this resolution, spot prices in the WEM/MEM were typically fixed by those units operating with natural gas during warm periods (from September until April) and by those units operating with diesel fuel in winter (May to August). Then, due to the restrictions in the supply of natural gas, winter prices were higher and were related to imported fuel prices fixed in dollars. Resolution SE 240/2003 aims at preventing the indexing of a fixed price to the dollar and though the generation dispatch is still based on the effectively used fuels, spot price calculation according to the resolution is defined as if all the generation units had no existing restrictions in the supply of natural gas. The value of water is not considered if its cost of opportunity is over the cost of generating with natural gas. The resolution also establishes a limit over the spot price of Ar\$ 120/MWh, which was still valid during 2011.

The real variable costs of the thermal units burning liquid fuels were paid by CAMMESA through the Transitory Additional Dispatch Cost (STD) plus a margin of AR\$ 2.5/MWh, according to Notes SE 6,866, 2009, and 6,169, 2010, valid from May 2010 until December 2011.

In this scenario, CAMMESA sells energy to the distributors that pay seasonal prices, and buys energy from the generators at spot prices that recognize increasing gas prices at a contractual price defined by the instructions of the Energy Secretariat. To overcome this imbalance, the authority – through Resolution SE 406/2003 – only allows payments to the generators for the amounts charged to buyers in the spot market. This resolution establishes a priority of payments for various services: payments for capacity, fuel costs and margins for energy sales, among others. CAMMESA accumulates debts with the generators, and the system gives a wrong price signal to the agents, discouraging savings in electric energy consumption and investments to meet the growth of electric energy demand, including investments in transmission capacity.

This decision of freezing tariffs is being gradually reversed by the Government. During 2011, through various resolutions, an official beginning of the elimination of subsidies in electric energy and natural gas was authorized, affecting mainly fiscal capital contributions in this matter.

In order to improve energy supply, the Energy Secretariat created different schemes to sell more reliable energy. The Resolution 1,281/2006 created the Energy Plus Service that corresponds to the supply of new energy capacity to feed the growing demand of electric energy, over the “Base Demand,” which was the electric energy demand in 2005.

The Federal Government has adopted for other diverse measures to achieve new investments, including the following: public tenders to expand the natural gas and electric transmission transportation capacity; the implementation of certain projects to build generation plants, the creation of trust funds to finance these expansions and the awarding of renewable energy contracts, called “GNEERE/ENREN Program.” Law 26,095/2006 created specific charges payable by end consumers in order to finance new electric energy and gas infrastructure projects. The Federal Government has also promulgated regulations to stimulate the rational and efficient use of electric energy.

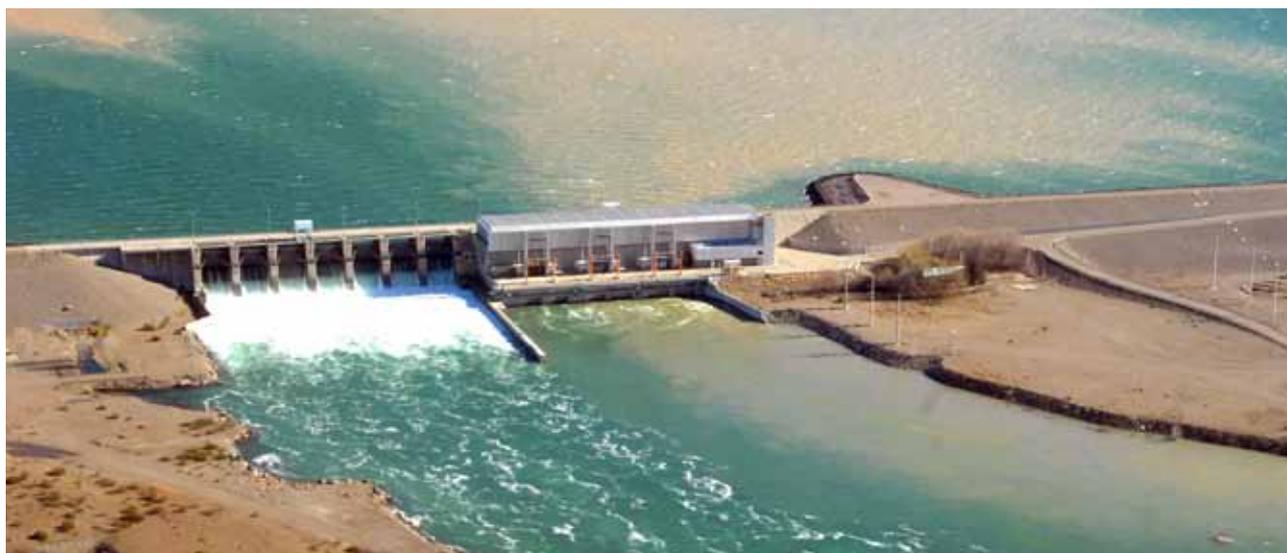
On November 25, 2010, the Energy Secretariat executed a contract with certain generation companies, including Endesa Chile's affiliates, with the purpose of: i) increasing the availability of thermal units, ii) raising electric energy capacity and electric energy prices and iii) developing new generation units through the contribution of CAMMESA's outstanding debt with the generation companies.

This agreement aims at accomplishing the following: i) to make progress in the WEM/MEM adaptation process; ii) to allow the incorporation of new electric energy generation to meet the growing energy and capacity demand in the WEM/MEM. Under this agreement, Endesa Chile's affiliates, together with SADESA Group and Duke, the company developed a combined-cycle project of approximately 800 MW through the Vuelta de Obligado thermal plant; iii) to determine a mechanism to pay the generators for those sale agreements with expiration dates to be determined, representing the claims of the generators covering the period from January 1, 2008 to December 31, 2011, and iv) to define how to recognize the total compensation due to the generators.

1.4. Regulations in the generation companies

All the generators that are agents of the WEM/MEM must be connected to the NIG/SIN and are required to comply with the dispatch order to generate and deliver energy, in order to be sold in the spot market and in the forward market. Distribution companies, marketing companies and large customers that have signed private supply contracts with generation companies pay the contractual price directly to the generator and they also pay a toll to transmission and distribution companies for the use of their systems.

The emergency regulations enacted after Argentina's crisis of 2001 had a significant impact on energy prices. Among the measures implemented by virtue of the emergency regulations was the conversion of dollars into Argentine pesos for prices in the wholesale electric market, known as spot market, and the requirement that all spot prices were calculated over the basis of natural gas prices, even on circumstances when an alternative fuel is bought, like diesel, to meet demand due to natural gas supply difficulties.



Besides the energy payments for the effective delivery at the prevailing prices in the spot market, the generators would receive compensations for the capacity made available to the spot market, including a reserve capacity (for the system's capacity shortages) and complementary services (such as the regulation of the frequency and voltage control).

The regulatory framework that governs the payment for generation capacity remained the same that existed in 2002, with generators that receive compensation for the available capacity of Ar\$ 12 per MW, until December 2010. On November 2010, the Energy Secretariat signed an agreement with all private generators with the purpose of increasing installed capacity during 2011. The agreement considers that the government will recognize Ar\$ 35 per MW – hr for available capacity in units over 100 MW and Ar\$ 42 per MW – hr in units with capacity below 100 MW, to those generators that submit projects to increase capacity and that can provide capacity with a suitable availability, as defined in the agreement. Moreover, the compensation to cover the operation and maintenance costs will also increase from Ar\$ 7.96 per MWh to Ar\$ 11.96 per MWh for generation with natural gas, and from Ar\$ 12.96 per MWh to Ar\$ 20.96 per MWh for generation with alternative fuels. Additionally, all hydroelectric units with an installed capacity over 250 MW will receive 100% of their energy sales in the spot market.

The generator can also sign contracts in the term market to sell energy and capacity to distributors and large customers. The distributors are authorized to buy energy through agreements in the term market instead of buying energy in the spot market. Term contracts usually stipulate a price based on the spot price plus a margin.

In order to stabilize prices for distribution tariffs, the market has a seasonal price which is the price of the energy paid by distributors for their purchases of electric energy traded in the spot market. It is a fixed price determined every 6 months by the Energy Secretariat after CAMMESA recommends a seasonal price for the next period in accordance to its spot price estimations, which are based on an evaluation of the projected supply, demand and available capacity, among other factors. The seasonal price is maintained for at least 90 days. Ever since 2002, the Energy Secretariat has been approving seasonal prices lower than those recommended by CAMMESA.

In late 2011, the government began a process of reducing the subsidies on gas, electric energy and water prices in different sectors, reflected mainly as a fiscal benefit. Several resolutions have been issued establishing, among other things: i) the approval of the November 2011 – April, 2012 seasonal program; ii) a new unsubsidized seasonal price is established, which increases from

Ar\$ 243/MWh to Ar\$ 320/MWh, iii) the economic operations covered by these prices are reported; iv) a registration is created to handle exceptions; v) new tariffs should apply to consumption occurring as of January 1, 2012; and vi) it opens the option to voluntarily renounce to electric energy, water and gas subsidies, all which can be done through the web.

1.5. Regulation in the distribution companies

Distributors are companies that have a concession to distribute electric energy to consumers. Distributors must supply all the electric energy demand of their exclusive concession area at the prices (tariffs) and according to the terms & conditions established in the regulations. The concession agreement includes penalties for not furnishing supplies. The concessions were granted for distribution and retail sales, with specific terms for the concessionaire, as established in the contract. The concession periods are subdivided into "administration periods" that allow the concessionaire to quit the concession at certain time intervals.

Distribution and transmission companies have been renegotiating their contracts since 2005 and although tariffs were partially and temporarily established, final tariffs are still pending.

As a result, although the concepts that define the energy prices established in Argentina's Electric Law are still in force, its implementation reflects measures adopted by the authorities reducing compensation to all electric companies.

During 2006, the distributor company, Edesur, signed an "Agreement for the Renegotiation of the Concession Contract." This agreement established, among several other conditions, a transitional tariff regimen, a quality service regimen, and a Process of Integral Tariff Review (RTI) to be implemented by NEERE/ENRE. This would establish the conditions of a new tariff regimen for a period of 5 years. Under the RTI process framework, Edesur submitted its Tariff Proposal in December 2009, as well as all the backup studies in accordance with the requirements established by the regulator pursuant to Res. NEERE/ENRE 467/08. This submission only included revenue requirements, without tariffs proposals, which were subsequently submitted to NEERE/ENRE, in May 2010.

Since then, NEERE/ENRE has not yet defined new tariffs and maintains the transitional tariff regimen in force.

Resolution 045/2010 of the Energy Secretariat determined the payment of bonds to residential clients, including the Energy Efficiency Program ("EEP/PUREE"), particularly to those whose demand is less than 1,000 kW every 2 months. EEP/PUREE was created in 2004, and established bonuses and penalties for clients depending on the level of energy savings. The net difference between the bonuses and the penalties were originally deposited in the Stabilization Fund, but this was later modified at the request of Edesur and Edenor, as authorized by the Energy Secretariat, so as to use 100% of these funds to compensate cost variations not transferred to the tariffs paid by regulated clients. NEERE/ENRE supervises this cost distribution with a mechanism called Costs Control Mechanism or CCM/MCC.

1.6. Transmission regulations

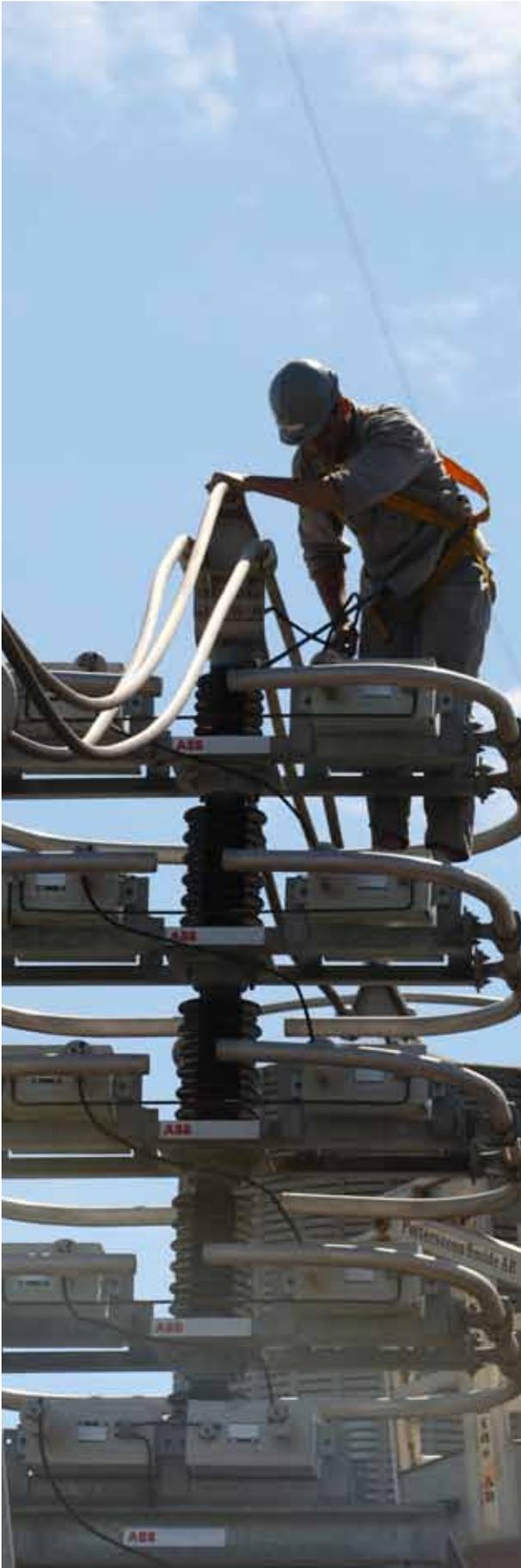
The transmission was designed on the basis of the general concept and established principles contained in Law N°24,065 for the transmission business, adapting the activity to the general criteria contained in the concession granted to Transener S.A. via Decree 2,473/92. For technological reasons, the transmission business is related to economies of scale that do not allow competition. It is therefore a monopoly and it is subject to considerable regulation.

1.7. Environmental regulations

Electric facilities are subject to environmental laws and regulations, federal and local laws, including Law N°24,051 or Law of Dangerous Waste and its annexed regulations.

Certain obligations such as reporting, monitoring and emission standards are imposed on the electric sector. Failure to comply with these requirements enables the government to impose penalties, such as the suspension of operations that in the case of public services may result in the loss of the concession.

Law N° 26.190, promulgated in 2007, defined the use of renewable sources for the production of electric energy as of national interest setting an 8% market share goal of renewable energy to be reached within 10 years.



2. Brazil

Though we do not have affiliates in Brazil, we have capital investments through Endesa Brasil.

2.1. Industry structure

The electric industry in Brazil is organized by a large interconnected electric system, the Brazilian Grid, that comprises the majority of the country's regions and many other smaller isolated systems. Generation, transmission, distribution and marketing are legally separated operations in Brazil.

The generation sector is organized on a competitive basis with independent generators that sell their production through private contracts with distributors, marketers and unregulated clients. The differences are sold to short-term or spot markets at the Difference Adjustment Price, or DAP/PLD.

The Brazilian Constitution was amended in 1995 so as to authorize foreign investment in generation capacity. Before that, all generation concessions were in the hands of Brazilian citizens, entities controlled by Brazilians or by the Brazilian Government.

Transmission operates under monopolistic conditions. The tariffs for transmission companies are fixed by the Brazilian Government. The transmission charge is fixed and the transmission revenues do not depend on the amount of transmitted electric energy.

Distribution is a public service that works under monopolistic conditions and is provided by companies that have also received concessions. Distributors in the Brazilian Grid are not authorized to: (i) develop operations related to the generation or transmission of electric energy, (ii) sell electric energy to unregulated clients, except to those within their concession area and under the same conditions and applicable tariffs as for captive clients in the Regulated Market; (iii) maintain direct or indirect equity interests in any other firm, corporation or company; or (iv) develop operations not related to their respective concession, except as permitted by law or in the corresponding concession agreement. Generators are not authorized to have equity interests in distribution companies in excess of 10%.

The unregulated market includes the sale of electric energy between concessions for generation, independent producers, self-producers, and electric energy traders, importers of electric energy, unregulated consumers and special clients. It also includes contracts between generators and distributors existing under the old regulatory framework, until their expiration, at which moment the new contracts have to adjust to the new regulatory

framework. According to the specifications established in Law 9,427/96, unregulated consumers in Brazil are those that: (i) demand a capacity of at least 3,000 kW and choose to contract their energy supply directly from generators or traders; or (ii) demand a capacity within the range of 500 to 3,000 kW and choose to contract their energy supply directly from generators or traders.

The Brazilian Grid is coordinated by the Operator of the Brazilian Grid (OBG/ONS) and is divided into four sub-systems: Southeast, Central West, South, Northeast and North. In addition to the Brazilian Grid there are also some isolated systems; namely, those systems which do not integrate the Brazilian Grid and that are generally located in the north and northeastern regions of the country and whose only energy resource is obtained from thermal, coal, or petroleum power plants.

2.2. Principal regulatory authorities

The Ministry of Mines and Energy (MME), regulates the electric industry and its principal role is to establish the policies, guidelines and regulations for the sector.

The Brazilian Council on Energy Policies (BCEP/CNPE) is in charge of developing the nation's electric policy.

The Energy Research Company (ERC/EPE) is an entity of the Ministry of Mines and Energy. Its purpose is to provide services in the studies and research areas to support the planning of the energy sector.

The National Electricity Energy Agency (NEEA/ANEEL) is the entity that implements the regulatory policies allocating the main responsibilities including, among others: (i) supervising concession operations related to the sale, generation, transmission and distribution of electric energy; (ii) promulgating electric sector regulations; (iii) implementing and regulating the development of electric resources, including the use of hydroelectric energy; (iv) promoting bidding contests for new concessions; (v) resolving management conflicts between the agents of the electric sector; and (vi) setting the criteria and methodology for determining transmission and distribution tariffs, as well as approving electric tariffs so that they can provide services according to quality standards and agreed continuity.

The Electric Sector Monitoring Committee (ESMC/CMSE) is an entity created under the scope of the Ministry of Mines and Energy, with the task of evaluating the continuity and security of nationwide electric supply.

The Electric Energy Marketing Chamber (EEMC/CCEE) is a nonprofit entity, subject to the authorization, inspection and regulation of the NEEA/ANEEL, whose main purpose is to carry out wholesale trading and electric energy marketing in the Brazilian Grid.

The Operator of the Brazilian Grid (OBG/ONS) includes generation, transmission and distribution companies, as well as independent consumers, and is responsible for the coordination and control of generation and transmission operations within the Brazilian Grid.

2.3. Electric law

In Brazil's old electric sector, before 1993, energy tariffs were the same throughout the country. Traders had the right to a guaranteed return because the regulatory regime that existed was one of service cost. Those concession areas that obtained returns over guaranteed returns placed their surpluses in a fund from which those distributors with returns lower than those guaranteed could cover such difference.

Energy Sector Law 8,987, the Concession Law and Law 9,074 -both of them promulgated in 1995- aimed at promoting competition and attracting private investments in the electric sector. Since then, several assets formerly owned by Brazil's Federal Government or by state governments have been privatized.

The Electric Sector Law also introduced the concept of Independent Energy Producers or IEPs/IPP's with the purpose of opening the electric sector to private sector investments.

To appraise purchases and sales of electric energy in the short-term market, the spot price is used. According to the law, the EEMC/CCEE is responsible for establishing prices for the electric energy in the spot market.

During 2003 and 2004 the Federal Government launched the basis of a new model for the Brazilian electric sector based on laws 10,847 and 10,848 of March 15, 2004, and Decree 5,163 of July 30, 2004, whose main objectives were: (i) to guarantee the security of electric energy supply; (ii) to promote reasonable tariffs; and (iii) to promote social integration in the Brazilian electric sector, particularly through programs designed to make such services available to all.

The model foresees a combination of measures that have to be abided by the agents, such as the obligation to contract the entire demand of distributors and unregulated clients.



In terms of a tariff rationale, the model foresees the purchase of electric energy by distributors in a regulated environment through public tenders, in which the awarding criterion is according to minimum cost, permitting a reduction in the cost of acquiring electric energy that has to be transferred onto captive clients.

The new model creates the conditions so that electric energy benefits are made available to consumers that do not yet get this service guaranteeing a subsidy to low-income consumers.

2.4. Regulations in generation companies

The Concessions Law establishes that after receiving a concession, IPP's, self-producers, providers and consumers will have access to the systems of distribution and transmission owned by other concessionaries, subject to which they should be reimbursed for their costs as determined by the NEEA/VANEEL.

The companies or consortiums that have the intention of building or operating electric generation facilities with a capacity exceeding 30 MW or transmission grids in Brazil, must participate in a public bidding contest.

The concessions are limited to 35 years for new generation concessions and to 30 years for new transmission or distribution concessions. The existing concession can be renewed at the discretion of the Brazilian Government for a period equal to the initial period.

Generator Agents -be they public generation concessionaries, IPP's or self-producers, as well as Trading Agents- can sell electric energy within the context of Regulated Agency Contracts (RAC/

ACR) or within the context of Unregulated Agency Contracts (UAC/ACL), maintaining the competitive nature of generation. All agreements, independently of their being executed via RAC/ACR or UAC/ACL, are registered in the EEMC/CCEE and integral part of the accountability basis and the determination of adjustment for differences in the short-term market.

In accordance with market regulations, 100% of the energy demanded by distributors has to be met through long-term contracts prior to the expiration date of the valid contracts within the regulated environment. The tenders within the regulated environment are denominated according to the electric supply starting year acquired by distributor agents subsequent to the tender date, and they are: i) A-5 Tenders of energy purchase bids from new sources of generation to be supplied 5 years after the tender; ii) A-3 Tenders for the acquisition of energy from new sources of generation; iii) A-1 tenders for the acquisition of energy from existing sources of generation; and iv) adjustment tenders to supplement the energy charge that is necessary for consumers in the distribution concessions market, with a limit of 1% of that charge. Reserve tenders are also carried out in order to increase the system's security.

The 2014 A-3 Process allocated 2,744.6 MW of new capacity to be generated by 51 plants. Of the total contracted, 62% was from renewable sources (hydroelectric, wind and biomass) and the remaining 38% from fossil fuels (natural gas). On the other hand, the tender for energy reserves in August 2011 allocated 1,218.1 MW of wind and thermal plants and biomass projects with a total of 41 generating units. For the new A-5 energy process, carried out in December 2011, 42 projects with a capacity of 1,211.5 MW were sold.

Generators can sell their energy to other generators through direct negotiations through freely agreed prices, terms & conditions.

Other change imposed in the electric sector is the separation of the bidding contests of "previously existing energy" and "projects of new energy." The government believes that a project of new energy needs more favorable contractual conditions such as the term of the energy purchase contracts (15 years for the thermal plants and 30 years for the hydro plants) and certain level of prices for each technology. Moreover, the previously existing energy which includes amortized plants can be sold at lower prices and with contracts for shorter terms.

Law 10,438/2002 created certain incentive programs for the use of alternative sources in the generation of electric energy (Proinfa). It ensures the purchase of electric energy generated by Electrobas for a 20 year period and the financial support of the Banco Nacional de Desarrollo, or BNDES, a state-owned development bank.

Sales agents are responsible for the payments to purchasing agents if they are unable to meet their delivery obligations. NEEA/ANEEL regulations establish applicable fines to the electric energy sales agents based on the nature and materiality of the violation (including warnings, fines, temporary suspension of the right to participate in tenders for new concessions, licenses or authorizations and confiscation). NEEA/ANEEL can also impose restrictions in the terms and conditions of the agreements between related parts and, under extreme circumstances, terminate those contracts.

Decree 5,163/2004 establishes that the sales agents must ensure 100% of physical coverage for their energy and capacity contracts. This coverage can be constituted by physical guarantees of their own generation plants or of any other plant, in the latter case through a sale contract of energy or capacity. Among other things, the Normative Resolution 109/2004 of NEEA/ANEEL specified that when these limits are not achieved the agents are subject to financial penalties.

Generation agents can sell their energy production through contracts signed within the RAC/ACR or in the UAC/ACL. Public service generators and the IEPs/IPP's must provide physical coverage of their own energy generation for 100% of their sale contracts. The self-producers generate energy for their exclusive use and after obtaining the authorization of NEEA/ANEEL can sell the excess energy through contracts.

2.5. Regulation in distribution companies

In the regulated market, the distribution companies purchase the electric energy through tenders regulated by NEEA/ANEEL and organized by EEMC/CCEE. Distributors must buy the electric energy in public tenders. There are three types of regulated tenders: new energy tenders, previously existing energy and adjustment tenders. The government also has the right to call special tenders for renewable electric energy (biomass, mini hydro, solar and capacity wind plants). NEEA/ANEEL and EEMC/CCEE execute tenders annually. The contracting system is multilateral, with generation companies that sign contracts with all the distributors that convoke tenders.

The distribution tariffs to end clients are subject to revision by NEEA/ANEEL, which has the authority to adjust and revise these tariffs in response to changes in the purchase of energy costs and market conditions. When adjusting the distribution tariffs, NEEA/ANEEL divides the Annual Value of Reference for distribution company costs in: (i) costs that are beyond the control of the distributor ("Part A Costs") and (ii) costs that are under the control of the distributor ("Part B Costs"), the Aggregated Costs of Distribution. Every concession agreement of a distribution company establishes an annual adjustment of the tariffs.

The Concessions Law establishes 3 types of tariff reviews to end consumers: annual, ordinary and extraordinary tariff reviews.

The pricing for distribution companies is aimed at maintaining the concessionaire's operating margins constant permitting tariff profits due to Part A costs and permitting the concessionaire to retain any profit due to efficiencies achieved in specific time periods. The tariffs for end clients are also adjusted in accordance with the cost variation incurred in the purchase of electric energy.

An ordinary tariff review considers the company's entire pricing structure, including the cost of providing services, and the cost of purchasing energy, as well as the return for the investor. In accordance with its concession contracts, COELCE and AMPLA are subject to tariff reviews every 4 and 5 years, respectively. The asset base to calculate the permitted return

to the investor is the market replacement value, depreciated throughout its useful life from an accounting perspective, and the rate of return for distribution asset is based on the weighted average cost of capital (WACC) for a model company.

The law guarantees an economic and financial equilibrium for a company in case there is a substantial change in its operating costs. Should the components of Part A costs, such as the purchases of energy or taxes, increase significantly within the period between two annual tariff adjustments, the concessionaire may submit a formal request to the NEEA/ANEEL to have such costs transferred onto end clients.

Currently the electric distribution sector is developed through a new regulatory framework: the definition of a new methodology for the calculation of the Ordinary Tariffs Revisions (third cycle of revision). On November 2011, NEEA/ANEEL approved the methodology processes related to the rules for the third cycle tariff review, effective from 2011 to 2014. The proposal contains significant changes when compared to the previous methodology:

- The model company for the determining operating costs is no longer used. The defined values in the previous cycle were adjusted for variation in the number of consumers, consumption and grids, discounting the profits of productivity achieved by the distributors;
- The WACC rate of return was reduced to reflect lower investment risks;
- The distribution of other revenues with clients was expanded;
- A new methodology was adopted to estimate the distribution of profits and productivity and to maintain an economic financial balance for cycle tariffs;
- A new incentive mechanism was introduced to improve service quality.

On March 15, 2011 an annual tariff adjustment was applied to AMPLA with a 10.9% increase in prices for all consumers and a 10.5% increase for all low-voltage consumers (homes, small retail and rural clients). The tariffs were first adjusted by an 11.3% increase, which updates Part B costs, controlled by the distributors.

In 2011, ordinary tariff reviews for COELCE should have taken place. However, these tariffs were maintained without change due to the uncertainty with respect to the new methodology, so that in April 2012, COELCE will have a tariff review retroactive to April 2011, in addition to its annual adjustment.

Social Tariff for New-Electricity Regulations: NEEA/ANEEL Resolution 414/2010 modified the Social Tariff regime for low-income clients that currently represent 30% and 60% of the clients of AMPLA and COELCE, respectively. The new regulation reduced the number of low-income clients by 70% and 30% for AMPLA and COELCE, respectively, until November 2011. It also had an effect on client satisfaction and potential increases in energy theft and delays in the payments of invoices.

2.6. Transmission regulations

Transmission lines in Brazil are usually very long since the hydroelectric plants are located very far away from major consumption centers. Only the states of Amazonas, Roraima, Acre, Amapá, Rondônia and part of Pará are not yet linked to the interconnected grid. In these states, the supply is carried out by small thermal or hydroelectric plants located near the respective capital cities.

The interconnected grid permits energy exchanges between the different regions when a region confronts problems of hydroelectric generation due to a decline of their dam levels.

Any agent of the electric energy market that produces or consumes energy is authorized to use the Basic Grid. Unregulated market consumers also have this right, provided that they comply with certain technical and legal requirements. This condition is called Open Access and is guaranteed by law and by NEEA/ANEEL.

The operation and management of the Basic Grid is the responsibility of OBG/ONS that has also the responsibility of managing the energy dispatch from the plants in optimal conditions, involving the use of the interconnected grid, the dams and the thermal plants.

2.7. Environmental regulations

Although the Brazilian Constitution enables the Government as well as the State and Local Governments to dictate laws meant to protect the environment, most environmental regulations in Brazil are passed at the state and local government level.

Hydroelectric plants must obtain concessions for water rights and environmental approvals. Thermal generation companies, transmission companies and distributors must obtain environmental approvals from the environmental regulatory authorities.

3. Chile

3.1. Industry structure

The electric industry in Chile is divided into 3 commercial sectors: Generation, Transmission and Distribution. The generation sector is integrated by electric energy generation companies. These companies sell their production to distribution companies, unregulated clients and other generation companies. The transmission sector is integrated by companies that transmit high voltage electric energy produced by the generation companies. Finally, for regulatory effects, the distribution sector is defined as comprising any supply to end clients at a voltage not exceeding 23 kV.

In Chile, there are four interconnected electric grids. The principal grids that cover the most populated areas of Chile are the Central Interconnected Grid ("CIG/SIC"), which covers the central and southern central sectors of the country, where 93% of the Chilean population lives, and the Northern Interconnected Grid ("NIG/SING"), which operates in the north of the country, where the majority of the mining industry is located. Besides the CIG/SIC and the NIG/SING, the south of Chile has 2 isolated systems that supply electric energy to remote areas. The operation of the electric energy generation companies is coordinated by centers of economic energy dispatch, commonly named "CDEC" (CDEC-CIG/SIC and CDEC-NIG/SING), which are autonomous entities integrated by generators, transmitters, sub transmitters and important clients. The CDEC coordinates the operation of their systems as efficient markets in the sale of electric energy, where the generator with lowest marginal costs is used to meet demand. As a consequence, in any specific level of demand the appropriate supply will be provided at the lowest possible production cost that exists in the system at any given time.

3.2. Principal regulatory authorities

The Ministry of Energy develops and coordinates the plans, policies and standards for the appropriate operation of the sector, approves the tariffs and node prices fixed by the NEC/CNE, and regulates the granting of concessions to the electric energy generation, transmission and distribution companies.

The National Energy Commission (NEC/CNE) is the technical body in charge of pricing, technical standards and regulatory requirements.

The Superintendence for Electricity and Fuels (SEF/SEC) monitors the appropriate operation of the electric energy, gas and fuel sectors in accordance with the law in terms of security, quality and technical standards.

The Ministry of Environment is responsible for the development and application of the instruments and regulatory policies that permit the protection of natural resources, promoting environmental education and pollution control, among other subject matters. It is also responsible for managing the environmental impact system nationwide, coordinating the preparation of environmental standards and determining the programs for their compliance.

The antitrust entities are responsible for preventing, investigating and correcting any attempt against the market and free competition and any potential abuse that may be incurred by those who have a monopoly position. These organizations are:

The Free Competition Defense Tribunal (FCDT/TDLC) is an independent jurisdictional organization, subject to the correctional and economic authority of the Supreme Court, whose function is to prevent, correct and issue sanctions against free competition.

The National Economic Prosecutor is an administrative body responsible for investigating and tracking any monopolistic behavior, in the view of the FCDT/TDLC and of the ordinary courts of justice.

Additionally, there is an Expert Panel that acts as a tribunal on electrical matters that arise from differences between the actors and the public authority in certain tariff processes. It issues non binding resolutions in is composed by experts in electrical industry matters. It is staffed by 5 engineers or economists and 2 lawyers, all of whom are elected every 6 years by the Free Competition Defense Tribunal.

There are also other entities related to the energy sector: the Chilean Nuclear Energy Commission, which is in charge of the investigation, development, use and control of nuclear energy and the Chilean Energy Efficiency Agency (ChEEA/AchEE) in charge of promoting energy efficiency.

3.3. Electricity law

From its early beginnings Chile's electric industry has been developed by private sector companies. In the period of 1970–1973 the sector was nationalized. During the 1980's, the sector was reorganized



through the Chilean Electric Law, or Statutory Decree N°1 (DFL 1), permitting the participation of private capital in the electric energy sector. Toward the late 1990's, foreign companies came to hold a majority participation in the Chilean electric energy sector.

The aim of Chile's Electric Law is to provide incentives toward maximizing efficiency and provide a simplified regulation system and a pricing process that limits the discretionary role of the State, thereby establishing objective pricing criteria. The expected result is to secure an efficient allocation of resources. The regulatory system is designed to provide a competitive rate of return on investments, meant to provide private investment incentives while ensuring electric energy availability to all who require it, in a safe manner.

DFL 1 was promulgated in 1982 and has had only 2 important changes. The first one dates back to 2004 and its purpose was to stimulate transmission system investments. The second was promulgated in 2005 and its purpose was to create a long-term contract system between generation and distribution companies through public bidding contests or tenders. These changes were denominated Short Law I and Short Law II, respectively.

The current text of the law was rewritten by DFL N°4 of 2006, which has been complemented by various regulations and standards.

3.4. Generation company regulations

The generation segment includes those companies that own generation plants whose energy is transmitted and distributed to the end consumers. The segment is characterized for being a competitive market that operates under market conditions. They sell their production to distributor companies, unregulated clients, other generation companies, and their surpluses on the spot market.

The operation of the generation companies in each of the 2 principal interconnected grids is coordinated by its respective dispatch center, or CDEC, an autonomous entity which brings together the generators, transmission companies and large clients. A CDEC coordinates the operation of its system applying an efficiency criterion, where lower marginal cost producers are used to suitably meet the demand at any moment. As a consequence, at any level of demand the system delivers an adequate supply at the lowest possible production cost, given available alternatives. The marginal cost is used as the price at which generators trade their energy on an hourly basis, including system injections or withdrawals and purchases to supply clients.

3.5. Distribution company regulations

The distribution segment is defined -for regulatory purposes- as all the electric energy supplied to end clients at a voltage not exceeding 23 kV. Distribution companies operate under a public service concession system, required to supply the regulated clients with regulated tariffs.

Distribution companies supply regulated clients whose demand is lower than 500 kW, a segment whose price and supply conditions is the result of bidding contests regulated by the National Energy Commission - a government entity. They also supply unregulated clients with bilateral contracts with generators whose terms & conditions are freely negotiated and agreed upon.

Consumers are defined according to the size of their demand, as follows: i) unregulated clients, are those with a connected capacity over 2,000 kW; ii) regulated clients, are those whose connected capacity does not exceed 2,000 kW; and iii) clients that opt for either regulated tariffs or an unregulated tariff system for a minimum of 4 years in each system; available to those whose connected capacity ranges between 500 2,000 kW.

3.6. Transmission regulations

The transmission segment covers a combination of lines, substations and equipment for electric energy transmission from its production centers (generators) to consumers or distribution centers. The transmission in Chile is defined as those lines or substations with a voltage or tension over 23 kV. The transmission system operates under open access and transmission companies can establish rights of way over the available transmission capacity via the payment of tolls.

Since transmission assets are built according to the concessions granted by the government, the law requires companies to operate under an "open access" in which the users can obtain access to the system, contributing to the development costs, maintenance and, if necessary, the system's expansion.

3.7. Environmental regulations

Chile has numerous environmental consideration laws, regulations, decrees and municipal ordinances. Among them are waste disposal regulations, standards for the deployment of industries in areas with a potential public health impact and for the protection of water for human consumption.

4. Colombia

4.1. Industry structure

The Wholesale Electricity Market (WEM/MEM) in Colombia is based on a competitive market model and operates under open access principles. For its effective operation, the WEM/MEM counts on a central agency known as Commercial Exchange System Manager (CESM/ASCI).

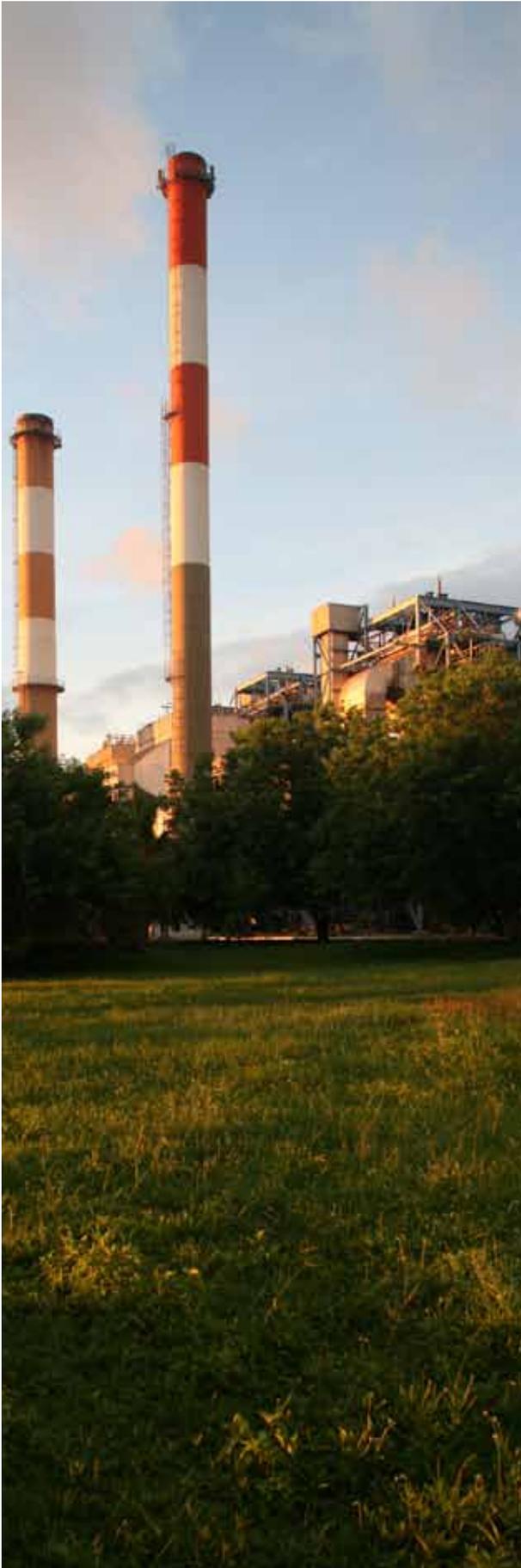
There are 2 categories of agents, generators and traders who are allowed to buy and sell electric energy in the WEM/MEM.

The generation sector is organized in a competitive manner, with independent generators that sell their product on the spot market through private contracts with large clients. Generation companies must participate in the WEM/MEM with all their generation plants or units connected to the Colombian Grid and whose capacities are at least 20 MW. Generation companies declare the available energy and the price at which they want to sell. This electric energy is centrally dispatched by the National Dispatch Center (NDC/CND).

Trading consists in the intermediation between the actors that provide generation of electric energy, transmission and distribution services and the users of such services, whether or not such activity is carried out along with other electric sector operations.

Electric energy trading in the WEM/MEM is carried via spot markets (short-term or daily market); bilateral contracts (long-term market); firm energy (maximum electric energy that a generation plant is capable to dispatch on a continuous basis during 1 year under extreme water affluence conditions).

The generator that undertakes a Firm Energy Obligation (FEO/OEF) will receive a fixed compensation during the FEO/OEF commitment period, whether or not the fulfillment of this obligation is required. The price per each KWh of FEO/OEF corresponds to the exchange at the auction for Firm Energy or Reliability Charge. When this Firm Energy is required -which occurs when the spot price exceeds the Shortage Price- the generator receives the Shortage Price per each KWh associated to its FEO/OEF in addition to a Reliability Charge. In the case that the energy generated is greater than the specified obligation in the FEO/OEF, this additional energy is payable or compensates at the Spot Price.



The transmission operates under monopolistic conditions and with guaranteed fixed annual income, which is determined by the new replacement value for the grids and equipment and for the resulting value of the bidding contests that award new projects for the expansion of the National Transmission Grid (NTG/SNT). This value is distributed among NTG/SNT traders in proportion to their energy demands.

Distribution is defined as the operation of the local grids at less than 220 kV. Any client can have access to a distribution grid for which it has to pay a connection fee.

There is an interconnected system, the Colombian Grid, and various isolated regional and smaller systems that provide energy to specific areas.

4.2. Principal regulatory authorities

The Ministry of Mines and Energy (MME) is responsible for elaborating the policies of the electric sector in Colombia.

The Mining & Energy Planning Unit (MEPU/UPME) is in charge of planning the expansion of the generation and the transmission grids.

The National Planning Department (NPD/DNP) performs the functions of the Executive Secretariat of the CONPES and is therefore the entity responsible for the coordination and submission of documentation for discussion at Department meetings.

The National Economic and Social Policy Council (CONPES) is the highest national planning authority, and it acts as an advisory body for the government in all the aspects related to the economic and social development of Colombia.

The Energy & Gas Regulatory Commission (EGRC/CREG) implements the industry's legal principles, established in Colombia's Electric Law.

The EGRC/CREG has the authority to issue the regulations governing technical and commercial operations and set fees over regulated operations.

The National Operation Council (NOC/CNO) is responsible for establishing the technical standards to facilitate the efficient integration and the operation of the Colombian Grid.

The Marketing Advisory Committee (MAC/CAC) is an advisory body that assists the EGRC/CREG with the commercial aspects of the WEM/MEM.

The Superintendence of Industry & Trade investigates, corrects and sanctions restrictive competitive trading practices such as monopolistic behavior.

The Superintendence for Residential Utility Services (SRUS/SSPD) is responsible for supervising all the service companies of public utility.

4.3. Electricity law

In 1994, the Colombian Congress approved significant reforms that affect the public utility industry. These reforms are contained in Law 142, known as the Residential Public Utility Law (LSPD), and Law 143. These were the outcome of constitutional amendments made in 1991. They created a basic legal framework which governs the electric sector in Colombia. The more significant reforms include the opening of the participation of the private sector in the electric industry, the functional segregation of the electric energy sector in four different operations, generation, transmission, distribution and trading, the creation of an open and competitive wholesale electric market, the regulation of transmission and distribution operations, such as regulated monopolies and the adoption of principles of universal access applicable to the transmission and distribution grids.

Those companies existing before 1994, whether domestic or foreign, are entitled to perform any generation, trading, transmission or distribution operations. The companies that were incorporated after that date can be involved in only one of such industry operations. Trading operations, however, can be combined either with generation or distribution.

Market share is limited for generators and traders. The limit for generators is 25% of the Colombian Grid's Firm Energy. The main market share parameter used by the EGRC/CREG in generation is the Firm Energy percentage that has any given market participant.

Additionally, if the market share of a generation company is in the range of 25% to 30% of total Firm Capacity of Colombia and an adequate concentration index, such company could be subject to SRUS/SSPD monitoring. If the market share of an electric energy generator company exceeds 30% of Colombia's Firm Capacity, it may be required to sell all the electric energy that exceeds that threshold.

Analogously, a trader can have no more than 25% of the trading activity in the Colombian Grid. The limits take into account international energy sales. Market share is calculated on a monthly basis according to a company's commercial demand; when that limit is exceeded, the traders have up to six months to reduce their market share.

Such limits are applied to economic groups, including the companies that are controlled or are under the common control of another company. Additionally, generators can have no more than a 25% interest in a distributor and vice-versa. However, this limitation only applies to individual companies and does not inhibit the cross-property ownership of companies within the same corporate group.

A distribution company can have up to 25% of the equity of an integrated company if the market share of the latter company covers less than 2% of the national generation business. A company created before the promulgation of Law 143 is barred from merging with another company created after Law 143 went into effect.

A generator, distributor or trader or an integrated company, cannot own more than 15% of the equity of a transmission company if the latter represents more than 2% of the nationwide transmission business in terms of revenue.

4.4. Generation company regulations

The Colombian electric sector was structurally reformed by Laws N°142 and N°143 of 1994.

According to Law N°143 of 1994, different economic agents including public, private or mixed, can participate in sector operations. These agents are free to perform their functions in a context of unregulated market competition. To operate or initiate projects they must obtain from the competent authorities the permits regarding the environmental, sanitary and water rights, and those of a municipal nature as appropriate.

It is not foreseen for the State of Colombia to participate in the execution and development of energy generation projects. As a general rule, such projects are carried out by the private sector. The state is only authorized to subscribe concession agreements related to generation where there is no existing entity prepared to assume such operations under comparable conditions.

The wholesale market facilitates the sale of excess energy that has not been committed under contracts. In the wholesale market, the spot price is established and calculated every single hour for all the units dispatched, based on the bidding price per unit for the highest energy price for that period. Every day, the NDC/CND receives the price bids from all participating generators in the wholesale market. These bids indicate the prices and the available capacity for each hour of the following day. Based on this information, the NDC/CND, guided by the principle of optimal dispatch (which assumes an infinite transmission capacity in the grid) establishes an optimized 24-hour dispatch, considering initial operational conditions, thus determining which generators will be actually dispatched on the following day to meet the expected demand. The price for all generators is fixed as the price of the most expensive generator dispatched every hour under the optimal dispatch.

Additionally, the NDC/CND plans the dispatch which takes into account the limitations of the grid as well as other necessary conditions to meet the energy demand expected for the next day in a safe, reliable and efficient manner, from a cost perspective. The cost differences between the “planned dispatch” and the “optimal dispatch” are called “restriction costs.” The net value of such restriction costs is allocated proportionately to all traders in the Colombian Grid, according to their demanded energy and these costs are transferred onto end clients.

Generators connected to the Colombian Grid can also receive “reliability payments”; which are the result of an FEO/OEF that they provide to the system. The FEO/OEF is a commitment from the generation company, backed up by its physical resources that enable it to produce firm energy in periods of scarcity. The generator that acquires an FEO/OEF will receive a fixed compensation during the commitment period, whether the fulfillment of its obligation is required or not. To receive such reliability payment, generators must have participated in a firm energy tender declaring and certifying such firm energy. Until November 2012, the transition period, the firm energy supply for reliability purposes will be proportionally allocated to the firm energy declared by each generator. After the transition period, any additional firm energy required by the system will be awarded through tenders.

4.5. Distribution company regulations

Distributors or grid operators are responsible for the planning, investment, operation and maintenance of the electric grids of less than 220 kV. Any user may access the distribution grid by paying a connection fee.

Distribution charges are fixed by the EGRC/CREG for each company based on the replacement cost of the existing distribution assets, the capital cost as well as the operational and maintenance costs, which depend on the voltage level.

The methodology to compensate the distribution business was defined by EGRC/CREG in 2008. The weighted average cost of capital (WACC) was set at 13.9% before taxes, for assets operating over 57.5 kW and 13% before taxes for assets operating under that threshold. The EGRC/CREG also defined a new methodology for calculating distribution charges, defining an incentive scheme for management costs, operation and maintenance, service quality and energy losses. During 2009, after auditing the information reported by the companies, the EGRC/CREG determined the distribution charges applicable up until 2013. The charges are fixed for a 5-year period and are updated monthly according to the price index.

In December 2011, EGRC/CREG defined a hedging mechanism so that traders now have to guarantee the distributors the payment of the tariffs of the Regional Transmission Grid (RTG/STR) and the Local Distribution Grid (LDG/SDL).

4.6. Transmission regulations

Transmission companies that operate at no less than 220 kV constitute the National Transmission Grid or NTG/STN. The transmission tariff includes a charge that covers the operating costs of the facilities and a usage charge applicable only to traders.

EGRC/CREG guarantees a fixed annual income to transmission companies. Income is determined by the new replacement value of the grid and equipment, and by the resulting value of the tenders that have awarded new projects for the expansion of the NTG/STN. This value is attributed to the NTG/STN traders in proportion to their respective energy demand.

The construction, operation and maintenance of new projects is awarded to the company which bids the lowest present cash flow value necessary to carry it out.

4.7. Trading regulations

The trading market is divided into regulated and unregulated clients. The clients in the unregulated market can freely contract their electric supply directly from a generator or distributor, acting as traders, or from a pure trader. The market for unregulated clients consists of clients with a maximum demand over 0.1 MW or a minimum monthly consumption of 55 MWh.

Trading can be carried out by generators, distributors or independent agents who comply with certain requirements. The parties freely agree the trading prices for unregulated clients.

Such trading for unregulated clients is subject to a "regulated freedom system" in which the tariffs are fixed by each trader using a combination of the general cost formulas given by the EGRC/CREG to each trader. Tariffs incorporate, among other things, energy supply costs, transmission charges, distribution charges and a trading margin.

The formula for trading fees became effective on February 1, 2008. The principal changes in this formula are the introduction of a fixed monthly charge and the introduction of a charge for reducing the costs of non technical energy losses in trading charges. Additionally, EGRC/CREG permits traders in the regulated market to choose tariff options to manage their tariff increases.

In order to improve the pricing structure of the wholesale price, EGRC/CREG is designing a new energy award scheme based on long-term tenders; EGRC/CREG has this theme in its schedule for 2012. In May 2009, the Derivex company was created to incorporate a market for energy derivatives to begin operating in October 2010.

In December 2011, EGRC/CREG issued the Retail Code which includes specific norms to improve the relations of the traders with the other market agents. Among other things, it establishes new regulations on energy measurement, non technical losses, and relations of traders with the wholesale electric market and the credit risk of traders.

The energy trader is responsible for charging the costs of electric energy to end consumers and for transferring payments to industry agents. The applied tariffs to regulated users are defined by a formula established by EGRC/CREG. Additionally, final service costs are affected by subsidies or contributions that are applied according to the socioeconomic level of each user.

Another factor affecting the final tariff is the Distribution Area (DA/ADD), which establishes a single tariff for distribution companies in adjacent geographical zones.

4.8. Environmental regulations

The legal framework of Colombia's environmental regulations was established by Law 99/1993, which also created the Ministry of the Environment as the environmental policy authority. The Ministry defines issues and executes the policies and regulations focused on the recovery, conservation, protection, organization, administration and use of renewable resources.

According to Law N° 99, generation plants having a total installed capacity over 10 MW must contribute toward the conservation of the environment through a payment for their operations at a regulated tariff to the municipality(ies) and environmental corporation(s) of the localities where its power plant(s) is(are) located. The hydroelectric plants must pay 6% of their generation and thermal plants must pay 4% of their generation, with annually-determined tariffs.

Law 1450 of 2011 issued the National Development Plan 2010-2014. The plan established that between 2010 and 2014 the government must develop topics concerning environmental sustainability and risk prevention.

In 2011, Decree 3,570 established the new structure of the environmental sector, creating the Ministry of the Environment and Sustainable Development (previously, the functions of this Ministry had been assumed by the Ministry of Housing).

In the last few years, the environmental regulation of the electric energy sector have focused on regulatory aspects related to plant emissions, hydraulic policies (including water discharges and basin management) and environmental licenses and penalties.



5. Peru

5.1. Industry structure

The main features of Peru's electric industry are: (i) the separation of the 3 main operations: generation, transmission and distribution; (ii) an unregulated market for the supply of energy under competitive market conditions; (iii) a regulated pricing system based on the principle of efficiency and a system of tenders; and (iv) the privatization of the operation of interconnected electric energy systems subject to the principles of efficiency and service quality.

There is an interconnected grid, the National Interconnected Electric Grid (NIEG/SEIN) and various regional isolated systems of a minor scope that supply electric energy to specific areas.

5.2. Main regulatory authorities

The Ministry of Mines and Energy (MINEM) defines the energy policies applicable nationwide, regulates the environmental matters applicable to the energy sector and looks after the granting, supervision, expiration and termination of licenses, authorizations and concessions.

The Supervisory Entity for Energy & Mining Investments (SEEMI/SINERGMIN) is a public and autonomous regulatory entity that controls and enforces regulations related to electric energy and hydrocarbon operations, and is responsible for preserving the environment related to the development of those operations.

The Grid's Economic Operation Committee (EOC/COES-SINAC) coordinates the operations at minimum cost at short, medium and long-term of the NIEG/SEIN.

Other sector actors are: the General Electricity Authority (GEA/DGE), the Private Investment Promotion Agency (Proinversión), the National Institute for the Defense of Competition and Protection of Intellectual Property (NIDCPIP/INDECOPI) and the Ministry of the Environment (MINAM).

5.3. Electricity law

The general legal framework applicable to the electric industry in Peru is formed by: the Law of Electric Concessions (Decree Law 25,844/1992) and its regulations, the Law to Ensure the Efficient Development of Electric Energy Generation (Law 28,832/2006), the Technical Regulation about the quality of Electric Supply (Supreme Decree 020/1997), the Regulation for the Export and Import of Electricity (Supreme Decree 049/2005), the Electric Sector Anti-Monopoly Law (Law 26,876/1997), and the law that regulates the activity of the Supervisor Body for Energy and Mining Investments (Law 26,734/1996), along with Law 27,699/2002.

Since the promulgation of the Law of Electric Concessions, vertical integration is restricted and therefore generation, transmission and distribution operations must be developed by different companies. The Antimonopoly Law for the Electric Sector regulates those cases in which vertical or horizontal integration is permitted.

Those electric companies that own over 5% equity of a company of another segment, whether pre-existing or as the result of a process of mergers or reorganizations, must necessarily be authorized to that effect. Furthermore, an authorization is also required for the horizontal integration of generation, transmission and distribution operations, resulting in a market share of 15% or more in any business segment either before or as result of a transaction.

5.4. Generation company regulations

Generation companies which own or operate a generation plant with an installed capacity over 500 kW require a concession granted by the MINEM. A concession for an electric generation operation is an agreement between the generator and the MINEM, while an authorization is only a permit unilaterally granted by the same public authority. Authorizations are granted by the MINEM for an unlimited period of time, although its termination is subject to the same considerations and requirements as the termination

of a concession pursuant to the procedures established in the Law of Electric Concessions and its related regulations.

The dispatch coordination of electric operations, the determination of spot prices and the control and management of economic transactions that take place in the NIEG/SEIN are controlled by the COES-NIG/SINAC. Generators can sell their energy directly to large consumers and purchase the deficit or transfer the surplus between the energy contracted and the effective production, in the pool, at spot prices.

Sales to unregulated clients are carried out at prices and mutually agreed terms & conditions, which include tolls and compensations for the use of transmission systems and, if necessary, to the distribution companies for the use of their grids.

Sales to distributors can be executed under bilateral contracts at a price not higher than the regulated price, in the case of regulated clients, or at an agreed price in the case of unregulated clients. Besides the bilateral method permitted by the Law of Electric Concessions, Law 28,832 has also established the possibility for distributors to meet the demand of their regulated or unregulated clients under contracts executed following tender processes for capacity and energy.

5.5. Distribution company regulations

The Law to Ensure the Efficient Development of Electric Generation established a system of tenders for the acquisition of energy and capacity from distributors through a mechanism that determines prices throughout the life of a contract. The approval of this mechanism is important for the generators because it establishes a mechanism to determine a price for the lifetime of the contract, which is not fixed by the regulator.

The new contracts to sell energy to distribution companies for resale to regulated clients must be at fixed prices determined by public tenders. Only a small part of the electric energy purchased by distribution companies included in the old contracts are still

at the bar prices set by OSINERGMIN annually. Within these contracts is the maximum price of electric energy acquired by distributors at which the latter can convey it to regulated clients.

The electric energy tariff for regulated clients includes energy and capacity charges for generation and transmission and the Distribution Value Added (DVA/VAD) which considers a regulated return on investments, fixed charges for operation and maintenance, and a standard percentage for losses of energy in distribution.

The DVA/VAD is set every 4 years. The OSINERGMIN classifies the companies into groups according to the "typical areas of distribution," based on economic factors that group together the companies with similar distribution costs of any population density which determines the requirements of grid equipment.

The real return on investments of a distribution company depends on its performance with respect to the fixed standards by OSINERGMIN for a theoretical model company. The tariff system permits a higher return for the distribution companies that are more efficient than the model company. Preliminary tariffs are calculated as a weighted average of the result of the study contracted by OSINERGMIN and the study of the companies, with OSINERGMIN's study weighing double the companies' study. The preliminary tariffs are checked to ensure that they provide an annual average internal rate of return between 8% and 16% over the replacement cost of electric energy related distribution assets.

The last tariff setting process was performed in November 2009 and it will remain in effect until November 2013.

5.6. Transmission regulations

Transmission operations are divided in 2 categories: Primary, which is for common use and permits the flow of energy through the national grid; and Secondary, which is a line that connects a power plant with the system or a substation with a distributor company or an end consumer. The main lines of the guaranteed system are available to all generators to allow

the supply of electric energy to all clients. The transmission concessionaire receives fixed annual revenues, as well as revenues from variable tariffs and connection tariffs per kW. The lines of the secondary and complementary system are available to all generators but are used only by certain clients who are responsible for making payments in relation to the use of the system.

5.7. Environmental regulations

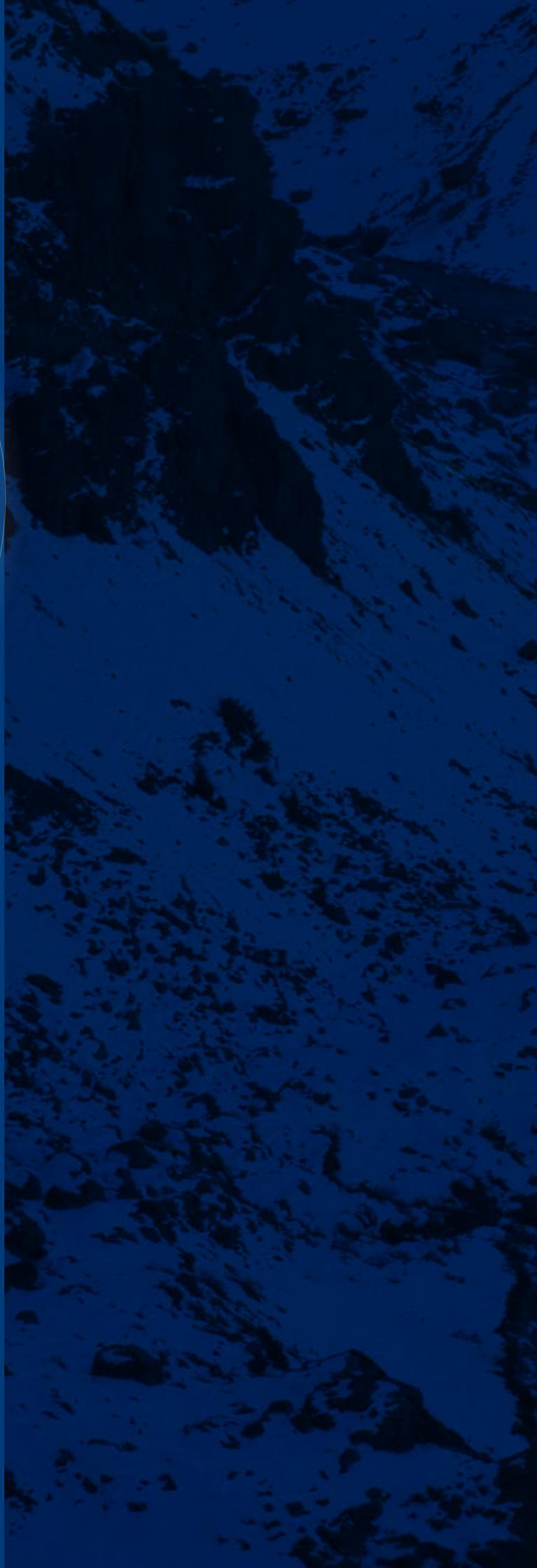
The environmental legal framework applied to operations related to electric energy in Peru is established in the Environmental Law (Law N°28,611) and in the Environmental Protection Regulation for Electric Operations (Supreme Decree 029-94-EM).

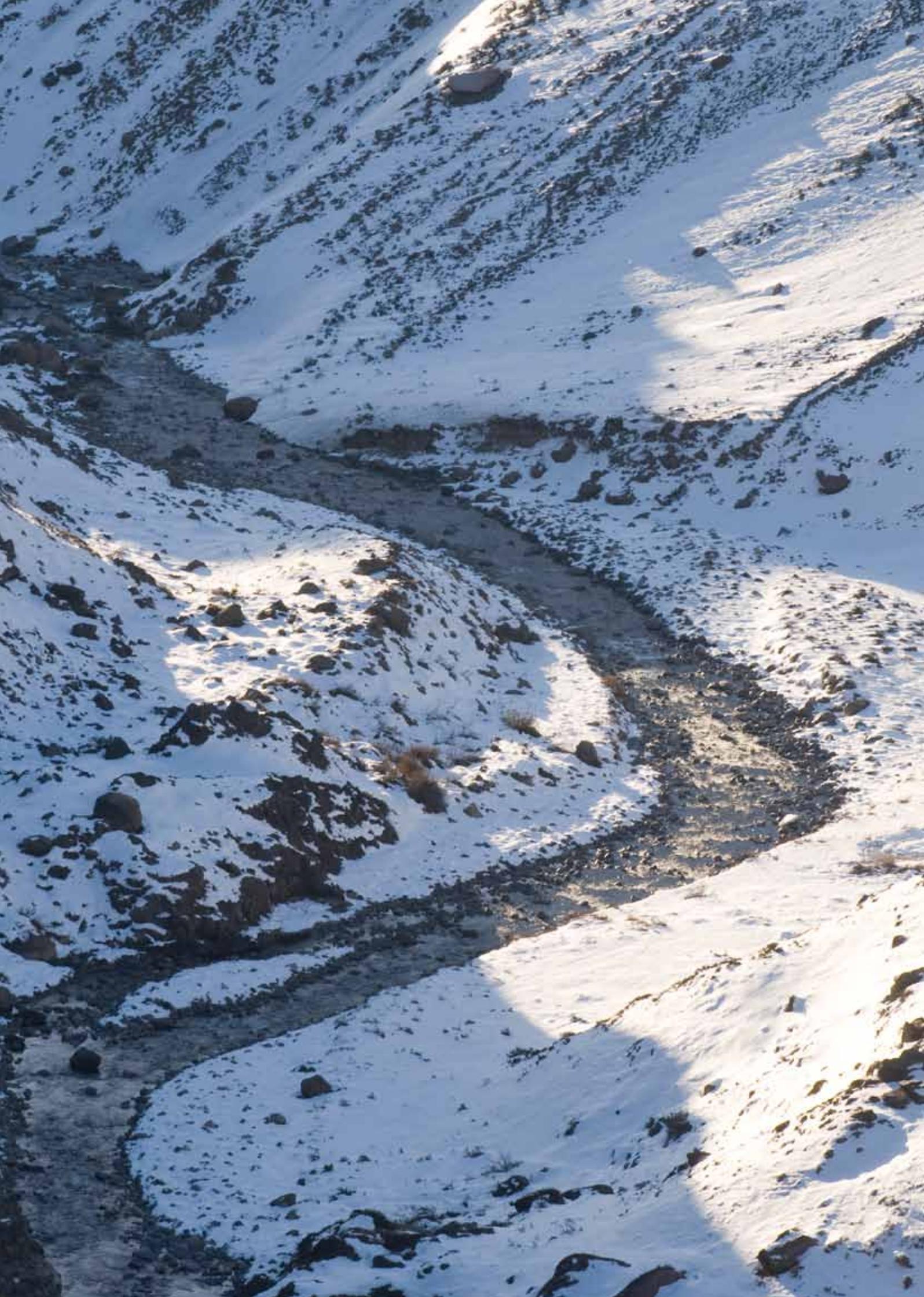
In 2008, the MINEM promulgated Supreme Decree 050-2008 to provide incentives for the generation of electric energy through non-conventional renewable energies (NCRE). The decree stipulates that 5% of the demand from NIEG/SEIN must be supplied using NCRE. This 5% goal may be increased every 5 years. Those technologies that are considered renewable resources are: biomass, wind (aeolic), tides, geothermal, solar and mini-hydroelectric (below 20 MW).

In August 2011, the second NCRE tender was executed for 1,300 GWh per year; of which, 473 GWh were awarded to 3 projects out of a total of 21 proposed initiatives. Also during 2011, other regulations were applied establishing tax incentives including i) accelerated asset depreciation for income tax purposes; and, ii) advance recovery of the sales taxes. At the same time, Law 29,764 was approved extending these tax benefits until 2020.

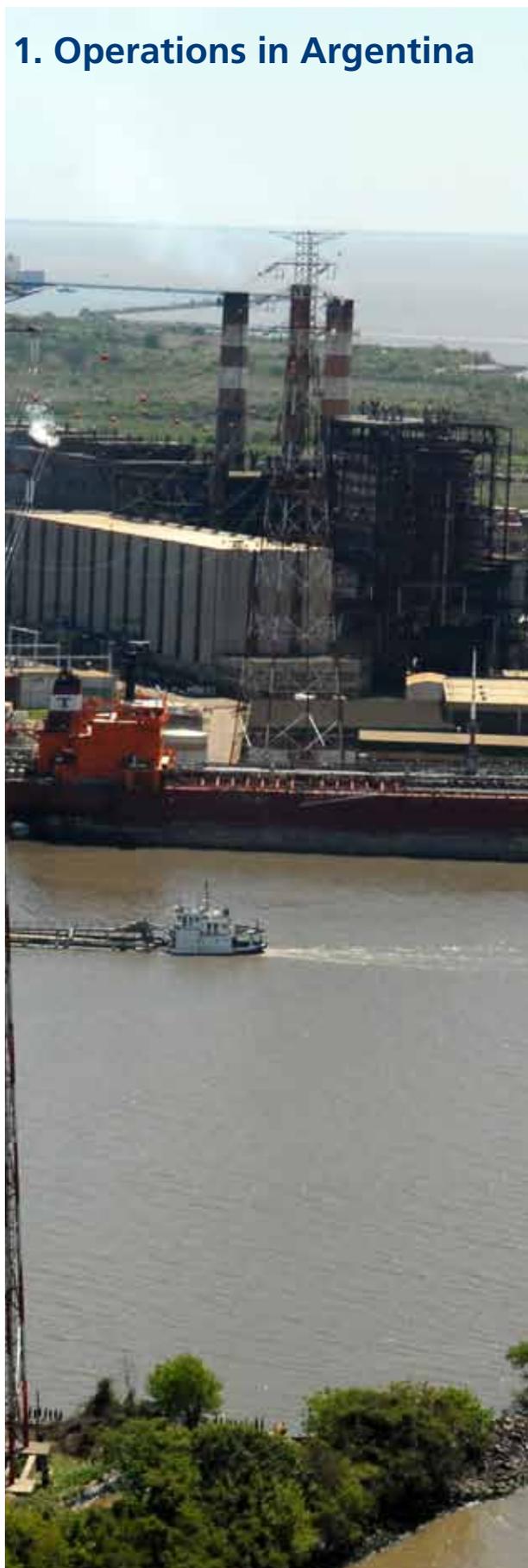


Description of
the electricity
business by
country





1. Operations in Argentina



1.1. Installed capacity, generation and energy sales

Installed capacity (MW) (1)	2010	2011
Endesa Costanera		
Costanera (steam turbo)	1,138	1,138
Costanera (combined-cycle)	859	859
CBA (combined-cycle)	327	327
Total	2,324	2,324

El Chocón		
El Chocón (hydroelectric)	1,200	1,200
Arroyito (hydroelectric)	128	128
Total	1,328	1,328

Total Argentina	3,652	3,652
------------------------	--------------	--------------

Generation of electric energy (GWh)	2010	2011
Endesa Costanera	7,965	8,397
El Chocón	2,975	2,404
Total generation in Argentina	10,940	10,801

Sales of electric energy (GWh)	2010	2011
Endesa Costanera	8,018	8,493
El Chocón	3,361	2,888
Total ventas en Argentina	11,378	11,381

(1) Capacities calculated according to Endesa Chile's Operating Standard N°38 ("Standard for determining maximum capacities at Endesa Chile's hydroelectric and thermoelectric plants of"), as of December 31 of each year.

1.2. Operations and projects

Endesa Chile participates in the generation of electric energy in Argentina through Endesa Costanera and Hidroeléctrica El Chocón, which it controls directly and indirectly with 69.8% and 65.4% of their property ownership, respectively.

These companies altogether account for an aggregate capacity of 3,652 MW. Such capacity represented 12% of Argentina's installed NIG/SIN capacity at the end of 2011.

The electric generation of these companies amounted to 10,801 GWh; i.e. 8.9% of the country's total generation. On the other hand, physical sales of energy reached 11,381 GWh; i.e. 9.8% of the total sold.

Endesa Costanera and El Chocón participate in companies in charge of the operation of 2 combined-cycle plants; initiatives coordinated by the Fund for Needed Investments that Permit Increasing Electricity Supply for the Wholesale Electric Market (FONINVEWEM/MEM), with 5.326% and 18.85% of the property, respectively.

During 2010, commercial operations began for the complete-cycle power plants Termoeléctrica Manuel Belgrano and Termoeléctrica José de San Martín.

The combined-cycle operation established the effectiveness of the Contract for Operation and Maintenance Management of the Power Plants and the Supply Contract. Therefore, the companies that participate in the FONINVEWEM/MEM, among them, Endesa Costanera and El Chocón, began to recover their investments with the flows generated by the project through its 10-year production sale contract executed with WEM/MEM managed by CAMMESA, with installments collected as of December 31, 2011, as planned.

On November 25, 2010, the main generating electric energy companies, among them Costanera and Chocón, along with generators participating in the new generation project, executed an agreement and submitted the pertinent documentation to the Energy Secretariat. The project denominated Vuelta de Obligado S.A. (VOSA), contemplates the installation of a combined-cycle plant of approximately 800 MW.

In May 2011, we incorporated Sociedad Termoeléctrica Vuelta de Obligado S.A. and executed the Trust Contract necessary for the project.

After approval by the authorities, during the year we worked on technical specifications and an international tender was called; currently, we are at the evaluation and standardization stage.

Other generators connected to Argentina's NIG/SIN are AES Alicura, Sadesa, Capex, Petrobras, Pampa Generación and Pluspetrol.

1.2.1. Endesa Costanera

This company is located in the city of Buenos Aires and owns 6 steam units for a total of 1,138 MW, which can generate using either natural gas or fuel oil. It also operates 2 combined-cycle plants of 859 MW and 327 MW, respectively for a total installed capacity of 2,324 MW.

In 2011, net generation totaled 8,397 GWh and total sales reached 8,493 GWh. During 2011, the demand of Argentina's electric system increased by 5.1% with respect to 2010.

The availability of gas from the system dropped with respect to 2010, basically because of higher cuts during the winter period. There was a high generation using alternative liquid fuels to supply increased thermal dispatches.

During 2011, the changes in the norms which regulate the Wholesale Electric Market (WEM/MEM) continued in force, including the existing mechanism for setting hourly energy prices capped at \$120/MWh, the restrictions for natural gas with the resulting use of more expensive and less efficient alternative liquid fuels, as well as the accumulation of credits from generators on account of payment delays for energy sold to WEM/MEM.

From an operating perspective, 2011 was characterized by an increased dispatch of Endesa Costanera as a consequence of the higher availability of its generation units, especially its steam-turbine units.

The most important maintenance tasks were fundamentally focused on completing the Winter Plan – initiated in September 2010 and concluding in May 2011 – and the Major Scheduled Maintenance of Combined Cycle II.

During 2011, in financial matters, we continued the strategy already adopted in previous years, giving priority to a conservative management so as to ensure the necessary financial resources to meet the operating cash needs of the plant. Along that track, we were able to refinance most short-term debt maturities.

In the commercial area, we implemented a new management integration policy in the Group's companies through a restructuring of processes that included task reassignments and optimized commercial processes. In that context, the company made an important effort to maintain, and even increase, its contracting level in term markets (MAT). Included in the new commercial strategy were different contracting actions and modalities with clients, designed to meet their requirements, on the one hand, and improve the company's cash flows, on the other hand.

The application of the "Agreement for the Management and Operation of Projects, Increased Availability of Thermal Generation, and Adaptation of the Compensation for the 2008-2011 Generation", executed by generators and the Energy Secretariat in November 2010, had the purpose of continuing with the WEM/MEM's reorganization process. It contributed toward the improvement of operating results, because of the higher income obtained from the capacity made available and the increments of the maximum values recognized for the compensation of operations and maintenance.

In relation to the "Commitment contract for the availability of equipment in the wholesale electric market" signed in December 13, 2010 with CAMMESA, which will enable raising the necessary funds toward improving the reliability and availability of the plant's steam-turbine equipment, during 2011, procedures continued to make progress in implementing the trust indenture (contract) before the organizations and authorities involved in the project: the Energy Secretariat, CAMMESA and Nación Fideicomisos S.A.

Additionally on the technical aspect, we worked on the elaboration of the specifications of the tender for the works, denominated Stage II, which was approved by the Energy Secretariat. Subsequently, we initiated the tender process which is being developed according to the established timetable.

1.2.2. Hidroeléctrica El Chocón

Hidroeléctrica El Chocón S.A. ("HECSA") is a hydroelectric energy generation company which makes hydrological use of El Chocón and Arroyito, located on the Limay River. It is located in the provinces of Neuquén and Río Negro. The hydroelectric complex has a total installed capacity of 1,328 MW and covers the El Chocón power plant with a total installed capacity of 1,200 MW (hydroelectric power plant with an artificial dam) and the Arroyito power plant, with an installed capacity of 128 MW, both using the water of Limay and Collón Curá rivers in order to generate electric energy.

The El Chocón hydroelectric complex is located in Comahue, formed by Argentina's provinces of Río Negro, Neuquén and the southern part of the provinces of Buenos Aires and La Pampa. El Chocón is on the Limay River, about 80 km upstream of its confluence with the Neuquén River. Arroyito is the compensator dike of El Chocón and is located on the same river, 25 km downstream.

During 2011, the hydrological contributions of the basins of the Limay and Collón Curá Rivers were substantially reduced starting May, resulting in a dry year in these basins, reason why the applied operative criteria on the part of the Energy Dispatch Agency was to restrict the use of accumulated strategic reserves. This modality resulted in consolidating the energetic Comahue reserves.

As a result of the dispatch of the El Chocón dam at the end of 2011, the next generation of the El Chocón-Arroyito Complex was of 2,404 GWh, reaching the height of the dam at 380.05 meters over sea level. The energy reserve in the Comahue dams was 6,819 GWh; of which 2,586 GWh correspond to El Chocón's production, both values measured according to the condition of the minimum height above sea level of the Extraordinary Operation Band.

With regard to the operational aspect, the accumulated availability in 2011 of the El Chocón-Arroyito complex was of 95.76%, having successfully fulfilled the major maintenance



of N° 1 and 6 units of El Chocón plant, besides the installation of the anti-fire system and the vibration monitoring system in Unit N° 2 of El Chocón plant, as well as all the tasks scheduled for routine maintenance of equipment and facilities of both plants.

On the commercial aspect, during 2011 we continued with the defined strategy focused on a timely manner to ensure the economic and financial sustainability of the company, aiming actions toward diversifying the client portfolio by means of trading in alternative markets at spot and prioritizing long-term profitable relations with solid-proven clients.

As a result of the actions taken, we continued to strengthen market share in term contracts with physical backup, reaching 98% of our contractual capacity with large users, more than 50% in long-term contracts with first-line clients. Over the course of the year, we sold 1,480 GWh in the spot market and 1,408 GWh through contracts.

From a financial perspective, and continuing with the objective of obtaining long-term financing in local currency, in August 2011, the company executed a new syndicated loan for \$100 million, for a three-and-a-half year term, to be amortized over 5 consecutive 6-month installments, as of 18 months from execution, at a Corrected Private Badlar rate plus a spread of 5.1%. The use of the proceeds of this facility was to hedge all the short-term debt maturities in local currency and the debt maturities of December 2011 were prepaid in advance. Additionally, HECSA refinanced its 2011 debt maturities for a total of US\$40 million, with Deutsche Bank AG and Standard Bank PLC, which permitted the extension of its maturity profile to a 4 year term.

The main investment projects currently in the pipeline are: i) completing the installation of the fixed Protection System against Fires in the 6 Generators of Central El Chocón, ii) completing the installation of the state of the art online vibration monitoring equipment for the turbines of El Chocón, iii) completing the renovation of Alkaline Batteries of 110 vac of Central Arroyito and iv) the initiation of the modernization of the Protection, Excitation and Startup Sequence Systems for the El Chocón Central capacity units.

We also expect to execute the improvements of the Project for the "Technological Update of the Telecommando System of the Arroyito Compensator Dike," Stage 3, which was approved by the nation's Energy Secretariat. This project will permit, among other things, to do without the permanent presence of the operator in Central Arroyito and its transfer to Central El Chocón.

2. Operations in Brazil



2.1. Endesa Brasil

The Endesa Brasil S.A. holding was incorporated in 2005, resulting from existing Endesa Latinamérica, Enersis, Endesa Chile and Chilectra assets in Brazil. Thus, Endesa Chile ceased to consolidate Cachoeira Dourada, and Enersis began consolidating Endesa Brasil S.A. Endesa Chile holds 38, 88% of the shares of Endesa Brasil S.A.

Endesa Brasil S.A. controls the following companies:

2.1.1. Endesa Cachoeira

This company is located in the State of Gaoias, 240 km south of Goiania. It has 10 generators with a total installed capacity of 665 MW. This is a run-of-river hydroelectric power station that uses the waters from the Paranaiba River.

Its net electric energy generation for 2011 was 3,121 GWh, while sales amounted to 3,986 GWh.

2.1.2. Endesa Fortaleza

Endesa Fortaleza is located in the municipality of Caucaia, 50 km from the capital of the State of Ceará. This is a combined-cycle 322 MW power plant that uses natural gas and has the capacity to generate one-third of the electric energy needs of Ceará, with a population of 8.2 million.

Built over an area of 70,000 m², it is part of the infrastructure of the industrial and port complex at Pecém in the municipality of Caucaia, and it integrates the federal governments Priority Thermoelectric energy Program (PPT). Its location is strategic in promoting regional growth as well as making the development of other industries viable.

Its main clients are COELCE and Petrobras.

The 2011 energy generation was 1,033 GWh, while sales volume amounted to 2,842 GWh.

2.1.3. Endesa CIEN

Compañía de Interconexión Energética S.A. (Endesa CIEN) is a Brazilian energy transmission company. Its complex consists of 2 frequency conversion stations, Garabi I and Garabi II which are equipped to convert Brazil's (60 Hz) and Argentina's (50 Hz) frequencies both ways, as well as the transmission lines installed in both countries. On Argentina's side, these lines are managed by 2 affiliates: Compañía de Transmisión de Mercosur S.A. (CTM) and Transportadora de Energía S.A. (TESA), in both cases Endesa Cien controls 99.99% of their capital.

The interconnection system consists of 2 transmission lines, covering a total length of 1,000 kilometers, and the Garabi Conversion Station.

Endesa Cien's Annual Allowable Compensation (Remuneración Anual Permitida – RAP) values were published on April 5, 2011. The regulating entity, by way of this value, equates Endesa Cien (whose assets consist of the Garabi 1 and 2 lines) with the public service transmission agents. Through Resolution N° 1,173 dated June 28, 2011, the NEEA/ ANEEL (Brazilian Power Regulatory Agency) approved its RAP, valued in R\$265 million, for the period between July 1, 2011 and June 30, 2012. The RAP value is reviewed annually in June and every 4 years, the company reviews the calculation and the approval bases of the new RAP value.

2.1.4. Ampla

AMPLA is an energy distribution company operating in nearly 70% of the territory of the State of Rio de Janeiro which covers an area of 32,613 km². Its population borders on 8 million inhabitants spread over 66 districts, noteworthy among which are: Niteroi, São Gonçalo, Petrópolis, Campos and Cabo Frío.

During 2011 AMPLA delivered electric energy service to 2,643,510 customers, 3% more than in 2010. Of that total, 90.2% are residential customers, 6.4% are commercial, 0.2% accounting for industrial customers and 3.2% to other users.

The company distributed 10,223 GWh to its end clients which represents an approximate increase of 3% versus 2010. Of the total energy distributed, 38.2% corresponds to residential users; 18.2% are commercial; 11.5% are industrial customers and 32.1% other users.

Compared to 2010, energy wastage dropped declined by 0.8 percentage points, from 20.51% to 19.66%.

2.1.5. Coelce

COELCE is Ceará State's capacity distribution company, in the northeast of Brazil, covering a concession area of 148,825 km². The company serves a population of 8.4 million inhabitants.

At the closing of 2011, COELCE had a total of 3,224,378 customers, representing an increase of 4.2% compared to the same period of the previous year. Of the total number of customers, 73.2% corresponds to the residential segment, 5.1% to the commercial sector, 0.2% the industrial segment and 21.5% to other customers.

The energy distributed totaled 8,970 GWh which accounted for an increase of 1.4% in terms of volume. Of this total energy distributed, 34% went to residential customers, 19% to commercial users, 14% to industrial customers and 33% to other customers.

3. Operations in Chile



Endesa Chile and its affiliates and jointly-controlled companies in Chile have a capacity-generating grid consisting of 102 units across the Central Interconnected Grid (CIG/SIC) and 5 units along the Norte Grande Interconnected system (NIG/SING).

3.1. Generating plants owned by Endesa Chile, its affiliates and jointly controlled companies

Plant	Company	Technology	Installed Capacity (MW) (1)	
			2010	2011
Los Molles	Endesa Chile	Hydraulic	18	18
Rapel	Endesa Chile	Hydraulic	377	377
Sauzal	Endesa Chile	Hydraulic	77	77
Sauzalito	Endesa Chile	Hydraulic	12	12
Cipreses	Endesa Chile	Hydraulic	106	106
Isla	Endesa Chile	Hydraulic	70	70
Abanico	Endesa Chile	Hydraulic	136	136
El Toro	Endesa Chile	Hydraulic	450	450
Antuco	Endesa Chile	Hydraulic	320	320
Ralco	Endesa Chile	Hydraulic	690	690
Palmucho	Endesa Chile	Hydraulic	34	34
Tal Tal	Endesa Chile	Fuel/Gas	245	245
Diego de Almagro (2)	Endesa Chile	Fuel/Gas	24	24
Huasco TG	Endesa Chile	Fuel/Gas	64	64
Huasco Vapor (3)	Endesa Chile	Coal	-	-
Bocamina	Endesa Chile	Coal	128	128
San Isidro 2	Endesa Chile	Fuel/Gas	399	399
Quintero	Endesa Chile	Fuel / Natural Gas	257	257
Ojos de Agua	Endesa Eco	Hydraulic	9	9
Pehuenche	Pehuenche	Hydraulic	570	570
Curillinque	Pehuenche	Hydraulic	89	89
Loma Alta	Pehuenche	Hydraulic	40	40
Pangue	Pangue	Hydraulic	467	467
San Isidro	San Isidro	Fuel/Gas	379	379
Canela	Central Eólica Canela	Aeolic	18	18
Canela II	Central Eólica Canela	Aeolic	60	60
Tarapacá TG	Celta	Fuel/Gas	24	24
Tarapacá carbón	Celta	Coal	158	158
Atacama (2)	GasAtacama	Diesel / Natural Gas	390	390
Total			5,611	5,611

1) These values stem from the maximum capacities established by Endesa Chile's Operative Norm N° 38: "Norm for determining the maximum capacity in Endesa Chile's hydroelectric and thermo-electric power plants" as of December each year. These correspond to the generating units' maximum design capacity, for the most part substantiated by the contractual guarantee satisfaction tests performed by the suppliers of such electric energy generating equipment. In some cases, the maximum capacity values may differ from the capacities declared to the regulatory entities and customers in each country, based on the criteria defined by such entities and to the satisfaction of the relevant contractual frameworks.

(2) Endesa Chile holds a 50% stake of the jointly controlled company GasAtacama, consolidated in terms of the equity capital it represents, thus this figure includes 50% of the capacity, the generation and the sale of the energy produced by this plant.



The electric energy sales in 2011 of Endesa Chile and its affiliates on the CIG/SIC grid amounted to 19,332 GWh. This volume accounts for a 44% share of total CIG/SIC sales, including sales to customers and net sales on the spot market. Sales to regulated customers represent 66%, free customers account for 25% and the remaining 9% corresponds to net transactions on the spot market.

Likewise, electric energy sales from the Celta branch, on the NIG/SING grid, amounted to 983 GWh in 2011, representing a 7% of that electric system's total sales. Sales of the jointly controlled company GasAtacama resulted in 1,754 GWh, accounting for 12% of total NIG/SING sales.

3.2. Installed energy capacity, generation and sales of Endesa Chile, affiliate and jointly controlled companies

Installed Capacity (MW) (1)	2010	2011
Endesa Chile	3,407	3,407
Pehuenche S.A.	699	699
Pangue S.A.	467	467
San Isidro S.A.	379	379
Endesa Eco	87	87
Celta S.A.	182	182
Gasatacama (2)	390	390
Total	5,611	5,611

Generation	2010	2011
Endesa Chile	11,539	11,458
Pehuenche S.A.	2,970	2,983
Pangue S.A.	1,615	1,713
San Isidro S.A.	2,157	2,460
Endesa Eco	192	173
Celta S.A.	995	908
Gasatacama (2)	1,445	1,026
Total	20,914	20,722

Sales	2010	2011
Ventas a clientes finales		
Endesa Chile	17,308	17,320
Pehuenche S.A.	255	260
Pangue S.A.	1	1
San Isidro S.A.	-	-
Endesa Eco	-	-
Celta S.A.	940	917
Gasatacama (2)	1,792	1,754
Ventas a los CDEC	1,551	1,817
Total	21,847	22,070

1) These values stem from the maximum capacities established by Endesa Chile's Operative Norm N° 38: "Norm for determining the maximum capacity in Endesa Chile's hydroelectric and thermo-electric power plants" as of December each year. These correspond to the generating units' maximum design capacity, for the most part substantiated by the contractual guarantee satisfaction tests performed by the suppliers of such electric energy generating equipment. In some cases, the maximum capacity values may differ from the capacities declared to the regulatory entities and customers in each country, based on the criteria defined by such entities and to the satisfaction of the relevant contractual frameworks.

(2) Endesa Chile holds a 50% stake of the jointly controlled company GasAtacama, consolidated in terms of the equity capital it represents, thus this figure includes 50% of the capacity, the generation and the sale of the energy produced by this plant.

3.3. Major customers and suppliers

Endesa Chile's major customers are: GNL Chile, Chilectra, CGE Distribución, Chilquinta, Saesa, Emel, Minera Los Pelambres, Compañía Minera del Pacífico, Compañía Siderúrgica Huachipato, Compañía Minera Doña Inés de Collahuasi, Codelco Salvador Division, Compañía Minera Carmen de Andacollo and Compañía Manufacturera de Papeles y Cartones (CMPC).

In turn, the company's main suppliers are: Ingeniería y Construcción Tecnimont S.A., Empresa de Ingeniería Ingendesa S.A. and Mitsubishi Corporation.

Endesa Chile's main competitors are: Colbún, AES Gener and E-CL.

In terms of each of the Endesa Chile's main customers and suppliers, there is no relevant degree of dependency.

3.4. Operational and commercial scenario

3.4.1. Events that impacted on operating and commercial performance

The operational and commercial scenario of both the company's and the CIG/SIC's electric energy sectors was marked by the duration of the period of dry hydrology that carried over from 2010 and which motivated the enactment of a preventive rationing decree at the beginning of 2011 that will continue to apply until April, 2012. Furthermore, two other issues put pressure on the operating costs of the electric system: a tendency to higher fuel prices compared to 2010 and the delay at Endesa Chile's Bocamina II and Santa María I plants at Colbún that were affected by the February 2010 earthquake.

Another incident that impacted the sector was the bankruptcy of the generating company, Campanario Generación S.A., (219 MW) and the collapse of the Tierra Amarilla S.A. Plant (165 MW) that had repercussions on capacity transfers on the spot market since this affected the industry's payments chain and thus the safety of the electric supply. This forced the intervention of the Electricity and Fuels Superintendence (SEF/SEC) that adopted exceptional measures such as the enactment of Resolution N° 2,288 which compelled the remaining generation companies to take on the supply that one of these companies (Campanario S.A.) had provided to two distribution companies.

While these events, situational by nature, have an impact on the company in some way or another, it should be noted that the benefits of size, diversity and efficiency offered by Endesa Chile's electric energy generation plants, together with the fitting commercial policy that has been defined and applied in view of adverse scenarios, have enabled the company to mitigate the impact of its 2011 results, keeping in mind the dry hydrology affecting the CIG/SIC grid throughout this year.

3.4.2. Hydrological conditions and supply situation

2011 started with a dry thaw caused by unfavorable hydrology carried over from 2010, followed by a significantly low rainfall period which lasted till August, after which hydrological conditions turned more favorable leading to less dry hydrology at the end of 2011, with an affluent surplus probability bordering on 75%. As a result, the first quarter was the driest period in the year, with a surplus probability greater than 90%; the second quarter was less dry with a surplus probability of 82% due to mild precipitations in April, May and June. The hydrological situation improved notably in the third quarter due to strong rainfall that enabled accumulated snowfall in the high mountains enabling a more favorable thaw, and finally the thaw experienced in the final quarter produced the most meltdown in October and November, declining in December, which allowed us to finish the year with the afore mentioned surplus probability of 75%.

3.4.3. Enactment of the protective rationing decree

The objective behind the decision by the authorities to enact a protective rationing decree was to adopt measures that would safeguard the supply system, particularly in light of water scarcity and as a result of a prolonged failure of a given power plant. The main measures included in this decree were: the buildup of water reserves in suitable reservoirs for such a purpose included among which were Endesa Chile's Rapel, Ralco and Laja reservoirs, measures aimed at administering demand in order to achieve consumption of energy savings and a reduction in the transmission system's maximum operational capacity demands, in order to manage the generation resources in the different system areas with greater flexibility. The decree also provided for the rationing measures that should be applied in the case of a deficit which fortunately has not occurred.



3.4.4. Generation and costs of supply on the CIG/SIC grid

The lack of flow registered in 2011 resulted in an increase in the thermal generation component that rose from 50.2% in 2010 to 54.6% in 2011, consisting of: diesel oil generation accounting for 8.2%, coal generation for 21.9%, natural gas a 21.8% and biomass and others responsible for 2.7% of the total CIG/SIC flow. Los significant decline in hydroelectric generation, from 49.2% in 2010 to 44.7% in 2011, is due to the fact that the annual regulation reservoirs, Lago Laja and Laguna del Maule, operated for much of the year in the extraction restriction zone due to the low levels with which the year 2011 began. Wind generation accounted for 0.7%, consistent with 2010.

The major part of thermal generation in 2011 together with the overall rise in fuel prices compared to 2010 resulted in a significant increase in system generation costs. In fact, coal increased its average annual value by 33% (from US\$ 113/Ton in 2010 to US\$ 150/Ton in 2011), and the liquid fuels increased their like annual average value by 34% in the case of Nº 6 Fuel Oil (from US\$ 465/Ton to US\$ 622/Ton), and 38% in the case of diesel oil (from US\$ 596/ton to US\$ 823/Ton). In turn, the average cost of natural gas, mainly LNG (liquid natural gas), increased 23.3% (from US\$ 420/Dm³ in 2010 to US\$ 518/Dm³ in 2011).

The increased cost of the CIG/SIC grid's electric energy generation and supply for the reasons outlined above led to a significant energy price increase on the spot market. In fact, the annual average hourly marginal cost at the Alto Jahuel 220 kV node recorded an increase of 34% in 2011 versus the 2010 annual average: of an average value of US\$ 149/MWh in 2010 it went to an annual average value of close

to US\$ 200/MWh in 2011, with values above this average throughout the first half of the year.

3.4.5. The significance of Liquid Natural Gas (LNG) and the thermal generation record

During 2011 the LNG supply to Endesa Chile's plants on the CIG/SIC grid was critical in keeping the costs of thermal generation in check within the context of dry hydrology conditions and the operational delay at the Bocamina II plant. Indeed, Endesa Chile's LNG fueled generation increased from 3.2 TWh in 2010 to 5.8 TWh in 2011, accounting for an increase of over 80% in generation with this fuel.

The Quintero Terminal unloaded 36 ships, containing 3,126 million cubic meters of natural gas, of which 1,103 million cubic meters corresponded to Endesa Chile. This allowed for a savings of US\$ 300 million by substituting oil purchases for LNG. It should be noted, furthermore, that this Terminal has at its disposal surplus LNG that was allocated to the electric energy production of other generation companies, which also enabled cost savings in the electric sector resulting from less oil-fueled generation.

This year's LNG purchases were realized essentially under the existing long-term LNG supply contract with the supplier British Gas. However, in October Endesa Chile acquired a further shipment supplied by Carboex, Endesa's fuel purchasing company, which gave rise to the diversification of supply sources by expanding the possibilities of being able to purchase further shipments from different suppliers in the future, ensuring access to additional LNG on competitive market terms.

This project, which emerged as a result of the natural gas crisis in Argentina in 2004, has allowed Endesa Chile access to sure, stable, clean and competitive fuel, and thereby achieves significant production cost savings at their gas plants over the use of diesel oil and, at the same time, achieves electric energy generation, emissions reduction contributing thereby to environmental quality. Furthermore, replacing the use of oil by its main design fuel has also allowed Endesa Chile to maintain improved technical efficiency and operational safety conditions in said plants during 2011.

It is noteworthy that the increased availability of LNG for electric energy generation, used by the Endesa Chile plants, together with the high productive availability of its thermal units has enabled the company to better its historical thermal production record on the CIG/SIC grid during 2011 with a total of 6.9 TWh, including a record contribution from the San Isidro plant of 5.5 TWh. This also meant that Endesa Chile in 2011 achieved its historical record of total thermal generation, including the Tarapacá Plant's annual production on the NIG/SING grid, representing a total thermal generation of 7.9 TWh in 2011, of which 73.8% was LNG fueled generation, 24.4% was coal and 1.8% was oil fueled electric energy generation.

3.4.6. Diagnostic reports and proposals for the electric energy sector.

The highlight for 2011 was the report published in November by the Advisory Board for Electrical Development (CADE) which was created by the Government in May and included technicians and experts from different areas. The study addressed, in depth and in all its complexity, Chile's current and future electric energy system and submitted proposed solutions for its sustained and efficient development, and in this analysis the CADE addressed the diverse settings that have an impact on the development of the industry. The CADE Report submits proposals for the following segments: energy generation, transmission and distribution.

It should be noted that, previously, in October 2011, another reference study entitled "Chile Needs a Major Energy Reform" that globally analyzed Chile's electric system was submitted and published by the Technical-Parliamentary Citizen's Commission (Comisión Ciudadana Técnico-Parlamentaria) for the Transition towards Clean, Sure, Sustainable and Fair Electrical Development. This study also makes a diagnosis of the industry's diverse settings.

3.4.7. Commercial rollout of contracts auctioned by electric distribution companies.

Endesa Chile's 3,200 GWh/per annum block electric supply contract, stemming from a bidding process by Chilectra under the provisions of Law N° 20,018, also known as Short Law 2, which amended the General Law on Electrical Services went into effect on January 1, 2011. Pursuant to these regulations, the distribution companies are required to meet the consumption needs of its customers subject to price regulation, calling for bids to meet their electric supply requirements to this end, in a process that shall be public, open, transparent, non-discriminatory and competitive, for a maximum period of 15 years. In this context and in line with the provisions of said Law, such bidding processes were held in 2007 and 2008, for a total allocated supply of the 7,500 GWh/year by Chilectra.

3.4.8. Operational and commercial impact on Endesa Chile

Endesa Chile's electric energy generating capacity is mostly hydroelectric affording it lower production costs. Furthermore, the company has maintained a balanced commercial policy, with low exposure to hydrological risk, a diversified customer portfolio, a suitable level of contracted energy in terms of its generating capacity and a pricing policy that has allowed it to operate favorably under drought conditions and high marginal costs on the spot market, as occurred on the CIG/SIC grid in 2011.

3.5. Endesa Chile's actions in 2011

3.5.1. In the operation of its facilities

The operational excellence of its facilities has been a permanent trait in Endesa Chile's efforts to maintain high standards of availability, efficiency and safety in the operation of its plants, in coordination with the electric system in which it participates, allowing it thus to achieve a leading position in this industry. This operational excellence is verified, by way of example, by the following events which took place this year:

- The San Isidro thermo-electric complex registered a record annual generation of 5.5 TWh, accounting for a 7.1% more electric energy generation than in 2010.
- The San Isidro II Plant was awarded the 2010 Operating Excellence Award in the thermo-electrical plant category. This award recognizes the best performing plant within the Group's Latin American thermal units. It furthermore evaluates plant performance in areas such as operation, maintenance, environment and occupational safety. Some of the actions undertaken in 2011, aimed at impacting favorably on operational results and company values were designed to improve and modernize existing facilities such as:
 - Units Nº1 and Nº 5 at the Abanico Plant were modernized, thereby complying with the provisions of the Technical Standard for Safety and Service Quality
 - Likewise, units Nº 1 and Nº 2 of the Los Molles Plant were also modernized.
 - Among the improvements pursued in terms of efficient energy usage, Endesa Chile signed an agreement with the Chilean Energy Efficiency Agency (AChEE), thus taking a leading position in the local electric industry.
 - A 500 kVA emergency generating group was installed and commissioned at the Abanico Plant. This emergency generating group increases the plant's reliability in terms of its unofficial start-up, which in turn can feed the auxiliary services at the El Toro and Antuco power stations.
 - With regard to the National Operations Center project (CEN); a new digital communications system was installed in the basin of the Laja and Biobío power stations that allows for ongoing communication between the field operator and the CEN operator. Additionally, the operational surveillance video system (VVO) was implemented which affords observation, from the CEN facilities, of real time images of strategic points for remote

operations

- SD Nº 13, the Emissions Standard for Thermo-electrical Power Plants went into effect on June 23. The standard's objective is to control emissions of particulate matter, nitrogen oxides, sulfur dioxide and mercury, to prevent and protect the health of the population and the environment. In line with this legal requirement, in 2011 Endesa Chile finalized the sourcing process for the desulfurization system of Unit 1 at the Bocamina Power Station, which includes alterations to the existing bag filter, which is designed to comply with both the Environmental Classification Ruling (RCA) as well as SD Nº 13. During 2011, progress was also made with regard to the feasibility study on Central Tarapacá's depression system, aimed at defining the most suitable technology to comply with environmental requirements. According to engineering progress, compliance with standard provisions within the timeframe established is on schedule.

3.5.2. In the commercial sphere

In order to maintain its leading industry position, its level of commitment and to limit its operational margin variability, Endesa Chile signed new capacity supply contracts to promote its customer portfolio.

- New contracts were signed with free customers such as Cementos Bío Bío (for their Teno and Talcahuano plants), MASISA (for their Cabrero plant) and with CGE Distribución (to supply their free customers). This contracted capacity amounts to 90 MW and their effectiveness is, on an average, of 5 years.
- Likewise, in March 2011 Endesa Chile was awarded long-term capacity supply contracts through bidding processes with the distribution companies Chilquinta Energía (350 GWh/year) and Chilectra (1,350 GWh/year) for the supply to its customers subject to price regulations. The capacity supply under these contracts will begin in 2013 and 2014, respectively.
- Endesa Chile continued its policy to strengthen its relationships with its customers by taking certain actions to strengthen them. Under the Comprehensive Customer Service Plan, in November 2011 customers visited the Pehuenche Power Station and the Generation Control Center at Endesa Chile. In August, customer seminars were held in La Serena, Concepción and Copiapó. In September, a customer seminar was held in Valdivia.



- According to the results of the VII Survey on Service Quality, the Customer Satisfaction Index reached 81%, which classifies the portfolio as "Satisfactory". The areas that were best rated were commercial staff, communication channels and the invoicing process.
- On July 29, 2011, an Extranet for Endesa Chile's and its affiliates' Major Customers was launched, and in August the trial run with customers commenced. This tool is a modern means of communication between the company and its customers and it is an effective channel of information delivery.
- Moreover, within the context of actions for improving the availability of supplies for electric energy generation and obtaining cost reductions, the following were implemented:
 - In the sphere of short-term operation, additional natural gas was obtained from third parties that, on occasion, enabled an affordable operation of the Quintero and the Taltal Power Stations with significant production cost savings.
 - In the context of the company's contribution to the areas surrounding their generation plants, in 2011 the company purchased a total of 15,000 tons of coal from the artisan coal mines of the Bio Bio region.
 - In the sphere of short-term operation, additional natural gas was obtained from third parties that, on occasion, enabled an affordable operation of the Quintero and the Taltal Power Stations with significant production cost savings.
 - In the context of the company's contribution to the areas surrounding their generation plants, in 2011

the company purchased a total of 15,000 tons of coal from the artisan coal mines of the Bio Bio region.

Among the actions taken by Endesa Chile to help face the operating restrictions of the transmission system, it should be noted that in March 2011 the "STATCOM" project entered service. This initiative was conceived and driven by Endesa Chile and developed by Transelec with a view to increasing the capacity of the Ancoa – Alto Jahuel – Polpaico 500 kV transmission system by 280 MW without building new transmission lines, which will enable the transportation of more hydraulic energy from their power stations in the south and thereby increase supply safety and have access to better prices for the energy produced.

3.6. Endesa Chile's projects under construction

3.6.1. Bocamina Power Plant Expansion - second unit

The Bocamina Power Plant Expansion - second unit project, located in the municipality of Coronel, Province of Concepción, Bio Bio Region, includes the construction of a 370 MW coal-burning power plant, adjacent to the current Bocamina plant, using pulverized bituminous coal as fuel. The power station will connect to the Central Interconnected Grid (CIG/SIC) through a link with the Lagunillas Substation, currently under development by Transelec.



As a result of the earthquake on February 27, 2010, which severely affected the region, the Bocamina II project, under full construction, postponed its commissioning date. The severity of the earthquake caused problems in some areas of the site and led to the need for a thorough inspection to assess the impact, mainly to the boiler, the bridge crane on the turbine building, as well as the siphon pipe work.

During the final months of 2011, there were social demonstrations in the surroundings of Bocamina II that led to, among other things, access blockage to the site and damage to the facilities. Endesa Chile intensified its lobby before the authorities in order to obtain continuous police protection and thereby ensure the normal development of the construction of Bocamina II, a situation that took place mid-December, 2011. In terms of the connection work to the transmission system, the laying of the last 1.7 km stretch (Lagunilla-Hualpén) was completed. It is estimated that the commercial start-up of Bocamina II will be moved to June, 2012.

3.7. Endesa Chile's projects under study

3.7.1. Los Cóndores Hydroelectric Power Plant

The Los Cóndores Hydroelectric Power Plant project will be deployed in the Maule Region, in the Province of Talca, Municipality of San Clemente. It envisages the construction of a run-of-the-river 150 MW installed capacity hydroelectric power station, with a mean annual generation of 560 GWh that would take advantage of the waters of the Laguna del Maule reservoir via a 12 km long aqueduct. The plant will connect into the CIG/SIC grid through a double circuit, 220 kV link between the Los Cóndores Plant and Substation Ancoa which is approximately 90 km in length.

During the second half of 2011, its basic engineering was completed and the tender documentation was prepared.

In November, 2011, the generation plant project's Environmental Classification Ruling (RCA) was approved. Furthermore, the transmission line is under environmental assessment by the authorities, so we are preparing Addendum N° 3 in answer to the questions raised in the Consolidated Report of Clarification and/or Rectifications Request N° 3 (ICSARA) issued in December 2011.

3.7.2. Neltume Hydroelectric Power Station

The Neltume Hydroelectric Power Station will be deployed in the Los Ríos Region, in the Province of Valdivia, Municipality of Panguipulli. The initiative envisages the construction of a run-of-the-river 490 MW hydroelectric power station with a mean annual generation of 1,880 GWh, which will take advantage of the existing energy potential between lakes Pirehueico and Neltume. The plant will connect to the CIG/SIC grid by means of a double circuit, 220 kV transmission line which is divided into 2 sections. The first one will be between the Neltume plant and Pullinque and the second one between Pullinque and Loncoche. The transmission line will be approximately 100 km long.

The project is in its basic engineering stage and it is under environmental evaluation by the region's Environmental Evaluation Service (SEA). During 2011 complementary studies were prepared in response to ICSARA N° 2 issued by SEA in September 2011.

The Neltume-Pullinque transmission line project's environmental evaluation is currently being processed. During 2011, we completed studies toward answering ICSARA N°1. On the other hand, we have already made some progress in answering the questions raised in ICSARA N°2; which were subsequently issued by the SEA.

For the second stage of the line between Pullinque and Loncoche, in 2011 progress was made in surveying the baseline and in initiating the preparation of the Environmental Impact Study (EIS/EIA), as well as the project's basic engineering.

3.7.3. Punta Alcalde Thermoelectric Power Plant

The Punta Alcalde Thermoelectric Power Plant will be deployed in the Atacama Region, in the Huasco Province and Municipality, 15 km south of this locality. The project envisages the construction of a thermoelectric power plant that will burn subbituminous coal as its main fuel. It will have 2 units of 370 MW installed capacity each. The plant will be connected to the Maitencillo backbone substation through a double 220 kV circuit transmission system of approximately 40 km in length.

The electric energy generating project is at the feasibility stage and field studies are currently being conducted. The Environmental Impact Study (EIS/EIA) process, submitted in February 2009, continues. As of December, 2011 we have made progress in answering the questions raised in ICSARA N° 3, whose final submission is scheduled for March 2012.

The associated transmission system project is currently at the EIS/EIA preparation and feasibility stage, on which we worked during 2011.

3.8. Associated Company Projects

3.8.1. HidroAysén

HidroAysén, a company that is 51% owned by Endesa Chile and 49% owned by Colbún, is developing a project for the construction and operation of 5 hydroelectric plants on the Baker and Pascua rivers in the Aysén Region, which altogether total 2,750 MW and which will connect onto the Central Interconnected Grid (CIG/SIC) that supplies electric energy to more than 90% of the country's population.

The HydroAysén project is the most important hydroelectric initiative developed in Chile to date, because of its significant contribution to the nation's energy matrix, the investment amounts involved, and its exceptional world-class efficiency.

These plants will have an annual average generating capacity of 18,430 GWh, which represents 32% of Chile's consumption throughout 2011. The total reservoir surface – taking into account the 5 plants – will cover a mere 5,910 hectares, equivalent to 0.05% of the Aysén Region.

During the first quarter of 2011, HydroAysén implemented an information campaign aimed primarily at publicizing the project across the country, and based on the widespread coverage of the benefits of hydroelectric energy, make a concrete contribution to the debate regarding Chile's need to empower its energy development aimed at facing the demands of its socioeconomic development by way of offering its citizenship relevant concepts on renewable, clean and Chilean energy.

On May 9, 2011 a favorable Environmental Classification Ruling (Environmental Classification Ruling) was issued for the electric energy generating project, which ended a full-scale evaluation process which lasted almost 3 years, the largest and most in-depth assessment ever to be faced by an energy project in Chile.

Following the Environmental Evaluation Commission's (EEC/CEA) approval of the Aysén's project EIS/EIA, groups opposing HidroAysén filed 7 remedies of protection seeking to prevent environmental approval of the initiative, which had been ruled in favor of the company by the Coyhaique Appeals Court and later in a similar venue in Puerto Montt. Six (6) of these legal actions were subsequently appealed and will be resolved by the Supreme Court in 2012. Likewise, we are awaiting the resolution from the Committee of Environmental Ministers (Comité de Ministros del Medio Ambiente) with respect to claims against the RCA filed by opponents as well as by HidroAysén itself.

Subsequently, the company, through its affiliate Aysén Transmisión, focused on providing continuity to the technical and environmental studies about its transmission line -designed to inject electric energy onto the CIG/SIC grid- and on proactively communicating the layout features of the transmission line to the Aysén Region communities, prior to formally entering the Environmental Impact Evaluation System (EIES-SEIA). The main axis of this action was the dialogue and direct conversations held with the Aysén and the Los Lagos communities, an instance that allowed us to respond to their doubts, concerns and positions, successfully completing this stage of the process by December 2011.

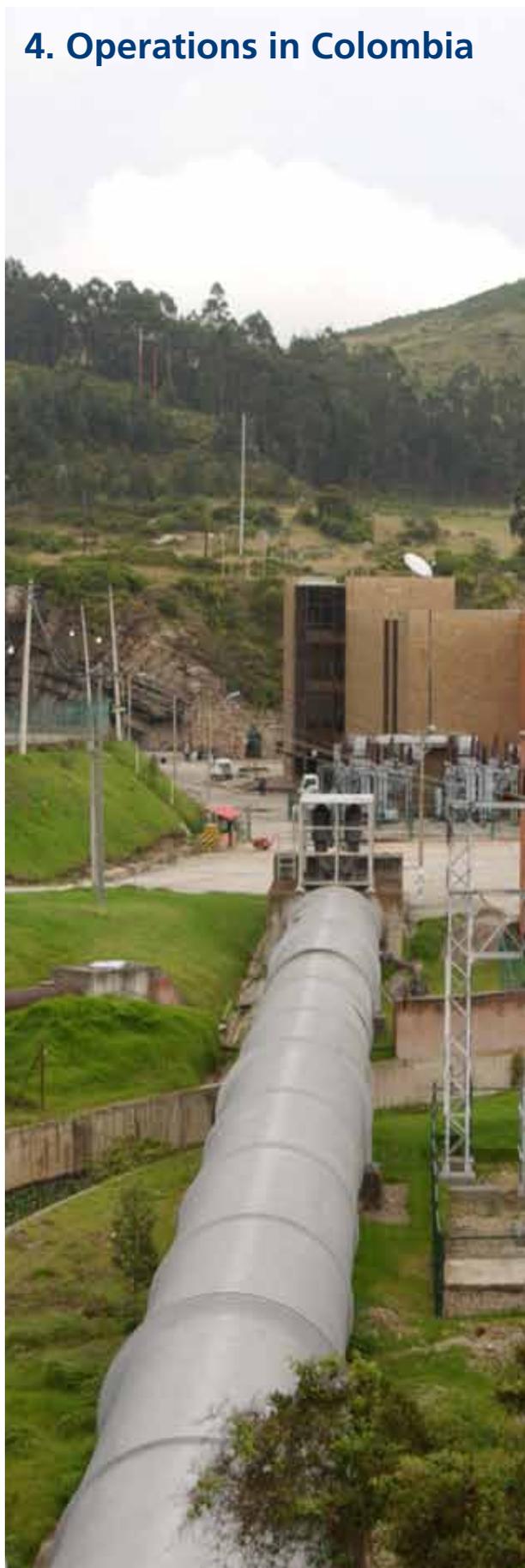
The public thus learned that -with 710 kilometers of overhead lines and 160 kilometers of underground cabling across 2 regions- the electric energy will be conveyed safely onto the CIG/SIC grid, with a delimited social, environmental and visual impact.

In fact, in a special effort to move most of the line away from the Austral Highway, only 20% of the line will be visible from the road, bypassing natural monuments, cities and towns, while reforesting the equivalent of the total surface of woodlands affected by the project.

The HidroAysén Project proposes substantial improvements in regional connectivity by way of improving 187 kilometers of highway and by adding 50 kilometers of new roads, plus the construction of a new port along the Yungay River, and a landfill close to Cochrane. Moreover, and thanks to the training programs being implemented, at least 20% of the labor required during the construction period – which will not be less than 10 years – will be from the Aysén Region, thus promoting the development and the competitiveness of local suppliers.

Once again, in 2011, the company supported the region's social integration through different cultural operations, centered on the recovery and preservation of the local traditions and identities via the publication of books, the sponsoring folklore festivals and a continuous collaboration with its social organizations.

4. Operations in Colombia



4.1. Installed capacity, electric energy generation and sales

Installed Capacity (MW) (1)	2011	2010
Emgesa		
Guavio (hydroelectric)	1,213	1,213
Guaca (hydroelectric)	325	325
Paraiso (hydroelectric)	276	276
Cartagena (thermal)	208	208
Termozipa (thermal)	236	236
Charquito (hydroelectric)	20	20
Limonar (hydroelectric)	15	15
La Tinta (hydroelectric)	20	20
Tequendama (hydroelectric)	20	20
La Junca (hydroelectric)	20	20
San Antonio (hydroelectric)	20	20
Betania (hydroelectric)	541	541
Total	2,914	2,914
Total Colombia	2,914	2,914

Generation of Electrical Power (GWh)	2011	2010
Emgesa	12,090	11,283
Total electric energy generation in Colombia	12,090	11,283

Sales of Electrical Power (GWh)	2011	2010
Emgesa	15,112	14,817
Total ventas en Colombia	15,112	14,817

(1) The capacities were calculated according to Endesa Chile's Operating Standard N° 38 ("Standard for defining maximum capacity in Endesa Chile's hydroelectric and thermal power stations"), as of December 31 each year.

4.2. Operations and projects

4.2.1. Hydraulic plants with a contribution above their historical average

The emphasis is on electric energy generation from hydraulic plants throughout the year given that the Niña Weather Phenomenon caused a maximum historic rainfall. The year's average contribution amounted to 140% of the historic average. In January, buildup in the reservoirs was equivalent to 10,537 GWh, representing 66.8% of the added useful volume. By December, the reserves amounted to 13,968 GWh corresponding to 88.8%. In 2011 there was a total flow of 5,911 GWh.

The average contribution to the Guavio reservoir was 111% of its historic average. In December, the reservoir was at 95% of its useful volume. During May, June, July and December 954 GWh flowed from the reservoir. In 2011 the mean non-regulated contribution of the Bogotá River represented 298% of its historic average. The Tominé and

Muña reservoirs started the year at 37.7% and 94.5% of their useful volume ending at 73.7% and 99.9%, respectively. In Betania during 2011, the rainfall was equivalent to 123% of its historic average and there was a flow of 178 GWh, mostly in December when the contribution reached 222% of its historic average. At the end of the year, the reservoir was at 91% of its useful volume. The electric energy generation from Guavio, Betania and Pagua represented 90.31% of the company's production.

Also noteworthy is the electric energy generation from smaller plants, which totaled 721 GWh-year, 20% more than in 2010, attributable to the La Niña Weather Phenomenon, which caused Bogotá River overflows of 246% above its multi-annual historic flow, and to the high availability of the units.

4.2.2. The Pagua Chain's historic record

The Pagua Chain exceeded its historic monthly electric energy generation record of the last 20 years of operations with 417.43 GWh and a service factor of 97.11% by December 2011. This electric energy generation record was achieved as a result of high hydrology in the Bogotá River which allowed for full-load daily deliveries, where the company contributed to the relief of the large influx of waters through the Pagua chain and other minor plants, in addition to a strong reliability by the 6 electric energy generating units at Pagua. Only scheduled monthly maintenance was performed, with an availability of 98.8%.

4.2.3. Preventive plant maintenance

We performed preventive maintenance to the hydraulic and thermal power plants consistent with the intervention plans and routines established in the maintenance module of the SIE System.

4.2.4. Water concession expansion - Bogotá River waters

An application was filed before the Autonomous Regional Corporation of Cundinamarca (Corporación Autónoma Regional de Cundinamarca - CAR), for the expansion of the term provided for in Resolution 1,014 dated July 30, 1998, by virtue of which Emgesa was granted the concession of the underground water and the surface

waters of the Bogotá, Tominé and Muña rivers as well as the El Rodeo, Obasas, Vitelma, Santa Marta and La Junca Creeks so that the concession may run for a period of 50 years.

In support of the above-mentioned petition, the changing technical, environmental, economic and legal conditions surrounding the water concession issue were taken into account, especially with regard to the impact of the infrastructure works that will be undertaken by Empresa de Acueducto y Alcantarillado de Bogotá under the project to clean up the Bogotá River, the construction and operation of which will affect the operation of electric energy generation plants.

4.2.5. Canoas Pumping Station

An agreement was executed between Empresa de Acueducto y Alcantarillado de Bogotá (EAAB) and Emgesa, whose main objective is to join forces to ensure the construction of the Canoas Pumping Station through the funding and operational support offered by Emgesa.

This in view of the pumping station's location, before the Pondaje de Alicachín, since on the one hand the EAAB will not have to take on the additional cost of locating the Canoas Pumping Station upstream of the site known as Carbonera, which will be absorbed by Emgesa (operations and maintenance), and on the other hand, Emgesa can ensure and maintain the flow conceded by the environmental authorities, since the waste waters that flow along the overflow tunnel can be discharged before the Pondaje de Alicachín in order to be pumped into the Muña reservoir. Furthermore, the operating process of the Canoas Pumping Station by Emgesa will allow for the passage of the waters through the Muña Reservoir, which has a positive impact on the quality of the river water by reducing its levels of organic matter, total suspended solids and nutrients as it passes through, thus improving the quality of the Bogotá River waters.

Through the National Royalties Fund and the Ministry of Housing, Towns and Territories, the COP\$ 190,000 million disbursement for the funding of this project was approved, whose total costs is estimated at COP\$ 1.1 billion. This figure includes COP\$ 327,000 million for the construction of the lift pump station and COP\$ 750,000 million for the construction and commissioning of the treatment plant. The remaining funds will be provided by the District, EAAB, Emgesa and the Government of Cundinamarca.



4.2.6. Cartagena Port Authority starts its operations

On June 16, 2011 the Superintendence for Ports notified the SPCC, in a press release of the Surveillance and Inspection Coordinator, about its Registration as a Supervised Port Company.

Formal port operations started in the second half of 2011, involving the downloading of fuel into the primary tanks at the Cartagena Plant, for a total of 10 liquid fuel downloading operations in 2011 from barges belonging to the supplier C.I.Petromil S.A.A., representing 7,350 metric tons (approximately 47,600 barrels) as of December 31, 2011.

In December, 2011 the design stage of the wharf construction was completed, this being a contract obligation provided for in the July 2010 INCO-SPCC concession contract, thus initiating the review process of said designs by an engineering services provider.

4.2.7. Colombia-Panama interconnection progress

As part of their regulatory alignment process the Panamanian regulating entity, the National Authority on Public Works of Panama (ASEP) amended the regulation with a view to improving the involvement of Colombian agents in the energy and/or capacity purchasing processes by distributors in this country. The regulators are expected to issue the Rulebook for the Auction of Financial Access Rights to the Interconnection Capacity (DFACI - Libro de Reglas de la Subasta de Derechos Financieros de Acceso a la Capacidad de Interconexión –) and likewise, the Panamanian regulator's (ASEP) publication of the attendance minutes for long-term capacity or energy purchases in Panama.



4.2.8. El Quimbo Project

The El Quimbo Project will be deployed in the Huila Province, in southeast Colombia and it will be fed mostly from the Magdalena River flow. It envisages the construction of a 400 MW installed capacity hydroelectric reservoir power plant, with a mean annual electric energy generation of approximately 2,216 GWh.

In Colombia, following the completion of the process of Firm Energy Commitment Allocations (Asignación de Obligaciones de Energía Firme) for those projects that go into operation between December 2014 and November 2019, the Ministry of Mines and Energy of Colombia selected Emgesa's El Quimbo Hydroelectric Project and an energy supply commitment of up to 1,650 GWh/year. The contract term is of 20 years as from December 2014.

The project's foundation stone-laying ceremony was held on February 24, 2011. On May 27, 2011, the Ministry of Environment, Housing and Territorial Development (MAVDT) approved the amendment to the environmental permit, through Resolution 0971, authorizing EMGESA to build the road along the left side and to use new sources of materials and warehousing. On September 30, 2011, the Impregilo OHL Consortium, the civil works contractors, completed the connection between Ventana 1 and Ventana 2 underground excavation fronts, at the level of the vault. On November 18, 2011, the complementary vulnerability study, in accordance with Resolution 0025, was submitted to MAVDT. Meanwhile, the Magdalena River diversion landmark is expected to take place during the first quarter of 2012.

5. Operations in Peru



5.1. Installed capacity, electric energy generation and sales

Installed Capacity (MW) (1)	2010	2011
Edegel		
Huinco (hydroelectric)	247	247
Matucana (hydroelectric)	129	129
Callahuanca (hydroelectric)	80	80
Moyopampa (hydroelectric)	66	66
Huampani (hydroelectric)	30	30
Yanango (hydroelectric)	43	43
Chimay (hydroelectric)	151	151
Santa Rosa (thermoelectric)	429	429
Ventanilla (combined-cycle)	493	493
Total	1,668	1,668

Generation of electric energy (GWh)	2010	2011
Edegel	8,466	9,153
Total generation in Peru	8,466	9,153

Sales of electric energy (GWh)	2010	2011
Edegel	8,598	9,450
Total sales in Peru	8,598	9,450

(1) The capacities were calculated according to Endesa Chile's Operating Standard N° 38 ("Standard for defining maximum capacity in Endesa Chile's hydroelectric and thermal power stations"), as of December 31 each year.

5.2. Operations and projects

5.2.1 Edegel

5.2.1.1. Maintenance of Ventanilla's TV generator

The repair of the bobbin wiring of the TV unit's generator stator was performed upon reaching the equivalent 37,000 hours of operation. The work basically involved the repair of the stator's winding heads and performing the Bump Test on the stator, with satisfactory results.

The repair work, performed by Siemens, was started on February 5 and lasted 24 hours. The background to this maintenance dates back to a scheduled Fast Gen Inspection and Bump Tests performed in 2010 in which flaws in the stator winding were identified. On that occasion, Siemens recommended an immediate partial repair and in one year's time a full generator repair, which was performed on this occasion.

5.2.1.2. UT15 alternator's rotor replacement

Replacement of the rotor of unit UT15's alternator was started on September 21; it lasted 15 days and was conducted with technical assistance from the Wood Group, the alternator's manufacturer.

The background to this maintenance dates back to 2007 when an increase in the alternator's vibration levels was observed and the rotor was balanced on site. In 2009 the alternator was inspected after a slight displacement of the rotor's retaining rings was detected. In May 2011, the alternator was inspected once again, when the coil movements were checked and greater displacement of the retaining rings was observed, so it was decided to replace the rotor with a rotor that had prepared for this contingency.

5.2.1.3. Replacement of the TG4 10/60 transformer at the Huampaní Plant

The Delcrosa three-phase 10/60 kV, 25 MVA transformer, in operation since 1996 at the Huampaní Plant, indicated premature aging of the insulation and high furan content, based on the results of the chromatographic analysis of the insulating oil, so there was a high risk of it becoming unavailable in the short-term.

In order to be able to count on a replacement transformer, in 2011 the manufacture of a new 10/60 kV, 20MVA transformer was ordered from ABB in Lima, with the specification that we would be allowed to use the cube of our obsolete 10/30 kV transformer, which represented a 12% savings on the total price.

In December the satisfactory testing and commissioning of the new ABB Three-phase 10/60 kV 25 MVA TR-4 transformer was carried out.

The new power transformer incorporates technical advances in its cooling system, in temperature control, gas screening and oil protection. Also, special consideration and care has been taken when installing safe and environmentally-friendly auxiliary equipment.

5.2.1.4. Callahuanca Plant 8/60 kV phase S of the G4 transformer replacement

In June a new ABB, 8/60 kV-14.7 MVA Power Transformer was commissioned successfully at the Callahuanca Hydraulic Power Station, on the three-phase bank of Group 4, in replacement of the one installed at the "S" phase of the original three-phase bank.

During the operational control of the transformers, fuel gases were observed in the oil of the phase "S" transformer in spite of the maintenance work performed throughout its useful life. The original transformer, after more than 50 operational hours, showed advanced deterioration and was at risk of latent failure.

The same problem is showing on single-phase, phase R and T transformers of the G4. Given the above, the re-manufacture of the transformers of these phases was initiated, using the decommissioned, deteriorated phase S transformer. It is estimated that the replacement of each of the above mentioned phases will take place in 2012 and 2013, respectively.

5.2.1.5. Chimay Plant G1 stator winding repair

The repair of the bobbin with partial discharges from the G1 stator was started on July 6 and it lasted 15 days, with the assistance of an Andritz' expert, with favorable results.

The background to this maintenance dates back to January 2010, when the Online Partial Discharge Screening System used on generators 1 and 2 at Chimay, determined the existence of surface-type partial discharges on the bobbin bars of both groups. That same year repairs were performed on G2 and a repair on G1 was scheduled for 2011.

The benefits of the online Partial Discharge Screening system are significant, since it allows us to detect in advance an eventual internal insulation failure of the generators, and thus to make timely decisions regarding equipment repair or replacement, thus improving the safety and availability of the operation.

5.2.1.6. Huampaní Channel repair

The annual repair on the channel was carried out on May 26; it lasted 6 days and was aimed at ensuring stability to the ramps that posed risk to the population, thus ensuring the channel's 21.8 m³/s transportation capacity.

180.50 meters of retaining walls have been built aimed at repairing critical points in the Barrio Obrero, Sierra Limeña and Quirio areas. In addition, pruning and weeding has been done on both margins, in the areas of Barrio Obrero, Sierra Limeña, Quirio, Santa María and Yanacoto.

The progress of this work is in line with the recommendation made in the "Evaluation of the status of the Huampaní Channel" report, prepared by the Engineering Department of Endesa Chile.

5.2.1.7. Tulumayo Dam shelter wall repair

During the inspection held in June 2011 it was observed that the shoulder area suffered a detachment of rocky material (rip rap) due to the thrust exerted by the water accumulated as a result of the landslides in the Uchabamba River basin.

In August, the repair work carried out as a result of the release of the rip rap, began to threaten the stability of the Tulumayo dam. The repair was done with double torsion box-type gabions on the Reno cushion-type base on the slope of the shoulder as well as the installation of a geotextile consisting of synthetic fibers to avoid the washing away of fine particles due to the flow of water below and behind the gabion structure. In this way, we ensured the stability of the dam and the reliability of the operation of the Chimay Plant.

5.2.1.8. Modernizing the regulation system of Group 2 of the Huinco Plant

The Huinco hydroelectric power station is responsible for regulating the primary and secondary frequency on the National Interconnected Electric Grid (NIEG/SEIN). Therefore, consistent with Endesa Chile's Modernization Plan for Latin American plants, the new speed regulator as well as the modernization of the command system of the ball valves on Group 2 of the Huinco Plant, supplied and assembled by REIVAX from Brazil, were commissioned on December 16, 2011.

Likewise, efforts were made to implement the new speed regulator on Group 4, the last group to be updated, scheduled for January 10 to 24, 2012. This updating can substantially improve frequency regulation at the Huinco Plant through cutting-edge digital regulators that aside from providing information for system diagnostics, failure analysis and performance curves can optimize the downtime required for unit maintenance.

5.2.1.9. Reconditioning of the Moyopampa L6055 and L6060 60 kV line

This involves the old, so-called L6055 and L6060, 60 kV transmission lines at the Moyopampa Plant, which were installed in 1956 for a total length of 45.2 and 49.5 km respectively. The job consists of replacing 60 km of copper wire that presents excessive splicing resulting from attacks on the towers occurring over 20 years ago, thus reducing the risk of accidents due to falling wires and electrical wastage.

Work began in 2010 with the reconditioning of the structures and the replacement of the wires on line L6060 and was finished in 2011 with replacement of the wires on line L6055. The job was carried out by the contractor Cobra Peru at a cost of US\$ 3.4 million and a 24 month completion period.

5.2.1.10. Reconditioning of structures of the Huinco L2001 and L2002, 220 kV lines

This involves the old so-called L2001 and L2002, 220 kV transmission lines at the Huinco Plant, which were installed in 1970, both 62 km in length. The work involved the reconditioning and painting of the structures of the 6 towers, replacing 36 tons of steel.

The job was carried out by the contractor Rahem during the period 2010-2011, at a cost of US\$ 380 thousand and a 12 month completion timeframe.

5.2.1.11. Implementation the transformer monitoring system

Since 2007, Edegel has been installing continuous, real-time monitoring equipment for screening dissolved gas contents and oil moisture in power transformers that can predict equipment status with a view to scheduling maintenance, replacement or service downtime.

In 2011, 10 monitors were installed, completing 25 of the existing 49 transformers.

5.2.1.12. Replacement of Central Callahuanca's SSEE 60 kV Circuit Breakers

This work involved changing high tension 60 kV circuit breakers installed in 1967, that have an estimated life span of 45 years and are not designed to withstand the short-circuit currents of a 60 kV (18.8 kA) bar. The replacement circuit breakers belong to the L-6031, L-6040 and L-6111 cells, the Group 4 Transformer, and the 60/220 Transformer, Auxiliary Services and Coupling. This completes the replacement of the entire 60 kV substation switches.

The job that started in 2010 with the purchase of the ABB Circuit Breakers finalized in 2010 with the installation of the new circuit breakers, a job that was carried out by the contractor ABB, at a cost of US\$ 575 thousand.

5.2.1.13. Power supply contract with Coelvisac

Edegel signed an electric energy supply contract with the distribution company Distribuidora COELVISAC, to meet the energy requirements of Cementos Yura located in the Arequipa Municipality. The contract includes an output of up to 18 MW in 2011 and 7.9 MW over the last 2 years, running from July 1, 2011 till December, 2013.

5.2.1.14. Electricity Supply contract with SEAL

Edegel signed an electric energy supply contract with the distribution company Distribuidora SEAL to address the energy requirements in the region of Arequipa. The contract includes an average output of 92 MW for the period January-June 2013.

5.2.1.15. Power Supply contract with ElectroSur

Edegel signed an electric energy supply contract with the distribution company Distribuidora ELECTROSUR, to address the energy requirements in the region of Tacna and Moquegua. The contract includes an average output of 63 MW, for 2012 and 2013.

5.2.1.16. Power Supply contract with Hidrandina

Edegel signed an electric energy supply contract with the distribution company from the Distriluz Group, to address the energy requirements in the regions of La Libertad, Cajamarca and Ancash. The contract includes an average output of 90 MW, for the year 2012.

5.3. Projects under study**5.3.1. Curibamba Hydroelectric Plant**

This is a 188 MW run-of-the-river hydroelectric power station located upstream of the Chimay Hydroelectric Plant, in the municipality of Junín and which uses waters from the Comas and Uchubamba rivers through an 8.1 km pressure tunnel.

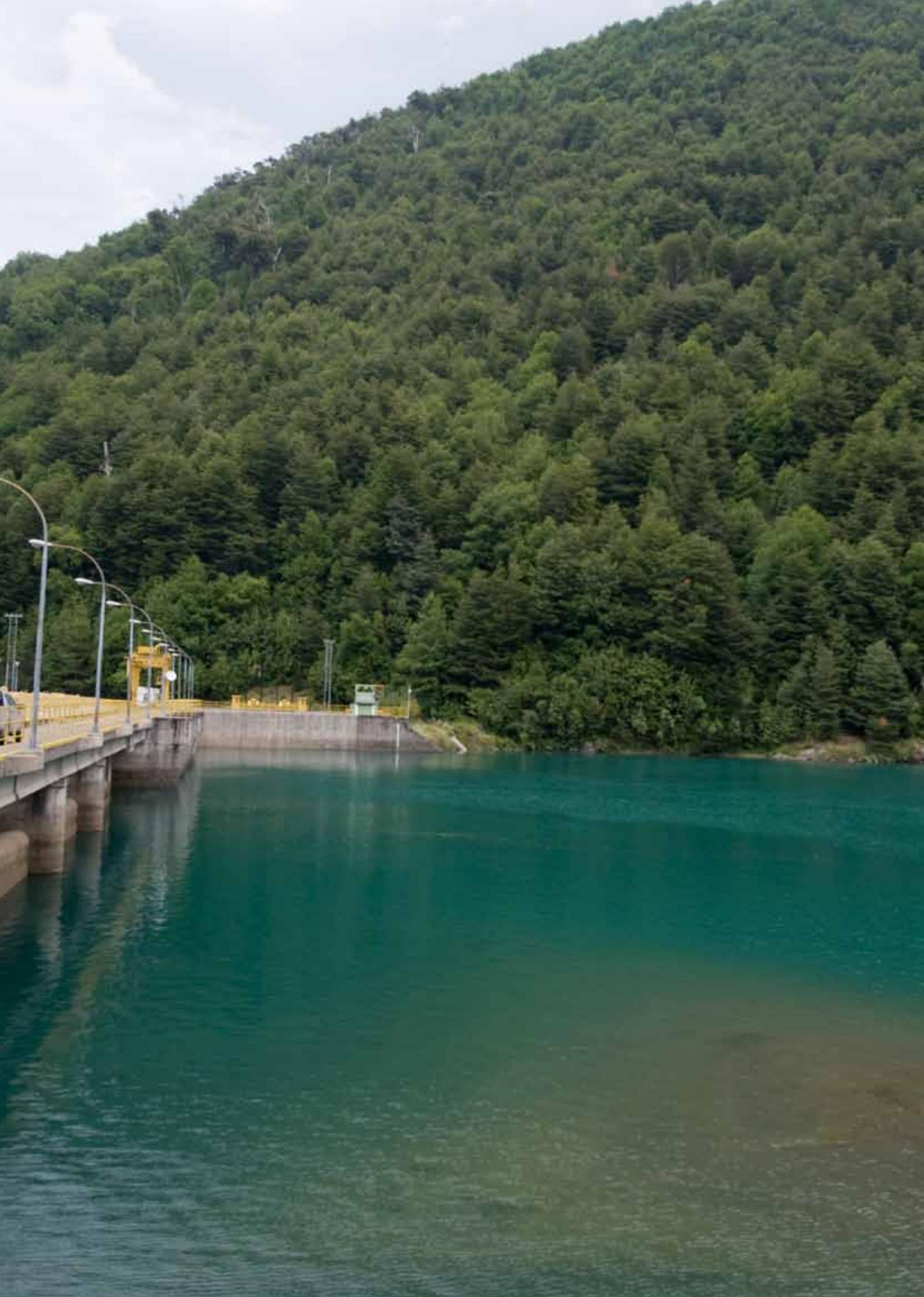
In September 2011 the geotechnical prospecting work was finalized and at the end of December the cave passage exploration was completed, while work has continued on the engineering and basic designs. With regard to the Plant's Environmental Impact Evaluation (EIS/EIA), this is still in process, as the third set of questions was sent to the authorities on December 26.

In November 2011, the EIS/EIA of the Transmission Line was submitted as well as the Executive Summary corresponding to the General Board of Environmental and Energy Affairs (DGAAE)



Environment and sustainable development





1. Environment and sustainable development

Within the framework of its Sustainable Corporate Development (SCD/DSE) commitment since 2003 Endesa Chile has had a Corporate Sustainability Policy that guides its actions and decisions.

This Policy addresses 3 dimensions of the SCD/DSE: the economy, the environment and the social dimension. And it establishes the company's priorities through 7 commitments; namely, Good Governance and ethical behavior; the creation of value and profitability; the development of the communities in which it operates; the quality of service; health, safety and the personal and professional growth of its workers; environmental protection; and, innovation and efficiency. Furthermore, since 2009, it has added 2 new challenges in response to challenges identified by the various stakeholders: Climate Change; and local roots and social legitimation.

As part of its commitment to SCD/DSE, since 2004 Endesa Chile is signatory to the United Nations Global Compact, an initiative that seeks to promote Corporate Social Responsibility (CSR). Thus, through its Progress Communication (COP), the company reports annually about the progress made in its application of the Pact's 10 principles. In 2011, and for the 5th consecutive year, Endesa Chile's COP received the top rating, qualifying for the Advanced Program, for its outstanding response to its commitment.

Along the same line of the commitment to the Global Compact, in April, 2011 the Good Practices Report of Chile's Global Compact Network was submitted. This document presents outstanding initiatives from 23 Network member organizations regarding the application of the Pact's 10 principles; and, in this report Endesa Chile stands out for its work with Fundación Pehuén, thus exemplifying the 1st Principle that refers to the protection of Human Rights.

In seeking to promote SCD/DSE among the company's workers, during 2011, operations were implemented such as the preparation and distribution of a sustainability booklet to all company employees, as well as Endesa Chile's Sustainable Corporate Development Tour around its nationwide facilities. In this context, the company's strategies in these areas were presented to company workers in the field, in turn listening to their own concerns and requests on the subject.

Within the framework of the company's Stakeholder Engagement strategy, and in seeking to respond to the challenge of local rooting, in 2011 stakeholder group mapping workshops were implemented in 4 electric energy generating facilities. These maps are an essential input for the design of strategic relationship plans with key local stakeholder groups for each electric energy generation plant.

The sustainability evaluation process is found to be essential to the company's value-creation model. Therefore, the company voluntarily submits to different instruments, assessing its performance and comparing its management on the matter. Thus, on September 8, 2011, Endesa Chile was acknowledged as one of the most socially responsible companies in Chile, standing eleventh in the VII National Ranking on Corporate Social Responsibility of the PROhumana Foundation and the Qué Pasa Magazine.

On environmental matters, out of 61 facilities, environmental inspections were held at 44 of them during 2011, representing 72% of the total. The objective of these inspections is to ensure early identification of substandard environmental conditions and to encourage best environmental practices among Latin American countries, standardizing environmental management in the various facilities. Additionally, in 2011, the facilities in Chile passed their follow-up auditing processes and their re-certification of the ISO 14,001 norms successfully.



At the closing of the period, the universe of unresolved pending environmental liabilities in Argentina, Brazil, Chile, Colombia and Peru averaged 68%. During 2011 2 environmental liabilities were resolved, both of them in Chile, corresponding to the elimination of transformers with PCB-contaminated oil at the Abanico Plant, and land restoration work at the Sauzal Plant, which still had concrete chambers out of use.

In 2011, Endesa Chile published a book entitled "Introduction to Ecological Flow Calculations; an analysis of current trends". This book presents a literary review of the main methodologies for estimating ecological flow throughout the world; it analyzes methods used in the United States of America and in New Zealand (countries considered leaders in the field), the status of the ecological flow studies and applicable legislation in Chile. This document was distributed to interested parties and it was uploaded into the company's Intranet for its employees.

On the other hand, Endesa Chile published its 2010 Annual Regional Environmental Report, in its 10th version, which consolidates its 2010 environmental management of its facilities, affiliates and related companies in Latin America, in pursuit of meeting commitments arising from its Environmental Policy. This report was uploaded to Endesa Chile's Intranet and is also available on the company's Website.

In terms of the strategy for the use of renewal energy sources as a significant factor in the struggle against Climatic Change, in 2011 the Canela II Aeolic Plant was validated by the Clean Development Mechanism (MDL) and its registration application was filed before the United Nations Framework Convention on Climate Change (UNFCCC). At the end of the year, this process reached the Question & Answer stage between the UNFCCC and Endesa Chile. In the voluntary market, efforts continued toward recording greenhouse gas emissions avoided by the Canela Aeolic Plant between the onset of commercial operations and their registration before the MDL (December 27, 2007 and April 3, 2009), as certified by Gold Standard. In turn, during the year, procedures were started to analyze the addition of new power projects, aimed at determining whether they met the criteria for registering reduced emissions with the MDL.

Technology and Innovation





esa Chile E

CCG Centro de Control de Generación Grupo Entel CMD Centro de Monitoreo y Diagnóstico

CHILE

Datos Generación

Central	MHD Disponibilidad		Potencia		Factor de Carga (%)
	En Servicio	Total	Actual (MW)	Disponible (MW)	
Centrales Térmicas	10	22	958	1.408	72
Centrales Hidráulicas Centro	15	21	720	1.360	51
Centrales Hidráulicas Sur	12	17	1.887	2.007	41
Central Eólica	5	11	5	10	1
Total	42	70	2.570	5.785	34

Reporte de In novedades

Central	Unidad	Tipo	Descripción	Fecha de Inicio
ABANICO	01	MDV	vigencia actualización	14/02/2008 12:00:00
HUASCO TG	05	MDV	vigencia actualización	14/02/2008 04:00:00
ABANICO	03	MDV	vigencia actualización	14/02/2008 04:00:00
ATACAMA	04	MDV	se requiere cambiar valores	14/02/2008 01:31:31
BLA	01	MDV	se requiere actualizar	14/02/2008 04:00:00
CINCO CERROS	02	OTI	se requiere actualizar	14/02/2008 04:00:00

- Térmicas
- Hidráulicas Centro
- Hidráulicas Sur
- Eólicas

COMPOSICIÓN POR TIPO DE CENTRAL



GENERACIÓN ACTUAL POR GRUPO CENTRALES



FACTOR DE CARGA CENTRALES DMS



MONITOREO DE UNIDADES



1. Research, development and innovation

Endesa Chile aims at maintaining and improving its leadership position in the field of Innovation, becoming at the same time a benchmark for the electric energy industry. It believes that innovation should contribute toward creating an innovative culture among workers and obtaining value creation projects, turning this into a differentiating and competitive factor. One of the main challenges has been to raise awareness throughout the organization regarding a grounded innovative culture, climate and practices, supported by initiatives that encourage the workers' talents.

1.1. Culture of innovation within the company

During 2011, we conducted the following operations to strengthen the organization's R+D+i:

1.1.1. Innovation Week

A week of Innovation was held between May 16 and 20, aimed at encouraging the creative capacity of the workers, viewing work from an innovative perspective and strengthening the concept of daring to submit ideas. Throughout the week we held motivational lectures, dynamics aimed at encouraging creativity and a technological fair which presented the main projects developed by the employees in the various lines of business.

1.1.2. Technological Visits

In order to transfer technology from other national industries, a program called "technological visits" was designed to offer workers the possibility of getting to know in detail companies of other lines of business with a view to identifying processes and technologies that could apply to our own line of business. Three visits were organized this year; the first was to Metro de Santiago subway metro train, followed by another to the Nuclear Studies Center in La Reina, and finally a visit to TVN's television studio.

1.1.3. Innovation Leaders

During 2011, the function of "Endesa Chile's Innovation Leaders" became official, which permitted extending the

innovation network to 11 persons in Chile. This group of workers took on this role in addition to their normal work responsibilities, aiming at becoming an innovation benchmark within their own department, promoting the generation of ideas through motivational activities and training.

1.1.4. Second meeting of Latam innovation

In October, the Second Latin-American Meeting on Research, Development and Innovation was held in the offices of AMPLA in Niteroi, Brazil. The event, aside from strengthening interpersonal relations between those working in R+D+i in all countries, enabled the smooth interchange of experiences, knowledge and tools that have strengthened the development of activities, promoting an innovative culture among the workers and developing projects of value for the company.

1.2. The process of capturing ideas

The process of capturing employee ideas is a cornerstone of the company's innovation program, so we need to maintain the IT platform updated and appealing to workers, so that it becomes a meeting point and a place to brainstorm ideas. Thus, in 2011 through a pilot program, a massive new software tool, based on the concept of collective intelligence, was successfully tested. This software, guided through a pre-determined process, is capable of improving and selecting the ideas proposed by employees.

This tool helped us capture a good number of ideas contributed by the workers. The challenge here is the evaluation and subsequent transformation of these ideas en projects of value, for which we have a support structure created to this effect: local innovation leaders, local assessment committees, an Executive Innovative Committee and a Steering Committee.

1.3. Projects of value for the company

Endesa Chile has shown the leadership necessary to undertake new and major challenges and become a pioneer in the implementation of solutions for the good of the country's energy development. Emphasis is on the construction of the first rolled concrete (hormigón rodillado) dam in the country, which during its first years of operation was the highest dam of its kind built with this methodology, the first wind park connected to the CIG/SIC grid in 2007 with 11 wind turbines, totaling an installed capacity of 18 MW, the implementation of a father post-natal program before the enactment of the pertinent law,

and the implementation of a program for a gradual return to duties of those workers returning to their works after completing a post-natal leave period.

Aware of the fact that innovative projects are developed in all units and at all levels of the organization, some of the innovative projects that are currently in operation or under development are the following:

1.3.1. Sauzal pumping plant

The Cachapoal river waters intended for irrigation were being diverted from the Sauzal plant without being used for electric energy generation. Following a US\$ 1.6 million investment, the waters are no longer diverted, but used for electric energy generation, and subsequently restored for irrigation purposes by way of a 2.4 m³/s maximum capacity pumping plant, thereby achieving a more efficient use of the water, and recovering approximately 3,000 MWh/year.

1.3.2. Offsetting reactive materials

The STATCOM project involves the installation of a dynamic compensation system for reactive capacity in order to achieve greater active capacity transmission by way of the 500 kV lines of the backbone system of the CIG/SIC grid, which will enable greater electric energy generation from the southern to the central regions, without extending the existing transmission system. Endesa Chile's investment amounted to US\$ 21 million.

1.3.3. Maintenance based on condition

This is a pilot project at the Pehuenche Plant that promoted the incorporation of technology for the capture and preservation of the know-how of hydroelectric plant maintenance experts. The project envisages the installation of new instruments, hardware and software that allows for the introduction and development of algorithms (expert systems) meant for the early identification of deviations from normal unit behavior. These algorithms reflect the know-how and the analytical methods used by experts. It is expected to reduce corrective maintenance, optimize preventive maintenance, and enable the introduction of maintenance based on conditions or predictive.

1.3.4. Technical Surveillance

During 2011, the company's Technical Surveillance Model was designed, aimed at establishing an organized, targeted

and ongoing process to capture information from without and within the company about science, technology or other subjects of interest, selecting it, analyzing it, broadcasting it and converting it into useful knowledge for adopting less risky decisions and being able to anticipate changes. To this end, a pilot project was initiated in the field of engineering, to survey the needed and available know-how in the area and to verify the efficiency of current and specific studies of technological relevance and intelligence. The pilot will help refine the assumptions of the designed model, making it later available to the organization at large.

1.3.5. Energy Efficiency

In the field of energy management, Endesa Chile is promoting and leading short and medium-term projects that compromise operational efficiency. In this regard, in 2011 a project to implement an energy management system (EMS) under the ISO 50,001 standard for the Quintero Plant was launched that seeks to standardize, systematize and optimize the plants energy management, thereby achieving quantifiable and traceable results over time. This project also includes new EMS implementation processes but now for the remaining thermoelectric plants (conventional and combined-cycle) since the expected benefit is greater. A second line of projects is focused on optimizing plant efficiency by way of operational excellence and continuous improvement (innovation, technological renewal and others), establishing objectives and goals to that effect.

1.3.6. Alternative generation sources

In order to ensure future supply and to diversify the company's energy generation matrix, we continue to research alternative sources of energy generation: biomass and low pressure hydraulics (hidráulicas de baja caída) among others. .

1.3.7. Challenges

The goal for coming years is to get people in the organization to create new R+D+i projects, focused on generating new business, improving internal productive processes, energy efficiency, search for new sources of energy generation, all of them focused on increasing company value.

The above is based on an adequate management innovation program and a network enabling the development of the organization's strengths and capabilities, as well as eventually-identified improvement spaces.

Share in
affiliates
and related
companies and
Outline





1. Share participation in Affiliates, Related Companies, Jointly-Controlled and Partner Companies

Affiliates	Share	
	2011	2010
Argentina		
Endesa Argentina S.A.	100.00%	100.00%
Endesa Costanera S.A.	69.76%	69.76%
Hidroeléctrica El Chocón S.A.	65.37%	65.37%
Hidroinvest S.A.	96.09%	96.09%
Southern Cone Power Argentina S.A.	100.00%	100.00%
Brasil		
Ingendesa do Brasil Ltda.	100.00%	100.00%
Chile		
Central Eólica Canela S.A.	75.00%	75.00%
Compañía Eléctrica San Isidro S.A. (SAN ISIDRO S.A.)	100.00%	100.00%
Compañía Eléctrica Tarapacá S.A. (CELTA S.A.)	100.00%	100.00%
Empresa de Ingeniería Ingendesa S.A. (INGENDESA)	100.00%	100.00%
Empresa Eléctrica Pangué S.A. (PANGUE S.A.)	94.99%	94.99%
Empresa Eléctrica Pehuenche S.A. (PEHUENCHE S.A.)	92.65%	92.65%
Endesa Eco S.A.	100.00%	100.00%
Endesa Inversiones Generales S.A. (ENIGESA)	99.96%	99.96%
Inversiones Endesa Norte S.A.	100.00%	100.00%
Sociedad Concesionaria Túnel El Melón S.A.	100.00%	100.00%
Colombia		
Emgesa S.A. E.S.P. (EMGESA)	26.87%	26.87%
Sociedad Portuaria Central Cartagena S.A.	25.52%	25.52%
Peru		
Chinango S.A.C.	49.97%	49.97%
Edegel S.A.A. (EDEGEL)	62.46%	62.46%
Generandes Perú S.A.	61.00%	61.00%

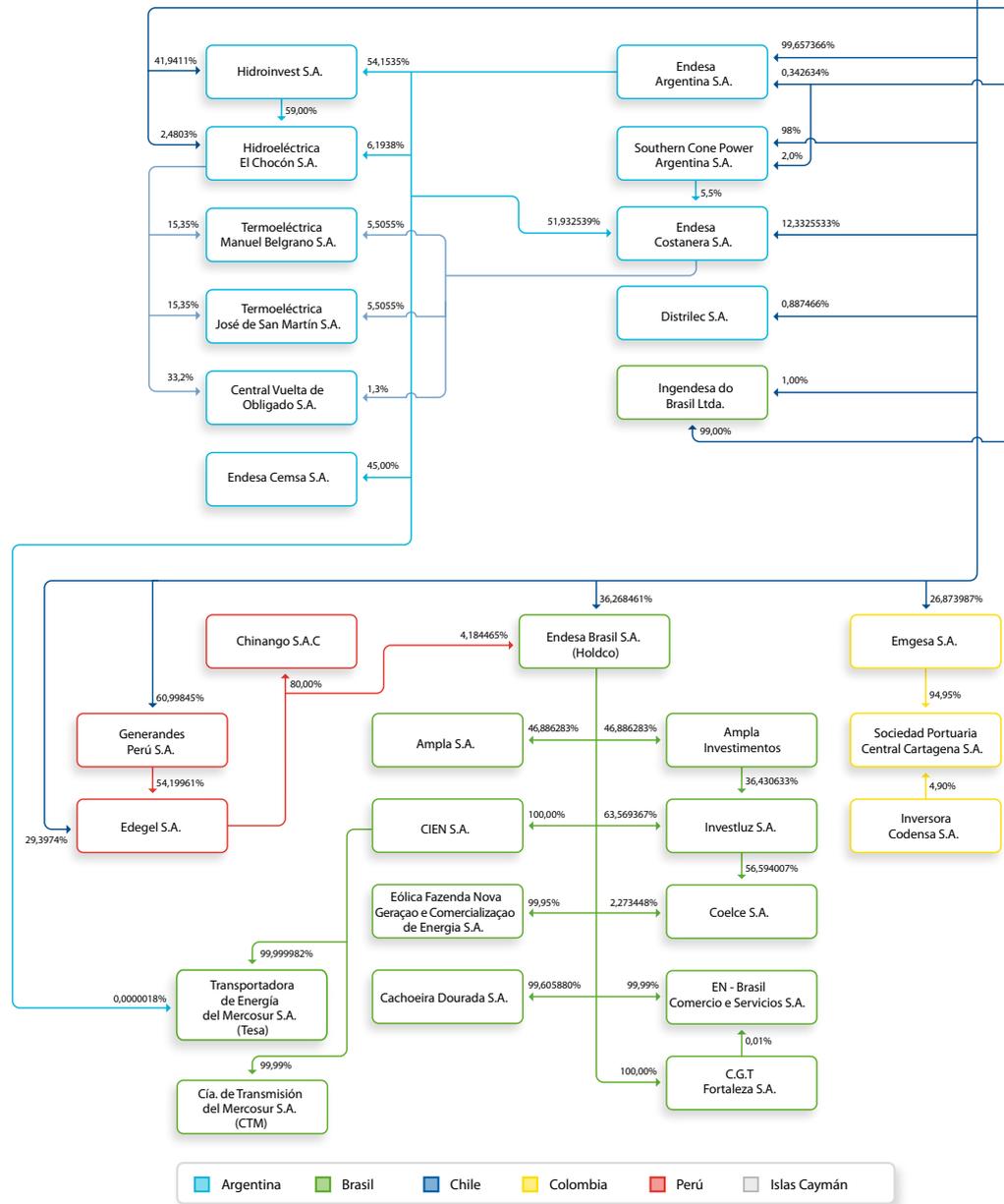
Jointly Controlled Companies (1)	Share	
	2011	2010
Chile		
Aysén Energía S.A.	51.00%	51.00%
Aysén Transmisión S.A.	51.00%	51.00%
Centrales Hidroeléctricas de Aysén S.A. (HIDROAYSÉN)	51.00%	51.00%
Consorcio Ara- Ingendesa Ltda.	50.00%	50.00%
Consorcio Ingendesa Minmetal Ltda.	50.00%	50.00%
Gas Atacama Chile S.A.	50.00%	50.00%
GasAtacama S.A.	50.00%	50.00%
Gasoducto Atacama Argentina S.A.	50.00%	50.00%
Gasoducto Taltal S.A.	50.00%	50.00%
Inversiones GasAtacama Holding Limitada	50.00%	50.00%
Progas S.A.	50.00%	50.00%
Sociedad Consorcio Ingendesa-Ara Ltda.	50.00%	50.00%
Transmisora Eléctrica de Quillota Ltda.	50.00%	50.00%
Cayman Islands		
Atacama Finance Co.	50.00%	50.00%
Energex Co.	50.00%	50.00%

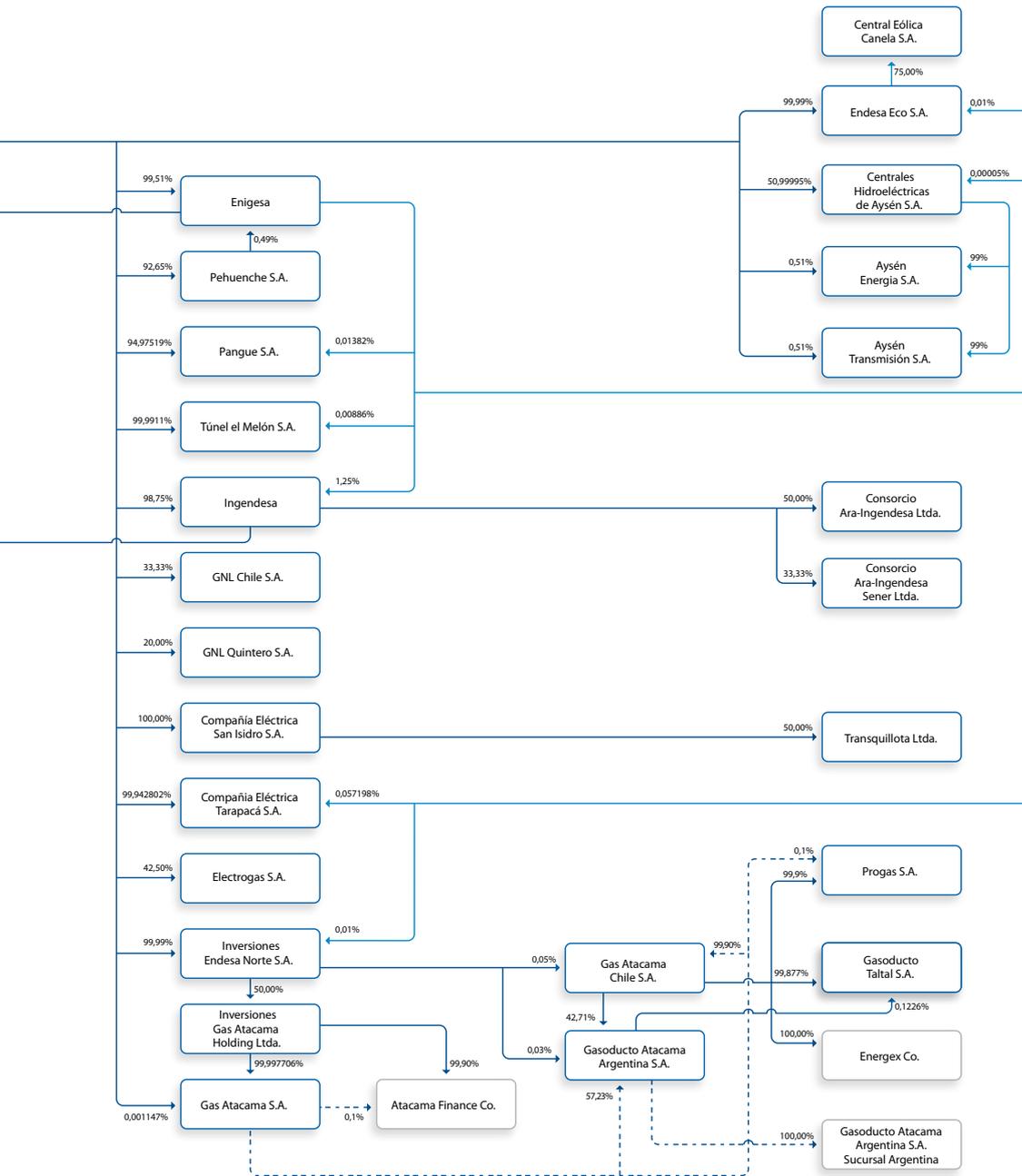
(1) Jointly Controlled Companies are those in which the parent company controls the majority of the voting rights, or, should this not be the case, where it has the capacity to govern their financial and operating policies by virtue of an agreement with other shareholders or jointly with them. The Jointly-Controlled Companies are consolidated via the proportional integration method, i.e. in the same proportion as Endesa Chile participates in their equity capital.

Associate	Share	
	2011	2010
Argentina		
Compañía de Transmisión del Mercosur S.A. (CTM)	38.88%	38.88%
Distrilec Inversora S.A.	0.89%	0.89%
Endesa Cemsa S.A.	45.00%	45.00%
Termoeléctrica José de San Martín S.A.	13.88%	13.88%
Termoeléctrica Manuel Belgrano S.A.	13.88%	13.88%
Transportadora de Energía S.A. (TESA)	38.88%	38.88%
Brazil		
Ampla Energia e Serviços S.A.	18.23%	18.23%
Ampla Investimentos e Serviços S.A.	18.23%	18.23%
Centrais Elétricas Cachoeira Dourada S.A.	38.73%	38.73%
CGTF-Central Geradora Termelétrica Fortaleza S.A.	38.88%	38.88%
Companhia Energética do Ceará (COELCE)	18.63%	18.63%
Compañía de Interconexión Energética S.A. (CIEN)	38.88%	38.88%
En-Brasil Comercio e Serviços S.A.	38.88%	38.88%
Endesa Brasil S.A.	38.88%	38.88%
Eólica Fazenda Nova o Geraco e Comercializacao de Energia S.A.	38.86%	38.86%
Investluz S.A.	31.36%	31.36%
Chile		
Consortio Ara- Ingendesa Sener Ltda.	33.33%	33.33%
Electrogas S.A.	42.50%	42.50%
GNL Chile S.A.	33.33%	33.33%
GNL Quintero S.A.	20.00%	20.00%
Inversiones Electrogas S.A.	42.50%	42.50%

Financial Cost Investment	In thousand pesos	Ratio of the investment to the parent company's assets
Endesa Brasil S.A.	423,383,418	10.68%
Edegel	209,147,426	5.28%
Pehuenche	162,155,435	4.09%
Emgesa	143,702,869	3.63%
Generandes Perú	127,817,912	3.23%
Endesa Argentina S.A.	96,507,147	2.44%
Celta (Cía. Elect. Tarapacá)	81,251,309	2.05%
Inversiones Endesa Norte	73,696,656	1.86%
Pangue	71,462,585	1.80%
Centrales Hidroeléctricas de Aysen S.A.	70,997,878	1.79%
Túnel El Melón	37,683,582	0.95%
Cía. Eléctrica San Isidro	31,263,918	0.79%
Hidroinvest	28,737,651	0.73%
GNL Quinteros S.A.	11,158,892	0.28%
Southern Cone Power Argentina S.A.	4,990,054	0.13%
Electrogas S.A.	4,419,693	0.11%
Hidroeléctrica El Chocón	3,708,267	0.09%
Distrilec	3,033,039	0.08%
Endesa Costanera S.A.	2,672,100	0.07%
Ingendesa	2,087,347	0.05%
Enigesas	1,877,227	0.05%
Endesa Eco S.A.	579,942	0.01%
GNL Chile S.A.	527,490	0.01%
Ingendesa do Brasil	5,082	0.00%
Gas Atacama S.A.	446	0.00%
HidroAysen Transmisión S.A.	114	0.00%
Aysén Energía S.A.	25	0.00%
Inversiones Electrogas	-	0.00%

2. Outline







Relevant
company
highlights





1. Endesa Chile

On March 2, 2011, pursuant to the provisions of Articles 9 and 10, subsection 2 of Law N° 18,045 and General Rule N° 30 of the Superintendence for Securities & Insurance Companies, the following essential fact was reported:

On February 28, 2011, the company's Board, in regular session agreed to amend in advance the Dividend Policy for 2010 fiscal year which was put forward at the last regular meeting held on April 22, 2010. The amendment consists in reducing the percentage of net income to be distributed for the 2010 fiscal year from 60% to 50%.

In line with the above, the Board will propose to Endesa Chile's annual Ordinary Shareholders' Meeting, to be held on April 2011, the distribution of a final dividend of CLP\$ 32.52693 per share, representing a total distribution that amounts to CLP\$ 266,777,897,101. From this figure we must deduct the interim dividend of CLP\$ 6.42895 per share paid out in January 2011. Consequently, the amount to be distributed to shareholders will be CLP\$ 26.09798 per company share, which, if approved by the Annual General Meeting, will be paid on dates it so determines.

On March 8, 2011, pursuant to the provisions of Article 63 of Law N° 18,046, it was reported that the Board of Empresa Nacional de Electricidad S.A., agreed to call an Ordinary Shareholders' Meeting for April 26, 2011, at 11:30 a.m., at the Espacio Riesco Convention Center located on Avenida el Salta N° 5000, Municipality of Huechuraba, Santiago.

1.1. The Ordinary Shareholders' Meeting shall hear and decide about the following matters:

1. Approval of the Balance Sheet, Financial Statements, External Auditor's and Account Inspector's Report for the year ended December 31, 2010;
2. Distribution of profits and dividends;
3. Presentation on the company's Dividend Policy and information regarding the procedures to be used in the distribution thereof;
4. Investment and Financing Policy proposed by the Board;
5. Fixing the compensation of the Board Members;
6. Fixing the compensation of the Directors' Committee and setting its budget for the 2011 fiscal year;
7. Directors' Committee Report;
8. Appointment of an external auditing firm, governed by Title XXVIII of the Stock Market Law, for the 2011 fiscal year;

9. Selection of two Account Inspectors and two alternates and determining their compensation;
10. Information on resolutions adopted by the Board to approve related party transactions pursuant with the provisions of article 147 of the Law on Stock Companies.
11. Other matters of social interest and that are under the Board's rule.

On April 15, 2011, Empresa Nacional de Electricidad S.A., filed an arbitration procedure claiming damage compensation against CMPC Celulosa S.A., for the sum of CLP\$ 41,864,543,390 (€61,384,961) plus any interests accrued for the damage derived from the consumption occurring at the chlorate plant owned by Erco (Chile) Limitada, a CMPC Celulosa S.A. contractor for the period between December 2006 and June 2009.

The background of the referred claim before the Arbitration Tribunal -integrated by Urbano Marin Vallejo (Chairman), Olga Feliz Segovia and Andrés Jana Linetzky- is the final and enforceable arbitral award on the arbitration labeled: "Empresa Nacional de Electricidad S.A. vs. CMPC Celulosa S.A.", issued on March 27, 2009 by the Arbitration Tribunal integrated by Luis Morand Valdivieso (Chairman), Víctor Vial del Río and Antonio Buscañán Valdés.

Said arbitration originated from the differences that occurred during the term of the electric energy supply contract executed between Endesa Chile S.A. and CMPC Celulosa S.A., upon winning the tender summoned by CMPC Celulosa S.A. for the supply of electric energy to all its plants: Santa Fe, Inforsa, Laja and Pacifico. This contract was signed on May 31, 2003, with supply beginning in January 2004.

As a result of Endesa Chile having detected that since 2006 the real consumption of free customers had increased substantially as compared to their own Bid Bases projection, it initiated a process of negotiation with the customer in order to reach an agreement regarding this higher consumption. In the absence of such an agreement following such negotiations, Endesa Chile decided to subject these differences to an arbitration procedure as provided for in the contract.

The 2009 arbitral award in essence ruled, in its operative part, the following:

- 1) It accepted the claim made by Endesa Chile and determined that it was indeed under no obligation to provide the consumption for the chlorate plant owned by ERCO (Chile) Limitada.

- 2) It accepted the reservation of rights requested by Endesa Chile to collect for damage on account of consumption by ERCO (Chile) Limitada, determining that it is indeed entitled to collect for the damage suffered as of the date in which the claim notice is served.
- 3) It accepted the claim filed by Endesa Chile, thereby ruling Celulosa's obligation to operate its own generation units at full capacity.

Upon the enforcement of the arbitral award by the Supreme Court, in the year 2010, Endesa Chile took steps toward filing a new arbitration, this time to determine the amount of damage recognized by the prior arbitration award, a new arbitration that got started upon filing the claim for indemnification of damage.

On April 27, 2011, pursuant to the provisions of Articles 9 and 10 of Law N° 18,045 and as provided under General Rule No. 30 of the Superintendence for Securities & Insurance Companies, the essential fact is reported that the Annual Ordinary Shareholders' Meeting held on April 26, 2011 agreed to distribute a minimum mandatory dividend (partly composed of interim dividend No. 49 of CLP\$ 6.42895 per share) and an additional dividend amounting to CLP\$ 32.52693 per share. Considering that said interim dividend No. 49 has already been paid, the balance payable of final dividend No. 50 -amounting to CLP\$ 26.09798 per share- shall be distributed and paid.

On October 6, 2011, the SIS (Superintendence for Securities & Insurance Companies) issued Exemption Resolution N° 545 and applied a fine to the Board Members of Pehuenche who were involved in the approval of the contract for Energy and Capacity executed between Pehuenche S.A. and its Parent Company Endesa, dated November 19, 2007.

The fines applied were the following:

1. The Board Members who were not members of the Steering Committee, were sanctioned for not verifying whether or not the Energy and Capacity Sales Contract executed between Empresa Eléctrica Pehuenche S.A. and the parent company Endesa, dated November 19, 2007 was indeed entered into under fair and prevailing market conditions; and for approving (signing) the Minutes of the Board Meeting which stated that the Steering Committee Report had indeed been read, when in fact only the Minutes of the Board Meeting were read. Fines amounted to 300 UF for each board member.
2. Those Board Members who were members of the Steering Committee upon entering into the above mentioned contract were sanctioned for the above-stated reason and, additionally, for not issuing the corresponding report referred to in the norm. A fine of UF 400 was applied to each such board member.

All of this for offenses allegedly committed.

The Board Members filed a remedy of complaint before the competent Civil Court, upon payment of 25% of the total amount of the fine to the General Treasury of the Republic. Consequently, the referred fines and their merits are being challenged before the Ordinary Courts of Justice, which is hearing the Board Members' petition -through summary procedures- to absolve them.

On October 25, 2011, in accordance with the provisions of Articles N° 9 and N° 10 of the Securities Act and the provisions of General Rule N° 30 of the Superintendence for Securities & Insurance Companies, the following essential fact was reported:

The arbitral award issued following the arbitration proceeding filed before Arbitration Judge Arnaldo Gorziglia for a claim filed by the investment company Inversiones Tricahue S.A. against Empresa Nacional de Electricidad S.A., Empresa Eléctrica Pehuenche S.A., and the Board Members of the latter who were in office as of November 2007, was indeed issued on October 24, 2011.

The arbitral award rejected the primary claim on the merits consistent in the petition to rescind, cancel or terminate the contract for the supply of energy and capacity entered into between Empresa Eléctrica de Pehuenche S.A. and Empresa Nacional de Electricidad S.A., dated November 19, 2007, albeit accepting the ancillary petition for compensation of damage against the respondents, ordering them to pay the sum of US\$ 6,547,000 to Inversiones Tricahue S.A. The company will analyze the arbitral award for the eventual filing of the appropriate legal remedies.

On November 30, 2011, pursuant with the provisions of Articles N° 9 and N° 10, subsection 2 of Law N° 18,045, and the provisions of General Rule N° 30 of the Superintendence for Securities & Insurance Companies, the essential fact was reported that at today's Board of Directors Meeting of Empresa Nacional de Electricidad S.A. it was agreed to pay, on January 19, 2012, an interim dividend of CLP\$ 5.08439 per share, chargeable to the results of fiscal year 2011, corresponding to 15% of net income, calculated as of September 30, 2011, pursuant to the company's dividend policy currently in effect .



Identification of Affiliate and Related Companies





AMPLA ENERGÍA E SERVIÇOS

Company Name

AMPLA Energia e Serviços S.A.

Type of Company

Publicly Traded Corporation

Address

Praça Leoni Ramos, Nº 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

Business Purpose

Study, plan, design, build and explore systems for the production, transmission, transformation, distribution and trading of electric energy, as well as to provide related services that have been or may be granted; perform energy sector research and participate in other companies of the energy sector as shareholder, including Brazil's privatization program.

Business Activity

Distribution of electric energy

Subscribed and Paid-in Capital

M\$ 279,961,754

Board of Directors

Mario Fernando de Melo Santos
Antonio Basilio Pires e Albuquerque
Ramón Francisco Castañeda Ponce
Nelson Ribas Visconti
Luiz Felipe Palmeira Lampreia
José Alves de Mello Franco
José Távora Batista
Cristián Eduardo Fierro Montes
Elizabeth Codeço de Almeida Lopes

Senior Executives

Marcelo Llévanes Rebolledo
President and CEO
José Alves de Mello Franco
Bruno Golebiovsky
Carlos Ewandro Naegele Moreira
Claudio Rivera Moya
Luiz Carlos Laurens Ortins de Bettencourt
Déborah Meirelles Rosa Brazil
Albino Motta da Cruz
André Moragas da Costa
Aurélio Bustilho Oliveira

Commercial relationship with Endesa Chile

The company has no business relationships with Endesa Chile.

AMPLA INVESTIMENTOS E SERVIÇOS

Company Name

AMPLA Investimentos e Serviços S.A.

Type of Company

Publicly Traded Corporation

Address

Praça Leoni Ramos, Nº 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

Business Purpose

Study, plan, design, build and explore systems for the production, transmission, transformation, distribution and trading of electric energy, as well as to provide related services that have been or may be granted; provide services of any nature to concessionaires, permissionaires or authorized electric energy service providers and to their customers and to participate in other companies of the energy sector as shareholder.

Business Activities

Investment Company

Subscribed and Paid-in Capital

CLP M\$ 33,662,736

Board of Directors

Mario Fernando de Melo Santos
Antonio Basilio Pires e Albuquerque
Ramiro Alfonsin Balza
Cristián Eduardo Fierro Montes
Nelson Ribas Visconti
Luiz Felipe Palmeira Lampreia
José Alves Mello Franco
José Távora Batista
Marcelo Llévanes Rebolledo

Senior Executives

Marcelo Llévanes Rebolledo
Luiz Carlos Laurens Ortins de Bettencourt
José Alves de Mello Franco

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile

ATACAMA FINANCE

Company Name

Atacama Finance Co.

Type of Company

Tax-exempt company, incorporated in Cayman Islands, BWI

Address

Caledonian House P.O. Box 265 G, George Town, Grand Cayman, Cayman Islands.

Business Purpose

The Company's main objective includes the borrowing of capital on the financial market through loans granted or the issuance of bonds or other securities and money loans to other companies, particularly to those related to the Atacama Project.

Business Activities

Investment Company

Subscribed and Paid-in Capital

CLP M\$ 3,272,178

Board of Directors

Horacio Reyser
Ricardo Rodríguez
Eduardo Escaffi Johnson
Vacancy

Business relationships with Endesa Chile

The company has a loan (debt acknowledgement) with Endesa Chile for US\$ 38.5 million that expires on March, 2012.

AYSÉN ENERGÍA

Company Name

Aysén Energía S.A.

Type of Company

Closely-held stock company

Tax payer ID Number

76,091,595-5

Address

Miraflores 383, office 1302, Santiago, Chile.

Business Purpose

Comply with the ruling of the Free Competition Defense Tribunal in the first article of Resolution Nº 30 dated May 26, 2009; to fulfill the commitment made by HidroAysén S.A. with the community in Aysén - XI Region, within the framework of the development of the Aysén Hydroelectric Project, to provide the region with an electric energy supply at a cost lower than at present, through the development, funding, ownership and operation of projects for generating and transmitting electric energy in said region. In order to comply with the above, the company shall be entitled to develop the following operations, among others: a) to generate electric energy by means of any form of generation, as well as to supply it and sell it; b) to transport electric energy; c) to provide services related to its Business Purpose; d) to apply for, obtain or acquire and benefit from concessions, rights and permits required.

Business Activities
The generation and transmission of electric energy (project)

Subscribed and Paid-in Capital
CLP M\$ 4,900

Board of Directors
Antonio Albarrán Ruiz-Clavijo
Board Members
Joaquín Galindo Vélez
Juan Benabarre Benaiges
Bernardo Larraín Matte
Luis Felipe Gazitúa Achondo
Ramiro Alfonsín Balza

Acting Board Members
Carlos Martín Vergara
Sebastián Fernández Cox
Claudio Iglesias Guillard
Eduardo Morel Montes
Juan Eduardo Vásquez
Cristián Morales Jaureguiberry

Senior Executives
Daniel Fernández Koprach
General Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

AYSÉN TRANSMISIÓN

Company name
Aysén Transmisión S.A.

Type of Company
Closely-held stock company registered in the Superintendencia for Securities & Insurance Companies' Registry of Securities.

Tax-payer ID number
76,041,891-9

Address
Miraflores 383, office 1302, Santiago, Chile.

Business Purpose
Develop and manage, alternatively or additionally, electric energy transmission systems required by the hydroelectric generation project that HydroAysén plans to build in the Aysén Region. In order to fulfill this purpose, the following operations are an integral part of its business: the design, development, construction, operation, ownership, maintenance and development of electric energy transmission systems; b) the transport of electric energy; c) provide services related to its Business Purpose.

Business Activities
Power Transmission

Subscribed and Paid-in Capital
CLP M\$ 22,368

Board of Directors
Antonio Albarrán Ruiz-Clavijo
Joaquín Galindo Vélez
Juan Benabarre Benaiges
Bernardo Larraín Matte
Luis Felipe Gazitúa Achondo
Ramiro Alfonsín Balza

Acting Board Members
Carlos Martín Vergara
Sebastián Fernández Cox
Claudio Iglesias Guillard
Eduardo Morel Montes
Juan Eduardo Vásquez
Cristián Morales Jaureguiberry

Senior Executives
Jorge Andrés Taboada Rodríguez
General Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

CELTA

Company Name
Compañía Eléctrica Tarapacá S.A.

Type of Company
Closely-held stock company

Tax-payer ID Number
96,770,940-9

Address
Santa Rosa 76, Santiago, Chile.

Business Purpose
Develop the production, transportation, distribution and supply of electric energy, both nationally and internationally, and for such purposes to obtain, acquire and benefit from the respective concessions and benefits.

Business Activities
The generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 103,099,643

Board of Directors
Alejandro García Chacón
Alan Fischer Hill
Humberto Espejo Paluz

Senior Executives
Eduardo Soto Trincado
General Manager

Business relationships with Endesa Chile
Celta has signed an operating, maintenance, management and trading contract with Endesa Chile.

CENTRAL VUELTA OBLIGADO

Company Name
Central Vuelta Obligado S.A.

Type of Company
Closely-held stock company

Address
Av. Thomas Edison 1104, Autonomous City of Buenos Aires, Argentina.

Business Purpose
Electric energy production and block trading and, particularly, equipment procurement, construction, operation and maintenance of a thermal power plant denominated, Vuelta de Obligado, pursuant to the "Agreement for the Management and Operation of Projects, Increased Availability of Thermal Generation and the Adaptation of the 2008-2011 Generation compensation", executed on November 25, 2010 between the National State and the subscribing generation companies.

Business Activities
The construction of a thermo-electric power plant called Vuelta de Obligado.

Subscribed and Paid-in Capital
Ar\$ 500,000

Board Members
José Miguel Granged Bruñen
Fernando Claudio Antognazza
José María Vásquez
Carlos Bertagno

Acting Board Members
Ignacio Villami
Leonardo Marinaro
Juan Carlos Blanco
Roberto José Fagan

Senior Executives
Carlos Bertagno
General Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

CHINANGO

Company Name
Chinango S.A.C.

Type of Company
Closely-held stock company

Address
Av. Víctor Andrés Belaúnde N° 147, Edificio Real 4, Piso 7, San Isidro, Lima, Peru.

Business Purpose
The generation, retailing and transmission of electric energy, empowered to carry out any actions and enter into any contract allowed by Peruvian law to that effect.

Business Activities
The generation of electric energy

Subscribed and Paid-in Capital
M\$ 51,383,395

General Manager
EDEGEL S.A.A., represented by Julián Cabello Yong.

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

COELCE

Company Name
Companhia Energética do Ceará

Type of Company
Open Stock Company

Address
Rua Padre Valdevino, 150, Centro, Fortaleza, Ceará, Brazil.

Business Purpose
The distribution of electric energy and related services in the state of Ceará

Business Activities
The distribution of electric energy

Subscribed and Paid-in Capital
M\$ 121,465,440

Board of Directors
Mario Fernando de Melo Santos
Marcelo Llêvenes Rebolledo
Albino Motta da Cruz
Gonzalo Vial Vial
José Alves de Mello Franco
Aurelio Ricardo Bustilho Oliveira
Jorge Parente Frota Júnior
Cristián Eduardo Fierro Montes
Fernando de Moura Avelino
Renato Soares Sacramento
Francisco Honório Pinheiro Alves

Acting Board Members
Antonio Basilio Pires e Albuquerque
Luciano Alberto Galasso Samaria
Nelson Ribas Visconti
Teobaldo José Cavalcante Leal
José Caminha Aripe Júnior
Luiz Carlos Laurens Ortins Bettencourt
José Távora Batista
Juarez Ferreira de Paula
Vlândia Viana Regis
José Nunes de Almeida Neto

Senior Executives
Abel Alves Rochinha
Gerente Presidente
José Nunes de Almeida Neto
Olga Jovanna Carranza Salazar
José Távora Batista
David Augusto de Abreu
Aurélio Ricardo Bustilho de Oliveira
Carlos Ewandro Naegle Moreira
Luiz Carlos Laurens Ortins Bettencourt
Cristine de Magalhães Marcondes
José Alves de Mello Franco
Nelson Ribas Visconti

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

COBG/CONSORCIO ARA – INGENDESA

Company Name
Consortio Ara – Ingendesa Limitada

Type of Society
Limited Liability Company

Tax-Payer ID Number
77,625,850-4

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Provide engineering services, including the projection, planning and execution of engineering studies and projects, advisories and consultancies, providing technical information and assistance and the management, inspection and development of projects and works. Additionally, to execute all kinds of works, assemble and start-up either for itself or for third parties, all types of facilities, industrial or otherwise, trading for itself or for others the goods and services thus produced.

Business Activities
Engineering Services

Subscribed and Paid-in Capital
CLP M\$ 1,000

Representatives
Alejandro Santolaya de Pablo
Juan Benabarre Benaiges

Alternate Representatives
Eliás Arce Cyr
Cristián Araneda Valdivieso
Fernando Armijo Scotti
Nelson Hernández Pérez

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

COBG/ONSORCIO ARA – INGENDESA – SENER

Company Name
Consortio Ara – Ingendesa – Sener Limitada

Type of Company
Limited Liability Company

Tax-Payer ID Number
76,738,990-6

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
A special business purpose of the company shall be the implementation and enforcement of contracts that the company may be awarded or execute with Empresa de Transporte de Pasajeros Metro S.A.

Business Activities
Engineering Services

Subscribed and Paid-in Capital
CLP M\$ 1,000

Representatives
Alejandro Santolaya de Pablo
Ernesto Ferrandiz Doménech
Juan Benabarre Benaiges

Alternate Representatives
Eliás Arce Cyr
Cristián Araneda Valdivieso
Joaquín Botella Malagón
Ángel Ares Montes
Fernando Armijo Scotti
Nelson Hernández Pérez

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

CTM

Company Name
Compañía de Transmisión del Mercosur S.A.

Type of Company
Stock company incorporated in the city of Buenos Aires, Republic of Argentina.

Address Bartolomé Mitre 797, Floor 11, Autonomous City of Buenos Aires, Argentina	with said core activity, by way of all kind of financial and investment operations, except those covered by the Financial Institutions Law, buying and selling public and private securities, bonds, stocks, negotiable bonds, loan granting and placing of funds in bank deposits of any kind.	Subscribed and Paid-in Capital CLP M\$ 374,326,011
Business Purpose Provide high tension electric energy transport services, as much for national power system links as for international ones, consistent with the current legislation, to which end the company can submit bids on local and international tenders, become a public services concessionaire of national or international high-tension electric energy transport and carry out all such operations as might be required for such purpose, in particular -including but not limited to- by entering construction, operating and maintenance contracts for the initiation and/or expansion of electric energy transportation lines, by participating in the funding of projects directly or indirectly related to said ventures as borrower and/or lender and/or guarantor and/or collateral provider, to which effect it may offer guarantees to third parties. All operations covered by the Financial Institutions Act are hereby excluded, as well as any other requiring public savings.	Business Activities Investment Company	Board of Directors Ignacio Blanco Fernández Board Members Alberto Briand Rebaza Torres Joaquín Galindo Vélez Rafael Fauquié Bernal Reynaldo Llosa Barber Francisco García Calderón Portugal Gerardo Rafael Sepúlveda Quezada
Business Activities The transmission of electric energy via international interconnections.	Subscribed and Paid-in Capital CLP M\$ 79,764,204	Acting Board Members Julián Cabello Yong Teobaldo José Cavalcante Leal Arrate Gorostidi Aguirresarobe Claudio Herzka Buchdahl Alberto Triulzi Mora Claudio Iglesias Guillard
Subscribed and Paid-in Capital CLP M\$ 2,236,873	Board of Directors José Carlos Caino Olivera (President) José María Hidalgo Martín Mateos Cristián Fierro Montes María Inés Justo Juan Carlos Blanco Ramiro Alfonsín Balza Daniel Casal Jorge Subijana Rigoberto Mejía Aravena Vacancy	Senior Executives Carlos Alberto Luna Cabrera General Manager Julián Cabello Yong Carlos Rosas Cedillo Gonzalo Gil Plano Daniel Abramovich Ackerman
Board of Directors José María Hidalgo Martín-Mateos Guilherme Gomes Lencastre Arturo Pappalardo	Acting Board Members Gonzalo Vial Vial José Miguel Granged Bruñen Roberto José Fagan Fernando Antognazza Daniel Garrido Diego Saralegui Ricardo Monge Claudio Díaz Jean Yatim Morillas José Eduardo Lazary	Business relationships with Endesa Chile The company has no business relationships with Endesa Chile
Acting Board Members José Venegas Maluenda Juan Carlos Blanco Roberto José Fagan Gerente General Guilherme Gomes Lencastre	Senior Executives Antonio Jerez	ELECTROGAS
Business relationships with Endesa Chile The company has no business relationships with Endesa Chile	Business relationships with Endesa Chile The company has no business relationships with Endesa Chile.	Company Name Electrogas S.A.
DISTRILEC INVERSORA	EDEGEL	Type of Company Closely-held stock company
Company Name Distrilec Inversora S.A.	Company Name Edegel S.A.A.	Tax-Payer ID Number 96,806,130-5
Type of Company Closely-held stock company	Type of Company Open stock company (corporation)	Address Alonso de Córdova 5900, Office 401, Municipality of Las Condes, Santiago, Chile
Address San José 140, Buenos Aires, Argentina	Address Av. Víctor Andrés Belaúnde N° 147, Edificio Real 4, Piso 7, Centro Empresarial Camino Real, San Isidro, Lima, Peru.	Business Purpose Provide transport service for natural gas and other fuels, for itself and third parties, for which it can build, operate and maintain gas pipelines, oil pipelines, multipurpose pipelines and ancillary facilities.
Business Purpose The sole purpose of investing capital in companies already incorporated or to be incorporated whose core activity is the distribution of electric energy or that participate directly or indirectly in companies	Business Purpose In general, electric energy generating operations. It may also carry out civil, industrial, and commercial acts and operations and of any other nature that may be related or lead to its core Business Purpose.	Business Activity Gas transportation
	Business Activities Power generation	Subscribed and Paid-in Capital CLP M\$ 11,045,498

Board of Directors
Claudio Iglesias Guillard
Juan Eduardo Vásquez Moya
Enrique Donoso Moscoso
Pedro Gatica Kerr
Rafael Sotil Bidart

Acting Board Members
Rosa Herrera Martínez
Jorge Bernardo Larraín Matte
Cristian Morales Jaureguiberry
Juan Oliva Vásquez
Ricardo Santibáñez Zamorano

Carlos Andreani Luco
General Manager

Business relationships with Endesa Chile
Electrogas currently has a valid contract with Compañía Eléctrica San Isidro S.A. for firm natural gas transportation and another for the transportation of diesel oil.

Likewise Electrogas holds a valid contract with Endesa Chile for gas transportation, of an uninterrupted nature and another of a firm nature. Finally there is a valid diesel oil transportation contract in effect between Endesa Chile and Electrogas as well as a contract for the operation and maintenance of a pipeline for the supply of diesel oil to the Quintero Thermoelectric Plant.

EMGESA

Company Name
Emgesa S.A. E.S.P.

Type of Company
Open stock company (corporation); Public utility company

Address
Carrera 11 N° 82-76, piso 4, Bogotá, D.C. Colombia

Business Purpose
The company's sole purpose is the generation and retail of electric energy, as well as the implementation of all related and complementary operations and those related to its core purpose.

Business Activities
Generation and retailing of electric energy

Subscribed and Paid-in Capital
CLP M\$ 142,906,410

Board of Directors
José Antonio Vargas Lleras
Joaquín Galindo Vélez
Ramiro Alfonsín Balza
José Antonio Vargas Lleras
Luisa Fernanda Lafaurie Rivera
Mónica De Greiff Lindo
Héctor Zambrano Rodríguez
José Iván Velásquez Duque

Acting Board Members
Sebastián Fernández Cox
Fernando Gutiérrez Medina
Gustavo Gómez Cerón
Andrés López Valderrama
Henry Navarro Sánchez
Cristina Arango Olaya
Manuel Jiménez Castillo

Senior Executives
Lucio Rubio Díaz
Gerente General
Andrés Caldas Rico
Juan Manuel Pardo Gómez
Fernando Gutiérrez Medina
Gustavo Gómez Cerón
María Celina Restrepo
Leonardo López Vergara
Rafael Carbonell Blanco
Omar Serrano Rueda
Mauricio Carvajal García
Pablo Andrés Aguayo González
Ana Patricia Delgado Meza
Ana Lucía Moreno Moreno
Javier Blanco Fernández

EN-BRASIL COMÉRCIO E SERVIÇOS

Company Name
En-Brazil Comércio e Serviços S.A.

Type of Company
Closely-held stock company incorporated under the laws of the Federal Republic of Brazil.

Address
Praça Leoni Ramos N° 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil

Business Purpose
The purpose of the company is to participate in the stock equity of other companies, in Brazil or abroad, business in general, including importation and exportation, retail and wholesale, of various products, and the provision of services in general for the electric energy sector and others.

Business Activities
Provision of Services in general for the electric energy sector and others

Subscribed and Paid-in Capital
M\$ 287,867

Management
Ricardo da Silva Correia
General Manager
Joaquim Caldas Rolim de Oliveira

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

ENDESA ARGENTINA

Company Name
Endesa Argentina S.A.

Type of Company
Open stock company (corporation)

Address
Suipacha 268, piso 12, Buenos Aires, Argentina.

Business Purpose
Invest in companies involved in the production, transportation and distribution of electric energy and its retailing, as well as conducting financial operations, except those that by law are restricted exclusively to banks.

Business Activities
Investment Company

Subscribed and Paid-in Capital
CLP M\$ 81,188,759

Board of Directors
José María Hidalgo Martín Mateos
Jose Miguel Granged Bruñen
María Inés Justo

Acting Board Members
Rodrigo Quesada
Mariana Cecilia Mariné
María Julia Nosetti

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

ENDESA BRASIL

Company name
Endesa Brasil S.A.

Type of Company
Closely-held stock company

Address
Praça Leoni Ramos, N° 1, 7° andar, bloco 2, Niterói, RJ, Brazil.

Business Purpose
Share in the capital stock of other companies and associations in any segment of the energy sector, including companies providing services to others operating in this sector, in Brazil or abroad; the provision of energy transmission, distribution, generation and retail services and related operations, and involvement, independently or by means of joint ventures, partnerships, consortiums or other similar forms of association, in tenders, projects and ventures for the implementation of the above mentioned services and operations.

Business Activities Investment Company.	Senior Executives Guilherme Lencastre General Manager Manuel Herrera Vargas José Ignacio Pires Medeiros Carlos Ewandro Naegele Moreira André Moragas da Costa Luiz Carlos Laurens Ortins de Bettencourt José Alves de Mello Franco Ana Cláudia Goncalves Rebello Aurélio Ricardo Bustilho de Oliveira	Senior Executives Pedro Cruz Viné General Manager Juan Carlos Blanco
Subscribed and Paid-in Capital M\$ 1,064,552,408		Business relationships with Endesa Chile The company has an agreement with Endesa Chile to provide a daily operative report on gas from Argentina, for a monthly fee of US\$ 1,500.
Board of Directors Mario Fernando de Melo Santos Ignacio Antoñanzas Alvear Massimo Tambosco Antonio Basilio Pires de Carvalho e Albuquerque Ramiro Alfonsin Balza Cristián Fierro Montes Joaquín Galindo Velez	Business relationships with Endesa Chile The company has no business relationships with Endesa Chile.	ENDESA CIEN
Senior Executives Marcelo Llévenes Rebolledo General Manager Luiz Carlos Laurens Ortins de Bettencourt Aurelio de Oliveira André Moragas da Costa Antonio Basilio Pires de Carvalho e Albuquerque José Alves de Mello Franco Carlos Ewandro Naegele Moreira Lívia de Sá Baião	ENDESA CEMSA	Company Name CIEN - Companhia de Interconexão Energética
Business relationships with Endesa Chile The company has no business relationships with Endesa Chile.	Company Name Endesa Cemsa S.A.	Type of Company Closely-held stock company
ENDESA MAC/CACHOEIRA	Type of Company Open stock company (corporation)	Address Praça Leoni Ramos, Nº 1, piso 6, Bloco 2 - parte, São Domingos, Niterói, Rio de Janeiro, Brazil.
Company name Centrais Elétricas Cachoeira Dourada S.A.	Address Pasaje Ing. E. Butty 220, Piso 16, Buenos Aires, Argentina.	Business Purpose To have a role in the production, manufacture, distribution and trading of electric energy, including import and export operations. To achieve its purpose, the company will promote the research, planning and construction of facilities related to the production, transmission, conversion and distribution systems of electric energy, making and capturing the investments needed for the development of the facilities they intend to build and the services that they provide. Moreover, the company may encourage the implementation of associated projects, such as inherent, accessory and complementary operations to the services and works that it may come to provide. To achieve its goals, the company may participate in other companies.
Type of Company Closely-held stock company	Business Purpose Wholesale buying and selling of capacity and energy produced by third parties and/or consumed by third parties, including imports and exports of electric energy and energy, trading of royalties as well as the provision and/or implementation of both locally and abroad of related data processing and/or operational control and/or telecommunications services. Likewise, it may perform purchase or sale transactions of natural gas and/or its transportation, including importation and/or exportation of natural gas and/or trading of royalties, as well as the provision and/or implementation of related services. Carry out business operations and purchase or sale transactions of liquid fuels and crude oil and/or lubricants and/or transportation for these elements, including the importation/exportation of liquid fuels and the trading of royalties as well as the provision and/or implementation of related services.	Business Activities Transportation and sale of electric energy
Address Rodovia GO 206, Km 0, Cachoeira Dourada, Goiás, Brazil.	Business Activities Trading of electric energy and gas	Subscribed and Paid-in Capital M\$ 79,948,998
Business Purpose Studies, planning, construction, installation, operation and development of electric energy generation plants and the trade related to these operations. Likewise, may promote or participate in other companies incorporated to produce electric energy, inside or outside of the State of Goiás.	Subscribed and Paid-in Capital CLPM \$ 2,210,996	Board of Directors Marcelo Llévenes Rebolledo Ana Claudia Gonçalves Rebello José Venegas Maluenda
Business Activities Generation of electric energy	Board Members José María Hidalgo Martín-Mateos José Venegas Maluenda Fernando Claudio Antognazza	Senior Executives Guilherme Lencastre General Manager Manuel Herrera Vargas José Ignacio Pires Medeiros Carlos Ewandro Naegele Moreira André Moragas da Costa Luiz Carlos Laurens Ortins de Bettencourt José Alves de Mello Franco Ana Cláudia Goncalves Rebello Aurélio Ricardo Bustilho de Oliveira
Subscribed and Paid-in Capital M\$ 81,071,089	Acting Board Members Arturo Pappalardo Roberto José Fagan	
Board of Directors Marcelo Llévenes Rebolledo Luis Larumbe Aragón Ana Claudia Gonçalves Rebello		

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

ENDESA COSTANERA

Company Name
Endesa Costanera Sociedad Anónima

Type of Company
Open stock company (corporation)

Address
Av. España 3301, Buenos Aires, Argentina

Business Purpose
Electric energy production and block trading

Business Activities
Electric energy generation

Subscribed and Paid-in Capital
CLP M\$27.031.045

Board Members
Joaquín Galindo Vélez
Máximo Luis Bomchil
José María Hidalgo Martín Mateos
Alfredo Ergas Segal
César Fernando Amuchástegui
Matías María Brea
Simón Dasensich
Carlos Martín Vergara

Acting Board Members
Roberto José Fagan
Damián Camacho
Francisco Domingo Monteleone
Fernando Carlos Boggini
Maria Inés Justo
Jorge Raúl Burlando Bonino
Rodrigo Quesada
Fernando Claudio Antognazza

Senior Executives
Jose Miguel Granged Bruñen
General Manager
Fernando Carlos Luis Boggini
Rodolfo Silvio Bettinsoli
Jorge Burlando Bonino
Francisco Domingo Monteleone

Business relationships with Endesa Chile
The company has a US\$ 7.1 million loan with Endesa Chile.

ENDESA ECO

Company Name
Endesa Eco S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
76,313,310-9

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Promote and develop renewable energy projects such as mini hydro, wind, and geothermal, solar, biomass and others; identify and develop Clean Development Mechanism (MDL) projects, and act as receiver and trader of the Emissions Reduction Certificates obtained for said projects.

Business Activities
Generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 681,845

Board of Directors
Juan Benabarre Benaiges
Sebastián Fernández Cox
Vacancy

Senior Executives
Wilfredo Jara Tirapegui
General Manager

Business relationships with Endesa Chile
On May 23, 2008 a purchase agreement was executed with Endesa Chile with a view to selling to them the entire firm energy and electric energy generation production from the Ojos de Agua plant to be recognized by the CDEC-CIG/SIC and delivered at the injection point to the Central Interconnected Grid (CIG/SIC). The company holds a loan on its affiliate Eólica Canela (wind plant) in the amount of US\$ 191.8 million.

ENDESA FORTALEZA

Company Name
Central Geradora Termelétrica Fortaleza S.A.

Type of Company
Closely-held stock company

Address
Rodovia CE 422, Km 1, Complexo Industrial e Portuário de Pecém, Caucaia – Ceará.

Business Purpose

Study, project, build and explore the electric energy production, transmission, distribution and trading systems that may be granted to it on concession, licensed or authorized by any deed of law, as well as the exercise of other operations related to those mentioned above; the purchase, acquisition and exploration of any right, concession and privilege related to the aforementioned operations, as well as the execution of all such other acts and transactions needed to achieve its objective; and participation in the equity capital of other companies or associations as shareholder, partner or joint venture partner, regardless of their objectives.

Business Activities
Generation of electric energy

Subscribed and Paid-in Capital
M\$ 42,639,466

Board of Directors
Marcelo Llévénos Rebolledo
Ana Claudia Gonçalves Rebello
Luis Larumbe Aragón (Planning and Control Manager of Endesa Chile)

Senior Executives
Manuel Herrera Vargas
General Manager
Raimundo Câmara Filho
Luiz Carlos Laurens Ortins de Bettencourt
José Ignácio Pires Medeiros
Aurelio de Oliveira
André Moragas da Costa
José Alves de Mello Franco
Ana Cláudia Goncalves Rebello
Manuel Herrera Vargas

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

ENEL GREEN POWER MODELO I EÓLICA S.A.

Company Name
Enel Green Power Modelo I Eólica S.A

Type of Company
Closely-held stock company

Address
Rua São Bento, Nº 8, 11º andar, Centro, Rio de Janeiro, Brazil.

Business Purpose
Wind generated electric energy.

Business Activities
Electric energy generation

Subscribed and Paid-in Capital
R\$ 125,000.00

Management
Pedro Alberto Costa Braga de Oliveira
Newton Souza de Moraes
Guilherme Gomes Lencastre

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

ENEL GREEN POWER MODELO II EÓLICA S.A.

Company Name
Enel Green Power Modelo II Eólica S.A

Type of Company
Closely-held stock company

Address
Rua São Bento, Nº 8, 11º andar, Centro, Rio de Janeiro, Brazil.

Business Purpose
Wind-generated (aeolic) electric energy.

Business Activities
Electric energy generation

Subscribed and Paid-in Capital
R\$ 125,000.00

Management
Pedro Alberto Costa Braga de Oliveira
Newton Souza de Moraes
Guilherme Gomes Lencastre

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

ENERGEX

Company Name
Energex Co.

Type of Company
Tax-exempt company incorporated in the Cayman Islands, BWI.

Address
Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands

Business Purpose
The company's purpose is to conduct all its business or operations pursuant to the Cayman Islands' laws. In the case of business transactions or operations relating to the financial area, exception is made of those that the law restricts solely to banks. Furthermore, it is barred from doing business with firms or persons residing in the Cayman Islands.

Business Activities
Investment Company

Subscribed and Paid-in Capital
CLP M\$ 5,194

Board of Directors
Horacio Reysler
Ricardo Rodríguez
Eduardo Escaffi Johnson
Vacancy

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

ENIGESA

Company Name
Endesa Inversiones Generales S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
96,526,450-7

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Acquire, sell, manage and operate, on its own or on account of third parties, all kinds of property, real estate, securities and other trade related items; carry out studies and advisories; provide all kinds of services; participate in all kinds of investments and, especially, those related to the electric energy business; participate in all kinds of companies and execute all operations, acts and contracts related to the compliance of the aforementioned objectives.

Business Activities
Real Estate

Subscribed and Paid-in Capital
CLP M\$ 3,055,838

Board of Directors
Eduardo Escaffi Johnson
Luis Larumbe Aragón
Pietro Corsi Misle

Senior Executives
Mauricio Daza Espinoza
General Manager

Business relationships with Endesa Chile
Enigesa -it its capacity as owner of some of the buildings used by Endesa Chile and its affiliates in the Metropolitan Region and as Central Building Administrator- provides them with office space rental, parking space rental, storage and sports facility services.

EÓLICA CANELA

Company Name
Central Eólica Canela S.A.

Type of Company
Closely-held stock company

Tax-payer ID Number
76,003,204-2

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Promote and develop renewable energy projects, mainly of aeolic energy, identify and develop Clean Development Mechanism (MDL) projects and act as depositary and trader of the Emission Reduction Certificates resulting from such projects. Likewise, the company's purpose is the generation, transport, distribution, supply and trading of electric energy and for such purposes to acquire and benefit from the corresponding concessions and favors.

Business Activities
The generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 12,284,743

Board of Directors
Juan Benabarre Benaiges
Claudio Iglesias Guillard
Sebastián Fernández Cox
Cristóbal García-Huidobro Ramírez
Bernardo Canales Fuenzalida

Acting Board Members
Alan Fisher Hill
Claudio Betti Pruzzo
Juan Cristóbal Pavéz Recart
Marcelo Álvarez Ríos
Alejandro García Chacón

Senior Executives
Wilfredo Jara Tirapegui
Gerente General

Business relationships with Endesa Chile
On January 1, 2010 a purchase agreement was executed with Endesa Chile with a view to selling to them the entire firm energy and electric energy generation production from its Aeolic Park to be recognized by the CDEC-CIG/SIC. Eólica Canela maintains a debt with Endesa Eco, an Endesa Chile affiliate, in the amount of US\$ 191.8 million.

**EÓLICA FAZENDA NOVA - GERAÇÃO E
COMERCIALIZAÇÃO DE ENERGIA**

Company Name

Eólica Fazenda Nova - Geração e Comercialização de Energia S.A.

Type of Company

Closely-held stock company

Address

Rua Felipe Camarão, Nº 507, sala 104, Ciudad de Natal, Rio Grande do Norte, Brazil.

Business Purpose

The generation, transmission, distribution and trading of energy; participation in third companies as partner, shareholder, or quota holder, the importation of machinery and equipment for the generation, transmission, distribution and trading of electric energy powered by the aeolic matrix.

Business Activities

Generation of electric energy

Subscribed and Paid-in Capital

CLP M\$ 511,564 (R\$ 1,839,000)

Management

Marcelo Llévenes Rebolledo

President

Guilherme Gomes Lencastre

Livia de Sá Baião

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GASATACAMA

Company Name

Gasatacama S.A.

Type of Company

Closely-held stock company

Tax-Payer ID Number

96,830,980-3

Address

Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile

Business Purpose

The company's purpose shall be: a) the administration and management of Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada, GasAtacama Generación Limitada, and of those other companies to be agreed to by the partners; b) the investment of its own resources, on its own or on account of third parties, in all kinds of personal and real property, tangible or intangible, securities, stock, and negotiable business instruments.

Business Activities

Investment Company

Subscribed and Paid-in Capital

CLP M\$ 173,417,468

Board of Directors

Raúl Sotomayor Valenzuela

Board Members

Joaquín Galindo Vélez

Gonzalo Dulanto Letelier

Claudio Iglesias Guillard

Acting Board Members

Juan Benabarre Benaiges

Eduardo Ojea Quintana

Eduardo Escaffi Johnson

Vacancy

Senior Executives

Rudolf Araneda Kauert

General Manager

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile

GASODUCTO ATACAMA CHILE

Company Name

Gasatacama Chile S.A.

Type of Company

Closely-held stock company

Tax-Payer ID Number

78,932,860-9

Address

Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile

Business Purpose

The company's business purpose is to: a) develop the generation, transmission, purchase, distribution and sale of electric energy or of any other nature; b) purchase, extract, operate, process, distribute, market and sell solid, liquid and gaseous fuels; c) sell and provide engineering services; d) acquire, purchase, transfer, lease, levy and develop, in any form, the concessions referred to by the General Law on Electric Services, maritime concessions and water use rights of any nature; e) transport natural gas, by its own means or jointly along with third parties within the territory of Chile or third countries, including the construction, location and operation of gas pipelines and other directly or indirectly related such operations; f) invest in all types of assets, tangible or intangible, movable or immovable; g) organize and create all kinds of companies whose objectives are related or linked to the energy industry in whatever form or that use electric energy as their main input, or that relate to any of the aforementioned operations.

Business Activities

The generation of electric energy and gas transportation

Subscribed and Paid-in Capital

CLP M\$ 96,100,842

Board of Directors

Raúl Sotomayor Valenzuela

Joaquín Galindo Vélez

Gonzalo Dulanto Letelier

Claudio Iglesias Guillard

Acting Board Members

Juan Benabarre Benaiges

Eduardo Ojea Quintana

Eduardo Escaffi Johnson

Vacancy

Senior Executives

Rudolf Araneda Kauert

General Manager

Business relationships with Endesa Chile

The company has executed 2 contracts with Endesa Chile for the transportation of natural gas for its Taltal Plant, located in Chile's Region II.

GASODUCTO ATACAMA ARGENTINA

Company Name

Gasoducto Atacama Argentina S.A.

Type of Company

Closely-held stock company

Tax-Payer ID Number

78,952,420-3

Address

Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile

Business Purpose

The transportation of natural gas, by independent means, by third parties or jointly along with third parties, within the Chilean territory or in other countries, including the construction, location and operation of gas pipelines and other operations directly or indirectly related to such purposes. This company incorporated an agency in Argentina, under the name of "Gasoducto Cuenca Noroeste Limitada Sucursal Argentina", whose purpose is the construction of a gas pipeline between the locality of Cornejo, Province of Salta and the Argentina-Chile border in the vicinity of Paso de Jama, Region II.

Business Activities

The transportation of gas

Subscribed and Paid-in Capital

CLP M\$ 108,123,726

Board of Directors
Rafael Zamorano Chaparro
Gustavo Venegas Castro
Pedro de la Sotta

Acting Board Members
Luis Cerda Ahumada
Mario Guevara Esturillo
Alejandro Sáez Carreño

Senior Executives
Rudolf Araneda Kauert
General Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

GASODUCTO TALTAL

Company Name
Gasoducto Tal Tal S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
77,032,280-4

Address
Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile

Business Purpose
The transportation, marketing and distribution of natural gas, by independent means, by third parties or jointly along with third parties, within Chile's territory, especially between the localities of Mejillones and Paposo in Region II, including the construction, location and operation of gas pipelines and other operations related directly or indirectly to such purposes.

Business Activities
Gas transportation

Subscribed and Paid-in Capital
CLP M\$ 18,255,163

Board of Directors
Rafael Zamorano Chaparro
Gustavo Venegas Castro
Pedro de la Sotta

Acting Board Members
Luis Cerda Ahumada
Mario Guevara Esturillo
Alejandro Sáez Carreño

Senior Executives
Rudolf Araneda Kauert
General Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

GENERANDES PERÚ

Company Name
Generandes Peru S.A.

Type of Company
Open stock company (corporation)

Address
Av. Víctor Andrés Belaúnde N° 147, Edificio Real 4, Piso 7, San Isidro, Lima, Peru.

Business Purpose
Perform operations related to the generation of electric energy, directly and/or through companies created to that end.

Business Activities
Investment Company

Subscribed and Paid-in Capital
CLP M\$ 164,297,758

Board of Directors
Ignacio Blanco Fernández
Alberto Briand Rebaza Torres
Joaquín Galindo Vélez
Teobaldo José Calvacante Leal
José Venegas Maluenda
Rafael Fauquié Bernal
Gerardo Rafael Sepúlveda Quezada
Alberto Triulzi Mora

Active Board Members
Guillermo Lozada Pozo
Rafael Alcázar Uzátegui
Julian Cabello Yong
Carlos Rosas Cedillo
José María Hidalgo Martín-Mateos
Gonzalo Adolfo de las Casas Salinas
Claudio Iglesias Guillard
Gonzalo Gil Plano

Senior Executives
Carlos Luna Cabrera
General Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile.

GNL CHILE

Company Name
GNL Chile S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
76,418,940-K

Address
Rosario Norte 530, Office 1303, Las Condes, Santiago.

Business Purpose

The Company's purpose is to: a) engage the services of the liquefied natural gas ("LNG") regasification company, GNL Quintero S.A., and use all the storage, processing, re-gasification and delivery of natural gas and LNG available at its property-owned regasification terminal, including its expansions, if any, and any other subject matter specified in such contracts as the Company might execute to this effect for the use of the regasification terminal; b) import LNG under the modality of on-board delivery (DES) from LNG suppliers pursuant to LNG sales contracts; c) sell and deliver natural gas and LNG consistent with the natural gas and LNG sales contracts executed by the Company with its customers; d) manage and coordinate the schedules and nominations of LNG cargoes, as well as the delivery of natural gas and LNG among various customers; and e) meet all its obligations and require the enforcement of all its rights under the previously identified contracts, coordinate all operations under these contracts and, in general, carry out any type of action or enter into any contract that might be necessary, useful or convenient in order to accomplish the purpose set forth hereunder.

Business Activities
Importation and trading of natural gas

Subscribed and Paid-in Capital
CLP M\$ 1,571,767

Board of Directors
José Venegas Maluenda
Eduardo Morandé Montt
Rafael Sotil Bidart

Acting Board Members
Juan Oliva Vásquez
Gonzalo Palacios Vásquez
Rosa Herrera Martínez

Senior Executives
Eric Ahumada Gómez
General Manager

Business relationships with Endesa Chile
The Company has business relationships with GNL Chile S.A., by way of contracts for the supply of gas from the regasification of liquefied natural gas. GNL Chile S.A.'s shareholders have granted loans to the company. GNL Chile S.A.'s debt with Endesa Chile totals US\$ 562 thousand.

GNL QUINTERO

Company Name
GNL QUINTERO S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
76,788,080-4

Address

Rosario Norte 532, Office 1604, Las Condes, Santiago, Chile

Business Purpose

The development, funding, design, engineering, supply, construction, commissioning, operation and maintenance of a storage and liquefied natural gas ("LNG") plant and its corresponding shipping terminal for loading and unloading LNG as well as its expansions, if any, including the facilities and connections needed for delivering LNG through a freight yard in trucks and/or one or more LNG delivery points through pipelines (the "Regasification Terminal"); and any other activity conducive or related to said purpose, including but not limited to, the administration and management of all trade agreements needed for the reception of LNG or its delivery to customers, the regasification of LNG, the delivery of natural gas and the sale of its service and storage capacity, processing, regasification, loading and unloading of the Regasification Terminal and the LNG delivery (the "Project") and its expansions, if any; and b) the provision of management services and overall administrative assistance, necessary for the Company's correct operation, to the Trading Company, as the aforementioned term is defined in section 13.4 of Article 13 of the articles of incorporation, which is currently known as GNL Chile S.A. The Company shall have the authority to perform any act or enter into any contract that may be necessary, useful or convenient to accomplish the mentioned purposes.

Business Activities

The unloading, storage, regasification and delivery of liquefied natural gas and natural gas

Subscribed and Paid-in Capital
CLP M\$ 59,240,845

Board of Directors

Claudio Iglesias Guillard
Diego Hollweck
Rafael Sotil Bidart
Carlos Quintana
Eduardo Morandé Montt

Acting Board Members

Patricio Silva Barroilhet
Elizabeth Grace Spomer
Rosa Herrera Martínez
Juan Oliva Vásquez
Francisco Gazmuri Schleyer

Senior Executives

Antonio Bacigalupo Gittins
General Manager

Business relationships with Endesa Chile

- An Electric Power Supply Contract, executed between GNL Quintero S.A. and Endesa Chile on August 20, 2008.
- A Design, Supply, Construction, Operation and Maintenance Contract of the 220 kV line for the Electrical Connection energy supply to the GNL Quintero Plant executed between GNL Quintero S.A. and Endesa Chile on December 16, 2008.
- A Contract covering Construction, Operation, Maintenance, Transformation and Transmission Services through the 220/110 kV Transformer, Cable Line and Connection in 110 kV. This is for the Electrical Connection energy supply to the GNL Quintero Plant executed between GNL Quintero S.A. and Endesa Chile on July 31, 2009.
- A Contract covering the use of the transmission grid, executed between Endesa Chile and GNL Quintero S.A. on May 3, 2011.

HIDROAYSÉN**Company Name**

Centrales Hidroeléctricas de Aysén S.A.

Type of Company

Closely-held stock company incorporated in the city of Santiago, Chile, recorded in the Registry of Securities of the SIS (Superintendence for Securities & Insurance Companies)

Tax-Payer ID Number

76,652,400-1.

Address

In Santiago, Chile, Miraflores 383, office 1302
In Coyhaique, Chile, Baquedano 260

Business Purpose

To develop, finance, own and operate a hydroelectric project in Aysén, Region XI, with an estimated capacity of 2,750 MW by way of 5 hydroelectric power plants, known jointly as "Projecto Aysén". To this end, the following are included in its business operations: a) the production and transportation of electric energy; b) the supply and trading of electric energy to its shareholders; and c) the management, operation and maintenance of hydraulic plants, electric grids and hydroelectric energy generation plants.

Business Activities

The generation of electric energy (project)

Subscribed and Paid-in Capital
CLP M\$ 144,975,665

Board Members

Antonio Albarrán Ruiz-Clavijo
Joaquín Galindo Vélez
Juan Benabarre Benaiges
Bernardo Larrain Matte
Luis Felipe Gazitúa Achondo
Ramiro Alfonsín Balza

Acting Board Members

Carlos Martín Vergara
Sebastián Fernández Cox
Claudio Iglesias Guillard
Eduardo Morel Montes
Juan Eduardo Vásquez
Cristián Morales Jaureguiberry

Senior Executives

Daniel Fernández Koprach
Executive Vice-President

Business relationships with Endesa Chile Hydroaysén S.A. will sell energy and capacity of its own generation to Endesa Chile, by means of 30-year PPA (Power Purchase Agreement) contracts. Likewise, the company holds service providing contracts with Ingendesa.

HIDROELÉCTRICA EL CHOCÓN**Company Name**

Hidroeléctrica El Chocón Sociedad Anónima

Type of Company

Open stock company (corporation)

Address

Av. España 3301, Buenos Aires, Argentina

Business Purpose

Electric energy production and block trading

Business Activities

Generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 47,114,465

Board Members

Joaquín Galindo Vélez
José Miguel Granged Bruñen
José María Hidalgo Martín Mateos
Alfredo Ergas Segal
Carlos Martín Vergara
Alex Daniel Horacio Valdez
Juan Carlos Nayar
Gustavo Brockerhof

Acting Board Members

Jorge Raúl Burlando Bonino
Francisco Domingo Monteleone
Juan Carlos Blanco
Roberto José Fagan
Fernando Carlos Boggini
Héctor Osvaldo Mendiberri
Alejandro Nagel
Orlando Adalberto Diaz

Senior Executives

Fernando Claudio Antognazza
General Manager

Business relationships with Endesa Chile

There is a contract in effect through which Endesa Chile is responsible for the operation of Hidroeléctrica El Chocón S.A. (El Chocón Power Plant), compelled to provide to said company related services in areas of supervision and technical assistance, operations, sales, administration, management, personnel management, procurement, environment and internal auditing.

HIDROINVEST

Company Name
Hidroinvest S.A.

Type of Company

Stock company incorporated in Buenos Aires, Republic of Argentina.

Address

Av. España 3301, Buenos Aires, Argentina

Business Purpose

Acquire and maintain a majority stake in Hidroeléctrica Alicura S.A., and/or Hidroeléctrica El Chocón S.A., and/or Hidroeléctrica Cerros Colorados S.A. ("the franchised companies") created by National Executive Decree 287/93 and to manage such investments.

Business Activities

Investment Company

Subscribed and Paid-in Capital
CLP M\$ 33,021,025

Board Members

Joaquín Galindo Vélez
José Miguel Granged Bruñen
José María Hidalgo Martín Mateos
Fernando Claudio Antognazza
Alfredo Ergas Segal
Juan Carlos Blanco
Roberto José Fagan
Carlos Martín Vergara

Acting Board Members

Francisco Monteleone
Jorge Raúl Burlando Bonino
Daniel Garrido
Rodolfo Bettinsoli
Fernando Boggini
Rodrigo Quesada
Sergio Camps
Oscar Rigueiro

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

INGENDESA

Company Name

Empresa de Ingeniería Ingendesa S.A.

Type of Company

Closely-held stock company

Tax-Payer ID Number

96,588,800-4

Address

Santa Rosa 76, Santiago, Chile

Business Purpose

Provide engineering services, site inspections, inspection and receipt of materials and equipment, laboratory services, appraisals, company management services in various fields, environmental assessments, including the implementation of environmental impact studies and, in general, consulting services on all specialties, both in the country and abroad.

Business Activities

Engineering Services

Subscribed and Paid-in Capital

CLP M\$ 2,600,176

Board of Directors

Juan Benabarre Benaiges
Rafael De Cea Chicano
Marcelo Álvarez Ríos

General Manager

Vacant

Business relationships with Endesa Chile

Ingendesa provides services to Endesa Chile, its affiliates and related companies, consisting in various consultancy and engineering development services for the works that said companies are carrying out or are planning to carry out.

INGENDESA DO BRASIL

Company Name

Ingendesa do Brazil Ltda.

Type of Company

Limited Liability Company

Address

Praça Leoni Ramos, Nº 1, parte, São Domingos, Niterói - RJ, Brazil.

Business Purpose

Includes the provision of engineering services, studies, projects, technical assessment, management, site certification and supervision, inspection and receipt of materials and equipment, laboratory services, expertise, commercial representation of local and foreign engineering

companies, as well as other services they are legally empowered to provide in the practice of professions such as engineering, architecture, agronomy, geology and meteorology, in all their specialties.

Business Activities

Engineering Services

Subscribed and Paid-in Capital

CLP M\$133.845

Representative

Sergio Ribeiro Campos

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

INVERSIONES ENDESA NORTE

Company Name

Inversiones Endesa Norte S.A.

Type of Company

Closely-held stock company

Tax-Payer ID Number

96,887,060-2

Address

Santa Rosa 76, Santiago, Chile

Business Purpose

Investing in energy projects in Northern Chile, linked to companies involved in the Gas Atacama Project.

Business Activities

Investment Company

Subscribed and Paid-in Capital

CLP M\$ 92,571,642

Board of Directors

Claudio Iglesias Guillard
Eduardo Escaffi Johnson
Vacancy

Acting Board Members

Juan Benabarre Benaiges
Raúl Arteaga Errázuriz
Luis Larumbe Aragón

Senior Executives

Juan Benabarre Benaiges
General Manager

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile

INVERSIONES GASATACAMA HOLDING

Company Name
Inversiones Gasatacama Holding Limitada

Type of Company
Limited Liability Company

Tax-Payer ID Number
76,014,570-K

Address
Isidora Goyenechea 3365, piso 8, Las Condes,
Santiago, Chile

Business Purpose
The Company's purpose is: a) the direct or indirect involvement through any type of association, in companies whose purpose includes one or more of the following operations: i) the transportation of natural gas in any form; ii) the generation, transmission, purchase, distribution and sale of electric energy; iii) the funding of the operations mentioned in i); and, ii) the above-developed by related third parties and; b) the receipt and investment of assets for investment, including the related gainful (profitable) operations already mentioned.

Business Activities
Investment Company

Subscribed and Paid-in Capital
CLP M\$ 173,227,845

Board of Directors
Raúl Sotomayor Valenzuela
Joaquín Galindo Vélez
Eduardo Escaffi Johnson
Gonzalo Dulanto Letelier

Acting Board Members
Juan Benabarre Benaiges
Claudio Iglesias Guillard
Eduardo Ojea Quintana
Vacancy

Senior Executives
Rudolf Araneda Kauert
General Manager

Business relationships with Endesa Chile
The company has no business operations with Endesa Chile

INVESTLUZ

Company Name
Investluz S.A.

Type of Company
Closely-held stock company

Address
Rua Padre Valdevino, N° 150 – Parte Fortaleza,
Ceará, Brazil.

Business Purpose

To participate as a partner or shareholder in the equity capital of Companhia Energética do Ceará and other companies in Brazil and abroad.

Business Activities
Investment Company

Subscribed and Paid-in Capital
CLP M\$ 186,205,654

Management
Abel Alves Rochinha
President
Luis Carlos Ortins de Bettencourt
Olga Jovana Carranza Salazar
Carlos Ewandro Naegele Moreira
Cristine de Magalhães Marcondes

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

PANGUE

Company Name
Empresa Eléctrica Pangué S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
96,589,170-6

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Develop the production, transport, distribution and supply of electric energy, to which effects it shall obtain, acquire and benefit from the respective concessions, permits, rights and favors.

Business Activities
The generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 91,131,129

Board of Directors
Alan Fischer Hill
Alejandro García Chacón
Humberto Espejo Paluz

Senior Executives
Lionel Roa Burgos
General Manager

Business relationships with Endesa Chile
Pangué has executed a contract with Endesa Chile for the operation and maintenance of its plant and its financial and business management, in addition to an energy and capacity sales contract.

PEHUENCHE

Company Name
Empresa Eléctrica Pehuenche S.A.

Type of Company
Open Cororation.

Tax-Payer ID Number
96,504,980-0

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Generate, transport, distribute and supply electric energy, to which effect it shall obtain, acquire and benefit from the respective concessions, permits, rights and favors.

Business Activities
Generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 218,818,329

Board of Directors
Alan Fischer Hill
Alejandro García Chacón
Pedro Gatica Kerr
Humberto Espejo Paluz
Eduardo Escaffi Johnson

Senior Executives
Lucio Castro Márquez
General Manager

Business relationships with Endesa Chile
Pehuenche has executed a contract with Endesa Chile for the operation and maintenance of its plant and its financial and business management. Furthermore, the company, acting as seller, holds executed contracts with Endesa Chile for the sale of energy and capacity.

PROGAS

Company Name
Progas S.A.

Type of Company
Closely-held stock company

Address
Isidora Goyenechea 3356, 8° piso, Santiago, Chile

Business Purpose
In Regions I, II and III develop the acquisition, production, storage, transport, distribution, transformation and trading of natural gas and other oil and fuel derivatives in general; render services in manufacturing, marketing of equipment and materials and in executing works related to the aforementioned purposes or required for their implementation and development; all other operations necessary or conducive to meeting the above objectives.

<p>Business Activities Gas supply</p> <p>Subscribed and Paid-in Capital CLP M\$ 1,495</p> <p>Board of Directors Rudolf Araneda Kauert Luis Cerda Ahumada Pedro De la Sotta Sánchez</p> <p>Senior Executives Alejandro Sáez Carreño General Manager</p> <p>Business relationships with Endesa Chile The company has no business relationships with Endesa Chile.</p>	<p>SOCIEDAD PORTUARIA CENTRAL CARTAGENA S.A.</p> <p>Company Name Sociedad Portuaria Central Cartagena S.A.</p> <p>Type of Company Open stock company (corporation)</p> <p>Address Carrera 13 A N° 93-66, piso 2, Bogotá, D.C. Colombia.</p> <p>Business Purpose The company's main purpose is the following: 1. The investment, construction and maintenance of docks and public and private ports, their administration and operation, the development and operation of multipurpose ports consistent with the law; 2. Act as port operator in loading and unloading operations, mooring and casting off, permanence of ships or naval vessels at the dock or in port, storage on docks or in ports and other services that are directly related to port activity, and allow the provision of services by other port operators. 3. Partner up with other port companies or holders of special permits as referred to in Article 4 of the 1991 Law 01, temporarily or permanently, aimed at enhancing the usage of commonly-used marine areas adjacent to the port through works such as: clearing, dredging, landfill and oceanic engineering works, provide the necessary common good services. 4. Promote the incorporation of other companies with any Business Purpose whatsoever, by a single act or subsequent subscription to operate anywhere in the country or abroad, participating in its equity or receiving in exchange the benefits of the incorporation process as a promoting entity. 5. Buy, sell or establish companies, affiliates or agents in Colombia or abroad, with any Business Purpose, participating in its equity capital by way of capital contributions or by receiving shares in exchange for technological input. 6. Buy, sell, lease personal goods and real estate. To buy, sell, import, export, acquire or procure for any reason whatsoever and use all types of goods and services. 8. Enter into purchasing, exchange, leasing, usufruct, and gratuitous loans and antichresis contracts over real estate property. 9. Give or receive from its parent shareholders, affiliates and third parties cash loans; enter into insurance, transportation, equity account contracts, contracts with banking entities and/or financial institutions. 10. Direct participation, or as a partner, in the manufacturing, production, distribution, marketing and sales business of metal products, fuels, oils, lubricants, hydrocarbons and their derivatives, plastic, paper, cardboard, glass, rubber, or combinations thereof. 11. The management of receivables, securities, assets or liability loans, money, bonds, securities, stocks and quotas or shares in companies owned by this company's partners or by natural or legal third parties. 12. Advance the studies and formalities needed for all of the above. 13. Develop brands, trade names, patents, inventions or any other intangible asset, provided they are akin to the main business purpose. 14. Transfer, accept, endorse,</p>	<p>collect and pay all kinds of securities, negotiable instruments, shares, executor documents and others. 15. Engage in private and public tenders. 16. Likewise, in the course of its operations, the company may perform all acts and enter into all contracts that are considered desirable or necessary for the proper performance of its Business Purpose and be directly related to the purpose mentioned.</p>
<p>SAN ISIDRO</p> <p>Company Name Compañía Eléctrica San Isidro S.A.</p> <p>Type of Company Closely-held stock company</p> <p>Tax-Payer ID Number 96,783,220-0</p> <p>Address Santa Rosa 76, Santiago, Chile</p> <p>Business Purpose Generate, transport, distribute and supply electric energy, to which effects it shall procure, acquire and benefit from the respective concessions, favors and rights.</p> <p>Business Activities Generation of electric energy</p> <p>Subscribed and Paid-in Capital CLP M\$ 39,005,904</p> <p>Board of Directors Alan Fischer Hill Alejandro García Chacón Pedro Gatica Kerr Humberto Espejo Paluz Ricardo Santibáñez Zamorano</p> <p>Acting Board Members Osvaldo Muñoz Díaz Carlo Carvallo Artigas Claudio Betti Pruzzo Rodrigo Naranjo Martorell Enrique Lozán Jiménez</p> <p>Senior Executives Claudio Iglesias Guillard General Manager</p> <p>Business relationships with Endesa Chile San Isidro executed a contract with Endesa Chile for its plant's operation and maintenance as well as for other management and business services.</p>	<p>Business Purpose The company's main purpose is the following: 1. The investment, construction and maintenance of docks and public and private ports, their administration and operation, the development and operation of multipurpose ports consistent with the law; 2. Act as port operator in loading and unloading operations, mooring and casting off, permanence of ships or naval vessels at the dock or in port, storage on docks or in ports and other services that are directly related to port activity, and allow the provision of services by other port operators. 3. Partner up with other port companies or holders of special permits as referred to in Article 4 of the 1991 Law 01, temporarily or permanently, aimed at enhancing the usage of commonly-used marine areas adjacent to the port through works such as: clearing, dredging, landfill and oceanic engineering works, provide the necessary common good services. 4. Promote the incorporation of other companies with any Business Purpose whatsoever, by a single act or subsequent subscription to operate anywhere in the country or abroad, participating in its equity or receiving in exchange the benefits of the incorporation process as a promoting entity. 5. Buy, sell or establish companies, affiliates or agents in Colombia or abroad, with any Business Purpose, participating in its equity capital by way of capital contributions or by receiving shares in exchange for technological input. 6. Buy, sell, lease personal goods and real estate. To buy, sell, import, export, acquire or procure for any reason whatsoever and use all types of goods and services. 8. Enter into purchasing, exchange, leasing, usufruct, and gratuitous loans and antichresis contracts over real estate property. 9. Give or receive from its parent shareholders, affiliates and third parties cash loans; enter into insurance, transportation, equity account contracts, contracts with banking entities and/or financial institutions. 10. Direct participation, or as a partner, in the manufacturing, production, distribution, marketing and sales business of metal products, fuels, oils, lubricants, hydrocarbons and their derivatives, plastic, paper, cardboard, glass, rubber, or combinations thereof. 11. The management of receivables, securities, assets or liability loans, money, bonds, securities, stocks and quotas or shares in companies owned by this company's partners or by natural or legal third parties. 12. Advance the studies and formalities needed for all of the above. 13. Develop brands, trade names, patents, inventions or any other intangible asset, provided they are akin to the main business purpose. 14. Transfer, accept, endorse,</p>	<p>Business Activities Port services</p> <p>Subscribed and Paid-in Capital CLP M\$ 1,439</p> <p>Board Members Fernando Gutiérrez Medina Juan Manuel Pardo Leonardo López Vergara</p> <p>Acting Board Members Gustavo Gómez Cerón Alba Lucía Salcedo Luis Fernando Salamanca</p> <p>Senior Executives Fernando Gutiérrez Medina General Manager</p> <p>Business relationships with Endesa Chile The company has no business relationships with Endesa Chile</p> <p>SOUTHERN CONE POWER ARGENTINA</p> <p>Company Name Southern Cone Power Argentina S.A.</p> <p>Type of Company Open stock company (corporation)</p> <p>Address Av. España 3301, Buenos Aires, Argentina</p> <p>Business Purpose Wholesale buying and selling of electric energy produced by third parties and to be consumed by others. Also, the company may hold shareholdings in companies engaged in the generation of electric energy.</p> <p>Business Activities Investment Company</p> <p>Subscribed and Paid-in Capital CLP M\$ 3,135,978</p> <p>Board Members José María Hidalgo Martín Mateos José Miguel Granged Bruñen Roberto José Fagan</p> <p>Acting Board Member Fernando Claudio Antognazza</p>

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

TERMOELÉCTRICA BELGRANO

Company Name
Termoeléctrica Manuel Belgrano S.A.

Type of Company
Open stock company (corporation)

Address
Suipacha 268, Piso 12, Buenos Aires, Argentina

Business Purpose
The production of electric energy and its block trading and, in particular, the management of equipment, procurement, construction, the operation and maintenance of a power plant in compliance with the "Definitive Agreement for the Management and Operation of Projects toward the Re-adaptation of the Wholesale Electric Market (WEM/MEM) within the framework of SE Resolution N° 1427/2004", approved by virtue of Resolution SE N° 1193/2005.

Business Activities
Generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 58,885

Board Members
José Miguel Granged Bruñen
Fernando Claudio Antognazza
Adrián Salvatore
José María Vásquez
Milton Gustavo Tomás Pérez
Jorge Aníbal Rauber
Gerardo Carlos Paz
Guillermo Luis Fiad
Rigoberto Mejía Aravena

Acting Board Members
Juan Carlos Blanco
Roberto José Fagan
Leonardo Marínaro
Leonardo Pablo Katz
Patricio Testorelli
Omar Ramiro Algacibiur
Luis Agustín León Longobardo
Sergio Raúl Sánchez
Vacancy

Senior Executives
Daniel Garrido
General Manager

Gustavo Manifesto
Óscar Zapiola
Sergio Schmois

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

TERMOELÉCTRICA SAN MARTÍN

Company Name
Termoeléctrica José de San Martín S.A.

Type of Company
Open stock company (corporation)

Address
Elvira Rawson de Dellepiane 150, piso 9, Buenos Aires, Argentina

Business Purpose
The production of electric energy and its block trading and, in particular, the management of equipment, procurement, construction, the operation and maintenance of a power plant in compliance with the "Definitive Agreement for the Management and Operation of Projects toward the Re-adaptation of the Wholesale Electric Market (WEM/MEM) within the framework of SE Resolution N° 1427/2004", approved by virtue of Resolution SE N° 1193/2005.

Business Activities
The generation of electric energy

Subscribed and Paid-in Capital
CLP M\$ 58,885

Board Members
José María Vázquez
Claudio O. Majul
José Miguel Granged Bruñen
Fernando Claudio Antognazza
Milton Gustavo Tomás Pérez
Jorge Aníbal Rauber
Gerardo Carlos Paz
Guillermo Luis Fiad
Vacancy

Acting Board Members
Juan Carlos Blanco
Roberto José Fagan
Adrián Gustavo Salvatore
Leonardo Pablo Katz
Patricio Ricardo Testorelli
Omar Ramiro Algacibiur
Luis Agustín León Longobardo
Sergio Raúl Sánchez
Rigoberto Orlando Mejía Aravena

Senior Executives
Claudio Omar Majul
General Manager – Manager of Management and Finance

Rubén Bonet – Technical Manager
Guillermo Paillet – Business Manager

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

TESA

Company Name
Transportadora de Energía S.A.

Type of Company
Open stock company (corporation)

Address
Bartolomé Mitre N° 797, Piso 11, Buenos Aires, Argentina.

Business Purpose
Provide transport service for high-voltage electric energy, linked to both local and international electric grids, consistent with current legislation, to which end the company may participate in local and international tenders, become a licensee of local or international, high-voltage electric energy transport public services, and perform all the operations required to fulfill this end, including expressly, but not limited to, being a party to construction, operation and maintenance contracts for the initiation and/or expansion of electric energy transmission lines, participate in the funding of projects directly or indirectly related to such ventures as a borrower and/or lender and/or guarantor and/or collateral provider, to which effect it could grant guarantees in benefit of third parties. Expressly excluded are all those operations covered by the Financial Institutions Act or any other that resorts to public savings.

Business Activities
The transmission of electric energy

Subscribed and Paid-in Capital
CLP M\$ 8,759,405

Board Members
José María Hidalgo Martín-Mateos
Guilherme Gomes Lencastre
Arturo Pappalardo

Acting Board Members
José Venegas Maluenda
Juan Carlos Blanco

Roberto José Fagan
General Manager

Guilherme Gomes Lencastre

Business relationships with Endesa Chile
The company has no business relationships with Endesa Chile

TRANSQUILLOTA

Company Name
Transmisora Eléctrica de Quillota Ltda.

Type of Company
Limited Liability Company

Tax-Payer ID Number
77,017,930-0

Address
Highway 60, km 25, Lo Venecia, Municipality of Quillota, Valparaíso, Region V, Chile

Business Purpose
Transportation, distribution and supply of electric energy, of their own account or that of third parties

Business Activity
Transmission of electric energy

Subscribed and Paid-in Capital
CLP \$ 4,404,446

Representatives
Juan Eduardo Vásquez Moya
Gabriel Carvajal Menégoles
Enrique Donoso Moscoso
Ricardo Santibañez Zamorano

Alternate Representatives
Eduardo Calderón Avilés
Carlos Ferruz Bunster
Ricardo Sáez Sánchez
Vacancy

Business relationships with Endesa Chile
The company holds contracts with Endesa Chile and San Isidro covering the usage of transmissions grids, which allows them to transmit energy to the Central Interconnected Grid (CIG/SIC).

TÚNEL EL MELÓN

Company Name
Sociedad Concesionaria Túnel El Melón S.A.

Type of Company
Closely-held stock company

Tax-Payer ID Number
96,671,360-7

Address
Santa Rosa 76, Santiago, Chile

Business Purpose
Execute, construct, preserve and operate the public works known as "Túnel El Melón" and provide complementary services authorized by the Ministry of Public Works.

Business Activities
Public Works Concessionaire

Subscribed and Paid-in Capital
CLP M\$ 46,709,460

Board of Directors
Eduardo Escaffi Johnson
Luis Larumbe Aragón
Sebastián Fernández Cox

Senior Executives
Maximiliano Ruiz Ortíz
General Manager

Business relationships with Endesa Chile
Túnel El Melón executed a contract with Endesa Chile by means of which the latter provides services to the former on matters such as: accounting, treasury duties, management, information technology, money desk, insurance, personnel, training, welfare, risk prevention and controller/audit services, among others



Declaration of Responsibility

Declaration of Responsibility

The Directors of Empresa Nacional de Electricidad S.A. and its General Manager, signatories of this statement, are responsible under oath for the veracity of all the information provided in this Annual Report, pursuant to General Rule N° 30, dated November 10, 1989 issued by the Superintendence for Securities & Insurance Companies (SSIC/SVS)



CHAIRMAN
Jorge Rosenblut
Tax ID Number: 6,243,657-3



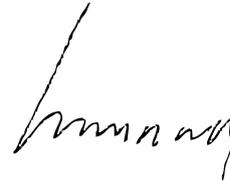
VICECHAIRMAN
Paolo Bondi
Passport: G084839



DIRECTOR
Francesco Buresti
Passport: F685628



DIRECTOR
José María Calvo-Sotelo
Ibáñez-Martín
Tax ID Number: 48,115,220-8



DIRECTOR
Felipe Lamarca Claro
Tax ID Number: 4,779,125-1



DIRECTOR
Vittorio Corbo Lioi
Tax ID Number: 4,965,604-1



DIRECTOR
Jaime Estévez Valencia
Tax ID Number: 4,774,243-9



DIRECTOR
Jaime Bauzá Bauzá
Tax ID Number: 4,455,704-5



CHIEF EXECUTIVE OFFICER
Joaquín Galindo Vélez
Tax ID Number: 23,295,610-0