

# Annual Report

Annual Report and  
Financial Statements of  
Endesa Chile

2013

endesa  
chile



# Annual Report 2013



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# Letter from the Chairman

Dear Shareholders,

You have in your hands the Annual Report and financial statements of Endesa Chile for the year 2013. In the following pages, you can revise in detail the principal highlights and trends marking the company's actions during last year in each of the markets in which we have a presence.

Last year, we celebrated a very symbolic event for the company. The year 2013 was when we completed seven decades of existence in the country. On that occasion, we stated that the constant vocation of the company has been to accompany Chile on its way to development, for which we have always contributed our talents, skills and resources to reach and complete the best solutions for the energy challenges that have faced our nation in the different historic phases of that period. We have been the principal source of energy for the engines that have driven Chile's growth, and that of its businesses and the wellbeing of its citizens. And it is this that has enabled us to reach an undisputed position of leadership in the country and to advance in our internationalization, carving out a solid presence in Argentina, Colombia and Peru, markets where we have been able to grow thanks to having employed all our know-how and experience accumulated over decades. Endesa Chile is today a company committed not only with the development and growth of our country but with the development and growth of a good part of the Southern Cone.

Making good this commitment with economic development and growth, and continuing to be leaders, implies taking charge of renewed challenges today. But I can already say with every confidence that they will be tasks that we will handle successfully. This assurance is based on assets that are invaluable, like the talent, professionalism and technical capacities of the 2,281 professionals, workers and technicians

that belong to this company. Their dedication has been the key to every one of our successes and has enabled us to overcome the difficult situations we have faced. I should like to thank them all in these lines.

The other key to our success is belonging to one of the world's largest energy groups, the Enel group, through our parent Enersis. This enables us to count on the support, experiences and practices of a company that operates in five continents, provides services in 40 countries, has an electricity-generation installed capacity of more than 99 GW, distributes gas and electricity over a network of over 1.9 millions kilometers and has in excess of 61 million people as customers.

The best guarantee for complying with our purpose of accompanying the development of Chile and the other countries where we operate is to continue making our company grow. I pass now to outlining briefly the central aspects of the financial results we achieved last year, whose details you can read in the various chapters of this report.

The year 2013 was one in which the country began to experience a deceleration in its rate of growth, influenced largely by the reduced appetite for commodities from the Asian giants. At the same time, our principal business, hydroelectric generation, was affected by a long period of drought in Chile for the fourth consecutive year, and in other countries of the region like Colombia.

However, the effectiveness of our management permitted a point of inflection with respect to last year. During 2013, the earnings of Endesa Chile reached Ch\$353,927 million, which represents an increase of 51% over the previous year. This is mainly explained by improved operating income due to a better performance in Chile, Argentina and Colombia.

In Chile, this was mainly due to reduced fuel-consumption costs; in Argentina, from revenue received under the combined-cycles availability contract of Endesa Costanera, while in Colombia, this was mainly the consequence of larger sales revenue due to a higher average spot price.

Energy sales, on the other hand, declined by 1.5% to 57,754 GWh, as a result of reduced contracts in Chile, Peru and Colombia.

Net production declined by 1.5%, to 51,417 GWh. I mentioned above that the drought not only affected us in Chile but also in other countries of the continent, like Colombia. We had reduced hydroelectric generation in these two nations, which explains the fall in net production, while in Argentina our dispatch was conditioned by CAMMESA, in addition to a reduced thermal dispatch in Peru.

Operating revenue decreased by 13% to Ch\$2,027,432 million. This reflects a lower average energy sale price, the result of a reduced number of contracts indexed to marginal cost in Chile. There was also a reduction in physical sales in most of the countries where we operate.

However, I mentioned that the excellence in the group's performance enabled it to compensate these factors. This was reflected in 37% reduction in the procurement and services costs which amounted to Ch\$830,873 million, mainly the result of reduced fuel consumption costs in Argentina and Chile and a reduction in energy purchase costs in Chile and Peru.

The company's consolidated EBITDA therefore rose by 21% by December 2013 to total Ch\$978,994 million.



Jorge Rosenblut  
Chairman

On the other hand, the financial result was an expense of Ch\$137,130 million, 7% lower than in the previous year, mainly the product of greater financial income from Colombia given its larger cash surplus and reduced financial expenses in Peru.

Finally, the result of our investments in associate companies declined by 12% to Ch\$119,347 million, mainly explained by the reduced net results of the companies GasAtacama, HidroAysén and Endesa Brasil.

2013 was also a year in which Endesa Chile once more renewed its commitment with the development and wellbeing of the country and Chilean men and women. I should like to mention two events reflecting this vocation.

The first was our participation in the tender for supplying regulated customers, which concluded in November. We have always shown our readiness to participate in this process and we were finally one of the two generators to do so. We thus sealed our commitment with Chile and to ensure Chileans have the necessary to continue growing.

In fact, the company was the principal company finally adjudicated, with 3,500 GWh/year, in order to guarantee supplies to regulated customers of the distributors on the Central Electricity Grid (SIC) for the period from December 2013 to December 2024.

The other event I would like to highlight was the successful negotiation process with British Gas by which we signed new liquefied natural gas (LNG) supply contracts with that company. These contracts redefined the price of the original base volumes of the contract, incorporated additional and flexible volumes at attractive prices, introduced operational flexibilities and strengthened the compensation clauses in the event of lack of supply, among other aspects. Endesa Chile is thus assured the availability of a fuel at a competitive price, safe, flexible and in a volume sufficient for supplying its operating plants. Furthermore, they will enable us to develop future generation projects and contribute to the country with cheaper and competitive energy. In this way, we are

consolidating a strategic alliance with British Gas that will surely benefit the country's needs.

Related to the above, it should be mentioned that, within its powers and following an open process in which there were no interested third parties, Endesa Chile contracted additional LNG capacity to be made available once the Quintero gasification terminal expansion works are completed, which should be during this year. This will supply the LNG needs of our Quintero plant and the new generation projects in hand, plus the development of natural gas trading initiatives.

Our responsibility with the future development of the country mainly extends to ensuring growth in energy supplies. In this context, Endesa Chile has recently announced the construction of the Los Cóndores hydroelectric plant which, with 150 MW of installed capacity, will deliver to the SIC an average of 642 GWh annually. The associated investment in this project amounts to US\$661.5 million.

Almost simultaneously with this announcement, the Board decided to purchase 50% of Gasatagama, with which Endesa Chile takes over 100% of this company whose installations are located in Mejillones (Northern Electricity Grid) and whose assets include gas pipelines from the Salta area of Argentina to the village of Paposo in the region of Antofagasta, covering a total of 1,167 kilometers. This permits the supply of natural gas to the Taltal open-cycle plant located to the north of the SIC. The amount paid was US\$309 million.

With these decisions, Endesa Chile reaffirms once again its commitment with our country and resumes its growth path.

The recent sentence of the Supreme Court will permit us to soon carry out our Punta Alcalde project. This is one of the most innovative and modern of its kind in the region and will contribute 740 MW of new installed capacity for Chile. We are working closely with the community in order for this project to be successful and innovative in the way we engage with that community, because we are conscious that we will be neighbors over the whole life of this and all our projects.

I cannot refrain from referring to the situation of Bocamina II. This project received its environmental qualification resolution (EQR) in August 2007. During the development of the project, a series of improvements were carried out (principally an increase of 20 MW of capacity and changes in the layout) which, although not modifying the essential characteristics of the approved project, would require specific environmental formalities to be followed for their regularization.

In November 2011, the environmental impact declaration (EID) was submitted to the Environmental Evaluation Service (EES) regarding the Optimization of the Bocamina II Thermal Plant. However, in June 2012, the Supreme Court ordered that the regularization should be made through an environmental impact study (EIS) instead of the EID presented, the latter being without effect. The EIS was submitted on December 18, 2013 and is currently being processed.

Later, during that same month, Bocamina II had to be shut down due to a sentence of the Concepción Appeals Court which accepted a demand for operating with 370 MW without having the corresponding EQR.

Endesa Chile has shown that the plant has operated in accordance with the EQR of 2007, i.e. limited to the 350 MW approved and complying with all the standards regulating its activity, there being no contamination, risk or even less damage to people's health and the environment. Endesa Chile's position has been sustained with the information provided to the courts and by studies carried out by third parties. Endesa Chile continues to seek the solutions necessary for Bocamina II to be able to resume operations, contributing electricity supplies at times of extreme tightness that are foreseen for the coming months.

In this context, the company is clear that it will be increasingly necessary to be more rigorous and proactive in the way it relates to the regions and communities that host our operations. We are doing this early and with a clear focus, pointing to the search for mutual benefits and growth

opportunities. This is permitting us to formulate a new strategy of community relations, establishing innovative collaborative work spaces with the people.

I would like to share with you now some thoughts about the new moment the country is passing and its main challenges. Chile is beginning a new political cycle that will be marked over the next four years by important tasks in educational, taxation and constitutional matters. These will be the center of attention of the new authorities of the executive and legislative branches of power.

Perhaps one of the most urgent things on the agenda are, however, managing a true reactivation of the electricity sector, one that decisively covers the need to untie the knots that prevent Chile from having the energy that is indispensable for continuing to drive its development. And above all, we should ensure that the country advances along the road to assure a greater self-sufficiency in energy, a matter in which other countries in the region, with whom we are trading partners and competitors at the same time, have progressed with decision.

We see in the world, like events that are occurring in Eastern Europe for example, that self-sufficiency in energy has again become one of the principal tasks in matters of security, as a large part of the natural gas feeding the European Union crosses that zone. This concern is also present in the United States and Canada and has been shown in concrete initiatives. This was expressed recently, for example, by the former minister of natural resources and present minister of finance of Canada, Joe Olivier, referring to the need to carry out the Keystone Project for supplying the United States with natural gas from the province of Alberta, pointing out that this is a matter of "national security". This is why President Obama has set the target that by 2020, his country will be self-sufficient in energy terms, for which it has today a potent asset like shale gas whose exploitation still needs to overcome certain environmental challenges.

This is a live and growing debate in the developed nations and should also be present in countries like ours. And it

cannot be otherwise as energy is the spinal column of everything developed in a country.

The challenge of energy self-sufficiency is not only being faced by developed nations. Our neighbors are also dealing with it because this protects them from the fluctuations in fossil fuel prices.

And if we look at what these nations have done, the conclusion is just one: Chile is dragging behind and its competitiveness is being seriously affected. Let us look at the figures for 2013. In the case of Brazil, its electricity self-sufficiency exceeds 90%, and 79% of that is generated in the country based on a local, abundant and clean resource, hydroelectricity, and the rest mainly on natural gas. If we look at the situation in Colombia, we see that self-sufficiency is over 95%, and that 67% of that is generated using water, the rest being based on local coal. In the case of Peru, we will see again that we are substantially surpassed. Its self-sufficiency reaches over 95%. In that nation the situation is the following: 53% is generated based on water and 43% is based on natural gas, a recourse that is abundant in that country. Argentina also surpasses us; its self-sufficiency is around 80%. In comparison, Chile reaches only between 30% and 35% of energy self-sufficiency based on local resources. This figure includes 28% of hydroelectric generation, a local and abundant resource which does not depend on fluctuations in the international prices of fossil fuels.

Chile therefore has a clear disadvantage. And regrettably it has not always been so. While some base their energy matrix on local, clean and abundant resources that do not depend on international prices, we have become ever more dependent on imported fossil fuels, thus reducing our capacity of self-sufficiency and not taking advantage of a clean and abundant potential in Chile like hydroelectricity.

In fact, until the arrival of Argentine natural gas toward the end of the 1990s, hydroelectricity was the principal source of generation on the SIC and was the solution to the country's growing energy needs. During the period between 1991 and 1995, hydroelectric plants, which represented 82% of

installed capacity on the SIC, contributed 89% to the total generation of the system, bringing us close to self-sufficiency. A decade later, however, the country began to depend increasingly on Argentine gas. So, between 2001 and 2005, the installed capacity in units operating with natural gas reached 21% of the SIC, which generated 33% of the total on average. Thus the participation of hydroelectric generation fell to 66%. Consequently, the exposure to imported fossil fuels increased in a decade from 19% to 33%. Over the last five years (2009-2013) this situation has continued to worsen. The hydroelectric plants now represent 45% of the installed capacity of the SIC and generated only 46% of the total. On the other hand, imported fossil fuels grew to reach 50% of the generation in the same period. According to the projections of the National Energy Commission, in its works plans published in March this year, a total of 1,400 MW will be installed over the next 10 years, which would mean that the capacity of hydroelectric plants by 2023 would represent just 40% of total capacity on the SIC.

I would not like to think that this situation pleases anyone, as we are not only beginning to depend increasingly on imported fossil fuels but the prices of these have increased significantly. Coal prices have trebled and those of natural gas have risen 10 times, compared to the prices at the end of the 1990s and early 2000s. Whereas the average import cost of fossil fuels for the SIC was US\$ 34 million in the early 1990s, we are today paying over 60 times that amount. And that in a system that has only grown 3.5 times. Fuel imports, just on the SIC, represent 3% of Chile's total imports and some Ch\$75,000 annually for every Chilean.

I said above that, in contrast to Chile, the countries in the region have continued along the path of energy self-sufficiency, mainly through the development of hydroelectricity as one of the pillars supporting a clean generation matrix and with operating costs that are not dependent on fluctuations in international fuel prices. But they are also betting on this resource for their future development.

This is the case of Brazil, a country whose electricity system is 7.6 times that of Chile and has a hydroelectric potential of

135,000 MW. By 2020, Brazil will install almost 21,000 MW of additional capacity on the basis of hydroelectricity. Colombia, for its part, with a size a little smaller than ours, is planning the start-up of over 3,200 MW of hydroelectric installed capacity. Peru, a nation with an electricity system that is only 57% the size of Chile's and has abundant local natural gas, has under construction 1,700 MW based on hydroelectricity and will soon open a tender for another 1,100 MW to start operating between 2018 and 2020. All this to take advantage of a hydroelectric potential of some 60,000 MW, according to figures published recently in the Financial Times.

And we are not talking here precisely about mini-plants. In these three countries, there are five hydroelectric plants of over 500 MW currently under construction, the largest of which, Belomonte in Brazil, exceeds 11,000 MW. Another 13 can be added to these which are in an advanced stage of development. Our neighbors are therefore advancing rapidly toward the target of 100% self-sufficiency in their energy needs.

And to successfully approach the challenge of reactivating the electricity sector and progressing towards greater energy independence, we need clarity in the diagnoses and the targets to be achieved, as only then will the country be able to be in a position to choose among the options that Chile has to hand, and to decide on the most suitable.

And here are things that need to be clarified. There has been argument about a supposed lack of competition in the generation sector which has been the cause of the system's high prices today. It has been suggested that the sector has presented imperfect competition in the regulated-customers tenders and in sales to non-regulated customers. And it has been alleged that large generating companies have incentives not to invest, which would increase prices on the spot market and thus sale prices to end customers.

We recognize that competition is one of the bases for the Chilean electricity sector model. We therefore consider that it is very important to help to see that the diagnosis is correct, providing information so that actions do not alter the

economic efficiency that allows tariffs to reflect the costs and risks of the generation industry.

Historical experience however shows that the behavior of the principal generators has not been to delay the carrying out of investments. On the contrary, companies have been prepared to make them, especially at times when the country has suffered from supply problems.

The examples are many: let us remember some of them.

Between 1999 and 2001, the companies were part of the efforts to incorporate Argentine natural gas into the Northern Electricity Grid (SING), where demand was growing due to the boom in mining investment. Some 2,000 MW were added from five combined cycles designed to supply the system. At the same time, the same occurred on the SIC, with the installation of over 1,100 MW in three combined cycles.

The challenge of the drought, which hit the SIC between 1998 and 1999, was also successfully faced by the companies. Endesa Chile alone hurriedly installed almost 600 MW, equivalent to 10% of the system's installed capacity.

Later, when Argentina began to interrupt the supply of natural gas, our capacity of reaction was also accelerated. Remember that it began timidly in 2004 before reaching an almost complete cut-off by 2008.

And what did the companies do? We contributed with quickly-installed back-up units (gas turbines and engines) which, between 2007 and 2009, permitted the incorporation of some 2,000 MW, 250 MW of which corresponded to Endesa Chile's Quintero plant.

The other way to confront this emergency was the installation of coal-fired plants, based on the so-called Short Law 2 of 2005 which established supply tenders for regulated customers. This regulation made viable the construction of new steam coal plants. Between 2009 and

2012 more than 1,500 MW entered the SIC and almost 900 MW the SING.

But above all, it is necessary to underline the introduction of liquefied natural gas (LNG) in Chile in 2009. Endesa Chile was the only generator to join the construction project of a regasification plant in Quintero, after all the generators had been openly invited to participate in this initiative. It took a 33% participation in the commercial company and 20% in the ownership of the plant. The total investment was US\$ 1,200 million. In 2010, the plant started its normal operations and, with this, we can say that we contributed to finally overcoming the stoppage of natural gas supplies from Argentina. We therefore contributed to reducing the costs of imports of fossil fuels. Something similar happened on the SING where a regasification plant was built in Mejillones, whose ownership was shared by the Belgian-French company GDF Suez and the state-owned Codelco.

Finally, to persist with this reaction, it is worthwhile remembering how the companies reacted to the new obligations imposed by the laws promoting the use of non-conventional renewable energies (NCRE) which initially contemplated that from 2010, 5% of the energy generated should come from NCRE sources, a percentage that would rise to 10% by 2024. The law was amended during 2013, increasing the target to 20% by 2025.

We know that these technologies show higher costs to hydroelectric and steam coal plants. Even so, sufficient volumes have been installed that have permitted not only compliance with the law but to have produced an excess of 57% over the target during 2013. For the next years, it is expected that projects under construction, or around 1,000 MW, will generate even bigger margins over the obligation limit.

So what has happened? Why are conventional technologies not being developed while the NCREs are? Are the projected tariffs on the SIC a consequence of a non-competitive market?

The reply, I think, is not univocal. There are various factors explaining the present situation.

A part of the explanation as to why conventional energy projects are not being developed is related to the long administrative approval processes usually faced, motivated partly by greater environmental requirements. In addition, there are the demands and expectations of an increasingly empowered citizenship that has led to not a few projects ending up before the courts. We have also seen discretionary interventions by the authority, like the case of Barrancones. I believe that these actions have generated greater uncertainty, escalating costs, postponements and barriers of entry, which have even affected plants under advanced construction or completed.

Another element to be considered is the persistence of drought which has increased supply costs and reduced the optimum volumes of contracting in the case of companies like ours which has a high hydroelectric component.

Consequently, the factor that appears as conditional in the present situation is directly associated with the shortage of available supplies for meeting demand and the growing uncertainty with respect to when the projects can start operating. As I have indicated, this situation has not occurred because of the will of the generators. It is notable that, in the last tender for distributors, part of the energy was not adjudicated despite the attractive price.

Resolving these matters is urgent if we want the country to have a matrix that advances along the road to self-sufficiency and accompanies the development of Chile. According to the works plans published by the CNE for the SIC and SING, in its preliminary technical report of March this year, over the next 10 years, an additional 5,830 MW of new generating capacity should come into operation. Of this, some 3,000 MW would be under construction. The plan states that 2,000 MW will be installed in non-conventional energies, of which 50% would be under construction. An internal analysis of Endesa Chile shows that this indicative works plan could be insufficient

for complying with the greater NCRE obligations set out in Law 20/25 and it might be necessary to install between 800 and 1,000 MW of additional capacity to that contemplated by the CNE to reach the target by 2023, in order for the total capacity to reach between 6,600 and 6,800 MW.

The market has already reacted to face these challenges, with the incorporation of new operators in recent years. At the end of 2008, the SIC had three large operators (Endesa Chile, Colbún and AES Gener) which had 88% of the installed capacity, while another three companies with more than 100 MW concentrated 5% of that capacity, The rest was made up of around 20 small companies. On the SING, three companies (E-Cl, Endesa Chile, including Gasatacama, and AES Gener) controlled all the installed capacity.

By December 2012, the increase in the number of operators was evident. The participation of the three largest companies (Endesa Chile, Colbún and AES Gener) had fallen to 77% of the installed capacity, while another eight companies with more than 100 MW had concentrated 12% of that capacity and the rest consisted of around 70 small companies.

On the SING, while the three companies mentioned (E-Cl, Endesa Chile, with Gasatacama, and AES Gener) controlled 99% of installed capacity, another six companies had joined the group.

And to be sure, the state also has a role to play as facilitator for achieving this task and the country goal is to ensure that the projects are effectively carried out and we are not left behind with respect to other countries in the region along the way to self-sufficiency.

I believe that there are no contrasting opinions with respect to what we have to face over the next decade. The goal is important and significant: the country has to reverse the severe under-investment in our sector and to advance decisively along the road to energy self-sufficiency.

And the consequences of this under-investment are serious. A study ordered by the Chilean Generator Companies

Association, made by the engineers and academics Agurto, Fuentes, García and Skoknic, calculated that as a result of the under-investment in the sector, by 2019 the country "will have lost the equivalent of close to one year's growth (6.15% of GDP)", an amount obtained by comparing the present scenario with one in which the generation investments had continued, since 2007, at their previous rate.

In Chile, the challenge of ensuring the additional 6,600 MW to 6,800 MW mentioned above will imply extending the ability of the different players involved (the new authorities and the sector companies) to agree on the most suitable alternatives. This requires finding a technically-sustainable space today for ensuring that this discussion not only happens but permits advancing at the required rhythm for our economy, to ensure its competitiveness in the world's markets and the creation of more and better jobs. That is the debate that has to occur and which I am confident we will be able to give.

And this has to happen soon and quickly. It will undoubtedly be a major challenge in terms of passing legislation but also in mobilizing investments, human talent and engineering, these last two elements being ones which our country in general and the electricity sector in particular have in the necessary numbers.

The commitment of the new government is to announce its agenda for the electricity sector within 100 days. Endesa Chile is prepared to collaborate in all initiatives that imply advancing in making Chile a nation with high energy self-sufficiency, greater security and competitive prices. We will do so in the same manner as we did when we collaborated with our views in carrying forward initiatives as important for the sector as the new Concessions Law and that which will permit the interconnection of our two large electricity grids, of the north and central zones, both initiatives promulgated last year by the previous administration.

When analyzing the spectrum of options from which to choose, it is true that the range is not very wide. Privileging one or another will imply benefiting from certain advantages

and also assuming certain consequences. Depending on how we incline between one or other alternative, the country will have cheaper or more expensive energy prices, emit more or less contaminating and greenhouse gases, will import more or less fossil fuels, or have more or less electricity self-sufficiency.

Thanks to the approval of the Law 20/25, around 4,000 MW of NCRE should be added over the next 190 years. In itself, this will be a monumental and rare achievement for Chile as the operation of these technologies represents a challenge for our fragile transmission system which, as you will know, is conditioned by our country's special characteristics of topography and geography, conditions that differentiate it from other network transmission systems.

The other options reduce then to the use of conventional energies like coal, LNG and hydroelectricity. These are what have to complete the remaining 2,600 to 2,800 MW in that period.

Opting for LNG means having a medium to low range of CO<sub>2</sub> and other greenhouse gas emissions. The advantage of this alternative is that the implementation of plants using this fuel is fast, but its variable costs are high, at above US\$85/MWh, and depend on the volatility of international market prices. They do not therefore point to converting us into a nation that is more independent for its energy. The total mean cost for this generation alternative, including the recovery of the investment, is around US\$120/MWh. In addition, its development will depend to a large degree on the country having new gasification infrastructure.

The other option to hand is the development of coal-fired thermal plants. The implementation of this alternative implies growing investment costs in order to reduce the environmental impacts, which bring their mean cost closer to that of combined-cycle plants using LNG. And nor do we here progress toward self-sufficiency.

The development of hydroelectric plants is the other option which the country offers and presents a series of advantages

as its use implies using a resource that is abundant in our geography, is local, clean as no emissions are produced, the water once used returns intact to its course, and is competitive.

The generation price of hydroelectric plants, in terms of variable cost, is practically zero. Regarding the disadvantages of this option, perhaps the most significant is the slowness of implementation and the high investment costs involved in the development of the projects. In addition, governments pay a high political cost in approving these initiatives and receive no recognition of this clean energy as projects are completed between four and eight years after being approved. But even so, many of the hydroelectric projects on the table for debate today offer a total average cost much lower than coal plants, are unquestionably cleaner and are isolated from international fossil fuel prices. Depending on the project, the total average cost of hydroelectric generation is below the line of US\$80/MWh, but they carry greater execution risks.

I have said it in different forums and on different occasions. I am convinced that the use of this competitive, local, clean and abundant energy in our country, complying with all the environmental requirements contemplated in legislation, is not only reasonable but also contributes enormously to Chile having electricity self-sufficiency and being a more competitive nation, as I have tried to argue in this letter.

The development of this potential, particularly important in the southern zone, where we are promoting Hidroaysén, would allow, for example, Santiago and the rest of the major cities in the country to solve their public transport problems. We estimate that, by the end of 2025, just 6% of the production of a project with the characteristics of HidroAysén would be sufficient to operate the Metro and/or extend the use of electric buses in the principal towns in the country. It would certainly benefit people on foot, not only by seeing their electricity bills reduced but also because the portion of the family budget dedicated to such an important item as transport could be reduced and because they could breath much cleaner air.

As I have said, Chile has an important hydroelectric potential to develop. In the south, it would be possible to install over 8,000 MW presenting high plant factors. These are especially crucial when the center-south zone suffers from dry years. And they also seasonal as their water flows are abundant at the same time that the SIC faces the driest periods which occur in summer.

Without ignoring the fact that the development of this potential supposes environmental and landscape effects that have to be mitigated, it is also important to recognize the importance that this development can have not only on the quality of the matrix but also on protecting us from the vicissitudes of the global economy. Using this potential has a structural impact on the country's CO2 emissions. Chile is today generating more emissions than the long-term world target, which intends to reach between three and four tons of CO2 per capita. We currently have 5.2 tons and clearly hydroelectricity would contribute to the objectives that the world community has set for facing phenomena like climate change.

The question we have to ask ourselves then is: how does Chile advance along the road to energy self-sufficiency, taking advantage of our clean and renewable oil, which is water, and that does not have to be imported? What do we have to do to present these matters to debate and the public agenda?

I mentioned above the challenges that the executive and legislative branches of government have to face in 2014. And the need to incorporate the reactivation of the electricity sector as a priority, resolving the present severe under-investment in it in order to advance toward a greater energy self-sufficiency.

We will play our part in this task. We will do so in the same way we did in 2004 when we made it possible for Chile to be supplied silently by the Ralco plant, which contributed 690 MW to the country just when natural gas ceased to arrive from Argentina. Or in 2007 when San Isidro II started operating, which today contributes almost 400 MW to the

system. Or that same year when the Canela I wind farm was opened which, together with Canela II, was a pioneer in the use of wind energy in the central zone, today contributing 78 MW. Or in 2009 when the LNG gasification terminal in Quintero entered service, finally overcoming the cuts in Argentine gas and allowing generation with natural gas to be resumed, thus substituting almost 1,000 MW that occupied oil for generation. Endesa Chile was the only generator to join in meeting that challenge at that time. Or in the same 2009, when the start-up of the Quintero plant added another 257 MW, which today can be increased to 377 MW. Or in 2012 when Bocamina II began operations, an important plant for the system's security. They are therefore 2,000 MW that the company has added over a decade.

Endesa Chile drove these initiatives and participated in the solution to the country's energy needs. I would not like to think that it is unimportant for Chile to follow the road to self-sufficiency, which other countries in the region have done and which are our partners and competitors at the same time. These reflections point to a debate I consider to be unavoidable but which exceeds the scope of action of this chairman and this company. What there should be no doubts about is that Endesa Chile has the capacities, talents, resources and above all a solid portfolio of future projects which will allow us to continue to take an active and leading part in the country's development. This has been the company's permanent vocation which we will maintain during this new cycle, so that Chile has sufficient energy to motivate the competitiveness of our industries and the quality of life of Chilean men and women.



Jorge Rosenblut  
Chairman

# Highlights 2013



## JANUARY

**Second place in corporate sustainability indicator**  
Endesa Chile won second place at the national level in the Corporate Sustainability indicator according to a study prepared by the digital magazine The Note, of Capital magazine, in which 110 companies took part from all over the country.

**Survey of the El Esfuerzo community in Coronel**  
Within the Bocamina II community engagement policy, the public-private round table, comprising the residents themselves, the municipality of Coronel, SERVIU's Hamlets and Campsites Program and Endesa Chile, took a concrete step in finalizing the survey of the number of families that will benefit from housing solutions that follow the mechanical analysis of the soil for carrying it out.



## FEBRUARY

**Fundación Huinay obtains Fondecyt for a study of the Patagonian ecosystems**  
The funds will be used for a new project in Chile to broaden knowledge of the species and ecosystems making up the rich marine biodiversity of the Chilean Patagonian fjords.



## MARCH

**First hydraulic simulator for training workers**  
The simulator represents a basin of three plants, plus the hydraulic works necessary for their function. The workers train in a replica of a plant control room which has supervision and control equipment.



## APRIL

**Soil quality study handed to the El Esfuerzo community**  
The company gave to the residents of the El Esfuerzo sector in Coronel the results of the study that took nearly six months of investigation. This process is the result of the willingness and collaboration between the residents and Endesa Chile.



## MAY

**Fundación Pehuén promotes project for the production of Pehuenche textiles**

In its constant work with the Pehuenche communities of the Upper Biobío, Fundación Pehuén, in collaboration with Enel Cuore and under a cooperation agreement with Fundación Chol-Chol, will facilitate the work of seventy craftswomen from the community partners of the entity through the necessary infrastructure for the training, production and sale of their products.



## JUNE

**Agreement with British Gas will strengthen LNG operations**

Endesa Chile and British Gas LNG Trading LLC reached agreement on the principal aspects relating to the LNG supply contract between British Gas and the company, through GNL Chile, called the flexible LNG sale and purchase agreement, which was signed together with its respective amendments (Flex SPA).



**Successful cinema cycle presented for the second year in 40 schools in the country**

Following the success of the project "Cinema in your School" in 2012, Endesa Chile carried out this initiative for the second time as part of its Energy for Education program, an initiative that supports 40 schools from Tarapacá to Los Ríos. "Cinema in your School 2: The Return" is a cycle of 30 free presentations at the program's educational establishments, with the most successful films in infants' cinema.

**Transport scholarships for students of Panguipulli**

More than 550 students from four villages and three communities of the municipality of Panguipulli benefited with transport scholarships granted by Endesa Chile through its Energy for Education program.



**San Clemente teachers are trained in mathematics**

A group of mathematics teachers from San Clemente, in the region of the Maule, took part in a novel training plan organized by Endesa Chile. The objective was to reinforce skills and provide teaching tools with the use of COPISI methodology, accordance to the curricular bases of the Ministry of Education.

**Launch of innovative tele-work program**

An innovative tele-work program launched by Endesa Chile, an initiative that seeks to improve the quality of life of the workers and part of the company's permanent concern and commitment for the wellbeing of its employees.



## JULY

**Submission for environmental evaluation of the Punta Alcalde electricity transmission line project**

The Environmental Evaluation Service (EES) of the Atacama region received for process the Punta Alcalde substation-Maitencillo substation electricity transmission line project of Endesa Chile which will permit the supply of energy generated by the Punta Alcalde plant to the SIC.

Superintendency of the Environment (SMA) begins sanction process against Bocamina II  
 SMA began sanctioning administrative proceedings against the company concerning for the "Expansion Second Unit Bocamina Thermal Plant", qualified favorably environmentally by Resolution W 206 of August 2, 2007 ("RCA W20q/2007").



**AUGUST**

Among the 10 most responsible companies in Chile  
 Endesa Chile was placed tenth in the ranking of the most responsible companies in Chile according to a survey made annually by Fundación PROhumana, the most important at the national level, jointly with Qué Pasa magazine and sponsorship from the Confederation of Production and Commerce (CPC).

Endesa Chile appeals to the Supreme Court against the judgment of the Appeals Court for Punta Alcalde  
 After analyzing the judgments of the Santiago Court of Appeal, which annulled agreement 17/2012 of the Council of Ministers that approved the Punta Alcalde project, it was decided to appeal to the Supreme Court for ratification of the decision adopted by the Council of Ministers.

**SEPTEMBER**

Endesa Chile increases its LNG consumption capacity  
 The company requested GNL Chile to increase its LNG regasification capacity associated with the first expansion of the GNL Quintero terminal by 2.2 MMm<sup>3</sup>/d, in order to increase the dispatch of its thermal plants. It will pass from 3.24 MMm<sup>3</sup>/d of present capacity to a total of 5.42 MMm<sup>3</sup>/d of capacity.

**OCTOBER**

Endesa Chile and ABB implement second stage of tele-command project  
 The tele-command project for the company's hydraulic units, which began its second phase, seeks to collect information from the Zonal Exploitation Centers (CEZ) and direct it to the National Exploitation Centers (CEN). From there, it will be possible to monitor and tele-command the plants and obtain an integrated view of the system.

Expansion of the GNL Quintero terminal begins  
 At a ceremony headed by the Minister of Energy, Jorge Bunster, the foundation stone was laid for the expansion project of the GNL Quintero regasification terminal which will increase the LNG regasification capacity by 50% to a total of 15 million m<sup>3</sup>/day.

## DECEMBER

### Concepción Court of Appeal orders the stoppage of Bocamina II

The company declared publicly that the unit has its Environmental Qualification Resolution (RCA) approved in 2007 permitting it to operate at 350 MW, and that the plant's operation has caused no impacts on the environment other than those foreseen in the current RCA. The plant is of vital importance in a year of drought, replacing reduced hydraulic resources and stabilizing prices on the spot market.



## NOVEMBER

### Endesa Chile wins tender for supplies to regulated customers

The company was adjudicated 3,500 GWh/year to guarantee supplies to the regulated customers of distributor son the SIC for the period December 2013 to December 2024. The offered price was US\$129.035/ MWh.

### Agreement signed to eradicate the El Esfuerzo families in Coronel

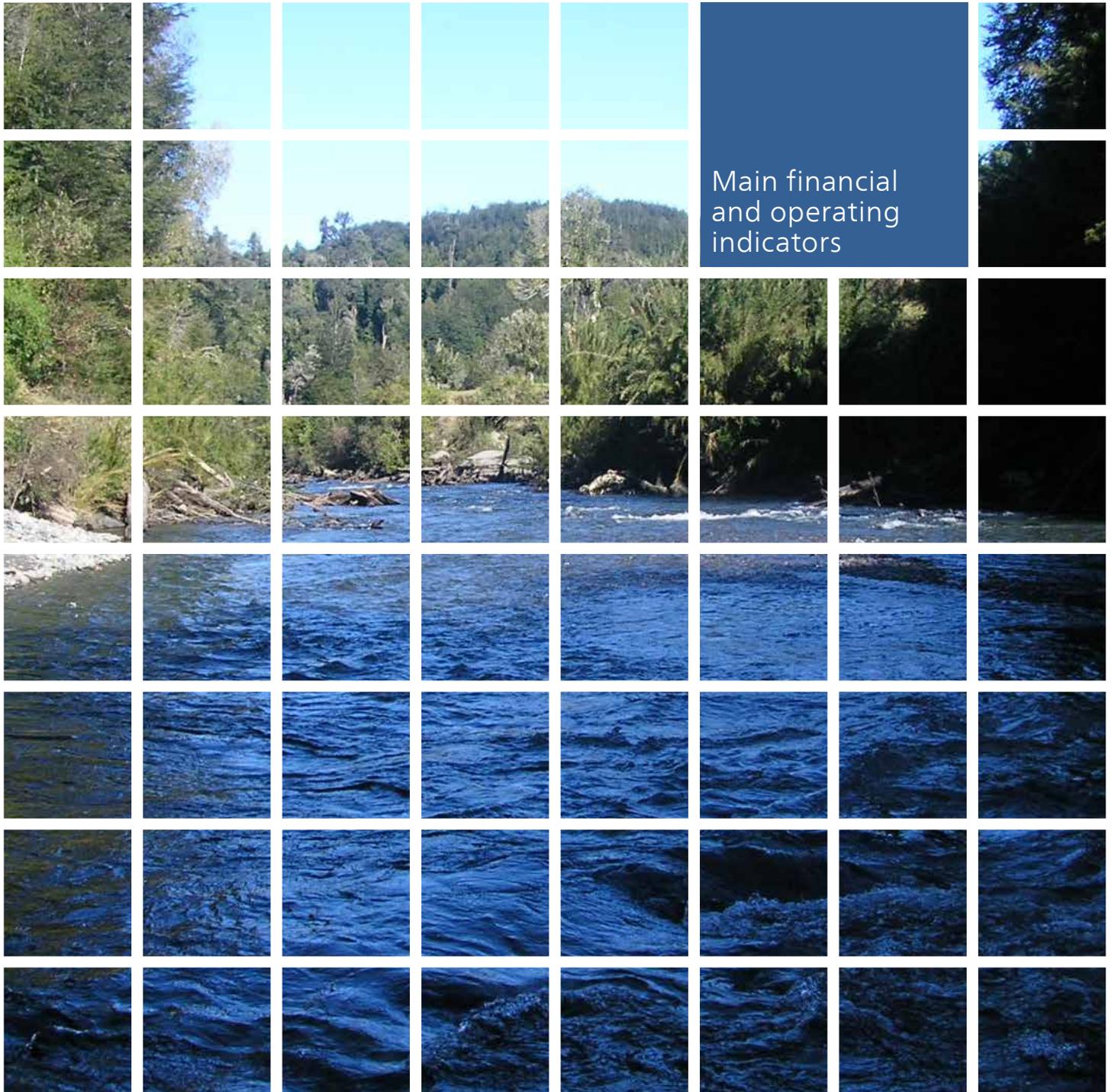
This agreement will allow the final eradication of 350 families of the El Esfuerzo community. The agreement was signed by Endesa Chile, sector residents, Serviu and the Municipality of Coronel. It means that the families of El Esfuerzo will be able to move to owners of homes of UF 1,100, co-financed with the state housing subsidy and Endesa Chile, as a public-private solution.

### Submission for environmental process Optimization Bocamina Second Unit Thermal Plant

As a result of the engineering studies made from 2008 and an analysis of the performance of the machines, Endesa Chile improved the design of the second unit, improving its functioning in environmental and safety terms (both for the energy supply and for its installations), without modifying the essential characteristics of the project already approved, which in turn increases capacity by 20 MW.

### Better operating performance in Chile, Argentina and Colombia explain the increase in earnings to Ch\$353,927 million.

The improved operating performance in Chile was mainly due to reduced fuel consumption costs. In Argentina, the better results were explained by revenue under the combined-cycles availability contract of Endesa Costanera, while in Colombia they were mainly the result of higher operating revenue due to a higher spot sale price.



	As of December 31 each year (in millions of nominal pesos)				
	2009 <sup>(1)</sup>	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>	2012 <sup>(2)</sup>	2013 <sup>(2)</sup>
Total assets	6,169,353	6,034,872	6,562,013	6,453,231	6,762,125
Total liabilities	3,214,351	2,930,045	3,120,873	3,018,738	3,174,311
Operating revenue	2,418,919	2,435,382	2,404,490	2,320,385	2,027,432
Ebitda	1,257,072	1,070,438	973,890	808,101	978,994
Earnings <sup>(3)</sup>	627,053	533,556	446,874	234,335	353,927
Current ratio	0.96	0.83	1.02	0.73	0.78
Debt ratio <sup>(4)</sup>	1.09	0.94	0.91	0.88	0.88

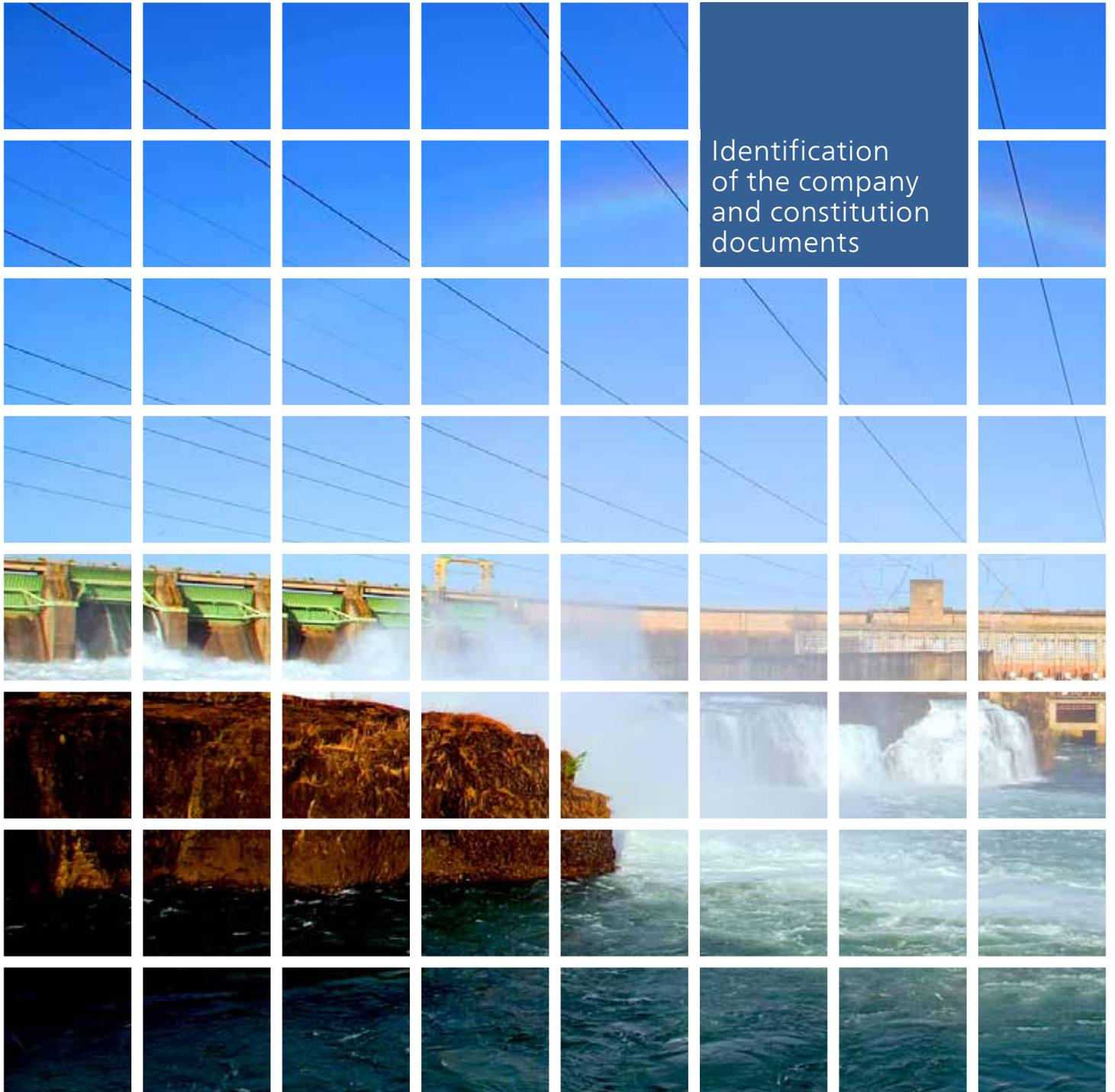
1) Since 2009, the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), also restating the company's 2008 financial statements under the new accounting standards. As a result of this change in accounting standards, jointly controlled companies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

2) Following the application of IFRS 11 "Joint agreements", companies controlled jointly by the Group should be booked using the equity method as from 2013. As this application is retrospective, the present financial statements include modifications to the statement of financial position as of December 31, 2012.

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

4) Total liabilities/equity plus minority interest.

	As of December 31 each year				
	2009	2010	2011	2012	2013
<b>ARGENTINA</b>					
Number of employees	332	404	415	501	506
Number of generating units	20	20	20	20	20
Installed capacity (MW)	3,652	3,652	3,652	3,652	3,652
Electricity generated (GWh)	11,955	10,940	10,801	11,207	10,840
Energy sales (GWh)	12,405	11,378	11,381	11,852	12,354
<b>CHILE</b>					
Number of employees	1,172	1,151	1,155	1,177	1,061
Number of generating units	110	107	107	108	108
Installed capacity (MW)	5,650	5,611	5,611	5,571	5,571
Electricity generated (GWh)	22,239	20,914	20,722	19,194	19,439
Energy sales (GWh)	22,327	21,847	22,070	20,878	20,406
<b>COLOMBIA</b>					
Number of employees	415	430	441	441	476
Number of generating units	29	30	30	30	25
Installed capacity (MW)	2,895	2,914	2,914	2,914	2,925
Electricity generated (GWh)	12,674	11,283	12,090	13,251	12,748
Energy sales (GWh)	16,806	14,817	15,112	16,304	16,090
<b>PERU</b>					
Number of employees	224	228	230	236	238
Number of generating units	25	25	25	25	25
Installed capacity (MW)	1,667	1,668	1,668	1,657	1,540
Electricity generated (GWh)	8,163	8,466	9,153	8,570	8,391
Energy sales (GWh)	8,321	8,598	9,450	9,587	8,904
<b>TOTAL</b>					
Number of employees	2,143	2,213	2,241	2,355	2,281
Number of generating units	184	182	182	183	178
Installed capacity (MW)	13,864	13,845	13,845	13,794	13,688
Electricity generated (GWh)	55,031	51,603	52,766	52,222	54,418
Energy sales (GWh)	59,859	56,640	58,013	58,621	57,754



Identification  
of the company  
and constitution  
documents

## Identification of the company

Name	Empresa Nacional de Electricidad S.A. (Endesa or Endesa Chile)
Type of entity	Open corporation registered with the Superintendence for Securities and Insurance Companies under Number 114.
Tax No.	91,081,000-6
Address	Santa Rosa 76
Postal code	833-0099 SANTIAGO
Telephone	(56-2) 2630 9000
Fax	(56-2) 2635 3938 (56-2) 2635 4720
Po Box	1392, Santiago
Web site	<a href="http://www.endesa.cl">www.endesa.cl</a>
Electronic mail	<a href="mailto:comunicacion@endesa.cl">comunicacion@endesa.cl</a>
Investor relations telephone	(56-2) 2353 4682
Investor relations fax	(56-2) 2378 4782
External auditors	KPMG Auditores Consultores Ltda.

# Constitution documents

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

By Ministry of Finance Supreme Decree 97 of January 3, 1944, the company's existence and bylaws were approved, stating that the company's objects were the production, transportation and distribution of electric energy and, in particular, 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 by 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 objects 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 in 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, "Directors' 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 financial

# Corporate objects



statements (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) Chapter IV of the Bylaws, "Directors' Committee and Audit 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.

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

The company also provides consultancy services in all areas and specialties of engineering and company management; acquire, design, build, maintain and develop civil or hydraulic infrastructure works directly related to public works concessions; exploit the goods that comprise its assets; invest, develop projects, operate or carry out operations in the energy field and in other operations or products directly related to energy; invest, develop projects, operate or carry out operations in industrial projects and processes where electricity is essential, determinant and used intensively.

The company may also invest in real estate and financial assets, instruments or securities, equity in companies and in commercial documents in general, provided they are related to its objects, and acquire, manage or sell them.

In complying with its objects, the company is entitled to operate directly or through its subsidiaries or associates, both domestically and abroad.

No comments were received in the company with respect to the progress of the business.



## Ownership structure

The company's share capital as of December 31, 2013 amounted to 8,201,754,580 subscribed and paid shares, distributed among 17,171 shareholders.

Shareholder	%
Enersis S.A.	59.98
Pension funds	14.84
Others	12.51
Stockbrokers	5.77
ADR (Citibank N.A.)	3.49
Individuals	3.32

## Identification of the controllers

Enersis S.A. is the controller of Endesa Chile, with a direct 59.98% shareholding. Enersis S.A. does not have a joint operation agreement.

During 2013 there were no transactions of the company's majority shareholders.

## List of the twelve largest shareholders of the company

Name	Tax No.	No. of shares	% participation
Enersis S.A. <sup>(1)</sup>	94,271,000-3	4,919,488,794	59.98%
Citibank N.A. per SVS Circular 1.375	59,135,290-3	286,201,590	3.49%
Banco de Chile on behalf of non-resident third parties	97,004,000-5	281,039,471	3.43%
Banco Itaú on behalf of investors	76,645,030-K	217,177,303	2.65%
AFP Provida S.A. for Pension Fund C	98,000,400-7	205,764,742	2.51%
AFP Habitat S.A. for Pension Fund C	98,000,100-8	170,628,368	2.08%
Banco Santander on behalf of foreign investors	97,036,000-K	140,248,100	1.71%
AFP Capital S.A. for Pension Fund C	98,000,000-1	127,209,037	1.55%
AFP Cuprum S.A. for Pension Fund C	98,001,000-7	113,040,970	1.38%
Banchile Corredores de Bolsa S.A.	96,571,220-8	98,033,047	1.20%
AFP Habitat S.A. for Pension Fund B	98,000,100-8	78,508,158	0.96%
AFP Provida S.A. for Pension Fund B	98,000,400-7	71,040,497	0.87%
<b>Sub total</b>		<b>6,708,380,077</b>	<b>81.79%</b>
Others		1,493,374,503	18.21%
<b>TOTAL</b>		<b>8,201,754,580</b>	<b>100%</b>

(1) Enersis S.A. is a subsidiary of Endesa Latinoamérica, S.A., a Spanish company controlled 100% by Endesa (Spain).

## Major changes in ownership

The most significant ownership changes in Endesa Chile during 2013 were the following:

- Citibank N.A. reduced its participation from 4.56% to 3.49% in 2013.
- AFP Provida S.A. increased its participation from 4.19% to 4.38% in 2013.
- AFP Habitat S.A. increased its participation from 3.54% to 4.01% in 2013.
- AFP Capital S.A. decreased its participation from 3.11% to 2.97% in 2013.
- Banco de Chile, on behalf of third-party non-residents, increased its participation from 2.51% to 3.43% in 2013.
- Banco Itaú, on behalf of foreign investors, increased its participation from 2.33% to 2.65% in 2013.
- Banco Santander, on behalf of foreign investors, decreased its participation from 1.817% to 1.71% in 2013.
- Banco de Chile Corredores de Bolsa S.A. decreased its participation from 1.35% to 1.20% in 2013.
- LarrainVial S.A. Corredora de Bolsa decreased its participation from 0.76% to 0.55% in 2013.

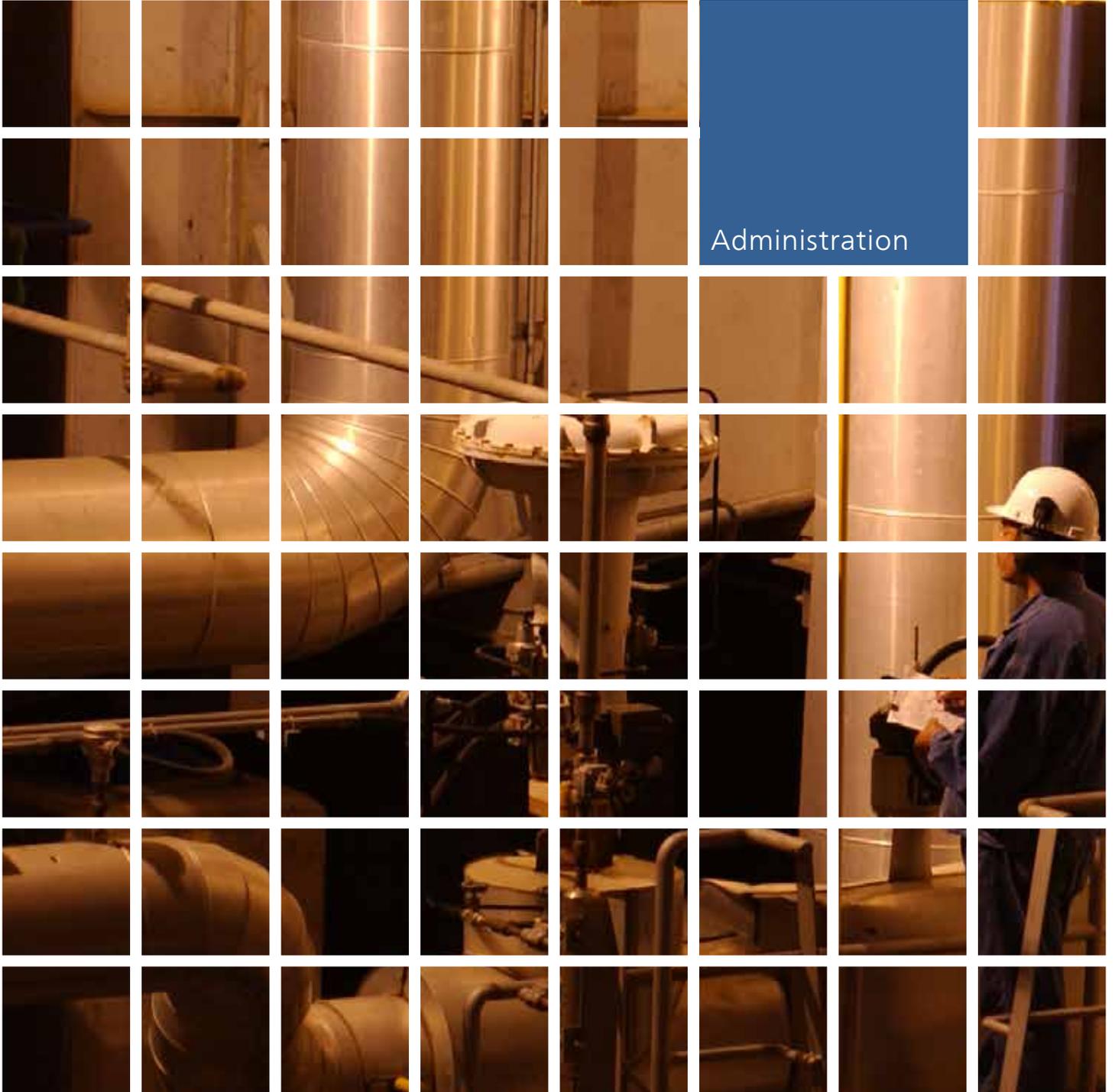
## Share transactions made by related parties

No directors or senior executives traded shares in the company during 2013.



## Summary of comments and proposals of the Directors' Committee and of shareholders

The company received no comments regarding the progress of the company's business between January 1 and December 31, 2013 from its majority shareholders or groups of shareholders holding more than 10% of the voting shares issued, in accordance with the provisions of article 74 of Law 18,046, and articles 82 and 83 of the regulations of the Corporations Law, nor from the Directors' Committee, notwithstanding the contents of the committee's report contained in this annual report.



# Board of Directors

## 1. CHAIRMAN

**Jorge Rosenblut**  
Civil Industrial Engineer  
Universidad de Chile  
Tax No.: 6,243,657-3  
Since 26.04.12

## 2. VICE CHAIRMAN

**Paolo Bondi**  
Degree in Administrative Sciences  
Universidad Comercial Luigi Bocconi  
Passport: YA3881265  
Since 26.04.12

## 3. DIRECTOR

**Francesco Buresti**  
Electronics Engineer  
Universidad de Bologna  
Passport: F685628  
Since 26.04.12

## 4. DIRECTOR

**Manuel Morán Casero**  
Aeronautical Engineer  
Universidad Politécnica de Madrid  
Passport: AAB266217  
Since 26.04.12

## 5. DIRECTOR

**Alfredo Arahuetes García**  
Doctor in Economic and Business  
Sciences (ICADE)  
Universidad Pontificia de Comillas  
Tax No.: 48,115,220-8  
Since 26.04.12

## 6. DIRECTOR

**Jaime Bauzá Bauzá**  
Civil Engineer  
Pontificia Universidad Católica de Chile  
Tax No.: 4,455,704-5  
Since 26.04.12

## 7. DIRECTOR

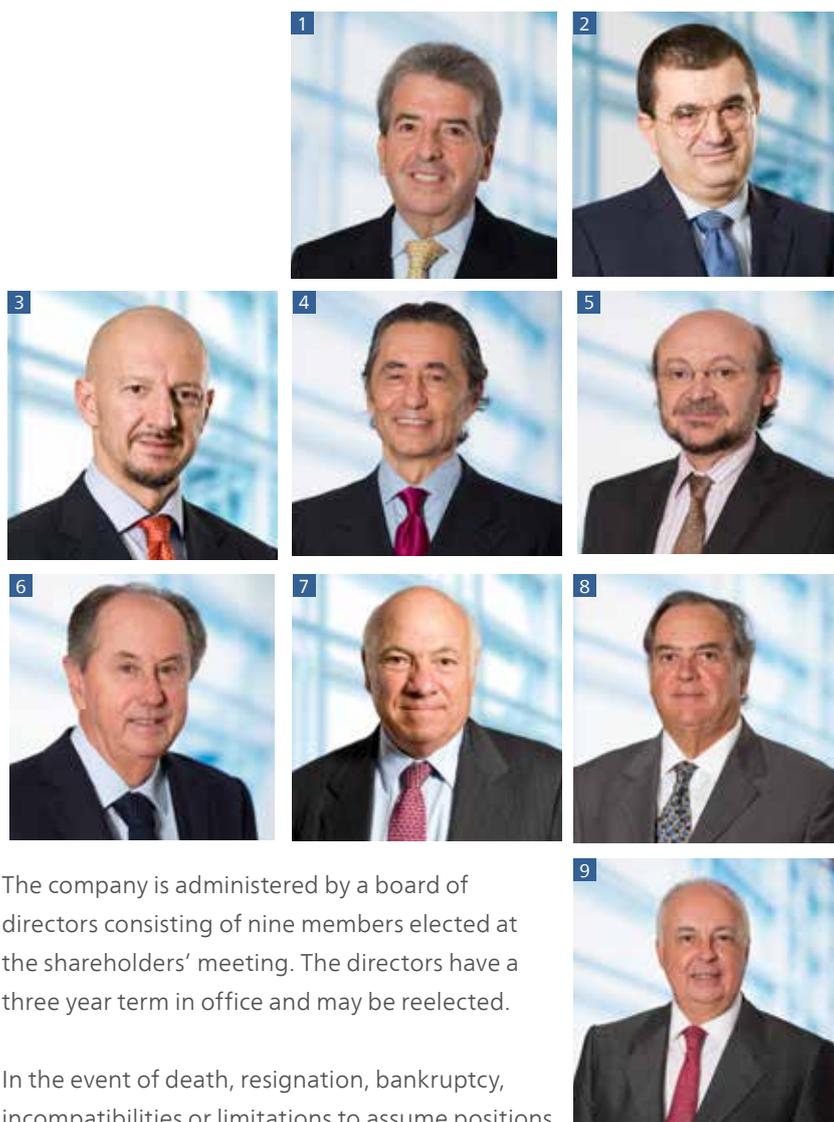
**Vittorio Corbo Lioi**  
Commercial Engineer  
Universidad de Chile  
Doctor and Post Doctorate Economics MIT  
Tax No.: 4,965,604-1  
Since 26.04.12

## 8. DIRECTOR

**Felipe Lamarca Claro**  
Commercial Engineer  
Pontificia Universidad Católica de Chile  
Tax No.: 4,779,125-1  
Since 26.04.12

## 9. DIRECTOR

**Enrique Cibié Bluth**  
Commercial Engineer  
Pontificia Universidad Católica de Chile  
Tax No.: 6,027,149-6  
Since 26.04.12



The company is administered by a board of directors consisting of nine members elected at the shareholders' meeting. The directors have a three year term in office and may be reelected.

In the event of death, resignation, bankruptcy, incompatibilities or limitations to assume positions or other impossibility preventing a director from performing their duties or force them to cease them, the board must be totally renewed at the next shareholders' meeting and the board may appoint a substitute in the interim.

## Remuneration of the Board and Directors' Committee

In accordance with article 50 bis of the Corporations Law, the ordinary shareholders' meeting must establish the compensation of the members of the Director's Committee and their expense budget.

The total remuneration paid during 2013 and 2012 was as follows:

Directors' remuneration received in 2013 (thousands of pesos)						
Name <sup>(1)</sup>	Position	Fixed remuneration	Ordinar& extraordinary meetings	Variable remuneration	Directors' Committee	Total
Jorge Rosenblut	Chairman	55,732	42,465	-	-	98,197
Paolo Bondi <sup>(2)</sup>	Vice-chairman	-	0	-	-	0
Francesco Buresti <sup>(2)</sup>	Director	-	0	-	-	0
Vittorio Corbo	Director	27,866	21,233	-	-	49,099
Jaime Bauzá Bauzá	Director	27,866	21,233	-	15,451	64,550
Felipe Lamarca Claro	Director	27,866	21,233	-	-	64,550
Alfredo Arahuetes García	Director	27,866	21,233	-	-	49,099
Enrique Cibié Bluth	Director	27,866	21,233	-	15,451	64,550
Manuel Morán Casero <sup>(2)</sup>		-	0	-	-	0
<b>TOTAL</b>		<b>195,062</b>	<b>148,630</b>	<b>-</b>	<b>46,353</b>	<b>390,045</b>

(1) The whole board was elected as directors of Endesa Chile at the ordinary shareholders' meeting of April 26, 2012.

(2) The directors Paolo Bondi, Francesco Buresti and Manuel Morán have renounced their fees as director of Endesa Chile.

Directors' remuneration received during 2012 (thousands of pesos)						
Name	Position	Fixed remuneration	Ordinar& extraordinary meetings	Variable remuneration	Directors' Committee	Total
Jorge Rosenblut	Chairman	54,834	44,801	-	-	99,635
Paolo Bondi <sup>(1)</sup>	Vice-chairman	-	-	-	-	0
Jaime Estévez Valencia <sup>(2)</sup>	Director	9,088	5,939	-	5,039	20,066
Francesco Buresti <sup>(1)</sup>	Director	-	-	-	-	0
José María Calvo-Sotelo <sup>(2)</sup>	Director	9,088	5,939	-	-	15,027
Vittorio Corbo	Director	27,417	22,401	-	-	49,818
Jaime Bauzá Bauzá	Director	27,417	22,401	-	15,201	65,019
Felipe Lamarca Claro	Director	27,417	22,401	-	15,201	65,019
Alfredo Arahuetes García <sup>(3)</sup>	Director	18,329	16,462	-	-	34,791
Enrique Cibié Bluth <sup>(3)</sup>	Director	18,329	16,462	-	10,162	44,953
Manuel Morán Casero <sup>(1);(3)</sup>		-	-	-	-	0
<b>TOTAL</b>		<b>191,919</b>	<b>157,566</b>	<b>-</b>	<b>45,603</b>	<b>395,088</b>

(1) The directors Paolo Bondi, Francesco Buresti and Manuel Morán renounced their fees as director of Endesa Chile.

(2) The directors Jaime Estévez Valencia and José María Calvo-Sotelo were directors of Endesa Chile until the ordinary shareholders' meeting of April 26, 2012.

(3) The directors Alfredo Arahuetes, Enrique Cibié and Manuel Morán were appointed as directors of Endesa Chile at the ordinary shareholders' meeting of April 26, 2012.

The ordinary shareholders' meeting of April 15, 2013 adopted the following resolution with respect to the remuneration and budget of the Directors' Committee: a remuneration for attending meetings of UF 56, limited to 12 remunerated meetings a year.

During 2013, the members of the Directors' Committee were remunerated with a total of UF 2,016.



## Board's consultancy expenses

The board incurred no additional expenses in external consultancies during 2013.

## Shareholdings in Endesa Chile

As of December 31, 2013, the shareholders' register showed that 0.00042% of all the shares was in the name of the director Jaime Bauzá Bauzá.

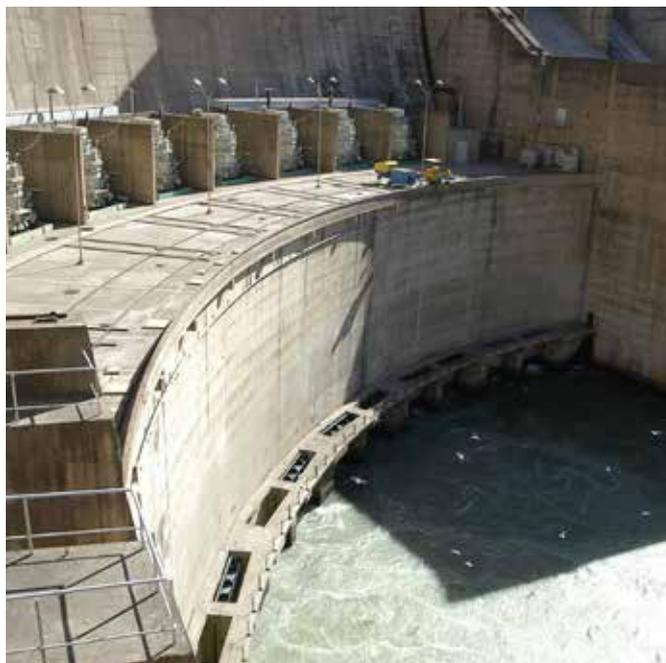
## Directors' Committee

The Director's Committee of Endesa Chile was elected at the extraordinary board meeting of the company held on May 30, 2013, resulting in the appointment of Felipe Lamarca Claro, Jaime Bauzá Bauzá and Enrique Cibié Bluth. In accordance with the Corporations Law, all of them are independent board members. The director Felipe Lamarca Claro was elected as chairman of the Committee and Enrique Cibié Bluth as financial expert for the purposes of the Sarbanes Oxley Act of the United States of America.

## Report of the Directors' Committee

In accordance with article 50 bis of the Corporations Law, amended by Law 20,382, published in the Official Gazette on October 20, 2009, the following report is submitted about the activities of the Directors' Committee, its annual performance and the expenses incurred in the year 2013.

The Directors' Committee met on 14 occasions during 2013, and basically reviewed the company's operations and contracts with related companies and in general pronounced on those matters referred to in article 50 bis of the Corporations Law, reporting its decisions to the company's board. The Committee also pronounced, when required, on the pre approval of the services provided by external auditors other than the regular audit services and accusations deriving from the company's Ethics Channel.



At its February 2013 meeting, the Committee agreed to propose to the board the appointment of Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada as credit-rating agencies to provide national credit rating services during 2013, and the American Fitch Ratings Services, Moody's Investors Services and Standard & Poor's International Ratings Services for providing identical services related to the corporate international credit rating.

In March 2013, and prior to the company's ordinary shareholders' meeting, the Committee proposed to the company's board and to the ordinary shareholders' meeting the appointment of KPMG Auditores Consultores Limitada as the company's external auditors as the first option, and in compliance with SVS Circular 718.



The Directors' Committee analyzed the company's quarterly and annual financial statements and the reports of the external auditors and inspectors of accounts. In addition, KPMG Auditores Consultores Limitada, the company's external auditors, submitted to the Committee the annual audit plan and the report stipulated in Section 404 of the Sarbanes Oxley Act regarding the company's internal controls.

The Committee also gave its opinion on the document 20-F and authorized its submission to the US Securities and Exchange Commission, which occurred at the extraordinary meeting held on March 20, 2013.

In 2013, the Committee analyzed and reported favorably to the company's board on the market conditions of the following specific transactions between related parties:



1. Extension of the term of the specialized engineering services contract for assistance, start-up and reception for the commercial operation of the second unit of the Bocamina plant with the related company Enel Ingegneria e Ricerca S.p.A., from March 31 to July 31, 2013.
2. Cost contribution agreement with Enel Ingegneria e Ricerca S.p.A. for this to develop for the Enel Group certain research activities of high strategic insertion in the period 2012-2016. The company joined in the signing of this agreement with the rest of the companies of the Enel Group and will have a cost for it of 2,595,000 euros. For this analysis and recommendation, the report was seen prepared by Professor Jorge Pontt, director of the millennium nucleus and specialist in electrical systems.
3. Assignment of a loan by San Isidro to Endesa Costanera to Endesa Chile, transferring the account receivable that would be capitalized, amounting to approximately US\$ 14 million (AR\$ 71.4 million).

4. Sale to Endesa Spain of the LNG capacity of an additional ship contemplated in the agreements with BG and used for the Argentine market, at a price of 14.2 US\$/MBTU, leaving a gain for Endesa Chile of approximately US\$10.5 million.

5. Extension of engineering services for the Bocamina II Project with the related companies Enel and Endesa Generación, amounting to 686,000 euros and 309,000 euros respectively, both until March 31, 2014, at the same prices as the original contracts plus corresponding inflation, noting that this would be the last extension.

6. Coal supply contract for 1,600,000 tons and freight services (36 shipments) for the year 2014, with Endesa Generación at a price of US\$95.19 per ton, for the supply of coal to the Bocamina 1 and 2 and Tarapacá plants. This purchase represents for Endesa Chile a cost saving of US\$1.5 million with respect to the reduced offer in the tender called.



7. Intercompany loan between Endesa Chile and Enersis by which Enersis grants a loan in Chilean pesos for the equivalent of US\$250 million for a term of 6 months and at a rate that corresponds to the lowest rate at which Endesa Chile can obtain funds in the financial market and with interest payable on maturity.

8. Intercompany loan between Endesa Chile and Enersis by which Enersis grants a loan in Chilean pesos for the equivalent of US\$400 million for a term of 6 months and at a rate that corresponds to the lowest rate at which Endesa Chile can obtain funds in the financial market and with interest payable on maturity.

9. Renewal of the insurance program covering material damages, terrorism, business interruption and civil liability for the period 2013–2014, for Endesa Chile and its subsidiaries and associates at the national and Latin American levels, all within the global risk-cover program of the Enel Group, for which it had a favorable report on the market conditions prepared by the external consultants Marsh.

## Consultancy expenses of the Directors' Committee



10. Purchase from Túnel El Melón S.A. of 236,663 shares in Endesa Eco S.A. for US\$172,882.32, being the market economic value of these shares according to the report dated August 13, 2013 of the independent appraiser Eduardo Walker.

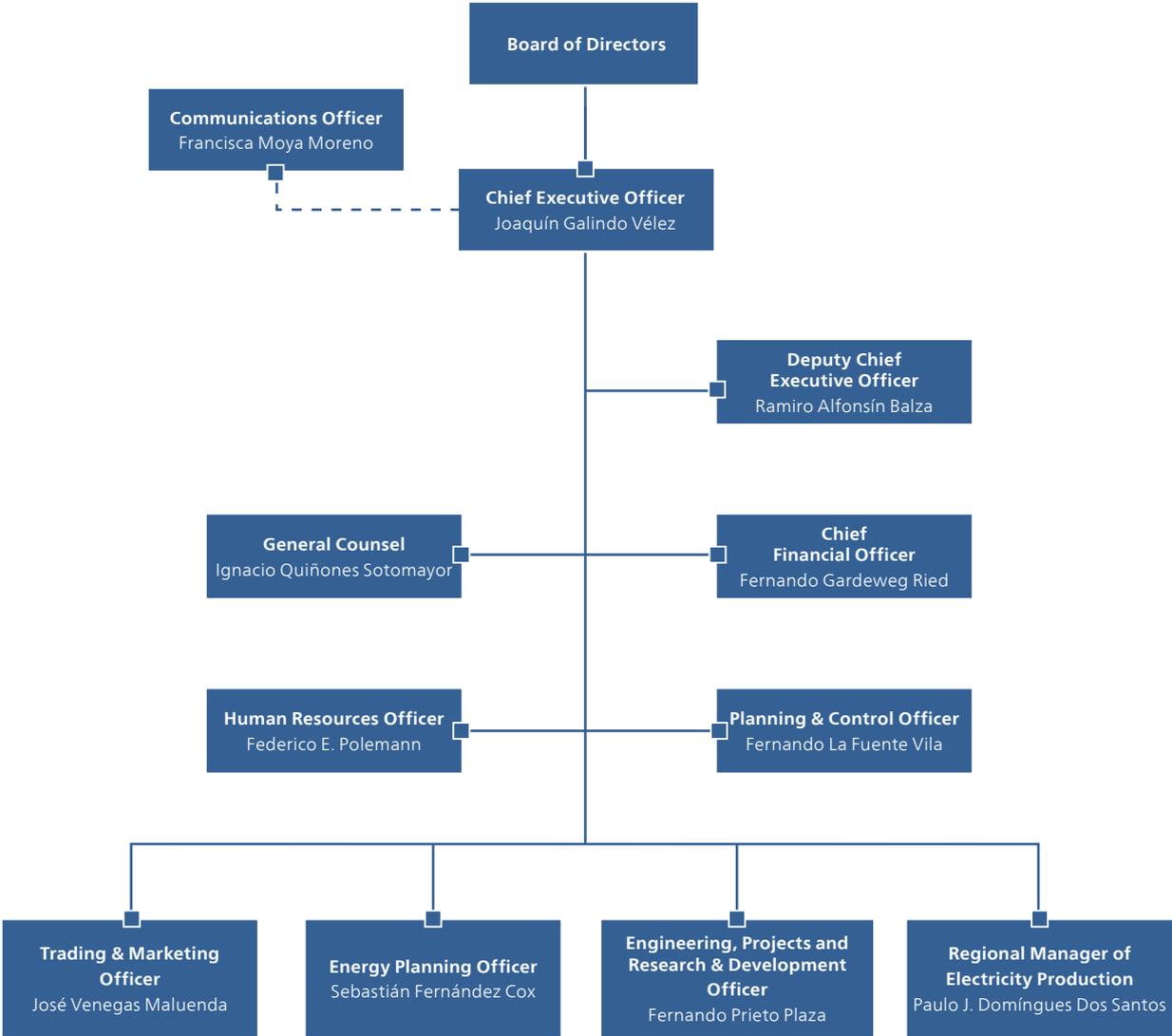
11. Hedge with Endesa Generación of the short position in Henry Hubb of 2.1 million MMBTU for November 2013 and short position in oil of 107 thousand barrels of Brent for December 2013.

With respect to all the above contracts and operations, the Committee checked market conditions through bids, requests for comparable offers or otherwise by observing the relevant market conditions.



The Directors' Committee in 2013 made no use of the anual expenses budget of UF 6,000 set by the ordinary shareholders' meeting.

# Organization structure



# Senior executives



1. CHIEF EXECUTIVE OFFICER  
**Joaquín Galindo Vélez**  
 Senior Industrial Engineer  
 and Degree in Economics and  
 Business Sciences  
 Universidad de Sevilla  
 Tax No.: 23.295.610-0  
 Since 23.11.09

2. DEPUTY CHIEF EXECUTIVE  
 OFFICER  
**Ramiro Alfonsín Balza**  
 Degree in Business  
 Administration  
 Pontificia Universidad Católica  
 de Argentina  
 Tax No.: 22.357.225-1  
 Since 01.04.13

3. GENERAL COUNSEL  
**Ignacio Quiñones Sotomayor**  
 Lawyer – Degree in Law and  
 Social Sciences  
 Universidad Diego Portales  
 Tax No.: 7.776.718-5  
 Since 01.11.13

4. REGIONAL MANAGER OF  
 ELECTRICITY PRODUCTION  
**Paulo Jorge Domingues dos  
 Santos**  
 Mechanical Engineer  
 Instituto Superior Técnico de  
 Lisboa  
 Tax No.: 24.430.233-5  
 Since 01.11.13

5. HUMAN RESOURCES OFFICER  
**Federico E. Polemann**  
 Degree in Business  
 Administration  
 Universidad de Buenos Aires  
 Tax No.: 24.332.937-K  
 Since 24.07.13

6. PLANNING & CONTROL  
 OFFICER  
**Fernando La Fuente Vila**  
 Electrical Civil Engineer  
 Universidad de Chile  
 Tax No.: 12.403.710-7  
 Since 01.06.13

7. ENGINEERING, PROJECTS AND  
 RESEARCH & DEVELOPMENT  
 OFFICER  
**Fernando Prieto Plaza**  
 Industrial Engineer  
 Universidad Politécnica de Madrid  
 Tax No.: 24.240.132-8  
 Since 01.03.13

8. CHIEF FINANCIAL OFFICER  
**Fernando Gardeweg Ried**  
 Economist  
 Universidad de Chile  
 Tax No.: 7.044.467-4  
 Since 31.08.12

9. COMMUNICATIONS OFFICER\*  
**Francisca Moya Moreno**  
 Journalist  
 Universidad de Santiago de Chile  
 Tax No.: 12.690.736-2  
 Since 01.09.11

10. ENERGY PLANNING OFFICER  
**Sebastián Fernández Cox**  
 Commercial Engineer  
 Universidad de los Andes  
 Tax No.: 10.673.365-1  
 Since 05.01.08

11. TRADING & MARKETING  
 OFFICER  
**José Venegas Maluenda**  
 Civil Industrial Engineer  
 Pontificia Universidad Católica de Chile  
 Tax No.: 7.893.919-2  
 Since 01.05.07

\* Francisca Moya Moreno left the company on 28.02.14 and was replaced by María Teresa González on 01.04.14.

## Remuneration of the managers and senior executives

The total fixed and variable remuneration received by the chief executive officer and other managers and senior executives of the company 2013 amounted to Ch\$2,049 million and Ch\$747 million respectively.

- The total fixed and variable remuneration received by the chief executive officer and other managers and senior executives of the company 2012 amounted to Ch\$1,960 million and Ch\$1,195 million respectively.
- These amounts include both the managers and senior executives at the end of each year and those who left the company during the respective year.

## Benefits of the managers and senior executives

The company maintains complementary health insurance and catastrophic insurance cover for senior executives and their dependents. The company also has a life insurance cover for each senior executive. These benefits are granted according to the managerial level of each employee at any particular time. In 2013, the amount was Ch\$23 million (Ch\$30 million in 2012).



## Incentive plans for managers and senior executives

For its executives, Endesa Chile has an annual bonus plan based on compliance with objectives and individual contribution to the company's 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.

## Severance payments

The company made severance payments to senior executives of the company amounting to Ch\$1,670 million in 2013.

# Shareholdings in Endesa Chile

As of December 31, 2013, José Venegas Maluenda holds 0.0000015% of the company's total shares.

## Management of principal subsidiaries

### ARGENTINA

#### Endesa Costanera

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

#### Hidroeléctrica El Chocón

Fernando Claudio Antognazza  
Public Accountant  
Universidad de Buenos Aires

### CHILE

#### Pehuenche

Lucio Castro Márquez  
Civil Engineer  
Universidad de Chile

#### Compañía Eléctrica Tarapacá

Eduardo Soto Trincado  
Civil Engineer  
Universidad de Chile

### COLOMBIA

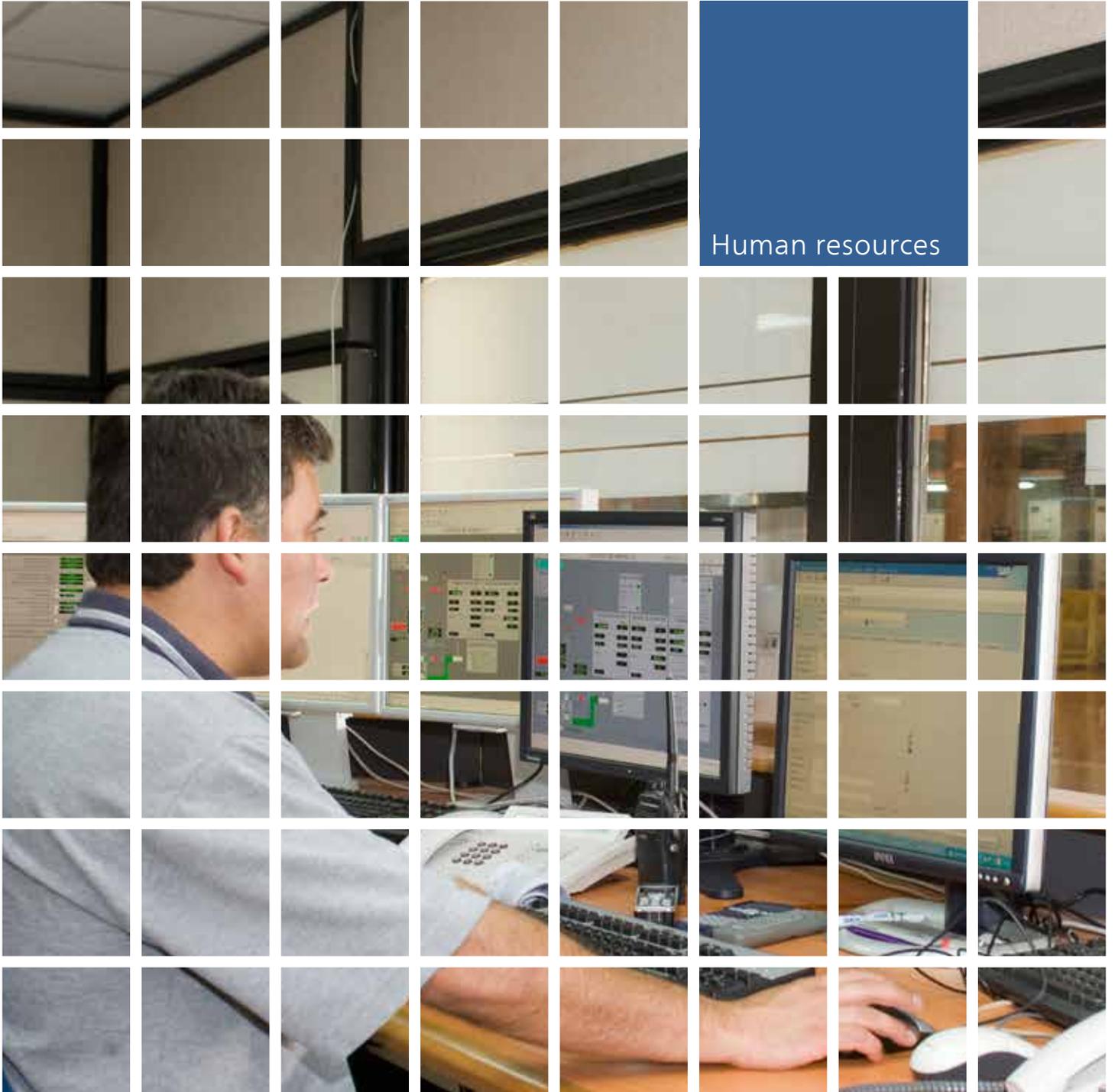
#### Emgesa

Lucio Rubio Díaz  
Degree in Economic and Business Sciences  
Universidad Santiago de Compostela

### PERU

#### Edegel

Francisco Javier Perez Thoden  
Industrial Engineer  
Universidad de la Escuela Técnica Superior del ICAI  
Universidad Pontificia Comillas en España



## Workforce

The following shows the permanent workforce of Endesa Chile and its subsidiaries as of December 31, 2013:

Company	Managers & senior executives	Professionals & technicians	Other employees	Total
<b>ARGENTINA</b>				
Endesa Costanera	4	462	15	481
Hidroeléctrica El Chocón	1	43	4	48
<b>Total workforce in Argentina</b>	<b>5</b>	<b>505</b>	<b>19</b>	<b>529</b>
<b>CHILE</b>				
Endesa Chile	11	1,045	81	1,137
Pehuenche S.A.	3	-	-	3
Celta S.A.	1	-	-	1
Túnel El Melón S.A.	1	10	5	16
<b>Total workforce in Chile</b>	<b>16</b>	<b>1,055</b>	<b>86</b>	<b>1,157</b>
<b>COLOMBIA</b>				
Emgesa	6	543	14	563
<b>Total workforce in Colombia</b>	<b>6</b>	<b>543</b>	<b>14</b>	<b>563</b>
<b>PERU</b>				
Edegel	7	237	16	260
<b>Total workforce in Peru</b>	<b>7</b>	<b>237</b>	<b>16</b>	<b>260</b>
<b>Total workforce Endesa Chile &amp; subsidiaries*</b>	<b>34</b>	<b>2,340</b>	<b>135</b>	<b>2,509</b>

\* Includes permanent and temporary personnel.

# Human resources activities

## Labor relations

In labor relation matters, on December 27, 2013 a new collective contract was signed for a term of 4 years with the National Intercompany Union of University Engineers and Professionals of Endesa Chile and subsidiaries, National Intercompany Union of Execution Engineers and Professionals of Endesa Chile, subsidiaries and related companies and the National Intercompany Union of Workers of Endesa Chile and subsidiaries. This new contract covers involves 577 employees, i.e. 51% of the company, and negotiations took place in a cordial and transparent atmosphere to achieve a collective agreement that benefits our workers and the business's operation.

Periodic meetings between union leaders and the company have continued, thus consolidating an open, frank and unrestricted dialogue with the workers' representatives, to the benefit of improving the working conditions and climate of ours personnel.

## Training

A formative agenda was established oriented to business strategies through training consisting of two pillars of action: a transversal plan with formation subjects for development and another of functional technical formation, plus a plan leading to the closing of gaps.

There was special concern for matters of safety and occupational health for which there were courses in: organizational re-induction in safety and occupational health; the handling and use of extinguishers; cardio pulmonary animation; first aid; leadership program in safety and occupational health; safety techniques at height and self-evacuation in rest, stress prevention and management, work in confined spaces, working risks with asbestos, procedures for working with asbestos, lifting

loads and handling of gantry cranes, One Safety Leadership Goal; Safety Training Goal and One Safety Navigators. In the context of closed diplomas designed especially for the company, the third version of the Diploma of Electrical Markets at the Universidad del Desarrollo, attended by 14 employees, whose general object is to deepen the characteristics and challenges of the electricity business and contribute in negotiation processes, in aspects of contracting electricity supplies, offers of complementary services and distribution tolls, reinforcing their performance and positions within the company.

The first version of the Diploma in Control and Management was also given in the Universidad de Chile, attended by 5 employees, whose object is to provide participants with the basic tools for managing businesses under a perspective of management control, enabling students to develop the skills necessary for understanding the management of business resources, and designing and maintaining controls over the different processes that define the organization's actions.

The implementation of the Post Performance Review, PPR, was started, which is focused on the development of behavior defined by the company's leadership program. 25 activities were organized involving 207 employees.

Another two programs carried out were the training of young professionals in order to broaden the vision of this group so that they can contribute to the business with entrepreneurship, preparing them for their career development within the organization, carried out in the Center of Executive Training of the Universidad Adolfo Ibáñez, with the attendance of 18 professionals, and the training in abilities for managers, given by the ESE Business School of the Universidad de Los Andes, with the participation of 12 employees who, in eight sessions, strengthened their leadership skills, strategic thinking, decision taking, innovation and coaching. As a final activity in both trainings was a workshop on management of change, in order to understand change from a personal

and organizational point of view as a constant element; to develop a better understanding of the dynamics that facilitate the processes of change, and learn the concepts and methods for the appropriate management of change.

Another interesting initiative was the training program for managers in human resources matters so that area heads deepen their knowledge of matters relating to the role of leader in the company, personnel administration, compensation and benefits, talent management and One Company, which 61 employees attended.

As in previous years, study scholarships were granted to employees, totaling 35 in 2013, to provide development opportunities within the company. The purpose of this program is to support employees in carrying out improvement studies or pre and post-graduate studies.

The Campus Latam, a virtual space, continues to provide e-learning courses in order to reach personnel on a mass and simultaneous basis in matter like knowledge of the business, re-induction in S&SL, Senda plan, security of information and the criminal risks prevention model.

Over recent years, work has been done on the introduction of technologies in simulation of the operation which has provided significant support in the formation of operators. In particular, there was the start-up of a training program for operators in the hydraulic simulator, with the participation of 22 workers who learned about contingencies over three days.



## Personnel development

### Labor climate

Based on the results climate studies and of the Great Place to Work for 2012, which have been distributed to the personnel, the human resources and organization areas have prepared a climate plan.

This contemplated three major focuses of work: meritocracy and development, leadership, and management of change, which translate into concrete programs.

Regarding management of change, work was carried out on improving communication with employees, for which initiatives have been promoted like on-site visits in order to strengthen bi-directional and timely communications.

Leadership mainly covered two initiatives: the first was formation for managers of Endesa Chile. This was so that area heads are prepared in various aspects and can therefore guide and support workers in matters such as personnel administration, compensation and benefits, and talent management.

Manager and Colleague Head was another initiative that pointed to develop a greater proximity at the workers' management level, for which birthday greetings were introduced for all employees and participation in wine tastings of heads and workers in order to encourage closer links in a context of relaxation.

Another line of action in 2013 has been meritocracy and development. Through different activities for employees, the recognition of workers continued to be promoted during 2013. One of these initiatives was the "Reconocernos" ceremony in which workers were recognized who best represented certain categories and values of Endesa Chile, those chosen being elected by popular vote from among their colleagues and heads.

The company also gave priority to internal competition for filling vacancies like the implementation of feedback workflow, which permits maintaining the candidates informed at each stage of the process.

It is important to note that the above climate plan has been carried out with the participation of the senior management, managers, the human resources and organization areas and all employees of Endesa Chile, who have committed through their participation in implementing the different initiatives that this plan contemplates.



## Labor climates and quality of life

Endesa Chile has a broad range of benefits for its employees and their families, including health benefits such as complementary insurance out-patient medical services, dental work, medicines, hospital attention and catastrophic health expenses. There are also educational benefits with help in cash to cover study costs of the children, plus incentives for all high-performing students, and pre-university and summer school reimbursements.

Endesa Chile also makes available to all employees and their families a broad extension program, sports, culture and special activities, for example "Knowing my father's work", "Come to my birthday", summer and winter camps for the children, family excursions, training course for the whole family and others, which seek to balance working life with the personal lives of its people.



## Safety and occupational health actions

In Endesa Chile, safety and occupational health are objectives tightly linked to the business which, by its nature, is subject to the presence of critical risks. In the continuous improvement process, in which all contribute, especially seen as a value is the leadership with respect to the real integration of safety and occupational health at all levels and in all the company's activities, reinforcing its priority in the business management because of its strategic importance. In the area of leadership, the active participation is encouraged of the different levels in the company in the control of workers' risks in their different activities, through the revision of the preventive management in the safety committees, revision of safety conditions on site through the Safety Walks programs and the Predictive Working Accidents Indicator (IPAL, acronym in Spanish), training plans in risk prevention and safety campaigns.

Endesa Chile has been concerned to attend the specific needs of different groups of workers, like the program "Mothers who work", financial support for parents of students through soft loans for financing tertiary studies, and, for each establishment in the regions, a special program of extension programs has been organized, in sport and culture, according to the characteristics of the worker group and local conditions. In addition, there are the end of year and national holiday celebrations and the company's good practices like afternoons free on a worker's birthday and reduced working hours on special days prior to holidays, all in the spirit of providing a better quality of life to the personnel.

Innovations have also been introduced for providing workers exposed to risk with equipment like fireproof clothing, face masks for protection against electric arcs and protection systems for working at heights, all elements with high safety standards that guarantee the maximum protection for the workers. In order to reach the target of zero accidents, Endesa Chile has continued with the implementation of the One Safety project, both for own workers and for contractors, in order to improve the behavior of who work on site and eliminate risky conduct at work.

The following are among the programs for contributing to safety and occupational health:

**2013 Health Promulgation and Promotion:** The object of this program is to provide, educate and form the company's workers through activities for promoting quality of life and bio-psycho-social wellbeing.

**2013 Psycho-social Risks Evaluation:** The object of this program is to identify the psycho-social risk factors in working conditions and organization, and their incidence in the health of the workers.

**2013 Immunization:** The immunization of workers is a preventive measure that seeks through a medical process to generate in people an immune memory that allows the formation of protective antibodies against the antigen to which the person may be exposed. The objective of the program in Endesa Chile's workers alludes to preventing the appearance of contagious illnesses which can cause high absenteeism and damage to the quality of life of the person.

**2013 Healthy Woman:** The object of this program is to detect early the appearance of breast and/or cervico-uterine cancer among the company's female employees, acting preventively through information, education and periodic controls. Examinations, controls and medical follow-ups are made periodically in order to detect this possible illness early among the company's women employees.

**2013 Periodic Preventive Examinations:** The object of this program is to carry out periodic medical evaluations, according to the risks to which workers are exposed in their jobs, in order to reduce the probability of occurrence of events of severe uncontrolled and untreated alterations or illnesses with potential damage to health. This program is directed to all the company's personnel and is carried out through a protocol defined according to gender, age and job.

**Safety campaigns:** Development of activities during safety weeks in April and November 2013 in order to inform and reinforce preventive actions for avoiding the occurrence of work accidents.

**Implementation of standards for working at heights:** Definition and implementation of equipment for working at heights with the provision of a new safety harness and other accessories and equipment for reducing the risk of falls and facilitating rescue in emergency situations.

**Implementation of work standards in activities related to electricity:** Definition and implementation of equipment for working at electrical installations, with the provision of fireproof clothing and face masks that resist electrical arcs.

**Formation:** With respect to training related to safety and occupational health, and seeking to strengthen our abilities in this matter, a Safety Goal Training course was given to 773 people in all the countries, whose objectives were to internalize responsibility in safety and occupational health.

**IPAL:** Predictive Working Accidents Indicator. This is a document in a check list format which is used to make safety inspections to installations and works in progress, in order to detect whether the conditions of the installations or works could lead to an accident with injury to people.

**One Safety:** A program of conduct observations seeking a change in behavior, eliminating unsafe actions and reinforcing safe actions. This project is in its second stage of implementation, covering 13 generation complexes of Endesa Chile.

## Recruitment and Selection

### Coverage of Vacancies

The principal objective for Endesa Chile is to incorporate the best people for filling vacant positions, our guiding principle being to give preference in the first instance to internal candidates.

42 vacancies were created in generation in 2013 out of which 59% correspond to coverage by internal means, making close to 15 lateral movements and promotions and close to 13 internal competitions at the national level or incorporating candidates from the Latin American area.

Of the external labor group joining the group, 11% relate to students doing their practical work and who are finally contracted at the end of their period.

## Practices Program

A notable project in terms of generation of new sources of recruitment is the incorporation of students doing their practical work or preparing theses, being future young professionals from the best universities in the country, who are given the opportunity to consolidate a gradual learning of the complexity and style of Endesa Chile. This achieves two objectives, which is the availability of close sources of recruitment and relatively fast access, both for the possibility of having references and direct evaluations of those students who stand out and can match not only the technical skills but also the values associated with our company, and also mark a constant presence in the principal house of studies in Chile. This practices program is carried on permanently throughout the year, the peak being the entries during the summer. A total of 164 students entered during 2013.



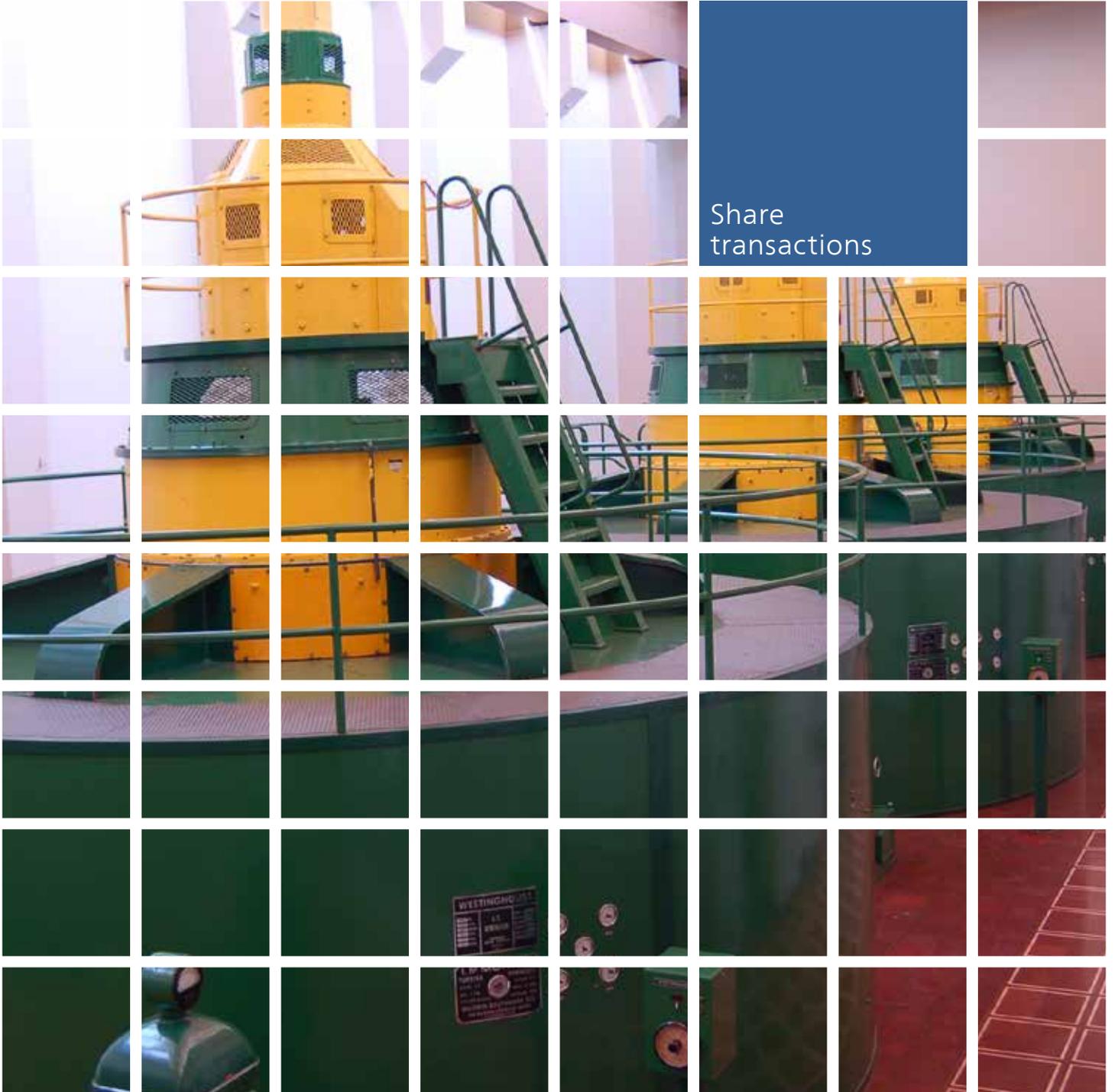
## Diversity and Inclusion

Having diverse work teams and cultivating an inclusive working atmosphere are essential for Endesa Chile, translating this into the constant search for new forms that permit the sensitizing and facilitate the construction of a diverse workforce and a labor environment in which individual differences are respected and valued. An action is the entry program, in its pilot stage, which seeks to incorporate disabled students, doing their practice in technical and professional courses, in this program carried out through work partnerships with different foundations.

In line with promoting diversity in all its areas and contributing to the generation of development alternatives, notable is the growing participation of women in internal job vacancy contests, achieving 12% of the total adjudications and thus achieving feminine empowerment and leadership gradually.

## Quality, Efficiency and Customer Orientation

Finally, the quality and efficiency of the selection process is constantly being evaluated under the umbrella of continuous improvement. This through the generation of levels and mechanisms that permit a feedback from the managers of each area and also from the occupiers of the positions, achieving a satisfaction rate of 89% in terms of quality of internal customer attention in the total vacancy-filling process. And there was 98% satisfaction with respect to compliance with expectations by heads of area in terms of the entry of new employees, as well as of the own job occupiers with respect to their perception and suitability to the job and company. The objective of having this information is to ensure the stabilization of the process and the possibility of continuous improvement.



## Share transactions on the Chilean and foreign stock exchanges

During 2013, the Santiago Stock Exchange traded 1,246 million shares of Endesa Chile for an amount of Ch\$943,197 million. In addition, the Chile Electronic Stock Exchange traded 199 million shares of Endesa Chile with a total value of Ch\$150,316 million. Finally, the Valparaiso Stock Exchange traded 3 million shares of Endesa Chile, for Ch\$1,895 million.

In 2013, Endesa Chile shares closed at a price of Ch\$782 on the Santiago Stock Exchange, at Ch\$752 in the Electronic Stock Exchange and at Ch\$719 on the Valparaíso Stock Exchange.

### Santiago Stock Exchange

Quarter	Shares traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2012	290,555,832	234,502,299,034	807.08
2nd quarter 2012	334,622,005	280,348,200,612	837.81
3rd quarter 2012	280,874,570	225,716,601,603	803.62
4th quarter 2012	300,312,523	224,732,476,734	748.33
1st quarter 2013	278,963,709	223,528,463,533	801.28
2nd quarter 2013	305,336,070	239,995,490,703	786.00
3rd quarter 2013	391,184,194	274,244,111,560	701.06
4th quarter 2013	270,930,677	205,429,388,029	758.24

### Chilean Electronic Exchange

Quarter	Shares traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2012	35,804,054	28,872,002,773	806.39
2nd quarter 2012	41,165,728	34,351,939,614	834.48
3rd quarter 2012	28,006,494	22,153,709,289	791.02
4th quarter 2012	38,015,119	28,628,617,171	753.09
1st quarter 2013	36,117,611	29,128,748,140	806.50
2nd quarter 2013	69,278,703	53,890,886,710	777.89
3rd quarter 2013	62,986,405	44,479,978,006	706.18
4th quarter 2013	30,337,691	22,816,580,549	752.09

### Valparaiso Stock Exchange

Quarter	Shares traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2012	506,364	413,060,752	815.74
2nd quarter 2012	399,151	343,219,055	859.87
3rd quarter 2012	306,705	244,105,374	795.90
4th quarter 2012	577,030	434,434,366	752.88
1st quarter 2013	876,560	321,169,614	366.40
2nd quarter 2013	501,125	392,876,304	783.99
3rd quarter 2013	1,671,690	1,175,731,877	703.32
4th quarter 2013	7,500	5,392,500	719.00

In the United States of America, 26 million Endesa Chile ADSs were traded in 2013, totaling US\$1,189 million. One ADS represents 30 Endesa Chile shares. The price of an Endesa Chile ADS closed the year at US\$ 44.

## New York Stock Exchange (NYSE)

Quarter	Average price of ADS (US\$)	Volume traded (US\$)	Units traded (No. of ADS)
1st quarter 2011	6,968,620	365,815,218	52.49
2nd quarter 2011	5,673,942	316,154,237	55.72
3rd quarter 2011	9,362,161	467,199,612	49.90
4th quarter 2011	8,678,411	391,722,030	45.14
1st quarter 2012	8,063,211	400,563,192	49.68
2nd quarter 2012	8,288,230	422,647,447	50.99
3rd quarter 2012	7,919,187	394,950,154	49.87
4th quarter 2012	6,810,680	319,674,648	46.94
1st quarter 2013	5,582,531	285,612,950	51.16
2nd quarter 2013	6,326,180	307,244,611	48.57
3rd quarter 2013	8,127,954	346,266,850	42.60
4th quarter 2013	5,644,647	249,623,080	44.22

In 2013, 2 million contract units of Endesa Chile were traded on the Latin American Securities Securities Market on the Madrid Stock Exchange (Latibex), for a value of €3 million. Each contract unit represents 1 company share, and the contract unit price closed the year at €1.

## Latibex

Quarter	Contract units	Volume traded (€)	Average price contract unit (€)
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
1st quarter 2012	815,745	1,031,950	1.27
2nd quarter 2012	710,996	953,620	1.34
3rd quarter 2012	642,284	858,973	1.34
4th quarter 2012	489,825	608,001	1.24
1st quarter 2013	573,448	723,906	1.26
2nd quarter 2013	401,216	475,264	1.18
3rd quarter 2013	736,734	740,477	1.01
4th quarter 2013	547,231	567,716	1.04

## Market information

During 2013, the global economic scenario was marked by slower growth in emerging countries, like China, and structural problems in the developed economies, like the United States and Europe. This, coupled with a weakness in banking and access to financing, resulted in a situation of economic uncertainty for South America.

In particular, the Chilean stock market was marked by the decline in returns. The Selective Price Index, IPSA, an indicator grouping the 40 most traded shares in Chile, closed with a fall of 14% in 2013.

In the domestic market, the share of Endesa Chile rose by 0.5% during 2013, a favorable variable compared to the decline in the IPSA, the still uncertain global economic scenario and the drought affecting Chile for four consecutive years. In contrast, Endesa Chile's ADRs fell by 8.7% on the New York Stock Exchange, while its securities on the Madrid Stock Exchange declined by 15.1% during the year.



## Santiago Stock Exchange

The table shows the evolution of Endesa Chile's share price over the last two years with respect to the IPSA:

Variation	2012	2013	Accumulated 2012-2013
Endesa Chile	1.6%	0.5%	2.1%
IPSA	3.0%	-14.0%	-11.5%

## New York Stock Exchange (NYSE)

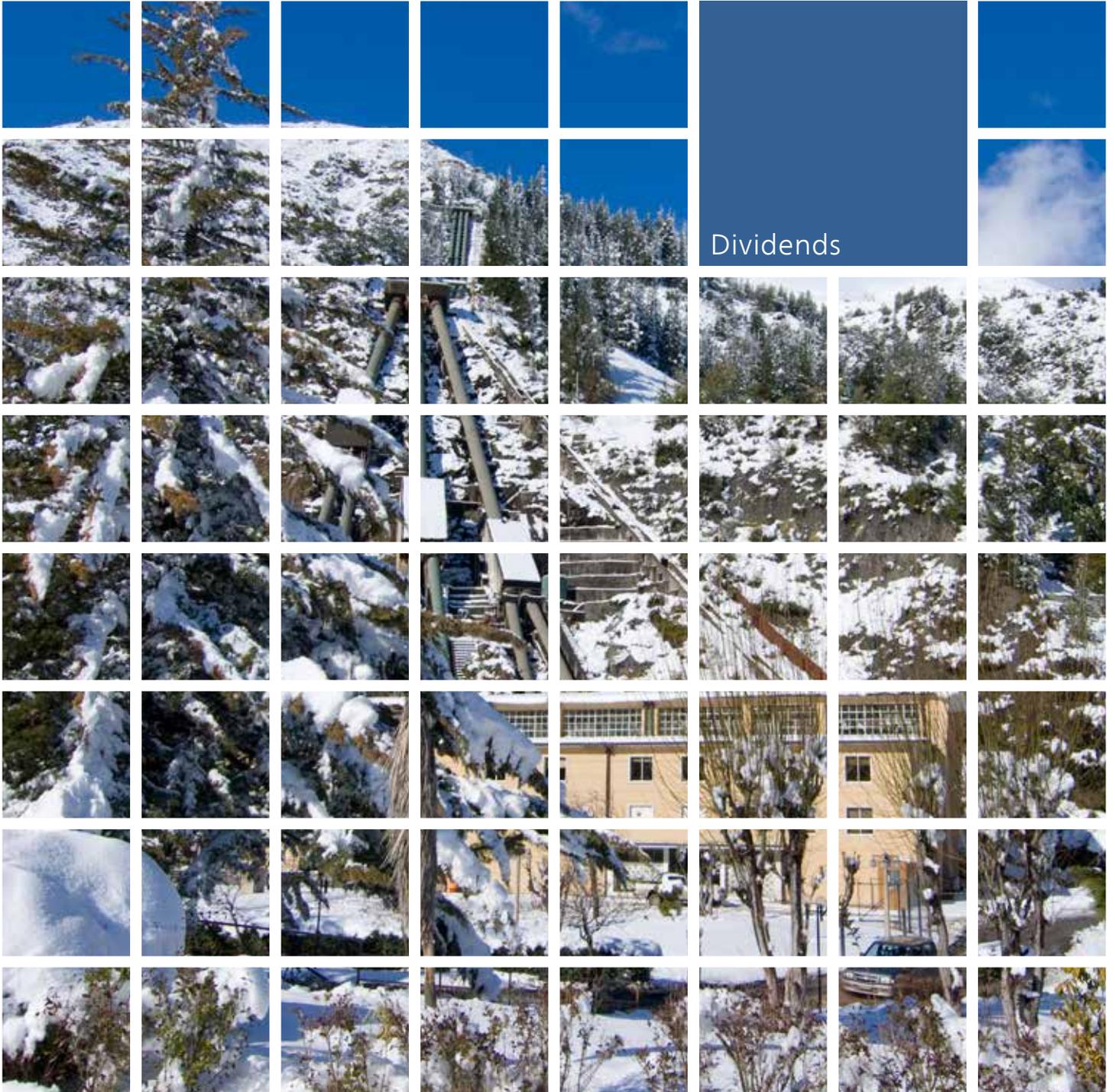
The following table shows the behavior of Endesa Chile's ADRs listed on the NYSE (EOC), with respect to the Dow Jones Industrial and Dow Jones Utilities indexes during the last two years:

Variation	2012	2013	Accumulated 2012-2013
EOC	10.1%	-8.7%	0.5%
Dow Jones Industrial	7.3%	26.5%	35.7%
Dow Jones Utilities	-2.5%	8.3%	5.6%

## Latin America Securities Market, Madrid (Latibex)

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

Variation	2012	2013	Accumulated 2012-2013
XEOC	7.7%	-15.1%	-8.6%
LATIBEX	-10.7%	-20.0%	-28.5%



# Dividend policy 2014

## General

In accordance with the provisions of SVS Circular 687 of February 13, 1987, the following is the board's dividend policy.

## Dividend policy

The board intends to distribute an interim dividend against the earnings for 2014 of up to 15% of the earnings to September 30, 2013, as shown by the financial statements as of that date, payable on January 2014.

The board intends to propose to the ordinary shareholders' meeting, to be held in the first four months of 2014, the distribution of a final dividend equivalent to 50% of the earnings for 2014.

The final dividend will be defined by the ordinary shareholders' meeting to be held during the first four months of 2015.

Actual compliance with this program will be subject, in the matter of dividends, to the earnings actually produced as well as the results regularly projected by the company, or to the existence of certain conditions, as appropriate.

## Procedure for dividend payment of Endesa Chile

For the dividend payment, whether interim or final, and in order to avoid their improper collection, Endesa Chile offers the following payment methods:

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 as recorded in the shareholders' register.
4. Collection of a check or cashier's check from the offices of DCV Registros S.A., as the share registrar Endesa Chile, or from the bank and branches defined for this purpose and informed in the dividend payment notice published.

Bank checking or savings accounts may be located anywhere in the country.

It should be emphasized that the payment method chosen by each shareholder will be used by DCV Registros S.A. for all dividends payments unless the shareholder communicates in writing their intention to change it and record a new option.

Shareholders who have not registered a particular payment method will be paid by method 4 indicated above.

In cases of checks or cashier's checks returned by the post office to DCV Registros S.A., these will remain in its custody until collected or requested by the shareholder.

In the case of deposits in bank checking accounts, Endesa Chile may request, for security reasons, their confirmation by the respective bank. If the accounts indicated by shareholders are objected to, whether in a prior verification process or for any other reason, the dividend will be paid following the method indicated in 4 above.

The company has adopted and will continue to adopt in the future all the security measures required by the dividend payment process in order to safeguard the interests of the shareholders and Endesa Chile.

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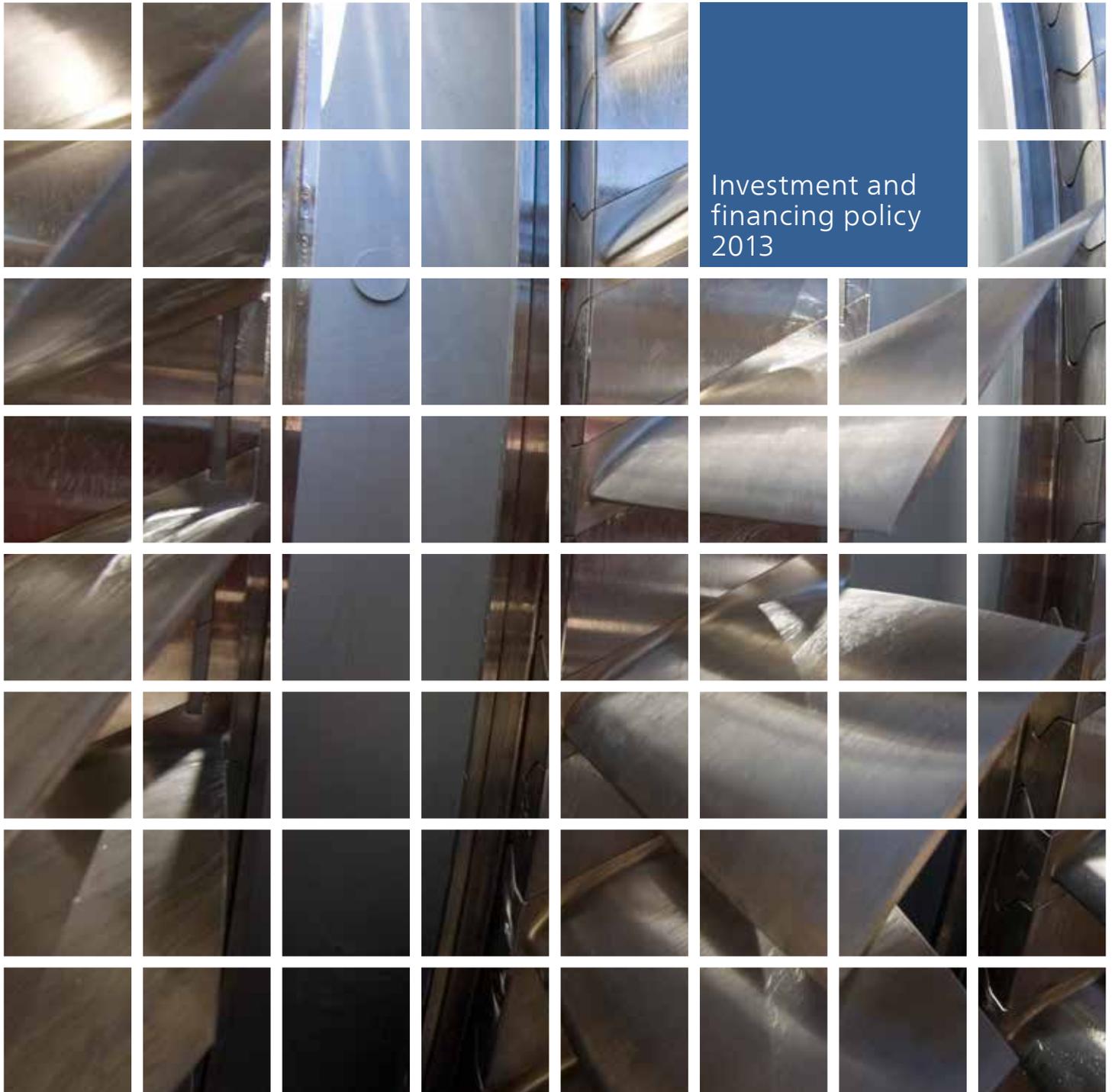
# Distributable earnings 2013

Millions of pesos	2013
Earnings for year attributable to dominant company	353,927
Distributable earnings	353,927

Dividends distributed in recent years:

Dividend No.	Type of dividend	Closing date	Payment date	Pesos per share	Imputed to the year	Annual dividend	% of earnings
42	Final	15/05/07	22/05/07	10.84	2006	13.4100	60%
43	Interim	19/12/07	26/12/07	2.1926	2007		
44	Final	23/04/08	29/04/08	11.5647	2007	13.7573	60%
45	Interim	12/12/08	18/12/08	5.3512	2008		
46	Final	06/05/09	12/05/09	15.933	2008	21.2842	40%
47	Interim	10/12/09	16/12/09	9.31235	2009		
48	Final	28/04/10	05/05/10	17.5305	2009	26.84285	35%
49	Interim	20/01/11	26/01/11	6.42895	2010		
50	Final	05/05/11	11/05/11	26.09798	2010	32.52693	50%
51	Interim	13/01/12	19/01/12	5.08439	2011		
52	Final	11/05/12	17/05/12	22.15820	2011	27.24259	50%
53	Interim	18/01/13	24/01/13	3.04265	2012		
54	Final	03/05/13	09/05/13	11.24302	2012	14.28567	50%
55	Interim	25/01/14	31/01/14	3.87772	2013		

(1) On November 26, 2013, the company reported to the SVS that the board of Endesa Chile had agreed to distribute on January 31, 2014, an interim dividend of Ch\$3.87772 per share against the earnings for 2013, corresponding to 15% of the earnings reported as of 30.09.2013, in accordance with the company's dividend policy.



## Investment policy 2013

During 2013, the company will make investments consistent with its bylaws in the following investment areas, indicating the maximum investment limit in each case:

### Electricity generation

The maximum investment limit will be the amount needed for the company to meet its main objects (the production, transport, distribution and supply of electricity), with a maximum amount equivalent to 15% of Endesa Chile's equity as of December 31, 2012.

### Capital contributions in subsidiary and associate companies

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

The maximum global investment limit in all local and foreign subsidiaries and associates for 2013 will be a sum equivalent to 15% of Endesa Chile's equity as of December 31, 2012.

## Other investments

- Financial assets, certificates, rights, securities, real estate, contributions to companies and the creation of subsidiaries and associates, as established in the bylaws, in order to make investments in the electricity sector. The maximum investment limit will be the amount needed to take advantage of business opportunities, with a maximum amount for the year equivalent to 15% of Endesa Chile's equity as of December 31, 2012.
- Financial assets, certificates, rights, securities, real estate, contributions to companies and the creation of subsidiary and associate companies, as established in the bylaws, in order to undertake projects and operations or activities in industrial processes associated with obtaining energy sources, and those where electricity is essential, decisive and intensively used in such processes, for an equivalent amount not exceeding 5% of Endesa Chile's equity as of December 31, 2012



Within the framework approved by the shareholders' meeting, the board should decide the specific investments in works and studies to be carried out by the company, defining the amount and financing methods in each case, and adopting the pertinent measures to control these investments.

## Investments in financial instruments

Endesa Chile will invest in financial instruments according to the portfolio selection and diversification criteria set by company's management, in order to optimize the return on its cash surpluses.

## Financing policy 2013

The company's financing policy considers that its level of indebtedness, defined as the ratio of total consolidated liabilities to equity, should not exceed 2.20 times. Funds will be raised from the following sources:

- Own resources.
- Supplier credits.
- Loans from banks and financial institutions.
- Placement of securities on local and international markets.
- Proceeds of the sale of assets and/or services provided by Endesa Chile.

## Other matters



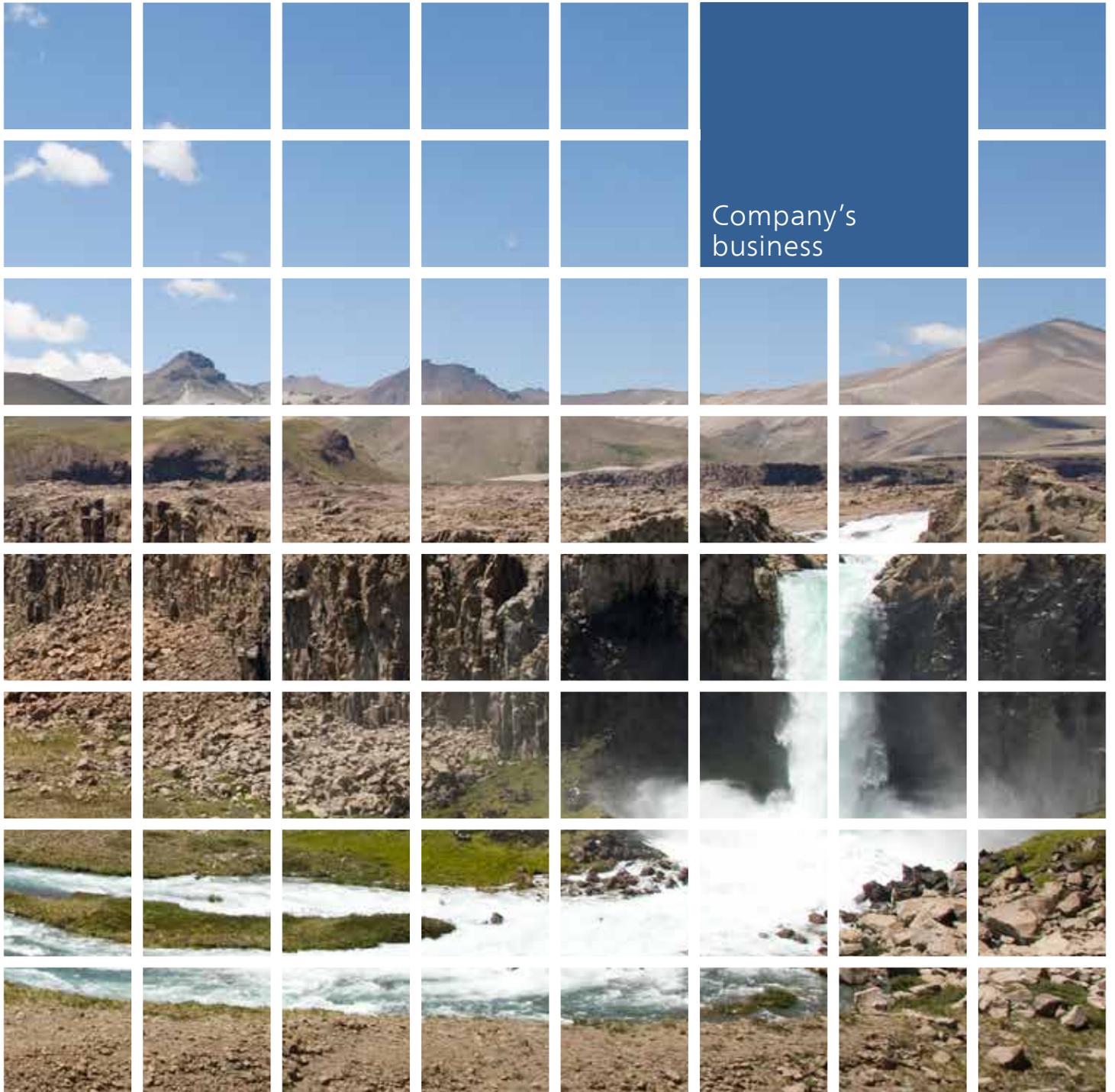
In order to carry out the investment and financing policies, the company's management will have sufficient powers for signing and modifying contracts for the purchase, sale or lease of the goods and services needed for conducting the company's activities, within the applicable statutory framework, observing market conditions relating to each case for goods and services of the same nature, quality and characteristics. The management will also have the authority to cancel obligations arising under such contracts in accordance with the law whenever convenient for corporate interests.



As provided in article 120 of Decree Law 3,500, the disposal of goods or rights declared in these policies as essential for the company's business, as well as the constitution of liens over them, must be approved by an extraordinary shareholders' meeting. Consequently, and in compliance with article 119 of the same Decree, the following assets are declared as essential for the company's business:

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

The extraordinary shareholders' meeting should approve the granting of real or personal guarantees to secure third-party obligations, unless such obligations were assumed by the subsidiaries, in which case the approval of the board will suffice.



## Description of the company's business

The principal activities of Endesa Chile, its subsidiaries and jointly-controlled companies are related to the generation and sale of electricity, plus consultancy and engineering services in all areas. Endesa Chile and its subsidiaries operate 178 units in four South American countries, with a total installed capacity of 13,688 MW.

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 electricity grid.

Endesa Chile is the leading electricity generating company in Chile and one of the largest companies in the country, operating a total of 5,571 MW of capacity and representing 30% of the installed capacity in the local market. 62% of the installed capacity of Endesa Chile, its subsidiaries and jointly-controlled companies in Chile is hydroelectric, 36% thermal and 2% wind. The company participates in the Central Electricity Grid (SIC), the country's main electricity system, covering from Taltal to Chiloé, a territory holding approximately 93% of the population, where the installed capacity of Endesa Chile, its subsidiaries and jointly-controlled companies contributes a total of 5,389 MW to this grid, equivalent to around 38%. The company also participates in the Northern Electricity Grid (SING), through its subsidiary Celta, supplying several mining companies. Celta has an installed capacity of 182 MW, representing 4% of the SING.

In Colombia, through Emgesa, the company operates a total of 2,925 MW, equivalent to 20% Colombia's installed capacity.

In Peru, through Edegel, the company operates a total of 1,540 MW, representing 20% of the Peruvian electricity system.

Endesa Chile participates in the generation, transmission and distribution market in Brazil through its associate Endesa Brasil, in partnership with Enersis and Endesa (Spain). 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 generating assets of Endesa Brasil.

# Consolidated installed capacity, generation and energy sales of Endesa Chile

Installed capacity (MW) <sup>(1)</sup>	2011	2012	2013
Argentina	3,652	3,652	3,652
Chile <sup>(2)</sup>	5,611	5,571	5,571
Colombia	2,914	2,914	2,925
Perú	1,668	1,657	1,540
<b>TOTAL</b>	<b>13,845</b>	<b>13,794</b>	<b>13,688</b>

Electricity generation (GWh) <sup>(3)</sup>	2011	2012	2013
Argentina	10,801	11,207	10,840
Chile <sup>(2)</sup>	20,722	19,194	19,438
Colombia	12,090	13,251	12,748
Perú	9,153	8,570	8,391
<b>TOTAL</b>	<b>52,766</b>	<b>52,222</b>	<b>51,417</b>

Electricity sales (GWh)	2011	2012	2013
Argentina	11,381	11,852	12,354
Chile <sup>(2)</sup>	22,070	20,878	20,406
Colombia	15,112	16,304	16,090
Perú	9,450	9,587	8,904
<b>TOTAL</b>	<b>58,012</b>	<b>58,621</b>	<b>57,754</b>

- (1) These figures result from the maximum capacities determined by the Endesa Chile Operating Standard No. 38: "Standard for determining Endesa Chile's Maximum Capacity in Hydroelectric and Thermal Power Plants" as of December 31 each year. They correspond to the maximum design capacity of generating units; most of them corroborated by tests conducted by their suppliers to demonstrate that they meet their respective contract guarantees. In some cases, the maximum capacity figures 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) The figures for 2012 differ from those reported before due to the change in the accounting of Gas Atacama from January 2013, so the figures now do not include those of that company.
- (3) Relates to total generation after deducting own consumption, external auxiliaries, transmission losses and other non-invoiced consumption. The data for 2012 differ from those reported before as only own consumption was then deducted.



## Historical summary

Empresa Nacional de Electricidad S.A. was created on December 1, 1943 as a subsidiary company of Corporación de Fomento de la Producción (CORFO) (a state production development agency) in order to carry out Chile's Electrification Plan, including the generation, transport and distribution of electricity.

Endesa Chile was owned for 44 years by the Chilean state, acquiring a predominant role in the sector and becoming one of the most important Chilean companies and the foundation of the country's electricity development. Large investments were made and the company built important engineering and electrification works.

The privatization process began in 1987 through a series of public share offerings and was completed in 1989. The offerings attracted investors such as pension fund managers (AFPs), company employees, institutional investors and thousands of small shareholders.

In 1992, the company took over Central Costanera S.A. (now Endesa Costanera S.A.) and in 1993 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 in Colombia. In September 1997, it 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 Market of the Madrid Stock Exchange (Latibex), under the XEOC ticker symbol.

In May 1999, Enersis S.A., through a public share offering, became the company's controller, with 60% of the shares of Endesa Chile.

On September 13, 2004, Endesa Chile signed a letter adhering to the United Nations Global Compact, an international initiative whereby ten basic universal principles were adopted regarding respect for human rights, labor regulations, the environment and the fight against corruption.

On April 18, 2005, Endesa Chile constituted the subsidiary Endesa Eco S.A. whose purpose is to promote and develop renewable energy projects and to act as depositary and seller of the emission reduction certificates 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 to consolidate Cachoeira Dourada, while Enersis started to consolidate Endesa Brasil S.A.

On September 29, 2006, Endesa Chile, ENAP, Metrogas and GNL Chile signed an agreement defining the structure of the liquefied natural gas (LNG) project, in which Endesa Chile participates with a 20% holding. This project forms part of 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.

In March 2007, Centrales Hidroeléctricas de Aysén S.A. (HidroAysén) was legally incorporated and is not consolidated with Endesa Chile. Its object is the development and operation of a hydroelectric project in the Aysén Region, called "Proyecto Aysén".

In June 2008, the Ojos de Agua pass-through mini hydroelectric plant started operations, a subsidiary of Endesa Eco (9 MW). Endesa Chile also started up the operation with diesel of Unit 1 of the Taltal plant, which meant an additional 120 MW of installed capacity.

The GNL Quintero regasification terminal was inaugurated in October 2009, involving an investment of US\$ 1,100 million and providing between 4 and 5 million cubic meters of natural gas daily. The Quintero plant also started its operations with 129 MW of installed capacity, to which was then added a second unit increasing its gross capacity to 257 MW. The Canela II wind farm with 60 MW came into service.

In 2010, the thermal plant San Isidro II began operating with an installed capacity of 399 MW. The company also announced an investment of US\$ 837 million in the construction of the El Quimbo plant in Colombia. The same year, Fitch Ratings and S&P improved the international credit rating of Endesa Chile to BBB+, while Feller Rate raised the local solvency rating to AA.

The construction of the El Quimbo plant in Colombia, started in 2011. This will supply 8% of the energy demand in that country. The construction of Bocamina II also continued to progress, severely affected by the earthquake of February 2010, and which finally started operating in October 2012.



## Investments

In 2013, Endesa Chile and its subsidiaries invested a total of US\$746 million, as follows:

Investment	(millions of dollars) <sup>(1)</sup>
<b>Argentina</b>	
Endesa Costanera	73
Hidroeléctrica El Chocón	3
<b>Total investment in Argentina</b>	<b>76</b>
<b>Chile</b>	
Endesa Chile	199
Pehuenche	1
Pangue	0
San Isidro	8
Celta	44
Ingendesa	0
Endesa Eco Individual	3
Canela	0
Gasatacama (50%) <sup>(2)</sup>	0
HidroAysén (51%) <sup>(2)</sup>	0
Enigesa	0
<b>Total investment in Chile</b>	<b>257</b>
<b>Colombia</b>	
Emgesa	332
<b>Total investment in Colombia</b>	<b>332</b>
<b>Peru</b>	
Edegel	71
<b>Total investment in Peru</b>	<b>71</b>
<b>Total material investment in companies</b>	<b>736</b>
<b>Total financial investment</b>	<b>10</b>
<b>Total investment Endesa Chile consolidated</b>	<b>746</b>

(1) The exchange rate at the end of 2013 was used, of Ch\$524.61 per dollar.

(2) From 2013, the investments of Gasatacama and Hidroaysen begin to be booked in the equity value of Endesa.

# Financial activities

## Local financing

At the end of 2013, Endesa Chile has fully-committed credit lines available for the equivalent of US\$ 306 million. It also has uncommitted credit-lines available in the Chilean market for the equivalent of US\$211 million and commercial paper lines for a maximum total amount of US\$200 million. These were registered with the Securities Register of the SVS in January 2009.

In addition to the above revolving credits and bond programs, Endesa Chile with its Chilean subsidiaries ended the year with available cash of US\$108 million, excluding the jointly-controlled companies.

The consolidated financial debt of Endesa Chile as of December 2013 was US\$ 3,836 million. This debt is composed mainly of bank debt, and local and international bonds. Endesa Chile's consolidated cash closed at US\$ 617 million, so the net consolidated debt amounted to US\$ 3,219 million.

In addition, an international bond issue (Yankee bonds) matured on August 1, 2013 for an amount of US\$400 million.



## International financing

The year 2013 was marked by the weak performance of nations like the USA and China which did not meet their foreseen growth expectations but, by the end of the year, saw some signs of recovery.

With the FED's announcement on the reduction in monetary stimulus, which would imply a progressive rise in dollar interest rates, the currencies of emerging nations began to depreciate.

Debt markets in most of the countries where Endesa Chile's assets are remained open and allowed its foreign subsidiaries to continue refinancing their debt at longer terms, even improving the level of interest rates and complying with a policy for controlling financial risks.

In Argentina, the complex operating situation has generated instability in the companies' cash flows. However, a balance was achieved by the end of 2013 through different operative and financial operations. During the year, refinancings and new financings and hedges were completed for US\$175 million.



Endesa Costanera also increased its capital by US\$85 million and refinanced bank maturities for US\$34 million, and El Chocón signed a new syndicated loan for US\$23 million and refinance bank maturities for US\$ 20 million.

In Colombia, our subsidiary Emgesa issued domestic bonds for US\$293 million for a term of 6 and 12 years and signed the refinancing of a syndicated loan for US\$158 million.

In Peru, our subsidiary Edegel structured a corporate bonds program for US\$350 million.

Overall, Endesa Chile and its foreign subsidiaries closed financial operations for a total equivalent to US\$674 million.



## Hedging policy

### Exchange rate

The Group's exchange-rate hedging policy is based on cash flows and its purpose is to maintain a balance between flows indexed to foreign currency (dollars) and the levels of assets and liabilities in that currency. During 2013, Endesa Chile's financial operations enabled it to maintain a level of liabilities in dollars in line with expected flows in that currency.

As part of this policy, forwards were contracted in Chile for US\$338 million to cover dividends in different currencies coming from subsidiaries in Latin America. The other companies in the region contracted exchange-rate forwards for US\$38 million to re-denominate future disbursements according to the indexation of their flows and corporate insurance.

## Interest rate

The Group's interest-rate policy consists of maintaining levels of fixed-rate and hedged debt out of the total net debt within a band of  $\pm 10\%$  with respect to the ratio established in the annual budget. In the event of a deviation from budget, hedge operations are made as a function of market conditions.

At the end of December, the ratio of consolidated fixed-rate and hedges debt to net debt was 71%,



## Credit rating

Endesa Chile's present ratings are sustained by its diversified asset portfolio, the strength of its financial indicators, the appropriate debt-maturity profile and ample liquidity. The company's geographic diversification in South America provides a natural hedge against various regulations and climatic conditions. Endesa Chile's subsidiaries have a leadership position in the different markets where they operate.

On July 1, 2013, Feller Rate confirmed its AA local rating for bond programs, shares and commercial paper, ratifying a stable outlook.

On August 2, 2013, Standard & Poor's confirmed the international rating for Endesa Chile as BBB+, with stable outlook.

On August 9, 2013, Fitch Rating ratified its rating in local and foreign currency of Endesa Chile as BBB+, and also its long-term rating on the national scale of AA(cl), also with stable outlook.

Finally, on September 27, 2013, Moody's ratified its corporate rating of Baa2 for Endesa Chile, with stable outlook.

# Insurance



- Non-contractual civil liability insurance for the sum of US\$ 500 million a year, covering the physical damage caused by the company's activities to third parties who demand damages.

In addition, as of January 1, 2014, and for a term of one year, an insurance against terrorist acts was renewed with an indemnity limit of US\$80 million.

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

## Operational

In order to make a tender together with our controller Enel, the renewal date of the regional all-risks and civil liability insurance program was changed from July 1 to November 1, 2013. The insurance policy renewal process was carried out through an international tender to which the world's principal insurers were invited. The policies were renewed until October 31, 2014.

The characteristics of the insurance policies currently in force for all Endesa Chile's subsidiaries in Argentina, Chile, Colombia and Peru and its Brazilian associates, are as follows:

- All-risk cover of fixed assets and business interruption, with an indemnifiable limit of US\$ 500 million per claim. This measure is intended to provide a greater protection for generation plants and the principal transformation substations against the risk of earthquake, avalanche, fire, explosion, flood, machinery breakdown and operational faults.

## Works insurance

Endesa Chile has maintained existing insurance policies for construction and start-up delays for all its construction works. This insurance was contracted after a private bidding process, to which the principal insurers were invited.

The insurance program established for all projects contemplates all-risk insurance cover for construction and assembly, transportation, civil liability and start-up delays, with limits and deductibles in line with the company's risk policy.

## Important Suppliers, Customers and Competitors

The board on December 20, 2012, determined that:

The important suppliers are GNL Chile (BG; GNLQ), YPF, TGM, Gas Andes (Chi; Arg), ElectroGas, Gasatacama, Endesa España, Norden, WBC, Froward S.A., Copec, Transelec, General Electric International Inc., Mitsubishi Corporation and Salfa Montajes S.A.

The important competitors are; Colbún S.A., AES Gener S.A., E-CL and Guacolda,

The important customers are: Chilectra, CGED group, Saesa group, Chilquinta group, Emel group, Compañía Minera del Pacífico, Teck Carmen de Andacollo, CAP, Huachipato, CMPC, Masisa, Anglo American, Occidental Chemical Chile Ltda., Codelco-Melón S.A., Cementos Bio Bio, EEPA and Minera Valle Central.



The Group companies are exposed to certain risks that they handle through systems of identification, measurement, limitation of concentration and supervision.

The basic principles defined by the Group in setting its risk management policy include the following:

- Compliance with good corporate governance standards.
- Strict compliance with the Group's regulatory system.
- Each business and corporate area defines:
  - I. The markets in which it can operate as a function of sufficient knowledge and capability in order to ensure an effective risk management.
  - II. Counterparties criteria.
  - III. Authorized operators.
- The businesses and corporate areas establish for each market in which they operate their acceptance of the risk coherently with the defined strategy.
- All the businesses and corporate areas are carried out within the approved limits in each case.
- Businesses, corporate areas, of business lines and companies establish the risk-management controls necessary for ensuring that market transactions are carried out in accordance with Endesa Chile's policy, standards and procedures.

## Interest-rate risk

Interest rate fluctuations modify the fair value of assets and liabilities accruing interest at fixed rates, as well as the future flows of assets and liabilities based on a variable interest rate.

The objective of interest-rate risk management is to achieve a debt structure balance which minimizes the debt cost with reduced volatility in the statement of results.

In accordance with the current interest-rate hedging policy, the percentage of fixed and/or hedged debt stood at 71% of total net debt as of December 31, 2013.

Depending on the Group's estimates 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, hedged and variable interest rates, after the derivatives contracted, is as follows:

	Dec-12%	Dec-13%
Fixed interest rate	74%	71%
Variable interest rate	26%	29%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Exchange-rate risk

Exchange-rate risks are associated primarily with the following transactions:

- Debt contracted by Group companies in currencies other than that to which their cash flows are indexed.
- Payments to be made for project-related materials in currencies other than that to which their cash flows are indexed.
- Revenues of Group companies that are directly linked to the value of the dollar.
- Cash flows from foreign subsidiaries to Chilean parent companies that are subject to exchange-rate fluctuations.

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

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

## Commodities risk

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

- Fuel purchases in the process of generating electricity.
- Energy trading operations in local markets.

In order to reduce the risk in situations of extreme drought, the company has designed a commercial policy that defines levels of sale commitments according to the capacity of its generating plants in a dry year and includes risk-mitigation clauses in some of its contracts with non-regulated customers. In the case of regulated customers subject to long-term tender processes, indexation clauses are included to reduce the commodities exposure.

In view of the operational conditions faced by the electricity-generation market in Chile, i.e. drought and commodity-price volatility on the international markets, the company is constantly checking the convenience of hedging to reduce the impacts of such price variations on results. As of December 31, 2013, there are no outstanding commodity derivative operations. As of December 31, 2012, there are swap contracts covering 462 thousand barrels of Brent for January 2013 and 365 thousand tons of coal for the period February-June 2013. (There were no hedge contracts outstanding as of January 1, 2012).

According to the operative conditions which are constantly updated, these hedges can be modified or other commodities included. (see Note 18.3.a).

## Liquidity risk

The Group maintains a liquidity policy consisting of contracting committed long-term credit facilities and temporary financial investments, for amounts sufficient to support projected needs for a period that is a function of the situation and the expectations of the debt and capital markets.

The above projected needs include the maturities of net financial debt, i.e. after financial derivatives. For more details regarding the characteristics and conditions of financial debt and financial derivatives, see Notes 16 and 18 and Appendix 4 respectively.

As of December 31, 2013, the Endesa Chile Group has liquidity of ThCh\$ 323,807,379 in cash and cash equivalents and ThCh\$ 153,458,192 in committed long-term credit facilities. As of December 31, 2012, the Endesa Chile Group had liquidity of ThCh\$ 235,677,733 in cash and cash equivalents, and ThCh\$ 193,708,000 in committed long-term credit facilities (ThCh\$ 389,768,271 and ThCh\$ 199,892,000 respectively at January 1, 2012).

## Credit risk

Given the current economic situation, the Group conducts a detailed credit risk follow-up.

### Trade accounts receivable

With respect to the credit risk associated with trade accounts receivable, this is historically very limited as the short payment terms for customers do 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 the contract. Credit risk is constantly monitored and the maximum amounts exposed to such payment risk are continuously measured. As mentioned above, this payment risk is limited.

### Assets of a financial nature

Investments of cash surpluses are made with reputable domestic and foreign financial entities (with investment grade credit ratings), within established limits for each entity.

In selecting banks eligible for investing, those that have investment grade ratings from the 3 principal credit-rating agencies (Moody's, S&P and Fitch) are considered.

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

Placements may be covered by treasury bonds of the countries where it operates and/or securities issued by top-level banks, preferring those that offer the highest returns (always within current placement policies).

Derivatives are contracted with highly-solvent entities, so that all such operations are contracted with investment-grade ratings.

## Risk measurement

Endesa Chile prepares a measurement of the Value at Risk of its debt and financial derivative positions in order to monitor the company's risk, thus limiting volatility in the statement of results.

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

- Financial debt.
- Derivatives hedging debt, dividends and projects.

The calculated Value at Risk represents the potential loss of value of the portfolio of positions previously described in a 1-day term and with 95% confidence. 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.
- The different currencies in which our companies operate, the habitual indices used in banking practice.
- The 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 through 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, the reasonable value of the portfolio is calculated under each scenario to obtain the distribution of possible overnight values. The overnight risk with 95% confidence is calculated as the percentile of 5% of the possible value increments reasonable for overnight portfolios.

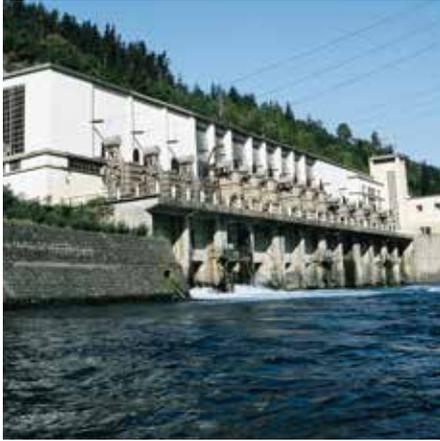
The valuation of the different debt and financial derivative positions included in the calculation has been made pursuant to the methodology of calculation of the economic capital reported to the management.

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

Financial positions	31-12-2012 ThCh\$	31-12-2013 ThCh\$
Interest rate	7,882,191	8,035,082
Exchange risk	1,517,921	2,205,128
Correlation	(2,552,715)	(3,291,060)
<b>Total</b>	<b>6,847,397</b>	<b>6,949,150</b>

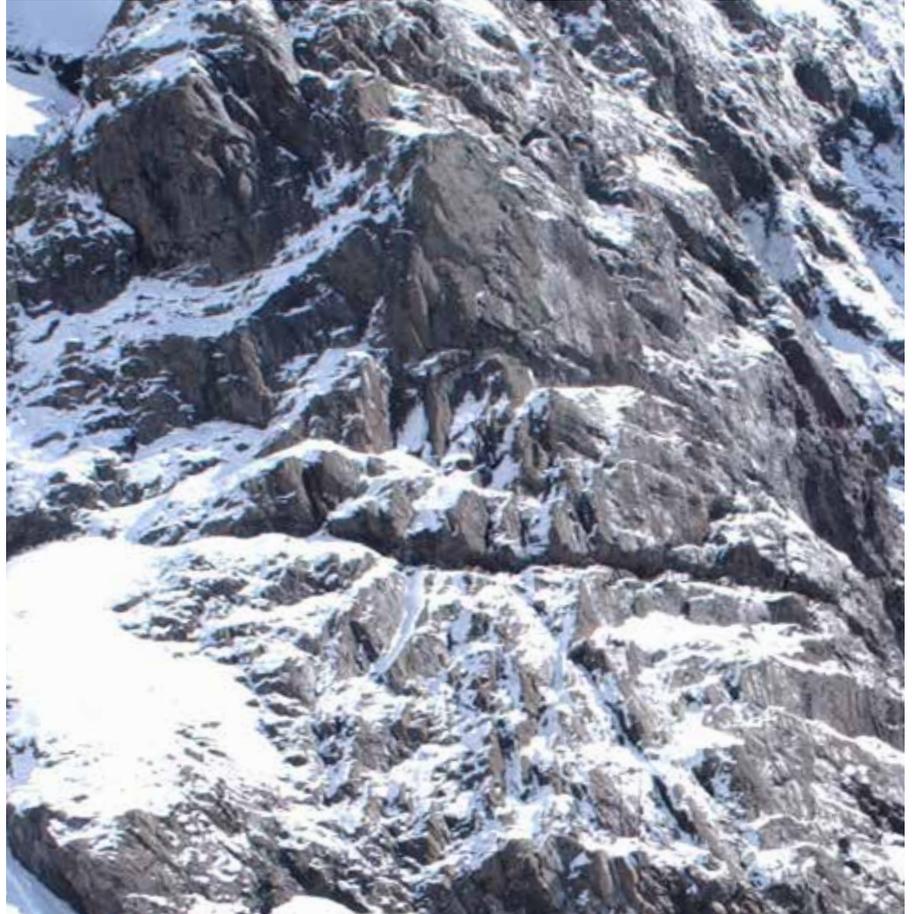
The Value at Risk positions have evolved during 2013 and 2012 according to the initiation/expiry dates of operations throughout each year.

## Other risks



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

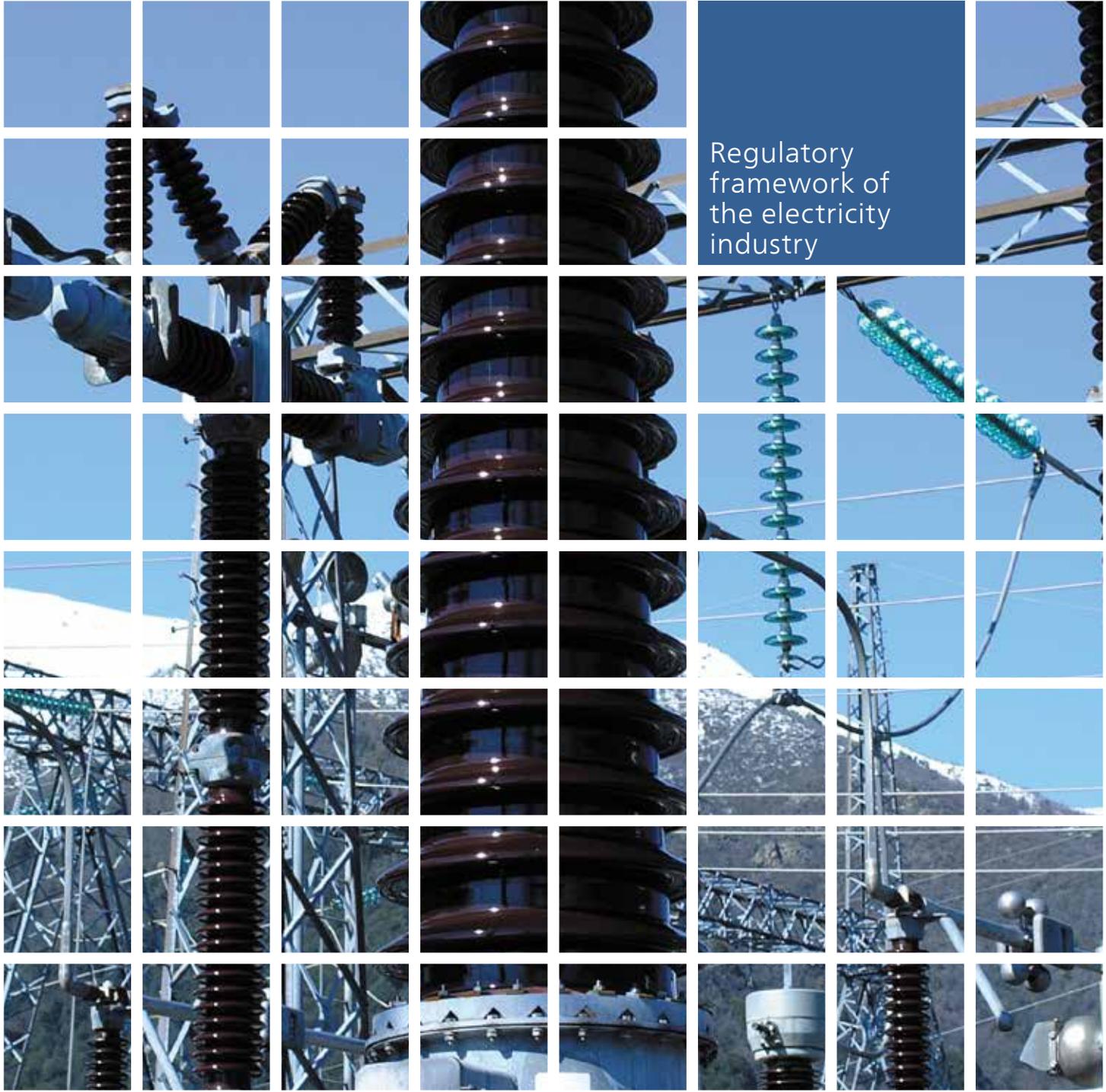
Payment defaults, following any applicable grace period, of debts of Endesa Chile whose individual outstanding principal exceeds the equivalent of US\$ 50 million and whose amount in arrears also exceeds the equivalent of US\$ 50 million, could lead to the accelerated payment of the syndicated loan. This loan also contains provisions under which certain events other than non-payment, in the company, such as bankruptcy, insolvency or adverse enforceable judicial judgments for amounts in excess of US\$ 50 million and the expropriation of assets, among others, could cause the acceleration of this loan.



The non-payment, after any applicable grace period, of any debt of Endesa Chile or of any of its Chilean subsidiaries, with an outstanding principal in excess of US\$ 30 million, could lead to the accelerated mandatory payment of the Yankee bonds.

Finally, in the case of Endesa Chile's domestic bonds and lines of credit, the accelerated payment of this debt is triggered only by default by the issuer.

There are no clauses in the loan agreements by which changes in the corporate credit rating or that of the debt of these companies by the credit rating agencies could trigger the obligation to prepay debt. However, a change in the local credit ratings of the agencies Feller Rate Clasificadora de Riesgos, Fitch Ratings Chile, Humphreys Clasificadora de Riesgo or ICR Clasificadora de Riesgos may produce a change in the applicable margin for determining the interest rate, in credit facilities signed in 2013.



Regulatory framework of the electricity industry

# Argentina

## Industry structure

The Argentine electricity sector is governed by Law 15,336 of 1960 and Law 24,065 of 1992. In the Wholesale Electric Market (MEM) there are 4 categories of local agents (generators, transmitters, distributors and large customers) and foreign agents (generation and demand trading companies) that are authorized to buy and sell electricity as well as its related products.

The generation sector was originally organized on a competitive basis (marginalism), with independent generators selling their energy on the spot market of the MEM, or under private contracts to customers within the MEM market, or to Compañía Administradora del Mercado Eléctrico Mayorista S.A. (CAMMESA) through special transactions like contracts under Resolution 220/2007 and Resolution 724/2008. However, this regime changed substantially in March 2013 when the Secretariat of Energy approved its Resolution 95/2013, which establishes a scheme of remuneration for generation based on mean costs, requiring the delivery to CAMMESA of all the energy produced. This new remuneration scheme became effective from February 2013.

Transmission operates under monopolistic conditions and comprises several companies to which Argentina's federal government grants concessions.

Distribution also operates under monopolistic conditions and is provided by companies that have been granted concessions. Distribution companies are responsible for ensuring that electricity is made available to end customers within their specific concession area, regardless of whether the customer has a contract with a distributor or a generator.

Due to the severe economic crisis that affected the country in 2002, Emergency Law 25,561 was promulgated. This obliged the renegotiation of concession contracts, broke the parity with the US dollar and imposed the conversion to Argentine pesos of the obligations and rights assumed previously in dollars. This obligatory nominal conversion of dollars to pesos had a severe impact on the whole Argentine electricity industry. The government also approved various regulatory measures that gradually invaded the industry's development. The Emergency Law has been extended successively and, under the last of these, until December 31, 2015. The "pesification" and devaluation of the economy forced the renegotiation of all the concession contracts. In particular, in the distribution sector and specifically in the case of our company Empresa Distribuidora de Energía del Sur S.A. (Edesur), a contractual renegotiation agreement was signed with the government in 2006, later ratified by Decree PEN 1959/2006, which would permit a gradual adjustment of its tariff revenues in order to ensure the business's sustainability. The implementation of this agreement has been paralyzed since 2008, as will be explained below.

No generator, distributor, large user or any other company controlled by any of these or under the same control, can be the owner or majority shareholder of a transmission company or its controlling companies. At the same time, transmission companies are not allowed to generate, distribute, buy and/or sell electricity. Distributor companies cannot have generating units.

Regulated customers are supplied by the distributors at the regulated tariffs unless they demand a minimum capacity of 30 kW. In this case, they are considered as "large customers" and can freely negotiate their prices with the generation companies.



## Regulation of generating companies

The regulation of generating companies has suffered important changes since the promulgation of Law 24,065 and until Resolution 95/2013. By this law, all the generator agents of the WEM/MEM must be connected to the national electricity grid (SIN) and are required to comply with the dispatch order to generate and deliver energy for this to be sold on the spot market and on the forward market (MAT). Distribution companies, trading companies and large customers that have signed private supply contracts with generation companies pay the contractual price directly to the generator and also pay a toll to the transmission and distribution companies for the use of their systems.

In order to stabilize generation prices affecting the tariffs felt by customers, the market defined a seasonal price which is the energy price paid by the distributors for their purchases of electricity traded on the spot market. This price is determined every six months by the Secretariat of Energy, after CAMMESA has made its projections of spot prices for the period considered. A stabilization fund was created to adjust differences between this Price and the actual cost of generation. If the seasonal price is lower than the cost of generation, funds are drawn from the fund to compensate

the generation; otherwise, funds are contributed to it. Since 2002, the Secretariat of Energy has in practice maintained the average seasonal price without changes. This has therefore created a large deficit in the stabilization fund which the Argentine state has been covering by increasingly bountiful subsidies.

The resolutions approved following the emergency law had a significant impact on energy prices. These included Resolution 240/2003 which modified the way for fixing the spot price, by delinking the calculation of marginal operating costs. Resolution 240/2003 served to avoid the indexation of prices to the dollar and, while generation dispatch is still based on the actual fuels used, the calculation of the spot price calculated on the basis of the absolute availability of gas to meet demand, even in circumstances in which many generators are using an alternative fuel, like diesel, due to the difficulties in supplies of natural gas. The value of the water is not considered if its opportunity cost is greater than the generation cost with natural gas. The resolution also sets a limit on the spot price of 120 Ar\$/MWh, which continues in force. Actual variable costs of the thermal units using liquid fuels are paid by CAMMESA through the so-called Transitory Dispatch Cost Overruns (STD) mechanism.

Based on the Emergency Law also, the payment for capacity was reduced from US\$ 10 to Ar\$ 10 per MW-hrp (hrp: capacity remuneration hours). Later, the guarantee of capacity was raised slightly to Ar\$, approximately 1/3rd of the value paid before the crisis of 2002.

Within the framework of the agreements reached with the government for developing the operations of our subsidiaries in Argentina, Endesa Costanera signed an agreement for the implementation of an investment plan in the generating units of the Central Costanera in order to optimize the reliability and availability of the equipment, for a total amount of US\$304 million over a period of 7 years. The agreement also contemplates the payment of the maintenance contract obligations (long-term service agreement, LTSA) of the plant's combined-cycle units.

Finally, Resolution 95/2013 abandoned the marginalist pricing system, replacing it with a mechanism of recognition of average costs. The Resolution recognizes the remuneration of fixed costs, variables and an additional remuneration. Fixed costs (in Ar\$/MW-hrp) are remunerated according to the technology, scale and available capacity. It is also subject to the completion of an established availability objective. Regarding variable costs, operating and maintenance costs are remunerated according to the energy generated (in Ar\$/MWh), the fuel used and the technology (generators have no fuel cost as this provided by CAMMESA). Lastly, the additional remuneration is calculated as a function of the total energy generated (in Ar\$/MWh) considering the technology and scale of the generator. Part of this remuneration accumulates in a fund to be used to finance investments in new infrastructure in the electricity sector.

The resolution covers generators, co-generators and self-generators, except for plants that started operating from 2005, nuclear plants and bi-national hydroelectric plants; reserves and centralizes in CAMMESA the commercial management and fuel dispatch, and suspends bilateral energy contracts between the generators and agents of the MEM; these have to acquire their electricity demand from CAMMESA.

## Distribution company regulations

Distribution is carried out by companies that obtain concessions. Distributors have to meet the whole electricity demand in their exclusive concession area at the prices (tariffs) and conditions established in the regulation. Concession agreements include penalties for not supplying. Concessions were granted for distribution and retail sales. The concession periods are divided into "administration periods" that allow the concessionaire to quit the concession at certain time intervals.

There have been two electricity distribution federal concessions since 2011. The concession-holders are Edesur and Edenor, located in the city of Buenos Aires and Greater Buenos Aires.

Most distribution companies renegotiated their contracts during 2005 and 2006 and although tariffs were partially and temporarily increased, the comprehensive tariff review (RTI) is still pending.

During 2006, the distributor company Edesur signed an agreement for the renegotiation of the concession contract. This established, among several other conditions, a transitional tariff regime which included a 28% increase in VAD with semi-annual adjustments, a service quality regime and a comprehensive tariff review (RTI) to be implemented by the ENRE. The semi-annual tariff-adjustment mechanism fixes this according to changes in an ad hoc inflation index, known as the costs monitoring mechanism (MMC). The first inflation adjustments were made in 2008 but, since then, it has ceased to be officially recognized. Nevertheless, the Argentine government has created different regulatory alternatives that have allowed distributors to continue providing the electricity service.

One of these alternatives has been called the rational use of energy program (PUREE). This was created in 2004 and established bonuses and penalties for customers depending on the level of energy savings based on a consumption benchmark. The net difference between the bonuses and the penalties were originally deposited in the stabilization fund of MEM, but this was later modified at the request of Edesur and Edenor, so that distributor companies could use these resources to compensate cost variations not recognized in the MMC cost increases. On May 7, 2013, the Secretariat of Energy approved Resolution 250/2013 which determines the amounts the MMC receives until February 2013 and permits compensation with the debts corresponding to the PUREE program and other debts that Edesur has accumulated with the system. Following this important Resolution, the Secretariat of Energy in November published Note 6852 authorizing Edesur and Edenor to carry out the compensation of the MMCs with debts generated under the PUREE program for the period March-September 2013.

Additional charges were also approved in customers' tariffs to finance new investments in expansion and quality of the distributors. In November 2012, Resolution ENRE 347 was approved, authorizing the application of this charge differentiated by customer against the future RTI. The application of this charge by Edesur supposes additional annual revenues of 437 million pesos, which represents a 40% increase in VAD and 20% in tariffs.

## Transmission regulations

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

## Environmental regulations

Electricity installations are subject to federal and local environmental laws and regulations, including Law 24,051 or Law of Hazardous Waste and its related 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 utilities may result in the loss of the concession.

Law 26,190, promulgated in 2007, defined the use of renewable sources for the production of electricity as of national interest setting an 8% market share goal for renewable energies to be reached within 10 years.

# Brazil

Although Endesa Chile does not have subsidiaries in Brazil, we have capital investments through Endesa Brasil.

## Industry structure

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

The industry is regulated by the federal government through the Ministry of Mines and Energy (MME) and also the National Electricity Agency, ANEEL.

Under Law 10,848 of 2004, the wholesale electricity market is residual, as a tool for the formation of the spot price. The wholesale price is based on the average prices of tenders, there being independent tender processes for existing energy and new energy. The latter contemplate long-term contracts in which new generation projects should cover growth in demand forecasted by the distributors. Old energy tenders consider shorter contract terms and seek to cover the contract needs of the distributors arising on the expiry of previous contracts. Each tender is coordinated centrally, the authority defines maximum prices and thus signs contracts where all the participating distributors buy pro rata from each of the offering generators. The price at which spot market transactions are settled is called the Differences Settlement Price (PLD), which takes into account the risk-aversion curve of the agents.

Transmission works under monopoly conditions. The tariffs of transmission companies are fixed by the Brazilian government. The transmission charge is fixed and the transmission revenues do not depend on the volume of electricity transmitted.

Distribution is a public utility that works under monopoly conditions and is provided by companies that have also



received concessions. Distributors on the Brazilian grid are not authorized to (i) develop operations related to the generation or transmission of electricity, (ii) sell electricity to non-regulated customers, except those within their concession area and under the same conditions and applicable tariffs as for their captive customers in the regulated market, (iii) maintain direct or indirect holdings in any other firm, corporation or company, or (iv) carry on activities unrelated to their respective concessions, except as permitted by law or in the corresponding concession agreement. Generators are not authorized to have equity holdings in distribution companies in excess of 10%.

The unregulated market includes the sale of electricity between generation concession-holders, independent producers, self-producers, electricity traders, importers of electricity, non-regulated consumers and special customers. It also includes contracts between generators and distributors existing under the old regulatory framework until their expiry, at which time the new contracts have to adjust to the new regulatory framework. According to the specifications established in Law 9,427/96, non-regulated consumers in Brazil are those that (1) 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 (ONS) and is divided into four sub-systems: Southeast, Center-West, South, Northeast and North. In addition to the Brazilian Grid there are also some isolated systems, i.e. systems that do not form part of the Brazilian grid and are generally located in the north and north-eastern regions of the country and whose only energy source is coal or oil thermal plants.

## Generation company regulations

Generator agents, whether public generation concessionaries, IPPs or self-producers, as well as traders, can sell electricity within (i) the regulated contracts area (ACR) where the distribution companies operate and where energy purchases must be carried out within the tenders process coordinated by ANEEL or (ii) the free contracts area (ACL) where energy purchase conditions are negotiable directly between suppliers and their customers. Regardless of ACR or ACL, generators' sales contracts are registered with the CCEE and form part of the basis for the accounting and determination of adjustments 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 expiry date of the current regulated environment. The regulated purchase price for the formation of end-user tariffs is therefore based on the average tender prices, with the existence of independent tender processes of "new energy" and "existing energy".

New energy tenders contemplate long-term contracts (15 years for thermal plants and 30 for hydroelectric) in which new generation projects should cover the demand growth forecasted by the distributors. Old energy tenders consider

shorter contract terms and seek to cover the contracting needs of distributors that arise on the expiry of previous contracts, so the energy can be sold at lower prices. Each tender process is coordinated centrally, the authority defines maximum prices and therefore the contracts are signed where all the distributor participants in the process buy pro rata from each of the offering generators.

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, Resolution 109/2004 of ANEEL specifies that when these limits are not achieved the agents are subject to financial penalties.

Lastly, the government on September 11, 2012 approved its Provisional Measure 579 (later converted into Law 12,783 of January 11, 2013) which sets the conditions for electricity-sector concessions to be renewed which expiry between 2015 and 2017 and the reduction of liens in the electricity tariff. The measure was approved to reduce the final price of the electricity tariff and relaunch economic activity in Brazil. It does not directly affect any of the concessions of the subsidiaries of Enersis in Brazil.

As some generators did not renew the concessions and other factors (like delays in the construction of thermal plants, low hydrology, etc.), in the first months of 2013 distributor companies have suffered an imbalance between regulated demand and energy supply, thus being involuntarily exposed to the spot market Price to cover their energy needs. In this context, Presidential Decree 7,945/2013 was published on March 8, 2013 authorizing the financing from federal resources so that distributors could pay part of the energy cost overruns. The part of the cost overrun not paid by federal funds will be covered by the regulated tariffs in 2014 and 2015, duly adjusted by the SELIC index of Banco Central de Brazil.

## Regulations for distribution companies

In the regulated market, distribution companies have to purchase the electricity through tenders regulated by ANEEL and organized by CCEE annually. The government also has the right to call special tenders for renewable electricity (biomass, mini-hydro, solar and wind plants). The contracting system is multilateral, with generation companies signing contracts with all the distributors that call for tenders.

The Concessions Law establishes three types of tariff reviews or adjustments to end consumers: the Tariff Repositioning Indicator (IRT) which is an annual adjustment for inflation; the Ordinary Tariff Review (RTO) carried out every 4 to 5 years according to the concession contract; and the Extraordinary Tariff Review (RTE) carried out when an important event occurs in the sector that significantly affects the value of the tariff. The law thus guarantees an economic and financial equilibrium for a company should there be a substantial change in their operating costs. In the case of the components of the cost of Part A, such as energy purchases or taxes that significantly increase during the period between two annual tariff adjustments, the concession-holder may formally request ANEEL to allow these costs to be passed on to end customers.

All tariff revisions and repositionings are approved by ANEEL.

In the reviews (RTO and RTE), ANEEL revises the tariffs in response to changes in energy purchase costs and market conditions. When adjusting the distribution tariffs, ANEEL divides the annual reference value, i.e. the 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"), these being the aggregate distribution costs (VAD).

The ordinary tariff review considers the company's entire tariff-setting structure, including the costs of providing services, the costs of purchasing energy, and 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 for calculating 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 of the distribution asset is based on the weighted average cost of capital (WACC) for a model company. The WACC is revised in each tariff cycle and its value for distribution is currently a real 11.4% before tax.

## Transmission regulations

Any agent of the electricity market that produces or consumes energy is authorized to use the basic grid. Non-regulated 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 supervised by ANEEL.

The operation and management of the basic grid is the responsibility of ONS which is also responsible for managing the energy dispatch from the plants in optimal conditions, involving the use of the interconnected grid, reservoirs and thermal plants.

The Portarías Ministeriales 210/2011 and 211/2011 were published in the Official Gazette on April 5, 2011 which equip the two interconnection lines of Compañía de Interconexión Energética S.A. to public utility concessions, with payment of the regulated toll. The Receita Anual Permitida (RAP) is adjusted annually in June according to the Broad National Consumer Price Index (IPCA) with tariff reviews every four years. The gross remuneration base of 1,760 million reales (US\$885 million) was approved and a net base of 1,160 million reales (US\$585 million). In 2012, ANEEL authorized the implementation of reinforcements to the transmission installations, recognizing an additional investment of 47 million reales (US\$23 million) in the remuneration base. The rate of remuneration applicable was defined according to current regulations at 7.24% (real after tax). The term of the authorization is until June 2020 for Line 1 and July 2022 for Line 2, with indemnity for investments not amortized.



# Chile

## Industry structure

The electric industry in Chile is divided into 3 segments or businesses: generation, transmission and distribution. The generation sector is integrated by electricity generating companies. These sell their production to distribution companies, non-regulated customers and other generation companies, through the spot market. The transmission sector comprises companies that transmit at high-tension the electricity produced by the generation companies. Finally the distribution sector is defined as comprising any supply to end customers at a voltage not exceeding 23 kV. These three large segments or businesses operate in an interconnected and coordinated way and their main objective is to supply electricity to the market at minimum cost and in accordance with the quality and safety standards required by law. Due to their essential characteristics, transmission and distribution activities are natural monopolies so they are segments regulated as such by the electricity legislation which requires free access to the networks and the definition of regulated tariffs.

## Environmental regulations

Although the Brazilian Constitution enables the federal government as well as the state and local governments to dictate laws for protecting the environment, most environmental regulations in Brazil are passed at the state and local levels.

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.

Chile's electricity sector is regulated by the General Electrical Services Law (Ministry of Mining Decree Law 1 of 1982), whose restated and coordinated text was fixed by Ministry of the Economy Decree Law 4 of 2006 (the "Electricity Law") and its corresponding regulations contained in Decree Law 327 of 1998. Three government entities are responsible for the application and compliance with the Electricity Law: the National Energy Commission (CNE), which has the authority to propose regulated tariffs and to prepare indicative plans for the construction of new generating units; the Superintendency of Electricity and Fuels (SEC), which monitors and checks compliance with the laws, regulations and technical standards for electricity generation, transmission and distribution, liquid fuels and gas; and the Ministry of Energy which will be responsible for proposing and conducting political policies in energy and groups under its wing the SEC, CNE and the Chilean Nuclear Energy Commission (CChEN), strengthening coordination and facilitating an integral view of the sector. It also has the

Energy Efficiency Agency and the Center for Renewable Energies. The law also establishes a panel of experts, basically to resolve differences occurring between the different electricity market players: electricity companies, system operator, regulator, etc.

From a geographical point of view, the electricity sector in Chile is divided into four interconnected electricity systems. The Central Electricity Grid (SIC), the Northern Electricity Grid (SING), and two medium-sized isolated systems in Aysén and Magallanes. The SIC is the principal grid, where 93% of the Chilean population lives, and extends 2,400 km from Taltal in the north to Quellón on the island of Chiloé to the south. The SING covers the north of the country, from Arica to Coloso, with a length of 700 km, where a large part of the mining industry is located.

According to the Electricity Law, generation and transmission companies in a grid have to coordinate their operations efficiently and in a centralized way through the operator entity called Economic Load Dispatch Center (CDEC) in order to operate the system at minimum cost, while preserving the security of the service. The CDEC therefore plans and operates the system, including the calculation of the marginal hourly cost, the price at which energy transfers are made between generators on the CDEC. The CDECs (CDEC-SIC and CDEC-SING) are autonomous entities comprising generators, transmitters, sub-transmitters and large customers.

## Generation company regulations

The generation segment comprises companies that own electricity production facilities whose energy is transmitted and distributed to end consumers. The segment is characterized for being a competitive market where production is sold (i) to distributor companies for supply to their regulated customers; (ii) to free or non-regulated customers, mainly industrial and mining companies; and (iii) other generating companies through the spot market for energy and power trading on the CDEC.

As mentioned above, the operation of the generation companies in each interconnected grids is coordinated by its respective CDEC. As a consequence of this efficient and coordinated operation of the electricity systems, 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 customers.

Generators take part in tenders for energy for up to 15 years. These are carried out according to the demand requirements through distribution and are supervised by the National Energy Commission (CNE), the regulator. This allows generators to obtain stable and foreseeable revenue, avoiding marginal cost volatility and motivating investment in the sector.

There is payment for capacity in Chile, which depends on the calculation made centrally for each CDEC annually, based on the amount that remunerates the development of a gas turbine as the marginal unit for contributing to the system's demand. The charge for capacity of each plant is independent of its capacity and remunerates the availability and contribution to the country's reserve margin.

## Distribution company regulations

The distribution segment is defined, for regulatory purposes, as all the electricity supplied to end customers at a voltage not exceeding 23 kV. Distribution companies operate under a public-utility concession system, with the obligation to supply regulated customers at regulated tariffs.

Distribution companies supply regulated customers whose demand is less than 500 kW, a segment whose price and supply conditions are the result of tenders regulated by the National Energy Commission, and non-regulated customers under bilateral contracts with generators whose terms & conditions are freely negotiated and agreed.

Consumers are classified according to the size of their demand, being regulated customers whose connected capacity is less than 500 kW, and free or non-regulated customers, those with a connected capacity over 2,000 kW. Customers whose connected capacity ranges between 500 and 2,000 kW may opt for either regulated tariffs or a non-regulated regime for a minimum of 4 years in either regime.

With the promulgation of Law 20,018 in 2010, distributor companies have to have a permanent supply for the whole demand projected for three years, for which they must call public tenders for long-term supplies of up to 15 years.

The distribution tariff-setting processes are carried out every four years. Both the CNE and the company representative of its typical area contract studies from independent consultants to fix the distribution added value for its typical area. The preliminary basic tariffs are obtained by weighting the results of the study ordered by the CNE and that by the company on a 2/3rds – 1/3rd basis respectively. With these basic tariffs, the aggregate return of the industry is checked within the established range of 10%, with a dispersion of 4%.

Every four years, tariff reviews are made of the sub-transmission system (corresponding to the high-tension substations that connect the distribution and transmission networks). This process is followed alternately with the distribution tariff review process, so that both are two years distant from each other. In addition, a review is made every four years of associated services, being those services not covered by the distribution reviews.

The Chilean distribution model is a consolidated one, with eight tariff settings made since the privatization of the sector.

## Transmission regulations

The transmission segment covers a combination of lines, substations and equipment for electricity transmission from its production centers (generators) to consumers or distribution centers. Transmission in Chile is defined as lines or substations with a voltage or tension over 23 kV. The transmission system operates under open access and transmission companies establish rights of way over the available transmission capacity through 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 system in which users can obtain access to the system, contributing to the exploitation costs, maintenance and, if necessary, the system's expansion.

On October 14, 2013 a Procedure for granting Electricity Concessions was published as Law 20,701 in the Official Gazette in order to facilitate the processing of electricity concessions. The new law simplifies the process, reduces processing times, specifies the possible observations and objections to projects, modifies the notifications process, establishes concise judicial proceedings, introduces the possibility of dividing the concessions request, modifies the procedure for the appraisal of properties and resolves conflicts between different types of concession.

In the transmission area, it is also necessary to mention that a bill concerning the SIC-SING interconnection is in an advanced state of approval. These are the country's two large electrical grids and the law will permit a coordinated operation of the system with greater efficiency.



# Colombia

## Industry structure

The Colombian electricity sector was structurally reformed by Laws 142 and 143 of 1994. According to Law 143, different economic, public, private or mixed agents may participate in the sector's activities, whose agents have the freedom to develop their functions in a context of free-market competition. To operate or initiate projects, permits should be obtained from the competent authorities with respect to environmental, sanitation and water rights aspects, and those of a municipal nature that are required.

## Environmental regulations

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

In terms of renewable energies, Law 20,257 was promulgated in April 2008 to motivate the use of non-conventional renewable energies (NCREs). The principal aspect of this law originally required generators to have at least 5% of their energy sold to customers from these renewable sources, between 2010 and 2014, then increasing gradually by 0.5% annually until reaching 10% by 2024. This law was amended on October 14, 2013 (Law 20/25) which establishes for 2015 an obligatory NCRE quota of 20% of the electricity matrix, respecting the pattern of withdrawals contemplated in the previous law for contracts in force as of July 2013, i.e. contracts signed between 2007 and July 2013, for which the objective is 10% by 2024, while the requirement for those signed later will be 20% by 2025.

The Ministry of Mines and Energy (MME) defines the government's policy for the energy sector. Other government entities play an important role in the electricity industry, like: the Superintendency of Residential Public Utilities (SSPD), which supervises and audits all public-utility companies; the Energy and Gas Regulations Commission (CREG), which is the energy regulatory organism; and the Energy and Mining Planning Unit (UPME), which is responsible for the planning and expansion of the network.

The CREG is authorized to issue regulations covering technical and commercial operations, plus the tariffs for regulated activities. The principal functions of the CREG are to establish the conditions for the progressive liberation of the electricity sector toward an open and competitive market, approve charges for the network and transmission and distribution costs for supplies to regulated customers, establish the methodology for calculating and fixing maximum tariffs for the supply to the regulated market, establish regulations for the planning and coordination of the system's operations, establish the technical requirements of quality, reliability and security of supply and protect customers' rights.

The Colombian Wholesale Electricity Market (MEM) is based on a competitive market model and operates under open access principles. The operation and administration of the MEM is centralized on a market operator, comprising the administrator of the Commercial Exchange System (ASIC) and the National Dispatch Center (CND).

The generation sector is organized on a competitive basis. Electricity transactions on the MEM are carried out on the spot energy market (short term or daily market); bilateral contracts (long-term market) and the charge for reliability. Generation companies must participate in the MEM with all their generation plants or units connected to the Colombian grid whose capacities are at least 20 MW (those with capacity of between 10 MW and 20 MW may participate optionally). Generation companies declare the available energy and the price at which they want to sell. This electricity is centrally dispatched by the National Dispatch Center (CND).

Trading consists of the intermediation between the actors that provide the generation of electricity, transmission and distribution services and the users of such services, whether or not such activity is carried out together with other electricity sector activities.

Transmission operates under monopolistic conditions and with a guaranteed fixed annual income which is determined by the new replacement value of the networks and equipment and the resultant value of the bidding processes that award new projects for the expansion of the national transmission grid (SNT). This value is distributed among SNT traders in proportion to their energy demands. The National Electricity Grid (SIN) attends to 98% of the country's demand. The unconnected systems serve isolated parts of the country.

Distribution is defined as the operation of the local distribution and regional transmission networks. Any customer can have access to a distribution network for which a connection fee is payable. Distributors and network operators are responsible for the planning, investment, operation and maintenance of electricity networks with tensions of less than 220 KV.

## Generation company regulations

The Colombian state may participate in the execution and development of generation projects just as the private sector. The state is only authorized to sign concession agreements related to generation where there is no existing entity prepared to assume such operations under comparable conditions.

The CND receives the daily price offers and available capacity for each hour the following day from all the participating generators in the wholesale market. Based on this information, the CND makes an economic dispatch under a procedure optimized for the period of 24 hours the following day, taking into account the network's limitations and other necessary conditions for meeting the expected energy demand reliably and efficiently for the following day, from the cost point of view. In contrast to the other countries, in which dispatch is centralized based on variable production costs, in Colombia the dispatch is based on the prices offered by the agents.

The energy exchange is an adjustment method where the excess or deficit of energy resulting from compliance with contracts in the face of the actual energy demand of generators and traders is sold or bought. A spot price is established on the energy exchange, determined by the ASIC after the operating day through a procedure optimized for the period of 24 hours of the day called ideal dispatch, which supposes an infinite transmission capacity on the network and takes into account the initial conditions of operation, thus establishing which generators should be dispatched to meet the actual demand. The remunerated price to all the generators which result dispatched due to price is the most expensive price of the generator dispatched in each hour under ideal dispatch.

Cost differences between the 'economic dispatch' and the 'ideal dispatch' are called "restriction costs". The cost of each restriction is assigned in principle to the agent responsible for the restriction and when it is not possible to identify an agent, it is distributed proportionally to all the traders on the Colombian grid according to their energy demanded, and these costs are passed on to the end customers.

Generators connected to the Colombian grid can also participate in "reliability payments", which is a mechanism that intends to motivate investment in the generating park to ensure attention to the country's long-term demand. The charge consists of the assignment of firm energy obligations (OEF) through a descending tender to existing or new generators which should guarantee the grid the amount of energy for a certain period. The assignment for existing generators is made annually and for new projects for up to 20 years. The OEF is a commitment by the generation company, backed by its physical resources, that enables it to produce firm energy. The generator that acquires an OEF will receive a fixed compensation during the commitment period, whether the fulfillment of its obligation is required or not.

The price per kWh hour of OEF corresponds to the closing value in the tender for firm energy, or reliability load. When this firm energy is required, which occurs when the spot price exceeds the scarcity price, apart from the reliability load, the generator also receives the scarcity price for each kWh associated with its OEF. Should the energy generated be greater than the obligation specified in the OEF, this additional energy is paid or remunerated at the spot price.

## Distribution company regulations

Distributors in Colombia are free to acquire their supply and may define the conditions for the public tenders for the acquisition of required energy for the regulated market and also approach the spot market for their energy purchases. The price paid by the end user reflects an average of purchase prices. CREG has been working since 2004 on a proposal to modify the method of contracting in the Colombian market, called Regulated Organized Market (MOR), which would become an electronic contracts system. This mechanism would replace the present tenders for energy with standardized commercial conditions where the demand to be contracted would be treated as one aggregate demand.

Distribution charges are fixed by the CREG based on the new replacement cost of the existing distribution assets, the capital cost as well as the operational and maintenance costs for each company, in four levels of voltage: Level 1 up to 1 kV, Level 2 up to 30kV, Level 3 up to 57.5 kV and Level 4 up to 115 kV. Levels 1, 2 and 3 of tension are called local distribution systems (SDL) and Level 4 is called Regional Transmission System (STR).

During 2009, after auditing the information reported by the companies, the CREG determined the distribution charges applicable up to 2013. The charges are fixed for a 5-year period and are updated monthly according to the price index.

It is currently immersed in the revision process of distribution charges for the period 2014 – 2018. One of the aspects under discussion is the rate of return recognized, currently fixed by the CREG at 13.9% before taxes for the local distribution assets and 13% for the regional transmission assets, based on the WACC/CAPM methodology. The methodology for the calculation of distribution charges includes a scheme of incentives for the costs of administration, operation and maintenance from the quality of service and energy losses.

## Transmission regulations

Transmission companies that operate at least 220 kV constitute the National Transmission Grid (STN). The transmission tariff includes a charge that covers the operating costs of the facilities and a usage charge applicable only to traders who pass it on directly to end users.

CREG guarantees a fixed annual income to transmission companies. Income is determined by the new replacement value of the network and equipment, and by the resultant value of tenders that have awarded new projects for the expansion of the STN. This value is attributed to the 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 them out.

## Trading regulations

The trading market is divided into regulated and non-regulated customers. Customers in the free or non-regulated market can freely contract their electricity supply directly from a generator or distributor acting as traders, or from a pure trader. The market for non-regulated customers consists of those 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 non-regulated clients.

The energy trader is responsible for charging the electricity costs to end consumers and for transferring the payments to the different industry agents. Trading for regulated customers 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 CREG and the individual trading costs approved by the CREG for each

trader. The tariffs include, among other things, energy supply costs, transmission charges, distribution charges and a trading margin. In addition, the final costs of the service are affected by subsidies or contributions applied according to the socio-economic level of each user.

Trading tariffs or charges for regulated customers should be revised every five years and indexed monthly to the consumer price index. These charges have not been revised since 1998 but it is expected that this will be done during 2014.

## 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 carries out the policies and regulations focused on the recovery, conservation, protection, organization, administration and use of renewable resources. Any entity contemplating the development of projects or activities relating to the generation, interconnection, transmission or distribution of electricity which could cause an environmental impairment should first obtain an environmental license.

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 activities at a regulated tariff to the municipalities and environmental corporations of the localities where their plants are located. Hydroelectric plants must pay 6% of their generation and thermal plants pay 4% of their generation, at 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 matters 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 recent years, the environmental regulation of the electricity sector have focused on regulatory aspects related to plant emissions, hydraulic policies (including water discharges and basin management) and environmental licenses and penalties.

There is currently in Colombia an indicative participation of NCREs in the National Energy System of 3.5% in 2015 and 6.5% by 2020. However, these regulations are being revised and a bill is being discussed in parliament to regulate the integration of NCREs into the National Energy System to encourage savings and energy efficiency.

# Peru

## Industry structure

The main features of Peru's electricity industry are (i) the separation of the 3 main activities: generation, transmission and distribution, (ii) a non-regulated market for the supply of energy under competitive market conditions, (iii) a system of regulated prices based on the principle of efficiency and a system of tenders, and (iv) the privatization of the operation of interconnected electricity grids subject to the principles of efficiency and service quality.

The general legal framework applicable to the electricity industry is mainly in the Electricity Concessions Law (Decree Law 25,844 of 1992) and its complementary regulations.

The Ministry of Energy and Mines (MINEM) defines the energy policies applicable nationally, regulates environmental matters applicable to the energy sector and supervises the granting, supervision, expiry and termination of licenses, authorizations and concessions for generation, transmission and distribution activities.

The Energy and Mines Investment Supervisor Organism (Osinerghmin) is the regulatory authority that controls and inspects compliance with legal and technical regulations relating to the activities of electricity and hydrocarbons, ensures compliance with obligations contained in concession contracts and is responsible for the preservation of the environment in relation to the development of these activities. Osinerghmin's Tariff Regulation Management (GART) is authorized to publish the regulated tariffs. Osinerghmin also controls and supervises the tender prices required for distributor companies to buy energy from the generators.

The System Economic Operation Committee (COES) is the organism that coordinates the operation and dispatch of electricity on the National Electricity Grid (SEIN), and prepares the technical and financial study to serve as a basis for the annual calculations of bar prices. The generation, transmission and distribution companies are represented on the COES, as well as non-regulated customers (consumers with demand of capacity of over 200 KW).



Apart from SEIN, there are various isolated regional systems of smaller size that supply electricity in specific areas.

## Generation company regulations

Generation companies that own or operate a generation plant with an installed capacity of over 500 kW require an indefinite concession granted by the MINEM.

The dispatch coordination of electricity operations, the determination of spot prices and the control and management of economic transactions that take place on the SEIN are controlled by the COES.

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 non-regulated customers are made at mutually agreed prices and conditions, which include tolls and compensations for the use of transmission systems and, if necessary, to the distribution companies for the use of their networks.

Originally, the Electricity Concessions Law permitted sales to distributors to be made under bilateral contracts at a price no higher than the regulated price in the case of regulated customers, or at an agreed price in the case of non-regulated customers. In addition to the bilateral method permitted by the Law of Electricity Concessions, Law 28,832 also established the possibility for distributors to meet the demand of their regulated or non-regulated customers under contracts signed following tenders for capacity and energy. The approval of this mechanism is important for generators because it allows them to have a stable price over the term of the contract which is not fixed by the regulator and can have a term of up to 20 years.

Following the introduction of public tenders, new contracts for the sale of energy to distribution companies, for resale to regulated customers, should be at fixed prices determined by these tenders. Only a small part of the electricity bought by distribution companies, including under the old contracts still in force at bar prices (equivalent to the node price in Chile) are set by Osinergmin.

In Peru, there is a payment for capacity, being the amount that remunerates the development of a gas turbine as the marginal unit for supporting demand in the system. As in Chile, the payment for capacity is independent of dispatch and remunerates the availability and contribution to country's reserve margin.

## Distribution company regulations

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

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

The real return on investment 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 an average (50-50) of the results of the study contracted by Osinergmin and the study of the companies. The preliminary tariffs are checked to ensure that they provide an annual average internal rate of return for the industry of 12%, with a variation of  $\pm 4\%$ .

During the last tariff setting process carried out on October 16, 2013, Osinergmin defined the tariffs of Edelnor for the period November 2013 to October 2017. The new tariff resulted 1.2% higher than at October 2013.

## Transmission regulations

Transmission activities are divided in 2 categories: first, which is for common use and permits the flow of energy through the national grid; and second, those lines that connect 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 electricity to all customers. The transmission concession-holder receives a fixed annual income as well as revenue 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 customers who are responsible for making payments in relation to the use of the system. These are remunerated at a fixed rate for 20 years, revising only any additional investments.



## Environmental regulations

The environmental legal framework applied to activities related to energy in Peru is established in the Environmental Law (Law 28,611) and in the Environmental Protection Regulation for Electricity Activities (Supreme Decree 029-94-EM).

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



Description of  
the electricity  
business by  
country

## Operations in Argentina

### Installed capacity, generation and energy sales

Installed capacity (MW) <sup>(1)</sup>	2012	2013
<b>Endesa Costanera</b>		
Costanera (steam turbine)	1,138	1,138
Costanera (combined cycle)	859	859
Central Buenos Aires (combined cycle)	327	327
<b>Total</b>	<b>2,324</b>	<b>2,324</b>
<b>El Chocón</b>		
El Chocón (hydroelectric)	1,200	1,200
Arroyito (hydroelectric)	128	128
<b>Total</b>	<b>1,328</b>	<b>1,328</b>
<b>Total Argentina</b>	<b>3,652</b>	<b>3,652</b>
<b>Electricity generation (Gwh)<sup>(2)</sup></b>		
Endesa Costanera	8,406	8,523
El Chocón	2,801	2,317
<b>Total generation in Argentina</b>	<b>11,207</b>	<b>10,840</b>
<b>Electricity sales (Gwh)</b>		
Endesa Costanera	8,655	8,962
El Chocón	3,197	3,392
<b>Total sales in Argentina</b>	<b>11,852</b>	<b>12,354</b>

- (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"), as of December 31 of each year.
- (2) Relates to total generation, less own consumption, transmission losses and other non-invoiced consumption. The information for 2012 differs from those reported before as only own consumption was then deducted.

## Activities and projects

Endesa Chile participates in the generation of electricity in Argentina through Endesa Costanera and Hidroeléctrica El Chocón, which it controls directly and indirectly with 75.68% and 65.37% shareholdings respectively.

These companies together account for a capacity of 3,652 MW. This capacity represented 11.6% of Argentina's installed SIN capacity at the end of 2013.

The electricity generation of these companies amounted to 10,840 GWh, 8.4% of the country's total generation.

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 5.3% and 18.9% of the ownership respectively.

During 2010, commercial operations began under complete cycle of the Manuel Belgrano and José de San Martín thermal plants.

The combined-cycle operation determined the entry into effect of the contract for the operation and maintenance management of the plants and the supply contract, by which the companies that participate in the FONINVEWEM, including Endesa Costanera and El Chocón, began to recover their credits with the flows generated by the project through its 10-year production sale contract with MEM



managed by CAMMESA, with installments collected as of December 31, 2013 as planned.

In July 2012, by its Resolution 1261/12, the Secretariat of Energy authorized the increase in capacity of the José de San Martín (19.01 MW added) and Manuel Belgrano (25 MW added) thermal plants, at a cost of approximately U\$S 10.1 million and U\$S 11.9 million respectively. The Resolution mentioned the bases for financing the works.

On October 4, 2013, Endesa Costanera adhered to its commitments defined in Resolution 1261/12. On December 12, 2013 the Secretariat of Energy issued its Note 8180/13 authorizing Endesa Costanera to remove Sales Settlements with Maturities to be Defined (LVFVD) of 2008-2011 of the VOSA (Vuelta de Obligado plant) project to use them in the expansion of capacity of the units of FONINVEWEM, leaving the request for use of the LVFVD pending consideration, issued under Resolution 95/2013 ((see New Scheme of Remuneration of Generation Costs – Resolution 95/2013).

With respect to the Vuelta de Obligado S.A. project, which contemplates the installation of a combined-cycle plant of around 800 MW, and in addition to that reported the previous year, the gas turbines arrived at the port of Zárate on October 15, 2013. On November 19, the GT1 was mounted on its pedestal while GT2 was mounted on its on December 2. During the year, complementary contracts were also signed as addenda to the supply and construction contract

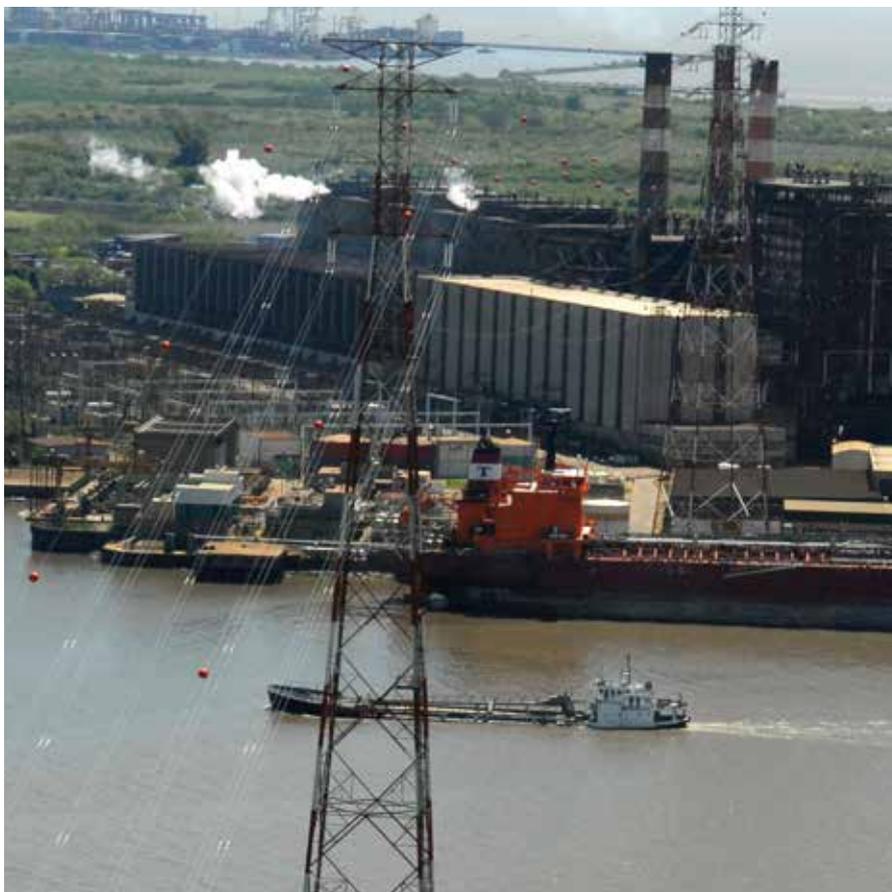
## Endesa Costanera



to bring forward the start-up of the gas turbines in single cycle, the dedicated gas pipeline construction contract, the construction management contract and the guarantees assignment and share pledge contract.

Once the combined cycle is functioning (planned for 2015), the repayment will begin of the debt of CAMMESA with the generating companies that contributed to the project, including HECSA and Costanera (see increase in participation in José de San Martín and Manuel Belgrano under Endesa Costanera), under a 10-year supply contract at an interest rate of 30-day Libor plus 5%, in accordance with the Generators Agreement 2008-2011.

Other generators connected to the Argentine SIN are AES Alicura, Sadesa, Capex, Petrobras, Pampa Generación and Pluspetrol.



This company is located in the city of Buenos Aires and owns 6 steam-turbine units with 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, with a total installed capacity of 2,324 MW.

In 2013, the net generation was 8,523 GWh and total sales reached 8,962 GWh, while the demand of Argentina's electricity system increased by 3.2% with respect to 2012.

In electricity production terms, the gross maximum capacity generated on the SIN broke a new record of 23,794 MW. On the same day, there was record energy produced (December 23), surpassing by 8.4% the record for 2012 of 21,949 MW.

With respect to operating aspects, the thermal dispatch in 2013 using liquid fuel was fundamental in meeting the demand.

A maintenance program was carried out as in previous years, this time called the short-term plan to ensure the functioning of the plant's conventional units during winter. The plan consisted of an inspection of all the auxiliary and common services of the conventional units.

The maintenance foreseen in the long-term maintenance contracts was carried out for the combined cycle II following operating for 12,000 hours equivalent (EOH) and for the combined cycle 1 unit (CBA),

During January, the Commitment of Availability of Turbosteam Equipment contract was signed between Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) and Endesa Costanera to assure the rehabilitation works for the conventional units.

Regarding the agreement signed in October 2012 between Endesa Costanera and the Secretariat of Energy for the implementation of an investment plan in the plant's generating units in order to optimize reliability and availability of the equipment, for an amount of around US\$ 304 million, in a term of 7 years, which will result in an increase in generation and significant cost savings for the system. On March 14, 2013, the company signed the contract for the rehabilitation of its turbosteam technology units with DF Operaciones y Montajes S.A. - MASA Operaciones Internacionales S.L., Unión Temporal de Empresas and Duro Felguera Argentina S.A.-.MASA Argentina S.A., Unión Transitoria de Empresas.



In accordance with clause 7.2 of the Combined Cycle and Turbosteam Availability contracts, regarding the treatment of their remuneration and regulatory changes that complement or replace the remunerative concepts established by the SE for the spot market of the MEM for energy and power, the Secretariat of Energy issued Notes 7594/2013 and 8376/2013 instructing CAMMESA, from January 2014, to apply the methodology for harmonizing the remunerations stated in Resolution 95/2013 with those of the contracts.

In regulatory matters, in March 2013 the government made official through Secretariat of Energy Resolution 95 of 2013, a series of modifications to the remuneration regime of generators, co-generators and self-generators of the MEM, with the exceptions stated in article 1 of the Resolution ("committed generators"), (see section New Scheme of Remuneration of Generating Costs – Resolution 95/13).

In the area of finance, the financial strategy adopted in previous year continued to be followed, of giving priority to conservative management in order to ensure the necessary financial resources for the proper control of the plant.

## Hidroeléctrica El Chocón



As a result of the accumulated losses as of December 31, 2012 and the effects of reconstituting the company's equity, the shareholders on April 5, 2013 resolved to increase the company's capital for an amount of up to Ar\$555,000,000 and the issue of new shares. In October, by Resolution 17,201, the authorization was received for the public offer of new shares by the National Securities Commission. The BCBA authorized the listing of the new shares on October 28, 2013. All the new shares offered were subscribed and paid in November 2013.



Hidroeléctrica El Chocón S.A. (HECSA) is a hydroelectric 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 reservoir) and the Arroyito power plant, with an installed capacity of 128 MW which uses the waters of the rivers Limay and Collón Curá for its generation.

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 river Limay, some 80 km upstream from its confluence with the river Neuquén. Arroyito is the compensator dike of El Chocón and is located on the same river, 25 km downstream.

The hydrological year begun on April 1, was a dry one (for the fourth consecutive year) so the water flows in the basins of the rivers Limay and Collón Curá were scarce. The Dispatch Entity therefore restricted the use of the accumulated strategic reserves. This resulted in the recovery of the energy reserves of Comahue compared to 2012.

As a result of the dispatch of the El Chocón reservoir at the end of 2013, the net generation of the El Chocón-Arroyito complex was of 2,317 GWh, the water level reaching 379.63 meters over sea level. The energy reserve in the Comahue reservoirs was 5,994 GWh, of which 2,409 GWh correspond to El Chocón's reserves, both values measured according to the condition of the minimum water level of the Extraordinary Operation Band.

With regard to operations, the accumulated availability in 2013 of the El Chocón-Arroyito complex was of 92.14%, having satisfactorily completed the major maintenance of the No.3 turbo-group unit of the Arroyito plant. This major maintenance consisted of the comprehensive revision and maintenance of the turbine, generator, excitation systems, protections, electrical and mechanical auxiliaries and principal transformer. The installation of the vibrations monitoring system of that plant's Units 1 and 6, and of the principal transformers T1CH and T5CH of El Chocón, were completed.

In regulatory matters, in March 2013 the government made official through Secretariat of Energy Resolution 95 of 2013, a series of modifications to the remuneration regime of generators, co-generators and self-generators of the MEM, with the exceptions stated in article 1 of the Resolution ("committed generators"), (see section New Scheme of Remuneration of Generating Costs – Resolution 95/13).

No accidents were recorded in 2013 affecting own or contractors' personnel. The IFG and IGG = 0 indicators confirm a very good year regarding the safety of our own and contractors' personnel. Contractor personnel increased considerably in the second half of 2013 due to the modernization Works at the El Chocón plant.

Regarding finance, the company repaid part of its debt for US\$ 21 million in view of the complex scenario of the electricity sector.

In June 2013, a new syndicated loan was signed for an amount of \$149.4 million, at a rate of private corrected Badlar + 6%, repayable in increasing and consecutive installments, the first in December 2013. The proceeds were fully used to repay short-term debt in local currency and the prepayment of the syndicated loans II and III.

With reference to the loan facility of U\$S 6.9 million obtained in the framework of Resolution 146/02 of the Secretariat of Energy for the works in 6 units of the El Chocón plant (modernization, automation and re-equipping) granted by Cammesa on advantageous conditions for the company, the amount drawn as of December 31, 2013 is \$12.1 million.

The principal investment projects for 2014 are i) to complete the modernization of the protections, excitation and start-up/stop sequence systems of the Units 3 and 4 and the principal T3CH transformer of El Chocón plant, ii) complete the additional improvements of hydrocarbon separators in the refrigeration water system of the 3 units of the Arroyito plant and change of mineral oil for biodegradable in the sluice-gates of the Arroyito reservoir as part of the project of technological updating of the remote command system of the Arroyito compensator dike, stage 3, which was

## New Scheme of Remuneration of Generating Costs – Resolution 95/13

In March 2013 the government made official through Secretariat of Energy Resolution 95 of 2013, a series of modifications to the remuneration regime of generators, co-generators and self-generators of the MEM, with the exceptions stated in article 1 of the Resolution ("Committed Generators"). This Resolution establishes that the new conditions have retroactive effect to economic transactions of the month of February 2013, subject to Committed Generators desisting from all claims they might make against the state, the Secretariat of Energy and/or CAMMESA with respect to the Generation Agreement 2008-2011 and Resolution 406/2003, and renouncing making any administrative and/or judicial claims against the state, the Secretariat of Energy and/or CAMMESA with respect to the above Agreement and Resolution.

The scheme remunerates a series of concepts to which the electric energy and/or power committed in the term market or in other agreements for the same concepts should be deducted.

I. Remuneration of fixed costs: through the fixing of prices for capacity made available (PPAD) for technology and as a function of compliance with availability objectives.

II. Remuneration of non-fuel variable costs: fixed as a function of the energy generated by type of fuel.

III. Additional remuneration: a portion is settled directly and the other is directed to a trust to be reinvested in the financing of new infrastructure projects in the electricity sector. The resolution foresees that the Secretariat of Energy will specify the destination of the funds accumulated.

The resolution also fixes a new order of preference for payments (it eliminates the application of Res, 406/03 for those purposes) with the following new order (i) firstly, the fixed generation costs, own fuel costs and non-fuel variable costs will be cancelled, and (ii) secondly the additional remuneration will be paid.

The resolution also states that the supply of fuels for the plants of the MEM, the commercial management and the dispatch of fuels will be centralized in the Dispatch Authority (OED).

The resolution temporarily suspends the incorporation of new contracts in the term market and establishes that once finalized the pre-existence positions to



the publication of the resolution, it will be the obligation of the large users of the MEM to acquire their electricity demands from the OED, in accordance with the respective conditions established by the Secretariat of Energy.

Between May 30 and 31, the group companies presented the waiver requested. In the case of Endesa Costanera, the Secretariat should define certain remunerative aspects with respect to the coexistence of the new regime established by the resolution and the availability of combined cycles and trubosteam equipment contracts on the MEM (see Commitment of Availability of Equipment of Endesa Costanera). As of the date of issue of this report, the company is awaiting the reply of the Secretariat of Energy with respect to the requests presented regarding the resolution.

## Land reserved for future projects

There is no land reserved for future projects in Argentina at the present time.

# Operations in Brazil

## Endesa Brasil

The Endesa Brasil S.A. holding company was incorporated in 2005 with the contribution of the existing Brazilian assets of Endesa Latinoamérica, Enersis, Endesa Chile and Chilectra. Endesa Chile therefore ceased to consolidate Cachoeira Dourada, and Enersis began to consolidate 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:

### Endesa Cachoeira

This company is located in the State of Goiás, 240 km south of Goiânia. It has 10 units with a total installed capacity of 665 MW. This is a pass-through hydroelectric power station that uses the waters from the river Paranaíba. Its net generation in 2013 was 2,404 GWh, while sales amounted to 3,564 GWh.

### 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 electricity needs of Ceará, with a population of around 8.2 million. Built over an area of 70,000 m<sup>2</sup>, it is part of the infrastructure of the industrial and port complex at Pecém in the municipality of Caucaia, and is part of the federal government's priority thermal-electricity program (PPT). Its location is strategic in promoting regional growth as well as making the development of other industries viable. Its main customers are Coelce and Petrobras. The 2013 energy generation was 2,588 GWh, while its sales amounted to 3,262 GWh.



### 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 convert Brazil's (60 Hz) and Argentina's (50 Hz) frequencies both ways, as well as transmission lines. On the Argentine side, these lines are managed by 2 subsidiaries: Compañía de Transmisión de Mercosur S.A. (CTM) and Transportadora de Energía S.A. (TESA), in both of which Endesa Cien controls 100% of the 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) value was published in the Official Gazette on April 5, 2011. The regulating entity thus equates Cien (whose assets consist of the Garabi 1 and 2 lines) with the public utility transmission concession-holders. The RAP value is reviewed annually in June and the tariff-revision process takes place every 4 years. Effective April 2011, therefore, Cien is officially authorized to receive payments under this new business focus.

## Ampla

Ampla is an energy distribution company operating in 73.3% of the territory of the State of Rio de Janeiro which covers an area of 32,613 km<sup>2</sup>. Its population is approximately 8 million people spread over 66 districts, the main ones being Niteroi, São Gonçalo, Petrópolis, Campos and Cabo Frío.

During 2012, Ampla delivered electricity to 2,801,427 customers, 3.3% more than in 2011. Of that total, 90.5% corresponds to residential customers, 6.1% to commercial and 3.4% to other users.

The company distributed 11,049 GWh to its end customers which represents an approximate increase of 2.2% over 2011. Of the total energy distributed, 40.8% corresponds to residential users, 19.3% commercial, 8.3% industrial customers and 31.6% other users (which includes toll customers with 14.4%).

Since 2003, Ampla has placed great emphasis on combating energy theft, with a reduction of 4.01 percentage points in this indicator (from 23.64% to 19.8%). The sustainable reduction is only possible thanks to the combination of positive results obtained from Ampla's projects (the use of technology and social actions). For several years, the company has won a series of prizes indicating the excellence of its projects.

However, energy losses today continue to represent one of Ampla's main challenges. The year 2013 closed with a slight rise of 0.02 percentage points, passing from 19.6% to 19.8%, partly explained by the increase in market aggressiveness which has increased the risk zones in the company's concession area.



## Coelce

Coelce is Ceará state's electricity distribution company, in the northeast of Brazil, covering a concession area of 149 thousand km<sup>2</sup>. The company serves a population of over 8 million.

At the close of 2013, Coelce had a total of 3,500,155 customers, representing an increase of 4.9% over the previous year. Of these, 77.7% correspond to residential customers, 6.4% commercial and the remaining 15.9% other customers, particularly in rural areas.

The energy sold totaled 10,718 GWh which accounted for an increase of 8.5% over 2012. The consumer groups contributing to this growth were residential customers with a rise of 34.6%, following a shortage of rain which motivated the use of pumps for irrigation, toll customers with growth of 12.5%, commercial customers 18.2%, industrial customers 10.9% and others with 23.8%.

## Land reserved for future projects

There is no land reserved for future projects in Brazil at the present time.

# Operations in Chile

Endesa Chile and its subsidiaries and jointly-controlled companies in Chile have a generating park of 103 units on the Central Electricity Grid (SIC) and 2 units on the Northern Electricity Grid (SING).

## Generating plants of Endesa Chile and subsidiaries

Installed capacity (MW) <sup>(1)</sup>				
Plant	Company	Technology	2012	2013
Los Molles	Endesa Chile	Hydroelectric	18	18
Rapel	Endesa Chile	Hydroelectric	377	377
Sauzal	Endesa Chile	Hydroelectric	77	77
Sauzalito	Endesa Chile	Hydroelectric	12	12
Cipreses	Endesa Chile	Hydroelectric	106	106
Isla	Endesa Chile	Hydroelectric	70	70
Abanico	Endesa Chile	Hydroelectric	136	136
El Toro	Endesa Chile	Hydroelectric	450	450
Antuco	Endesa Chile	Hydroelectric	320	320
Ralco	Endesa Chile	Hydroelectric	690	690
Palmucho	Endesa Chile	Hydroelectric	34	34
Tal Tal	Endesa Chile	Fuel /Natural gas	245	245
Diego de Almagro <sup>(2)</sup>	Endesa Chile	Fuel /Natural gas	24	24
Huasco TG	Endesa Chile	Fuel /Natural gas	64	64
Bocamina <sup>(3)</sup>	Endesa Chile	Coal	478	478
San Isidro 2	Endesa Chile	Fuel /Natural gas	399	399
Quintero	Endesa Chile	Fuel /Natural gas	257	257
Ojos de Agua	Endesa Eco	Hydroelectric	9	9
Pehuenche	Pehuenche	Hydroelectric	570	570
Curillinque	Pehuenche	Hydroelectric	89	89
Loma Alta	Pehuenche	Hydroelectric	40	40
Pangue	Pangue	Hydroelectric	467	467
San Isidro	San Isidro	Fuel /Natural gas	379	379
Canela	Central Eólica Canela	Wind	18	18
Canela II	Central Eólica Canela	Wind	60	60
Tarapacá TG	Celta	Fuel /Natural gas	24	24
Tarapacá carbón	Celta	Coal	158	158
Atacama <sup>(2)</sup>	GasAtacama	Diesel /Natural gas	0	0
<b>Total</b>			<b>5,571</b>	<b>5,571</b>

1) These values result from the maximum capacities established by Endesa Chile's Operative Norm No.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 hydroelectric and thermal generating units' maximum design capacity, for the most part substantiated by the contractual guarantee satisfaction tests performed by the suppliers of such 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) The data for 2012 differs from that reported for Endesa Chile due to the change in accounting of Gas Atacama from January 2013, so the figures now exclude the figures for this company.

3) Effective October 28, 2012, the commercial operation was declared of the TV2 unit of the Bocamina plant, by CDEC-SIC Resolución 1141/2012.

The electricity sales of Endesa Chile and its subsidiaries on the SIC amounted to 19,387 GWh in 2013. This represents a share of 41% of total sales on the SIC, including sales to customers and net sales on the spot market. Sales to regulated customers represented 76% and non-regulated customers 17%, with 7% in net operations on the spot market. Energy sales of the subsidiary Celta, on the SING, were 1,019 GWh in 2013, representing a share of 7% of total sales on that grid.

## Installed capacity, generation and sales of energy of Endesa Chile and subsidiaries

Installed capacity (MW) <sup>(1)</sup>	2012	2013
Endesa Chile	3,757	3,757
Pehuenche S.A.	699	699
Pangue S.A. <sup>(3)</sup>	0	0
San Isidro S.A. <sup>(3)</sup>	846	0
Endesa Eco <sup>(3)</sup>	87	0
Celta S.A. <sup>(3)</sup>	182	1,115
Gasatacama <sup>(2)</sup>	0	0
<b>Total</b>	<b>5,571</b>	<b>5,571</b>

Generation <sup>(4)</sup>	2012	2013
Endesa Chile	11,723	11,967
Pehuenche S.A.	2,615	2,565
Pangue S.A. <sup>(3)</sup>	325	0
San Isidro S.A. <sup>(3)</sup>	3,529	2,546
Endesa Eco <sup>(3)</sup>	204	796
Celta S.A. <sup>(3)</sup>	798	1,564
Gasatacama <sup>(2)</sup>	0	0
<b>Total</b>	<b>19,194</b>	<b>19,438</b>

Sales	2012	2013
<b>Sales to end customers</b>		
Endesa Chile	19,208	18,789
Pehuenche S.A.	318	279
Pangue S.A.	0	0
San Isidro S.A.	0	0
Endesa Eco	0	0
Celta S.A.	925	958
Gasatacama <sup>(2)</sup>	0	0
Sales to the CDEC	427	380
<b>Total</b>	<b>20,878</b>	<b>20,406</b>

- (1) These figures result from the maximum capacities determined by Endesa Chile's operative regulation No.38 "Regulation for defining maximum capacity in the hydroelectric and thermal plants of Endesa Chile", as of December 31 each year. They relate to the maximum design capacity of the generating units, mostly corroborated with contractual guarantee satisfaction tests made by the supplier of the generating equipment. In some cases, the figures of maximum capacity may differ from the capacity declared to the regulatory bodies and customers in each country, due to criteria defined by these entities and satisfaction of the corresponding contractual frameworks.
- (2) The data for 2012 differs from that reported for Endesa Chile due to the change in accounting of Gas Atacama from January 2013, so the figures now exclude the figures for this company.
- (3) As from May 1, 2012, the company Pangue was merged with San Isidro, San Isidro was then merged with Endesa Eco on September 1, and Endesa Eco merged with Celta on November 1, thus producing significant differences in installed capacity and generation of these four companies with respect to the previous year.
- (4) Relates to total generation after deducting own consumption and transmission losses. The data for 2012 differ from those reported previously as only own consumption was deducted then.

## Main customers and suppliers

The customers of Endesa Chile are CGE, Chilectra, Chilquinta, Codelco Salvador, Grupo Saesa, Grupo CAP, Carmen de Andacollo, Compañía Minera Los Pelambres, Collahuasi, Emelectric, MVC (customer of Pehuenche), Cementos Bío Bío, GNL Quintero, Emelat, Masisa, CMPC Celulosa Laja, OXY, Melón and AngloAmerican,

The company's principal suppliers are GNL Chile (BG and GNLQ), YPF, TGM, Gas Andes (Chile and Argentina), Electrogas, GasAtacama, Endesa S,A,, Norden, WBC, Froward S,A,, Copec and Transelec,

The principal competitors of Endesa Chile are Colbún, AES Gener, E-CL and Guacolda,

There is no degree of dependence that might be considered relevant with respect to each of the principal customers and suppliers of Endesa Chile.



## Operational and commercial scenario

### Events that influenced operational and commercial performance

During 2013, the SIC suffered a fourth consecutive dry year with a persistence, as in previous years, of high prices of the fuels used for generation, which implied a continuation in 2013 of high generation costs, although the entry of 969 MW from coal plants in the second half of 2012 and in 2013 (Santa María, Bocamina II and Campiche) partially alleviated the grid's supply position as these are units with low production costs and high plant factor (constant production which, in the case of Bocamina II, permitted an injection to the grid of 8,400 MWh/day). Moderate growth in consumption also contributed to alleviate pressure on these costs, which consumption was 3.5% more than in 2012, being less than the projected growth for 2013 of around 5.6%.

Undoubtedly, this sequence of dry years has had an impact on the company's margins in 2013, but it is important to stress the operational strengths of Endesa Chile for facing this adverse situation, e.g. i) it has an extensive, varied and competitive generation park, mainly comprising hydroelectric plants and efficient thermal plants, which enable it to maintain an average profile of low operating costs; ii) the company's commercial policy which has been designed and applied always in line with its generating park and with the actual and forecast reality of the national electricity market. This has meant a constant concern by Endesa Chile to set a balanced commercial policy that attempts to blend low exposure to hydrological risk with an appropriate return. The policy therefore contemplates signing contracts with a high level of energy in line with the size and composition of the generating park, maintaining a diversified customer portfolio and applying a pricing policy that permits sustaining margins even in dry hydrological situations and high marginal costs on the spot market, like those observed in 2013; and iii) an operating policy whose objective has constantly been to maintain high standards of quality and operating availability of the company's installations, together with designing and applying the modernization plans necessary for maintaining the operative conditions of its equipment in an optimum state.

## Hydrological condition in the SIC.

The year 2013 began with a dry thaw, without rain until the beginning of May, when a brief period of heavy rain began which lasted for little more than a month until early June. There were then occasional light rainfalls which resulted in 2013 being a dry year. The first two quarters were the driest, with probability of accumulated excess flows of 93% and 82%, improving during the third quarter due to rainfalls in September of warm characteristics and zero high isotherm, which produced an unusual thawing of snow which in turn led to a considerable increase in river flows, leaving less thaw for the following quarter. The general hydrological situation therefore meant that 2013 was a dry year, with probability of accumulated flows of around 84%.

## Generation and supply costs on the SIC

The dry condition repeated in 2013 implied a high proportion of thermal generation, which represented 59.6% of the total supply on the SIC, a percentage higher than that of 57.4% the year before. Of this thermal generation, the principal fuel was coal which represented 37.3% of the SIC's total, much higher than the 29.1% of the year before, due to the entry of new coal plants. Production with LNG represented 19.5% while oil was 2.8%.

Hydroelectric generation continued to see its participation in production on the SIC fall, representing just 39.4% of total generation, compared to 41.9% in 2012 and 44.7% in 2011. This was due to reservoirs continuing to operate at low water levels, with slight recoveries in the months when it rained. In particular, the annually-regulated reservoirs such as Lago Laja and Laguna del Maule, continued to operate for much of the year in the zone of greatest extraction restrictions.

Wind generation represented 1.1%, a little above 0.8% in 2012.

Regarding energy production on the SIC, Endesa Chile had a 39% share of the total, with a hydroelectric contribution of 52% and a thermal contribution of 30%. In thermal production, the company had a majority share with LNG, which represented 60% of the total, but a lower contribution from coal (16%) and oil (9%) generation. In wind generation, Endesa Chile's contribution was 29% of the grid's total wind production.

Fuel prices in 2013 were lower than in 2012. In the case of coal, the principal fuel used in thermal generation, its price declined moderately from an average of US\$123 per ton in 2012 to US\$108 per ton in 2013, which contributed to reducing the the SIC's production costs.

The high levels of generating costs in 2013 due to the increased share of thermal generation, resulted in high energy prices on the spot market, although lower on average to those seen in 2012. The annual average hourly marginal cost at the Alto Jahuel - 220 kV node declined by around 21% (from an average of US\$195 per MWh in 2012 to US\$154 per MWh in 2013), largely explained by the increased hydroelectric generation in the last four months of the year following larger flows due to the warmer thaws in that period. In August, the average accumulated marginal cost in 2013 saw a quite small reduction (6%) compared to the average for the same period of 2012.

## Regulatory aspects associated with the electricity sector: projected laws and regulations

Two laws of significance were published for the electricity sector in 2013:

The Electricity Concessions Law 20701 was promulgated on October 14 to facilitate the processing and time periods relating to electricity concessions, in the different phases contemplated in the processing of the projects. The law introduces measures to be made the granting of concessions more expedite, with which it is hoped to reduce the construction times of transmission projects whose delay is currently a brake in the economic and fluid operation of electricity supplies between the different part of the country.

On October 22, Law 20698 was published which modified Law 20,257 regarding NCRE. A new supply obligation is introduced implying an increase of 10% in the NCRE supply obligation of energy sold which had to reach gradually by 2024 to a new level defined as 20% to be reached gradually by 2025. It also establishes a new mechanism of annual public tenders exclusively for ERNC in order to comply with the annual NCRE supply obligation. These tenders will be the responsibility of the Ministry of Energy each year and the NCRE participants will compete on price (energy

price) for the blocks tendered, which allow them to sell at a stable price, with a maximum stated in the law. This new regulation motivates the incorporation of these generation technologies and in a more competitive way.

Legislative debate continues regarding the Electricity Roadway, which provides measures for facilitating the development of trunk and branch transmission systems and contemplates the design of greater spare capacity with costs shared among the various users that benefit. The main purpose of this bill is to motivate the future development of centers of generation or demand in different parts of the country, mainly renewable energies, including hydroelectricity.

In 2013 also, there appeared the bill for electricity interconnection, to permit the inclusion in the planning of the trunk transmission system the interconnection between the two electricity grids, SIC and SING. The present regulation requires the agreement of the private agents interested in an open negotiations process. This bill was in an advanced stage of approval in Congress. It is important to note that the development of an electricity interconnection requires a technical-economic justification and an equitable assignment of the costs of the installation between the beneficiaries of both systems.

The following regulations were published during 2013: i) On April 24, the node prices regulations were published, stating and detailing calculation procedures and providing the information required for the determination of the sale prices to regulated customers, and ii) On August 5, a modification was published to the regulations of the Economic Load Dispatch Center (CDEC) in order to reinforce its autonomy and operative areas in performing its functions. It contains changes, mainly in the composition of its board of directors (from 10 to 5 members) and the manner for electing its members (independent of the member companies); a redefinition of the generation segments and the creation of a new operative unit (planning and development) in order to support the analysis and coordination of electricity projects being developed on the systems.

# Actions of Endesa Chile during 2013

## Exploitation of the installations

Operational excellence of the installations of Endesa Chile has been a permanent feature in the company's efforts to maintain high standards of availability, efficiency and safety in the operation of its plants, allowing it reach a leadership position in the electricity market. This operational excellence is shown, by way of example, by the following events occurring in 2013:

- The risk-prevention indicators continue to improve. Compared to 2012, the frequency indicator declined by 0.56% and of frequency and seriousness by 1.15%, reflecting a 50% reduction in the number of accidents with days lost.
- Except for the Bocamina II plant, all Endesa Chile's generating park is certified under the standards ISO14,001 and OHSAS 18,001. Six of the generating plants are also certified under the standard ISO 9,001.
- The sleeve filter of Tarapacá plant entered service on December 22. This now complies with the new emissions standard with respect to particulate material which came into effect on December 23. The level of emissions was a third of the limit in the regulation.
- In July, the third of four external audits checked compliance with all the committed actions in the clean production agreement (APL) of the Puchuncaví-Quintero industrial zone.
- In December, the construction was completed of a pilot 5,000m<sup>2</sup> cooling lagoon at the San Isidro plant, built by Crystal Lagoons. Its purpose is to verify the feasibility of applying this technology to improve the efficiency of the refrigeration process of thermal plants.
- Regarding the plan for the elimination of asbestos in the generating plants, the removal was completed of all the components with a presence of this element in the steam boiler of the Huasco plant
- The continual emissions monitoring system (CEMS) was started up during the year in all the thermal plants, as required by the new regulation of emissions from thermal plants. The systems are being validated for their later certification by the environmental service.
- Regarding the Reservoirs Law which declared the Ralco reservoir as control of flooding, a flood simulation was carried out at that reservoir (August 23 to 30) under the communications protocol between Endesa and Onemi. In the simulation, in which ONEMI, DGA and Endesa participated, the communication systems, transfer of information and decision-taking process were tested.
- The joint generation of the two combined cycles of the San Isidro plant was the highest in its history, reaching a production of 5,607 GWh, due to the record generation of the cycle No.1 with 2,591 GWh, and the high generation of the cycle No.2 of 3,016 GWh.

## The commercial area

Endesa Chile's commercial actions in 2013 were aligned with its commercial policy whose purpose was to reconcile the joint achievement of the following objectives: maintain the industry leadership, manage risk properly and the company's return in the unfavorable conditions of 2013 for the SIC, comply with the actions of its permanent policy of customer loyalty and achieve greater efficiency in the internal commercial management. The following were the principal actions taken:

Regarding customer contract management:

- In the Supply Tender SIC 2013/01 made in November 2013, Endesa was awarded 3,500 GWh/year for guaranteeing the energy supply to regulated customers of the SIC distributors during the period December 2013 to December 2024. This adjudication will translate into a series of supply contracts with the buyers (being prepared) with a term of 11 years at an indexed price of US\$ 129/ MWh.
- In accordance with the schedule contractually contemplated, the following supplies terminated during 2013: i) on March 31, the contract with Codelco Salvador Division and EMELAT for supplying its customer Kozán; ii) on December 31, the contracts with Mantoverde (subsidiary of Anglo American), CMPC (for its Laja, Santa Fe, Pacífico and Inforsa plants), CMPC Cartulinas (Valdivia) and Río Maipo (for the variable block), and iii) with CGE for supplying its customer EFE.

Highlights 2013 of the customers area:

- The "IX Seminar with Customers of Endesa and Subsidiaries" was held in November with a large number of participants from different customers of the group of companies. Talks were given on i) the supply situation, ii) the Punta Alcalde Project, and iii) energy matrix and shale gas.
- During August and September, seminars were organized with customers in La Serena, Concepción and Valdivia, which were well received by them.
- In October, customers visited the Canela wind farm.
- Progress was made in the development of the introduction of a new SAP-ISU customer invoicing system.
- During November, a customer satisfaction survey 2013 was carried out. The final result was 16.8, which indicates a favorable perception of our customers compared to the result for the previous year (ISC 16.6).

The best evaluated aspects, as in previous years, were the commercial staff and the invoicing process: the good opinion of customers with respect to the customer executives and the commercial staff in general, and the same for the commercial operations team for invoicing which is increasingly more complex and cumbersome and where, despite the change of the professionals, a very high level of efficiency has been maintained.

## Projects under study in Endesa Chile

### Los Cóndores Hydroelectric Plant

The Los Cóndores hydroelectric plant project will be located in the Maule Region, province of Talca, municipality of San Clemente. It contemplates the construction of a pass-through 150 MW installed capacity hydroelectric plant, 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 adduction channel. The plant will connect with the SIC through a double circuit 220 kV link between the Los Cóndores plant and the Ancoa substation, approximately 90 km in length.

This project received its environmental approval in November 2011. In May 2013, a modification of the environmental approval for the transmission line was received to provide the link with the SIC, and in November, the hydraulic works permit was obtained which authorizes intervention in the river courses for the plant's construction.



### Neltume Hydroelectric Plant

The Neltume hydroelectric plant will be located in the Los Ríos Region, province of Valdivia, municipality of Panguipulli. The initiative envisages the construction of a pass-through 490 MW hydroelectric plant with a mean annual generation of 1,885 GWh, which will take advantage of the existing energy potential between the lakes Pirehueico and Neltume. The plant will connect to the SIC by a double circuit 220 kV transmission line which between the Neltume plant and Pullinque.

The project has its basic engineering finalized and is in the process of its environmental evaluation by the region's Environmental Evaluation Service (SEA). In November and December 2013 respectively, Addendum No.4 was presented to the environmental impact evaluation (EIA) for the generation project and Addendum No.4 to the EIA of the transmission project.

The SEA, in the second half of the year, began consultations with the indigenous communities territorially present in the zone, both for the plant and for the transmission line, in order to know their position with respect to both projects and to comply with the ILO Convention 169.

## Punta Alcalde Thermal Plant

The Punta Alcalde thermal plant will be located in the Atacama Region, in Huasco province and municipality, 15 km south of this town. The project envisages the construction of a thermal power plant that will burn bituminous coal as its main fuel. It will have 2 units of 370 MW installed capacity each. The plant will be connected to the Maitencillo trunk substation by a double 220 kV circuit transmission system of approximately 40 km in length.

Endesa Chile submitted the project to the EIA for evaluation in 2009. In June 2011 there was a regulatory change regarding emissions which led to important changes in the project. On June 25, 2012, the Atacama region CEA decided to reject the project. Endesa Chile then appealed to the Committee of Ministers.



On December 3, 2012, the Committee of Ministers decided unanimously to reverse the decision of the Atacama region CEA, and approved the project environmentally. Around the beginnings of 2013, four legal actions (protection recourse) were brought against the resolution of the Committee of Ministers, which were accepted by the Court of Appeal in August 2013. As of December 2013, the case is before the Supreme Court awaiting sentence; this was finally given in favor of the project on January 17, 2014.

In early July 2013 During 2012, the environmental evaluation was submitted for the transmission project to connect the plant to the Maitencillo substation on the SIC.

## Taltal, Closure of Combined Cycle

This project is located in the village of Paposo in the municipality of Taltal, in the 2nd Region. It consists of the installation of a steam turbine to complete a combined cycle at the Taltal plant which is currently in service. The operation in combined cycle has its favorable RCA.

The closure of the combined cycle will use the two existing gas turbines of 123 MW each, and will add a steam turbine of approximately 120 MW. With this, the Taltal plant will be capable of a net total capacity of around 370 MW, with increased efficiency from the present 35% to 50% approximately.

In December 2013, an environmental impact declaration (DIA) was submitted for the environmental optimization of the project, replacing the refrigeration system with seawater originally considered by a dry refrigeration system with aerocoolers.

The energy injection of the plant in combined cycle will be made over the existing double-circuit line in 220 kV, Paposo-Diego de Almagro.

## Land reserved for future projects

As of December 2013, Endesa Chile has land covering a total of 250 ha. approximately, planned to be used for thermal and hydroelectric projects. These are located in the region of Atacama (208.9 ha.) and the region of Los Lagos (42 ha.).

## Projects of associate companies

### HidroAysén

HidroAysén, a company that is 51% owned by Endesa Chile and 49% by Colbún, is developing a project for the construction and operation of five hydroelectric plants on the Baker and Pascua rivers in the Region of Aysén.

The plants will have a total installed capacity of 2,750 MW and an annual average generating capacity of 18,430 GWh, which represents 38% of the consumption of the SIC in 2013, making this the the most important hydroelectric project ever developed in Chile. The total reservoir surface area, taking into account the 5 plants, will cover 5,910 hectares, with which the complex qualifies as one of the most efficient in the world in terms of energy generate per surface area flooded.

In accordance with Law 19,300, the project submitted its EIA in August 2008 and obtained a favorable RCA in May 2011 after three years of complete and exhaustive evaluation.

During 2012, the company completed a long judicial process brought by opposition parties to the project who tried to detain the initiative through legal proceedings. In April 2012, the Supreme Court in Santiago sentenced in favor of HidroAysén, rejecting the appeals presented by environmental organizations that had previously been heard by the Coyhaique Court of Appeal and then by the Puerto Montt Court of Appeal, judging in favor of the company. The country's senior court has therefore confirmed the environmental approval of HidroAysén.

Consistent with this strategy, HidroAysén has focused its attention on the region, to give compliance with the commitments assumed with the community, respond to the concerns about the project and correct erroneous information introduced by protestors. In this context, HidroAysén at the end of 2012 carried out house-to-house communication in the districts of Coyhaique and Puerto Aysén, when it could respond to the questions made by the community and inform the residents of the project's scope, mainly with respect to the benefits committed with the region.

In April 2013, HidroAysén informed the public that it has successfully concluded a first stage in the project's development with the receipt of the environmental approval of the five plants, the technical and engineering studies for this phase, and the favorable and final sentence of the Supreme Court, leaving pending that the Committee of Ministers for sustainability meets and resolves the claims presented by the company and the opposition. The company also announced a restructuring of the organization to adjust it to the challenges of the new stage of development. At the end of 2013, and having largely overcome the legal term for it, the Committee of Ministers has still not met to resolve the claims presented.

The successful experience of the "house-to-house" dialogue in 2012 led to the deepening of the process in 2013. In July, 60% of all the homes in Cochrane, Tortel and Villa O'Higgins were visited, in the province of Capitán Prat; during August, 70% of the homes of Puerto Río Tranquilo, Puerto Guadal, Bahía Murta, Puerto Bertrand and Cerro Castillo, in the basin of Lake General Carrera; and at the end of 2013, homes were visited in Puerto Ibáñez together with further penetration in the city of Coyhaique which has enabled us to reach 91% of homes to date.

Giving continuity to its policy of relations with the community, HidroAysén in 2013 maintained its commitment with the region's education, providing 100 annual superior technical training scholarships to young people from the region of Aysén and the province of Capitán Prat, managing to benefit around 227 students in the last five years.



In August 2008, HidroAysén submitted an EIA to the corresponding authority to start the processing of the project. On May 9, 2011, HidroAysén received the favorable RCA, with certain conditions. In June 2011, HidroAysén presented a recourse to the Committee of Ministers, which consists of seven cabinet members and is chaired by the Minister of the Environment, requesting the revision of certain conditions established in the resolution. At the same time, the opposition to the project presented 34 claims, adding the petition to the Committee a total of 35 claims.

On January 30, 2014, the Committee of Ministers met to review the claims. The Committee requested additional information and new studies on certain points, resolving only part of the claims. In March 2014, and now under the administration of President Michelle Bachelet, a new Committee of Ministers has been called which ordered the instruction of a procedure of invalidation with respect to that agreed by the Committee of Ministers on January 30 under the administration of the former President Sebastián Piñera. The new Committee declared that it would resolve the claims within the 60 business days established by law. HidroAysén is currently awaiting the decision of the Committee.

# Operations in Colombia

## Installed capacity, generation and energy sales

Installed capacity (MW) <sup>(1)</sup>	2012	2013
Guavio (hydroelectric)	1,213	1,213
Guaca (hydroelectric)	325	325
Paraíso (hydroelectric)	277	277
Cartagena (thermal)	208	208
Termozipa (thermal)	236	236
Darío Valencia (hydroelectric) <sup>(2)</sup>	0	50
Charquito (hydroelectric)	20	20
Limonar (hydroelectric)	15	15
La Tinta (hydroelectric) <sup>(3)</sup>	20	0
Tequendama (hydroelectric)	20	20
La Junca (hydroelectric) <sup>(2)</sup>	20	0
San Antonio (hydroelectric)	20	20
Betania (hydroelectric)	541	541
<b>Total</b>	<b>2,914</b>	<b>2,925</b>

Electricity generation (GWh)	2012	2013
Emgesa <sup>(4)</sup>	13,251	12,748
<b>Total generation in Colombia</b>	<b>13,251</b>	<b>12,748</b>

Electricity sales (GWh)	2012	2013
Emgesa	16,304	16,090
<b>Total sales in Colombia</b>	<b>16,304</b>	<b>16,090</b>

- Capacity is 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.
- Unit 2 of the Darío Valencia plant, with an installed capacity of 50 MW has been included since November 6, 2013.
- During 2013 Units 5 of the La Tinta plant and 2 of the La Junca plant were retired from service, in accordance with Resolution 005954-3 of XM Colombia.
- Relates to total generation after deducting own consumption and transmission losses. The data for 2012 differ from those reported previously as only own consumption was deducted then.

## Activities and projects

### Hydroelectric plants with contributions in 2013 below the historic average

Conditions in 2013 were relatively dry on the National Aggregate System, reflected in water inflows of 91% of their historic average, a situation contrasting with 2012 when hydrological contributions to the grid (National Aggregate System) were 103% of the historic average. On January 1, 2013, the useful reserves in the reservoirs were equivalent to 11,181 GWh, representing 73.4% of the aggregate useful volume, while as of December 31, 2013, the useful reserves were 10,495 GWh, equivalent to 69.5%.

The average inflow to the Guavio reservoir in 2013 was 91% of the historic average, while in 2012 they were 106%. The reservoir began 2013 with 69% of useful volume and ended in December with 70%, without any spillage.

The average non-regulated inflows in 2013 in the basin of the river Bogotá were 101% of the historic average, while in 2012 they were 136%. The Muña and Tominé reservoirs began in January with 73% and 79% of their useful volume, and ended in December with 94% and 62%, respectively.

In Betania in 2013, inflows were 88% of the historic average, while in 2012 they were 101%. The reservoir began 2013 with 79% of its useful volume and ended the year with 70%. 5.2 GWh was spilled, only in the month of July.

## Preventive plant maintenance

In 2013, maintenance at the production centers was carried out in accordance with the previously-established plans and routines, in particular the change of the runners in Units 1 and 3 of the Paraíso hydroelectric plant, the change of three rotor poles in Unit 3 of that plant, the change of the service seal of the spherical valves in Units 3 and 5 of the Guavio hydroelectric plant, corrective works performed in the stator of Unit 3 of the Betania hydroelectric plant (a by-pass was made of the faulty coil), the overhaul of the butterfly valves in Units 2 and 3 of the Muña pumping station (following 27 years of operation), recovery of the boiler feed water pump of Unit 1 of the Cartagena thermal plant, the optimization of the crusher and combustion of Units 3, 4 and 5 of the Termozipa thermal plant and the completion in December of corrective works on Unit 4 of that plant after having discovered a cracked blade and rubbing of other turbine blades following a discharge of that unit on September 23.



## Extension of river Guavio concession

By Corpoguavio Resolution 223 of May 23, 2013, the corporation extended the concession of generation waters of the Guavio plant by 15 years.

The most important requirements made of Emgesa on the renewal of the concession were the implementation of limnigraphic and weather stations in the area of the basin supplying the reservoir, and to present a contingency plan with alternative procedures for the deriving of the waters supply the reservoir.

## Progress in the processing of waters concession on the river Bogotá

Within the process with the Autonomous Regional Corporation of Cundinamarca (Corporación Autónoma Regional de Cundinamarca - CAR) for the extension of the term established in Resolution 1,014 of July 30, 1998 granting Emgesa the concession of underground and surface waters of the Bogotá, Tominé and Muña rivers as well as the El Rodeo, Obasas, Vitelma, Santa Marta and La Junca creeks, in order for the concession to have a term of 50 years, visits were made in 2013 to the Termozipa plant, the Muña reservoir and the hydroelectric plants on the river Bogotá, in order to check the technical conditions of catchment, conduction, storage and use of the resource. Round tables were also organized to perform follow-ups on the progress of the proceedings with the Corporation.

## Operations of Sociedad Portuaria in Cartagena

During 2013, Emgesa purchased 220,900 barrels of special fuel, of which 83.5% (184,522 barrels - 28,433 metric tons) were received by ship making use of the quay of Sociedad Portuaria Central Cartagena, located in the installations of the Cartagena plant, in 31 operations including two imports of fuel totaling 99,183 barrels.

The design of the fixed quay continued to be revised, to be built by Sociedad Portuaria Central Cartagena (SPCC) as part of the commitments contained in the concession contract between SPCC and the INCO (today National Infrastructure Agency - ANI), in order to implement in the design of the fixed quay adaptations that permit a port operation of the highest environmental and personal safety standards. It is estimated that construction of the quay will be during 2014.



## Progress in Colombia–Panama Interconnection

The interconnection represents a significant and sustainable growth opportunity for Emgesa. The total capacity of energy for Colombia to sell to Panama over the interconnection could reach 2,365 GWh/year.

The link is an opportunity of entry into the Central American market which offers potentially high margins due to the high variable costs of the technologies making up its generation matrix (liquids), accelerated and sustained growth in demand and the integration of markets through the SIEPAC line.

ICP (the entity responsible for administering the construction and operation of the Colombia-Panama line) has decided to suspend the auction of financial rights of access to the interconnection capacity (DFACI). There is still no new date.

According to ICP, the decision does not compromise the activities, but permits advancing further with the technical and environmental studies and definitions, expecting that the auction can be held in a future act of concurrence according to the scheme foreseen.

# Projects under construction

## El Quimbo project

The El Quimbo project is located to the south of Huila Province, south-east of Bogotá, and will be fed by the river Magdalena. It envisages the construction of a 400 MW installed capacity hydroelectric reservoir power plant with a mean annual generation of approximately 2,216 GWh.

On February 25, 2013, the Administration Council approved the adjudication of the construction, substitute roads and bridges contract to Consorcio Obras Quimbo, formed by the firms PCM, CSS, Sonacol and CASS, which was later approved by the board of Emgesa. On May 7, the National Environmental Permits Authority (ANLA) notified the approval of the modification of the environmental permit for the construction, substitute roads and bridges, thus allowing Emgesa to send the order to proceed to Consorcio Obras Quimbo to start work. In early June 2013, the contractor was given the land required for the start of the works.

There was a national agrarian stoppage between August 16 and September 9, 2013, when neighboring communities to the project blocked roads and took land. This forced the need to prepare a contingency plan in order not to detain the critical works of the project (dam



fillings, mounting of the machine room gantry crane), and to prevent the blockage of supplies to the project. Negotiations are taking place with the main contractors to reach a current program that unifies the programs corresponding to the principal civil works and supply and assembly of electro-mechanical equipment contracts.

Regarding the project's critical route, which is determined by the electro-mechanical assemblies, there is a delay due to delays in the concrete for the well gallery in order to lower the pre-distributor and the spiral chamber, the concrete of the machine room structure and the installation of guides for the gantry crane rails. The dam filling works and the construction of substitute roads are other sub-critical activities that compromise the start of filling of the project's reservoir.

During the year and in accordance with the commitments under the environmental permit, the projects associated with the centers of relocation and their respective districts of irrigation and urbanization have been completed, linked directly to the conditions accepted by the residents affected by the project and the needs planted by the local authorities.

## Salaco project

By this project, major maintenance and modernization will be carried out on the minor plants San Antonio, Limonar and La Tinta-La Junca so that they can operate as water-file center dispatch plants like Salto II, Laguneta and Dario Valencia respectively. This will represent for Emgesa a growth in installed capacity of 144.8 MW and a mean increase of expected energy generation of 482 GWh. The plants will start operating with their original names, Salto II (passing from 19.4 MW to 35 MW), Laguneta (passing from 18 MW to 36 MW) and Dario Valencia (passing from 38.8 MW to 150 MW). The project will last for 24 months.

On November 6, 2013, the first modernized unit of the Salaco project, Unit 2 of the water-file center Darío Valencia Samper, with an installed capacity of 50 MW. This unit has generated 46.3 GWh between its start-up and midnight on December 31.



## Land reserved for future projects

There is currently no land in Colombia reserved for future projects.

# Operations in Peru

## Installed capacity, generation and energy sales

Installed capacity (MW) <sup>(1)</sup>	2012	2013
<b>Edegel</b>		
Huinco (hydroelectric)	247	247
Matucana (hydroelectric) <sup>(2)</sup>	129	133
Callahuanca (hydroelectric)	80	80
Moyopampa (hydroelectric)	66	66
Huampani (hydroelectric)	30	30
Yanango (hydroelectric)	43	43
Chimay (hydroelectric)	151	151
Santa Rosa (hydroelectric) <sup>(3)</sup>	426	304
Ventanilla (combined cycle)	485	485
<b>Total</b>	<b>1,657</b>	<b>1,540</b>

Electricity generation (GWh) <sup>(4)</sup>	2012	2013
Edegel	8,570	8,391
<b>Total generation in Peru</b>	<b>8,570</b>	<b>8,391</b>

Electricity sales (GWh)	2012	2013
Edegel	9,587	8,904
<b>Total sales in Peru</b>	<b>9,587</b>	<b>8,904</b>

- (1) Capacity is 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.
- (2) An increase in capacity of unit 2 of Matucana from 64.1 MW to 68.1 MW was made from June 11, 2013.
- (3) Effective October 26, 2013, the Unit TG 7 of the Santa Rosade plant was declared out of commercial operation, in accordance with the resolution COES/D/DP-1160-2013- Perú.
- (4) Relates to total generation after deducting own consumption and transmission losses. The data for 2012 differ from those reported previously as only own consumption was deducted then.



## Activities and projects

### Edegel

#### Major maintenance gas turbine TG4 Ventanilla plant

Between April 24 and July 15, 2013, the programmed major maintenance was successfully performed on this unit, in which the following work was carried out: repair of two roof and side panels of the boiler HRSG12; installation of new meters for the additional fire; and ultra-sound cleaning of the burners.

## Free turbine UTI TG5 of CT Santa Rosa

Between May and August 2013, the reconditioning of a free turbine No.600696 was carried out at the workshops of Wood Group Pratt & Whitney USA (WGP&W). This was received at the Santa Rosa plant at the end of August and its installation and alignment was performed with the support of the WGP&W specialist. Tests with load were carried out and the unit started operating the same month..

## Change turbine G2 – Huampani plant

Between April 28 and May 3, 2013, the turbine was changed of Unit 2 of the Huampani plant. The “M” turbine, with 94,871 hours service, was changed for turbine “J” with 32,963 hours service. The extremes of the blade directors were also modified to install self-lubricated horns in place of bronze horns, which eliminate the greasing of these elements and their environmental impact.

## Change of runners at hydroelectric plants

At the Moyopampa plant, Voith-Siemens runners were installed, recovering a capacity of 2 to 3 MW per unit. This was done to Units G2 and

G1. In November 2013, new Andritz-Hydro runners were installed in the units G3 of Moyopampa and G2 of Matucana. The technology used in their manufacture will considerably reduce the unavailability of these units and thus improve reliability.

## Improvement in power transformer control system of Group 4, Callahuanca hydroelectric plant

Between February and October 2013, work was carried out on the modernization of the control system, taking advantage of the change of 3 poles of the power transformer bank of the G-4 Callahuanca plant. The work consisted of concentrating the new signals available in a new PLC-T4 controller and connecting this controller to the existing control system, so improving the supervision of the operator and permitting the review of tendencies for identifying abnormalities early.

## New vibration monitoring systems at Huinco, Matucana and Chimay

During September, the new vibrations monitoring systems started up at the Huinco, Matucana and Chimay hydroelectric plants, after making the assemblies and tests.

## New centralized regulation system for Huinco plant

The start-up of the new centralized regulation system for the Huinco plant occurred in November. This will allow it to meet the requirements of secondary frequency regulation jointly and automatically according to Procedure PR22 of the COES SINAC, and permit the optimum automatic dispatch of the Huinco units.

## Control system renovation Yanango and Chimay

Between July 22 and August 7, 2013, the new control system was started up of the Chinay G2 unit, and between August 12 and 26, the G1 unit. Also, between September 3 and 7, the new control system was started up of Toma Tulumayo, Chinay substation, Toma Tarma and Yanango substation. Finally, between September 8 and 12, the renewal of the Yanango G1 unit control system was completed.

## Projects under study

### Curibamba hydroelectric plant

This plant will be located upstream from the intake of the Chimay plant, in the province of Junín, and will use the flows of the rivers Comas and Uchubamba,

The project contemplates the construction of a pass-through plant with 192 MW of capacity, with a design flow of 86m<sup>3</sup>/s to produce 1,013 GWh/year, and a transmission line to the Pachachaca substation, 135 km in length in 220 kV of simple circuit.

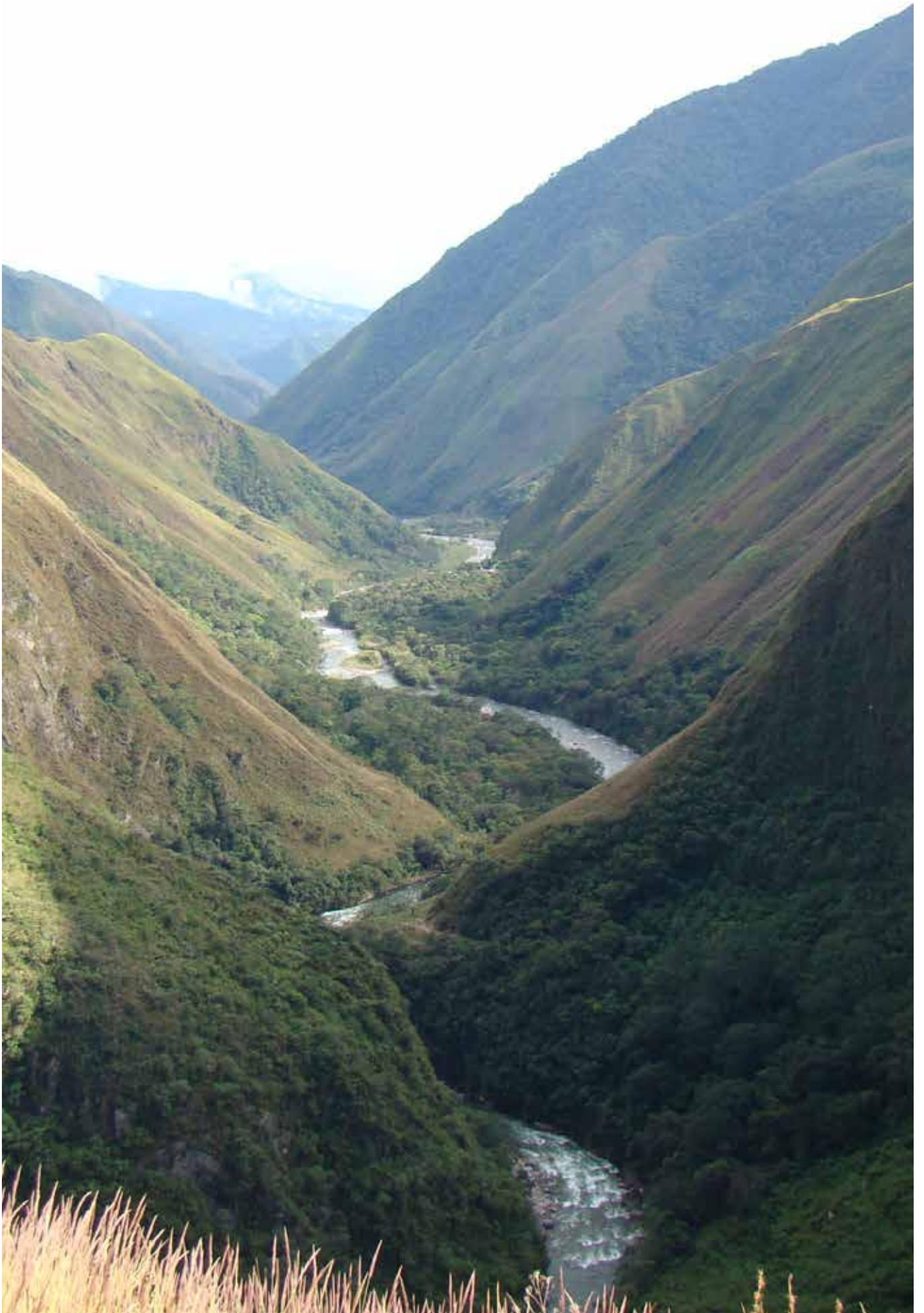
During 2013, the tender process was begun for the principal civil works, transmission equipment and line, and electrical interconnection contracts. The necessary studies were also begun for obtaining the permits prior to the construction. The pre-operative study has been approved by the system operator (COES) and the basic designs of the transmission line are finalized for the whole of its length.

The approval of the EIA was received in April 2013 for the first stage of the transmission line and the second stage is currently being processed. The project has the approved Absence of Archeological Remains Certificate (CIRA) for generation and transmission.

Finally, in December 2013, the process was begun for obtaining the final generation concession.

## Land reserved for future projects

During 2013, land was acquired from Siderperu with a total area of 10 ha., located in the province of Santa, department of Ancash, for an eventual new thermal generation plant.





Environment  
and sustainable  
development

Within the framework of its commitment with corporate sustainable development (CSD) Endesa Chile has since 2003 had a corporate sustainability policy that guides its actions and decisions. This policy addresses the 3 dimensions of CSD: economic, environmental and social. It also establishes the company's priorities through 7 commitments; with good governance and ethical behavior; the creation of value and profitability; the development of the communities in which it operates; the quality of service; the health, safety and personal and professional development of its personnel; environmental protection; and innovation and efficiency. It also incorporates two further challenges in response to demands by various stakeholders: climate change, and local engagement and social legitimacy.

Endesa Chile is responsible for reporting its performance in sustainability to stakeholders annually and transparently through its Sustainability Report (available on the web site). This document is prepared under the globally-accepted Global Reporting Initiative (GRI) methodology, meeting the highest standards on the matter.

As part of its commitment to CSD, Endesa Chile has since 2004 adhered to the United Nations Global Compact, an initiative that seeks to promote corporate social responsibility (CSR). Through its Communication of Progress (COP), the company reports annually about the progress made in its application of the pact's principles. In July 2013, for the 7th consecutive year, Endesa Chile's COP received the top Global Compact rating, qualifying for the Advanced Program for its outstanding response to its commitment.

In August 2013, the results of the 8th National Ranking of Corporate Social Responsibility (CSR) were published, prepared annually by Fundación PROhumana, Qué Pasa magazine and the Confederation of Production and Commerce (CPC). On this occasion, Endesa Chile was recognized among the most socially responsible in Chile, occupying 10th place on this occasion.

In view of the company's present and future scenario, Endesa Chile has developed a strategy of greater engagement with the community which considers an early insertion in the territories and a series of engineering, environmental and social tools for evaluating, at all stages of a project or over the useful life of a plant, any possible existing impacts, in order to reduce and ideally anticipate them to avoid their occurrence.

At the projects level, the Design Mitigating methodology has been developed which implies the early incorporation of social and environmental considerations for enabling an evaluation in the early phases of the project under study. The company also has a MIRA monitoring system that evaluates the various advances of the projects and establishes some key landmarks for progressing to the next stage. Many of these key landmarks are related to the consensus, agreement and acceptance of the community where we want to install and are central to progressing with the development of a project.

With respect to the commitment with society and the territorial engagement of the business, Endesa Chile has had its Energy for Education program since 2006. This is a way to respond to the educational needs that the company's generating companies receive every year from its neighboring communities. The program is focused on solving infrastructure, teaching and technological problems, and its objective is to collaborate in the creation of greater opportunities for the country's young people and children, through improvements to the quality of school formation in 40 municipal schools whose students come from vulnerable sectors.

In 2013, the Energy for Education program provided teaching materials in mathematics to the 40 schools in the network. It also continued with the mobile cinema caravan "Cinema in your School" which tours the network's establishments between June and November, thus benefiting close to 7,500 children, parents and teachers. A pilot plan was also introduced for sports and nutritional clinics in the villages of San Clemente and Alto Biobío, which work with children between 4 and 15, educating them and generating a consciousness of the problems and illnesses caused by bad eating habits and lack of exercise.

Endesa Chile seeks to create shared value through specific initiatives it supports and promotes. This is why Fundación



Pehuén was formed in 1992, a non-profit entity that was born in connection with the construction of the Pangué hydroelectric plant and whose purpose is to promote programs that permit the sustainability of the Pehuenche communities affected by the plant; these are Callaqui, Pitril, Quepuca-Ralco, Ralco-Lepoy, El Barco and Ayín Mapu. The foundation works to promote improvement in the living conditions of the 800 families in these communities in terms of productive development, education and the preservation of their culture, social assistance, community social infrastructure and tourism and textile development projects.

Seeking to extend the company's sustainability policy to the personnel, sensitizing and committing them in these matters, various activities were organized during 2013, in particular the "We are energy" corporate volunteers program. This initiative, reinvigorated in 2013, falls within the company's strategy and combines social action elements and the employees' own interests, developing between them the corporate values that define the way in which the company relates to the communities in which it operates.

In environmental matters, of the 29 installations that Endesa Chile has operating in Chile, 28 have successfully carried out their follow-up audits or re-certifications of their environmental management systems (EMS) under the ISO 14.001 standard. The exception was the Bocamina II plant whose certification is planned for 2015. As of December 31 therefore, 94.1% of the installed capacity of Endesa Chile has its EMS certified under ISO 14.001.

Within the framework of the clean production agreement (APL) for the Puchuncaví Quintero industrial zone, Endesa Chile has implemented the following measures during 2012 and 2013:

1. Contributed to the development of an environmental risk management plan for the soils around the industrial zone;
2. Improved information for the control of atmospheric emissions and air quality;
3. Implementation of an energy management system at the Quintero plant;
4. Strengthened health and occupational health protection (creation of an emerging protocol);
5. Implemented energy efficiency programs directed to reducing the consumption of non-renewable energies, and
6. Promoted social responsibility actions towards the community (apprentices program, visual impact mitigation measures of the installations, community training, local suppliers, etc.).

The final audits are currently being carried out by the consultants MACROCAP to determine whether the companies are complying with the agreed measures.

Regarding progress of the assistance and continuity plan of the Ralco plant, this was oriented to strengthen the links of the families relocated in the communities of El Barco and Ayin Mapu with the productive development and social benefit programs of state or private services, that permit improvements in productive capacity, levels of family and community incomes, and thus contribute to the sustainability of the families.

In the social area, notable in the year was the completion by 16 beneficiaries of the formation and training program for rural women given by the Fundación Prodemu in the communities of El Barco and Ayin Mapu. These women participated over a period of 3 years in training in wool crafts textiles and satisfactorily passed the program. There was also the participation of these women in activities

arranged by Prodemu in which they were able to share with other groups and authorities like Primera Dama, which enriches their experience.

Another highlight in the social area was the inauguration and functioning of the kindergarten in the El Barco community, which currently looks after 18 children, contributing to improving their quality of life and their families. In the productive area, there was the participation in the PDTI programs in Ayin Mapu and PRODESAL in El Barco, as autonomous entities, through the application for an associative subsidy - – INDAP. The results were the adjudication to the Ayin Mapu community of a tractor and harrow amounting to Ch\$21,330,750 and to the El Barco community of a tractor worth around Ch\$18,000,000. This machinery will significantly improve production through a reduction in plowing costs and permit agricultural activities on time, being able to increase the area and expression of the productive potential of the land. Over the years of relocation, the families have acquired important technical and community organization knowledge through the technical assistance. The “Productive Alliance” developed in the communities also enable the relocated families to be able to channel their knowledge through their participation in productive development projects, by participating in agricultural development competitions like the Initial Support Funds (FAI) and the INDAP, CONADI and CNR (National Irrigation Commission) development public competitions. They have obtained funds and technical assistance for the growing of cereals (seeds and fertilizers), technified irrigation (spraying), fencing, construction of sheds, agricultural machinery (motor-cultivators), construction of barns, in commercial alliances with companies dedicated cattle (sellers and slaughterhouses), of among the most important activities.

In order to meet the terms of Decree 13/11, Thermal Electric Plants Emissions Standards, Endesa Chile has installed new and modern continuous emissions monitoring system at the Taltal, San Isidro, San Isidro 2, Quintero and Tarapacá plants. Both these and those installed previously in the two units of the Bocamina plant have been subjected to a rigorous validation process to achieve their CEMS certification by the Superintendency of the environment. As of December 231, 2013, there remains pending the completion of the validation tests of the two units of the Quintero plant.

On December 18, 2013, a new system of particulate matter reduction started operating at the Tarapacá plant. The technology implemented is sleeve filters, equipment that manages emissions below 50 mg/ Nm<sup>3</sup>, the maximum concentration limit established in Decree 13/11.

On December 20, 2013, the Biobio region SEA admitted for process the EIA for the project "Optimization of Bocamina Thermal Plant". By this EIA, the company seeks to formalize adjustments made to the original project, which point to optimizing the plant's operation in terms of location and characteristics of some of the works declared in the approved project.

On December 27, the Antofagasta región SEA admitted for process the DIA for the project "Optimization of the Combined Cycle of the Taltal Thermal Plant". The purpose of the presentation of this DIA is to obtain a favorable pronouncement from the environmental authority to a series of adjustments intended to be made at the Taltal plant with respect to the project originally approved for its operation in combined cycle.

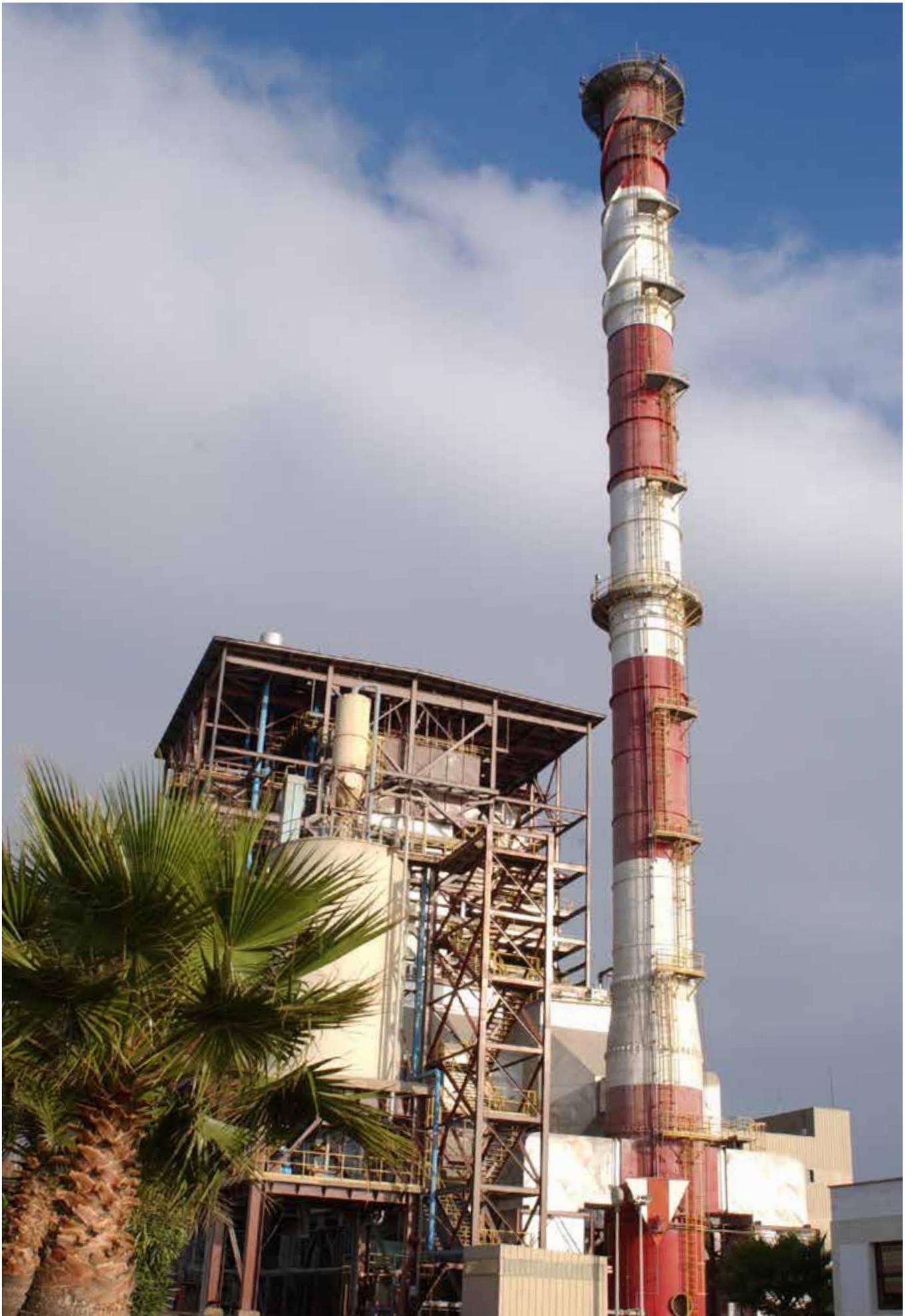
In December 2013, a crystalline water lagoon built by Crystal Lagoons on land of the San Isidro thermal plant began operating on a pilot basis. This forms part of a collaboration agreement between Endesa Chile and Crystal Lagoons" for testing this cooling technology in order to see whether its use is possible for acting as a heat sump, being able to create a closed circuit cooling system. Its conceptual design contemplates taking crystalline water from the lagoon which cools the

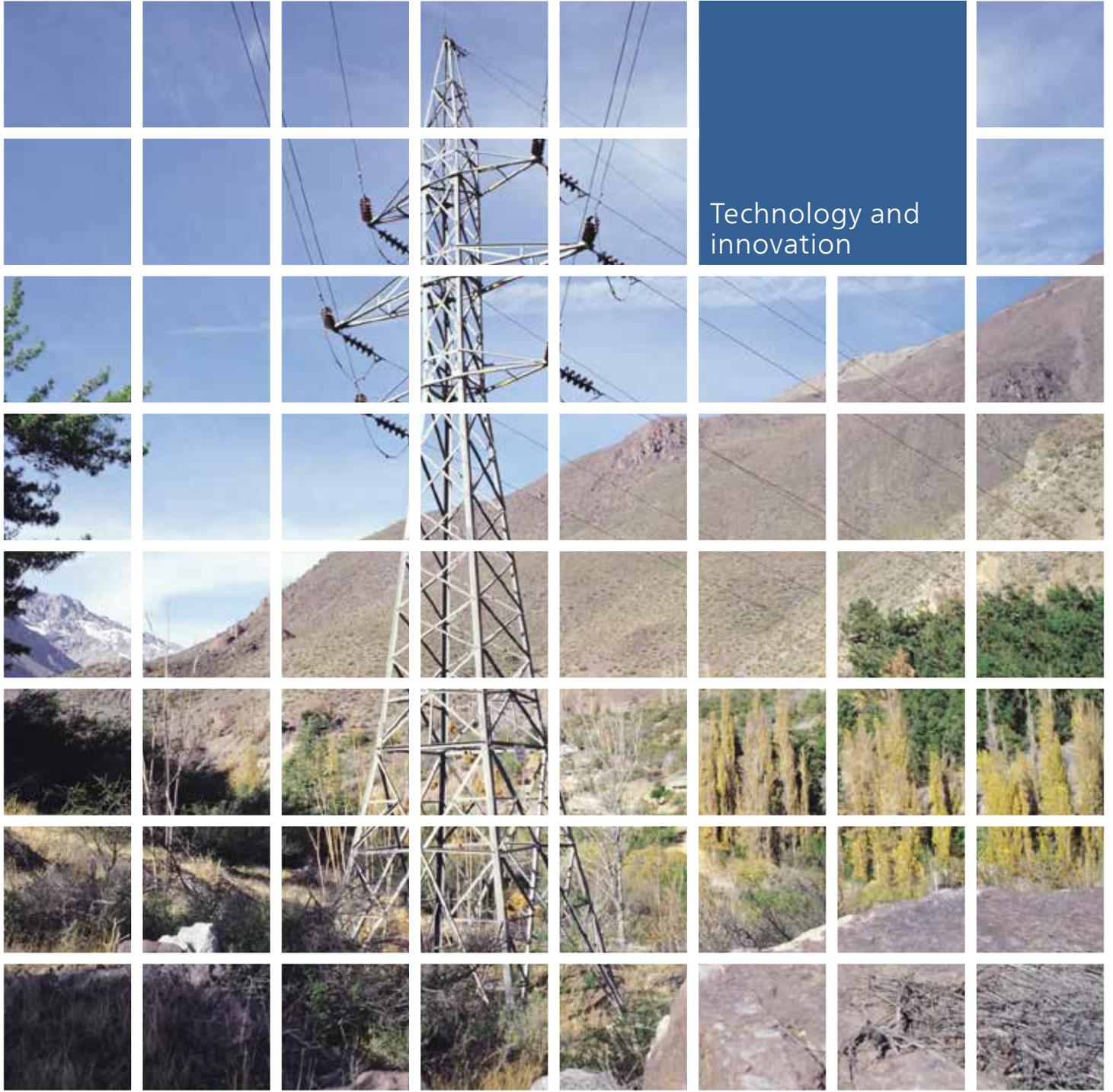


industrial process and then returns to the same lagoon at a higher temperature, where the heat dissipates naturally. It is estimated that the use of this innovative technology will generate a closed-circuit cooling system which reduces energy and water consumption and causes no water blow down, being a world-class sustainable alternative for cooling.

On December 28, 2012, with the recent functioning of the environmental tribunals, the SMA's powers of inspection and sanction also came into force. In 2013, the SMA inspected seven installations of Endesa Chile, all thermal plants. As a result, the SMA brought charges of non-compliances with the RCA at two installations: the Bocamina and Tarapacá thermal plants. As of December 31, 2013, the files of both proceedings are open, Endesa Chile and Celta having presented written information on the matters objected to together with the respective compliance programs. On December 17, 2013, the Concepción Court of Appeal ordered the suspension of operations of Unit 1 of the Bocamina plant pending its resolution with respect to the protection recourse presented by local fishermen and residents of the town of Coronel.

For further information with respect to the environmental, social and economic performance of the company, please see the Sustainability Report of Endesa Chile 2013 on [www.endesa.cl](http://www.endesa.cl).





Technology and innovation

## Research, development and innovation

Endesa Chile aims to maintain and improve its leadership position in the field of innovation, becoming at the same time a benchmark for the electricity industry. It believes that innovation should contribute toward creating an innovative culture among workers and obtaining value-creation projects, turning this into a differentiating factor and competitive advantage. 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.

## Culture of innovation in the company

The following activities were carried out in 2013 to strengthen the innovation culture of the organization:



### Innovation week

Innovation Week became an international corporate event in 2013, which also added environmental activities. Under the slogan “Let’s cultivate the future with our commitment”, the group companies celebrated the International Week of the Environment and Innovation with a series of activities focused on the corporate commitment in both concepts, to transmit the vision of a more sustainable tomorrow for the planet and future generations. Various talks were given, on-line games, technological forums and workshops, with a large number of participants which reached 150 people.

### Training activities

Various training activities were arranged directed to various hierarchic levels of the organization, in particular the following two activities:

- Two Design Thinking workshops for 50 workers from different areas of the company, arranged with the support of the Universidad del Desarrollo.
- First workshop for senior executives, which was focused in supporting the work of the senior management in supporting the development of an innovative culture in the company. This was given in the ESE Business School of Universidad de Los Andes and was attended by 9 senior executives from the company’s different areas.

## Leaders in innovation

Work continued in 2013 with the “Leaders in innovation of Endesa Chile”, who performed their duties throughout the whole country.



## Executive Committee for Innovation

The Executive Committee for Innovation met on 5 occasions during 2013. Complying with its role in compliance with the company’s innovation program, the contribution of this committee was fundamental for the approval of programs, projects and availability of resources.

The functions of the Executive Committee for Innovation include:

- Proposing the targets, objectives and strategic focuses of innovation.
- Approving the annual and bi-annual R&D action plans.
- Approving the annual expense and investment budget.
- Approving the R&D projects up to US\$ 50,000.
- Selecting the R&D projects arising from ideas reception programs and authorizing the assignment of risk capital.

## Reception of ideas

The employees' ideas reception process is a pillar of Endesa Chile's innovation program which is carried out by maintaining a computer platform that forms the meeting and expression point of the ideas of all employees.

### Innovation week

During 2013, the second edition of the Eidos Corporate Market was arranged, allowing employees to propose ideas that respond to the proposed challenges, identifying actions for reducing costs or increasing revenues of the company.

The corporate platform this year launched the following challenges, attracting over 250 ideas from all over the group, with a total of 24 from Chile:

- What are the best ideas for achieving savings in our business?
- What are the best ideas for obtaining additional sources of revenue in our business?

The above was followed by a local challenge by country, where our area decided to leave the platform open to all ideas in relation to any of the four innovation focuses of the company:

1. Construct a sustainable integration with the communities (social, political and environmental).
2. Collaborate proactively in solutions to the energy challenges the country faces for its sustainable growth.
3. Strengthen the value of the company's assets, identifying initiatives that permit additional uses or more efficiency for those originally considered for those assets.
4. Attract, manage, build and retain talent and knowledge very valuable for the company.

## Open Innovation

During 2013, Endesa Chile had its first experience of open innovation. This is an open innovation competition developed jointly with the Universidad Católica in which students participate who are doing the renewable energies course of the masters degree in engineering in energy. The course chose 18 students of different professional profiles and various nationalities. This diversity contributed to make the initiative especially interesting.

The challenge given to the students was to find innovative solutions to the energy challenges that the country faces for its sustainable growth. Four projects were received:

1. The development of geothermal energy in Chile
2. The development of photovoltaic solar energy in Chile
3. The development of small-scale hydraulic energy (< 20 MW)
4. The development of wind energy in Chile

Of the proposals received, first place corresponded to the Calama photovoltaic solar plant project, presented by four masters students, which consisted of evaluating the interconnection to the SIC of a 100 MW photovoltaic fixed-panel project near to the Diego de Almagro substation.

As a pilot experience, the program managed to meet all its expectations and what was learnt will be applied to the future open innovation programs to be developed by Endesa Chile.

## Function Innovation

We define innovation in the function as that which is born from the work of the employees. It is that which is done by personnel in all areas of the company as part of their work, without any induction, and which lead to projects that can be classified as innovative.

5 ideas from this area were presented to the committee:

1. Numeric modeling tools in the design of hydraulic works: this project seeks to introduce advanced tools for the design and modeling of hydraulic works in Endesa Chile.
2. Evaluation of generation of filter waters at the Ralco plant: proposes making use of filtering water at the Ralco plant.
3. Repowering of Quintero plant: proposes a study of measures for repowering the project for a future closing of combined cycle.
4. BESS: a project by which an energy storage system will be installed in the Tarapacá plant.
5. Ash dispenser Bocamina plant: the development of an ash dispenser team for taking the necessary measurements for showing environmental compliance, without the need to stop the generating units.



This site test will be carried out on land of the San Isidro plant and contemplates the construction of a lagoon of 5.000 m<sup>2</sup> (useful volume of 7,500 m<sup>3</sup>) which will be operated for four months, connected in thermal terms to the plant's cooling system In order to study the performance of the technology.

## Projects of value for the company

Endesa Chile has shown the leadership necessary for tackling large and new challenges and pioneering in the application of solutions in favor of the country's electricity development.

Although the innovative projects are carried out in all the units and levels of the organization, the following are some that are currently in operation or being developed.

### Cooling lagoon

This project seeks to evaluate the implementation of crystalline lagoons as alternative technology for cooling thermal plants. The head of the project is the company Crystal Lagoons, leader in the development of large crystalline lagoons for recreation. This was granted funds by CORFO for testing the technology on site.

### Intogener

The Intogener project is being developed by the Spanish company Starlab, consisting of the design of an operating system for predicting thaw flows using satellite information. It is sought to improve the forecasts used for the operation of the electricity system. Endesa Chile participates as user of the system during the pre-operational phase.

During 2013, meteorological stations were installed in the Los Machos sector (Laja basin) and in Laguna Invernada (Maule basin). The service tests phase was begun, with forecasts of flows for the basins in question (Laja and Maule) in the thaw season 2013-2014.

## Wave energy

Endesa Chile continues to study the use of wave energy in electricity generation. It is therefore following the evolution of the technologies and changes in the regulations for granting marine concessions and environmental impact evaluation applicable to this type of project.

In 2013, it is expected that there will be a call to compete for public funds for the financing of an R&D Center of Excellence in marine energies and testing in Chile of wave energy converters. However, this competition has been postponed until 2014. The participation in these competitions supposes the formation of a consortium integrated by technologies, companies that are part of the supply chain or those interested in the development of NCRE, and academics. Endesa Chile has been in contact with authorities and organisms interested in the formation of such consortia and awaits the call to compete in order to complete a possible participation.



## Biomass

Complementing the studies made in 2012 on the availability of biomass from the sustainable management of native forest, further studies were carried out in 2013 to know the development potential of dendroenergy cultivation in zones of interest for Endesa Chile, with promising results. In Chile's 7th Region, contact has also been made with forestry and timber companies interested in giving value to their waste and developing co-generation projects directly applicable in their industries.

It has thus been concluded that the 7th Region has sufficient continuous biomass potential for operating a co-generation electricity plant of between 15 and 25 MW.

## Mini-hydroelectric plants

The search for technologies has continued in 2013 for the profitable use of net low-height hydraulic potential in the installations of Endesa Chile. However, it has not yet been possible to identify specific projects of this kind.

## Cost Contribution Agreement (CCA)

In order to take advantage of synergies and the R&D capacity of Enel Ingeniería e Ricerca (ENEL I&R), Endesa Chile has signed an agreement allowing it to access and benefit from all the developments and research carried out by Enel I&R. The agreement also permits proposing research in matters of exclusive interest to Endesa Chile or participating in the development of R&D projects carried out by other Group companies.

The main areas of research are:

- NCRE
- Automation and advance diagnosis of generating plants
- Control of contaminating emissions
- Energy storage
- Cyber security
- New uses for electricity.

The programs consist of over 90 specific projects to be developed during the 5-year of the agreement. The total cost of the CCA for Endesa Chile is 2.9 million euros.

## Prize-winning projects of employees and innovation at work

During the idea-attraction process, the company's executive committee in 2013 awarded prizes to nine innovative projects developed and presented by employees.

## Technological vigilance

The technological vigilance service was further consolidated within the organization during 2013, developing the tendering and adjudication of the services with an external supplier. This will improve the provision of information and formalize a work methodology.

Since its adjudication to the firm IALE in mid year, the 3 reports on the following subjects have been very interesting:

1. Technological vigilance of net low height mini-hidroelectric plants.
2. Mechanisms for preventing the entry of hydro-biological species into the water catchment systems of thermal plants.
3. Technological vigilance of co-generation in Chile.

A bulletin has also been issued monthly to keep the organization informed in various matters of interest, e.g. non-conventional renewable energies, regulations concerning energy, news about the development of energy projects, events (forums, seminars, workshops, courses, etc) and new technologies for energy generation.

## Challenges

The goal for the next years is to continue advancing in the culture of innovation so that the organization's personnel carry out new R&D projects focused on the generation of new businesses, improvements of internal production processes energy efficiency and the search for new sources of generation, all directed to increasing the value of the company. The R&D management has set itself an ambitious target of having at least 25% of all the company's employees trained in innovation. This will be achieved through special programs adapted to our business needs, oriented to different types and profiles of professionals who work in the company.

The challenges set will be leveraged in a suitable program of innovation management and a network that permits making use of the strengths and skills of the organization and the paces for improvement identified.



Participation in subsidiaries and associates and schematic table

## Participation in subsidiaries, associates and joint ventures

Subsidiary	Participation	
	2013	2012
<b>Argentina</b>		
Endesa Argentina S.A. <sup>(5)</sup>	99.99%	100.00%
Endesa Costanera S.A. <sup>(5)</sup>	75.67%	69.76%
Hidroeléctrica El Chocón S.A.	65.36%	67.67%
Hidroinvest S.A.	96.09%	96.09%
Southern Cone Power Argentina S.A.	99.92%	100.00%
<b>Brazil</b>		
Ingendesa do Brasil Ltda.	96.25%	100.00%
<b>Chile</b>		
Central Eólica Canela S.A.	72.16%	75.00%
Compañía Eléctrica San Isidro S.A. (San Isidro S.A.) <sup>(1)(3)</sup>	0.00%	95.61%
Compañía Eléctrica Tarapacá S.A. (Celta S.A.) <sup>(4)</sup>	96.21%	100.00%
Empresa de Ingeniería Ingendesa S.A. (Ingendesa)	0.00%	0.00%
Empresa Eléctrica Pangué S.A. (Pangué S.A.)	0.00%	0.00%
Empresa Eléctrica Pehuenche S.A. (Pehuenche S.A.)	92.65%	92.65%
Endesa Eco S.A. <sup>(2)(3)(4)</sup>	0.00%	100.00%
Endesa Inversiones Generales S.A. (Enigesas)	0.00%	0.00%
Inversiones Endesa Norte S.A. <sup>(2)</sup>	0.00%	0.00%
Sociedad Concesionaria Túnel El Melón S.A.	100.00%	100.00%
<b>Colombia</b>		
Emgesa S.A. E.S.P. (Emgesa)	26.87%	26.87%
Sociedad Portuaria Central Cartagena S.A.	25.52%	25.52%
Emgesa Panamá S.A.	26.87%	26.87%
<b>Peru</b>		
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%

Associates & joint ventures <sup>(6)</sup>	Participation	
	2013	2012
<b>Argentina</b>		
Compañía de Transmisión del Mercosur S.A. (CTM) <sup>(7)</sup>	37.14%	38.88%
Distrilec Inversora S.A.	0.89%	0.89%
Endesa Cema S.A.	44.99%	45.00%
Termoeléctrica José de San Martín S.A. <sup>(5)</sup>	16.35%	13.88%
Termoeléctrica Manuel Belgrano S.A. <sup>(5)</sup>	16.35%	13.88%
Transportadora de Energía S.A. (TESA) <sup>(7)</sup>	37.14%	38.88%
<b>Brazil</b>		
Ampla Energia e Serviços S.A. <sup>(7)</sup>	17.41%	18.23%
Ampla Investimentos e Serviços S.A. <sup>(7)</sup>	0.00%	18.23%
Centrais Elétricas Cachoeira Dourada S.A. <sup>(7)</sup>	37.04%	38.73%
CGTF-Central Geradora Termelétrica Fortaleza S.A. <sup>(7)</sup>	37.14%	38.88%
Companhia Energética do Ceará (Coelce)	21.86%	18.63%
Compañía de Interconexión Energética S.A. (CIEN) <sup>(7)</sup>	37.14%	38.88%
En-Brasil Comercio e Serviços S.A. <sup>(7)</sup>	37.14%	38.88%
Endesa Brasil S.A. <sup>(7)</sup>	37.14%	38.88%
Eólica Fazenda Nova o Geraco e Comercializacao de Energia S.A. <sup>(7)</sup>	37.12%	38.86%
Investluz S.A. <sup>(7)</sup>	0.00%	31.36%
<b>Chile</b>		
Consortio Ara- Ingendesa Ltda. <sup>(2)</sup>	48.11%	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%
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%
Gas Atacama Chile S.A. <sup>(2) (4)</sup>	48.11%	50.00%
GasAtacama S.A. <sup>(2) (4)</sup>	48.11%	50.00%
Gasoducto Atacama Argentina S.A. <sup>(2) (4)</sup>	48.11%	50.00%
Gasoducto Taltal S.A. <sup>(2) (4)</sup>	48.11%	50.00%
Inversiones GasAtacama Holding Limitada <sup>(2) (4)</sup>	48.11%	50.00%
Progas S.A. <sup>(2) (4)</sup>	48.11%	50.00%
Transmisora Eléctrica de Quillota Ltda. <sup>(3)</sup>	48.11%	47.81%
<b>Cayman Islands</b>		
Atacama Finance Co. <sup>(2) (4)</sup>	48.11%	50.00%
Energex Co. <sup>(2) (4)</sup>	48.11%	50.00%

(1) On May 1, 2012, Empresa Eléctrica Pangué S.A. was merged with Compañía Eléctrica San Isidro S.A., the latter being the legal successor.

(2) On May 1, 2012, Empresa de Ingeniería Ingendesa S.A. and Endesa Inversiones Generales S.A. were merged with Inversiones Endesa Norte S.A., and on July 1, 2012 Inversiones Endesa Norte S.A. was merged with Endesa Eco S.A., the latter being the legal successor.

(3) On September 1, 2013, Compañía Eléctrica San Isidro S.A. was merged with Endesa Eco S.A., the latter being the legal successor.

(4) On November 1, 2013, Endesa Eco S.A. was merged with Compañía Eléctrica de Tarapacá, the latter being the legal successor.

(5) Change in participation due to the capital increase of Endesa Costanera in November 2013.

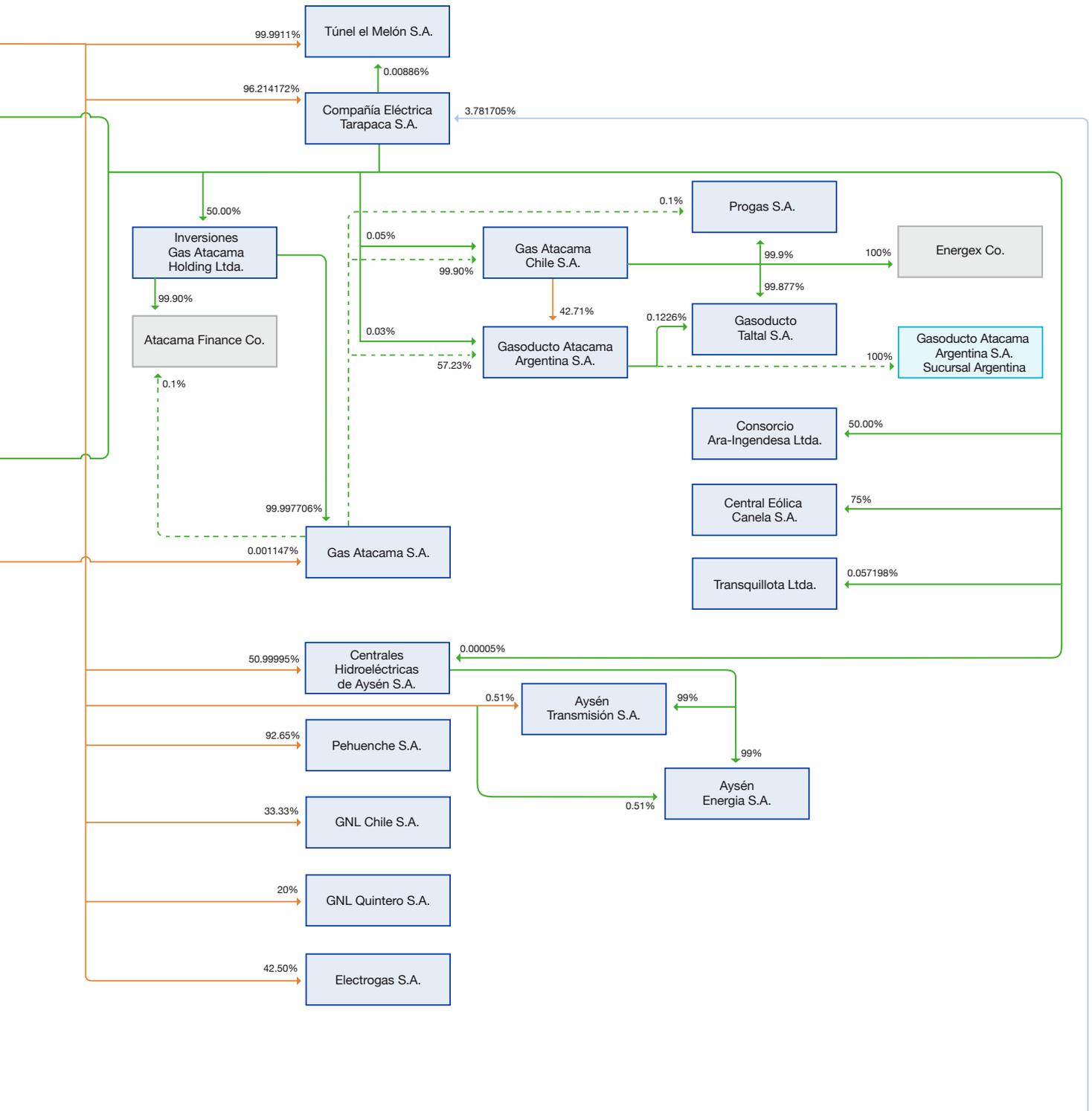
(6) Jointly-controlled companies are those in which the parent company controls the majority of the voting rights, or, should this not be the case, where it has the capacity to govern their financial and operating policies by virtue of an agreement with other shareholders or jointly with them. The jointly-controlled companies are consolidated by the proportional integration method, i.e. in the same proportion as Endesa Chile participates in their equity.

(7) Change in participation due to the merger of Ampla Investimentos and Investluz with Endesa Brasil on November 21, 2013.

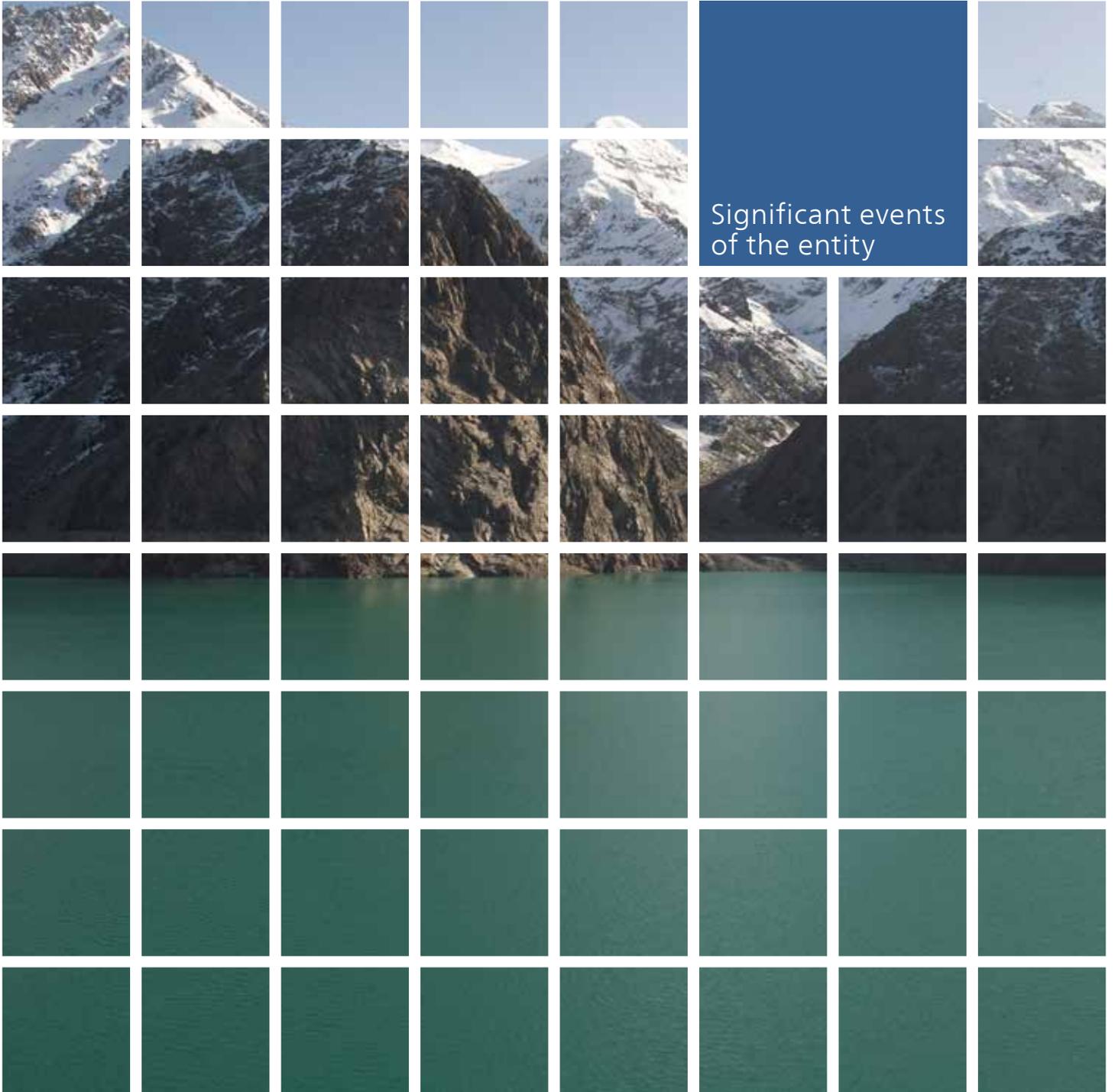


Financial cost of investments	Thousands of pesos	Investment as proportion of the parent's assets
Endesa Brasil S.A.	423,383,417	10.94%
Edegel	209,147,425	5.40%
Pehuenche	162,155,435	4.19%
Emgesa	143,702,870	3.71%
Generandes Perú	127,817,912	3.30%
Endesa Argentina S.A.	114,230,438	2.95%
Celta (Cía. Elect. Tarapacá)	262,311,224	6.78%
Centrales Hidroeléctricas de Aysén S.A.	83,222,578	2.15%
Hidroinvest	28,737,651	0.74%
GNL Quinteros S.A.	11,158,892	0.29%
Túnel El Melón	10,005,053	0.26%
Southern Cone Power Argentina S.A.	5,167,170	0.13%
Electrogas S.A.	4,419,693	0.11%
Hidroeléctrica El Chocón	3,708,267	0.10%
Distrilec	3,033,039	0.08%
Endesa Costanera S.A.	16,151,313	0.42%
GNL Chile S.A.	527,490	0.01%
Gas Atacama S.A.	446	0.00%
HidroAysén Transmisión S.A.	114	0.00%
Aysén Energía S.A.	25	0.00%





- Argentina
- Brazil
- Chile
- Colombia
- Peru
- Cayman Islands



## 2013

### Endesa Chile

- The following was reported to the SVS on January 8, 2013:

Endesa Chile has accepted the terms of the final and definitive amount of the indemnity for the damages related to the effects of the earthquake of February 27, 2010, as informed by letter from the liquidator Beckett S.A. Liquidadores de Seguros on January 7, which terms have also been accepted by the insurance companies.

Regarding the installations of the Bocamina I plant of Endesa Chile, the agreed indemnity is US\$ 85,665,673 for lost earnings and material damages (US\$ 66,165,673 and US\$ 19,500,000 respectively). Cash advances of US\$32,665,673 with respect to the claim had already been received.

Regarding Bocamina II, also owned by Chile, the agreement reached implied indemnities of US\$ 112,999,528, of which US\$ 2,953,306 related to material damages and US\$ 110,046,222 to lost earnings.

As of December 31, 2012, Endesa Chile records an amount of US\$ 114,711,895 in its operating result for indemnity for lost earnings. This represents a gain of US\$ 91,769,516 after tax.

- The following was reported to the SVS on January 29, 2013:

With respect to the international arbitration proceedings relating to disputes between the parties to the turnkey construction contract of the Bocamina II thermal plant of Endesa Chile, which were initiated by the arbitration request of Endesa Chile in October 2012 to the International Chamber of Commerce (ICC), Paris, Endesa Chile has been notified by the technical secretary of the ICC that the members of the consortium SES- TECNIMONT have separately answered the arbitration request of Endesa Chile containing their arguments and also counter-demanding that Endesa Chile pay an amount of US\$MM 1,294, in the case of Tecnimont, and US\$MM 15 in the case of SES.

Endesa Chile considers that the counter-demands are unjustified so the company will defend its position in that arbitration tribunal convinced that law and the facts support it and have justified the collection of the bank performance bonds due to the serious non-compliances of the consortium.

Considering the above and that the counter-demand lacks bases, no financial effects are foreseen on the company's assets, liabilities or results at that date.

- The following was reported to the SVS on June 19, 2013:

Empresa Nacional de Electricidad S.A. (Endesa Chile) and Southern Cross Latin American Private Equity Fund III, LT (Southern Cross) have terminated by settlements the arbitration proceedings before the arbitrator Víctor Vial del Río relating to disputes concerning the shareholders' pact of Gasatacama dated August 1, 2007, as reported to the SVS on September 5, 2012.

As a result of the conciliation the arbitration has been terminated and therefore the arguments brought by both parties in their demand and counter-demand.

This has no effect of a financial or operative nature for Endesa Chile.

- The following was reported to the SVS on June 24, 2013, to complement the above report of June 19 which informed the termination of the arbitration between Empresa Nacional de Electricidad S.A. (Endesa Chile) and Southern Cross Latin American Private Equity Fund III, LP (Southern Cross).

As a result of the conciliation that terminated the arbitration, effective from June 18, a special procedure was set for the sale of the whole shareholding of Southern Cross in the Gasatacama companies. This procedure, in general terms, starts with the making of an offer by Southern Cross to Endesa Chile by July 3, 2013. Endesa Chile will then have a term of 30 days to accept or reject the offer. Should the offer be accepted, the sale contracts should be signed by the parties within 30 days from the receipt of the favorable response by Endesa Chile. Should Endesa Chile reject the offer or says nothing within the term mentioned, Southern Cross may freely offer and sell its shareholding in Gasatacama to third parties at a price and on terms and conditions that are not more favorable than the offer made to Endesa Chile, for which it will have a term of 6 months.

Endesa Chile and Southern Cross agreed that these special conditions for disposal of the shareholding of Southern Cross in Gasatacama should be applied any times necessary for periods of 6 months until Southern Cross disposes of its shareholding in Gasatacama. The execution and compliance with the conciliation will be supervised directly by the arbitrator Víctor Vial del Río, who should resolve brief and summarily in the one instance any dispute or conflict arising between the parties.

As a result of the conciliation the arbitration has been terminated and Endesa Chile and Southern Cross have renounced their demands for damages.

- The following was reported to the SVS on November 26, 2013:

The board of Empresa Nacional de Electricidad S.A. agreed unanimously to distribute on January 31, 2014 an interim dividend of Ch\$3.87772 per share against the earnings for 2013, corresponding to 15% of the earnings as of September 30, 2013, in accordance with the company's current dividend policy.

- The following was reported to the SVS on December 17, 2013:

The Concepción Court of Appeal on December 16, admitted an order to not innovate requested in the protection proceedings brought against the company by different unions and groups of individual fishermen seeking the stoppage off the operation of the Bocamina II thermal plant.

The order not to innovate decrees the suspension of the plant for the period in which the protection recourse is proceeding. Endesa Chile is currently analyzing the courses of action for carrying out this measure.

The financial effects linked to the suspension of the Bocamina II thermal plant will depend on the time the proceedings last; the magnitude of these effects is being analyzed by the company.

The Bocamina II thermal plant is an important asset for the SIC as it replaces the reduced hydraulic resources and stabilize prices on the spot market.

The board of the company, at its meeting of April 25, 2012, agreed to adopt the following policy concerning habitual operations in the ordinary course of business, with immediate effect, and which permit operations with related parties without meeting the requirements and procedures set out in article 147, 1 to 7, of Law 18,046:

## Pehuenche

### Election of the board

The ordinary shareholders' meeting held on April 12, 2013 elected the company's new board for a period of three years from the date of the meeting.

The member of the board are the following: los señores Fernando Gardeweg Ried, Humberto Espejo Paluz, Alan Fischer Hill, Alejandro García Chacón and Fernando Prieto Plaza,

### First interm dividend 2013

The board on June 26, 2013 approved the distribution of a first interim dividend for 2013 of Ch\$23.98 per share, payable from July 24, 2013 to shareholders on the shareholders' register five business days prior to that date.

The corresponding notification was made on July 13 in the El Mercurio newspaper of Santiago.

## Second interim dividend 2013

The board on September 27, 2013 approved the distribution of a second interim dividend for 2013 of Ch\$58.50 per share, payable from October 23, 2013 to shareholders on the shareholders' register five business days prior to that date.

The corresponding notification was made on October 10 in the El Mercurio newspaper of Santiago.

## Third interim dividend 2013

The board on December 18, 2013 approved the distribution of a third interim dividend for 2013 of Ch\$33.22 per share, payable from January 22, 2014 to shareholders on the shareholders' register five business days prior to that date.

The corresponding notification was made on January 9, 2014 in the El Mercurio newspaper of Santiago.

# 2012

## Endesa Chile

- The board of Endesa Chile, at its meeting held on February 29, 2012, agreed to initiate an organizational structure simplification involving certain of its Chilean subsidiaries, through a staggered and successive merger process which is expected to end this year, involving the following subsidiaries: Ingendesa, Compañía Eléctrica San Isidro S.A., Empresa Electrica Pangué S.A., Central Eléctrica Tarapacá S.A., Inversiones Endesa Norte S.A., Enigesa, and Endesa Eco.

These staggered and successive mergers need to be approved by the respective extraordinary shareholders' meetings in due course. The reorganization has no relevant economic and financial effect on the results of Endesa Chile given the high ownership that the Company holds in these subsidiaries. However, this process will have a positive effect on corporate and operational terms due to a simplification of the current organizational structure.

- b) The board at its ordinary meeting held on February 29, 2012, agreed to amend the dividend policy for 2011 informed at the last ordinary shareholders' meeting. The amendment consists of reducing the dividend percentage from 55% to 50% of the earnings for 2011..

The board will therefore propose to the Endesa Chile ordinary shareholders' meeting, to be held in April, 2012, the distribution of a total dividend of Ch\$ 27.24259 per share, which would represent a total distribution of Ch\$223,437,021,500. From this amount, the interim dividend of Ch\$ 5.08439 per share, paid in January 2012, would be deducted. Therefore, subject to approval by the ordinary shareholders' meeting, the final dividend to be distributed to shareholders will amount to Ch\$ 22.1582 per share, payable at a date to be determined.

- The following was reported to the SVS on April 20, 2012:

On April 19, 2012, Empresa Nacional de Electricidad S.A. (Endesa Chile) and CMPC Celulosa S.A. (CMPC) signed two documents denominated "Settlement and Termination Empresa Nacional de Electricidad S.A. CMPC Celulosa S.A." and "Electricity Price Determination Agreement of the supply of Empresa Nacional de Electricidad S.A. to CMPC Celulosa S.A.", by means of which they end, by settlement, the arbitration proceedings before the Arbitral Tribunal conformed by Urbano Marín Vallejo, Olga Feliú Segovia and Andrés Jana Linetzky, seeking to identify the price due by CMPC to Endesa Chile for the consumption that a previous arbitration, among the same parties, had established that Endesa was not under the obligation to supply at the price established in the third clause of the Capacity and related Electric Energy Supply Contract dated May 31, 2003.

Through these agreements of settlement and price determination, CMPC is obliged to pay US\$59,900,000 plus VAT, by making a US\$25,000,000 cash payment in 2012 and using formulas of reduced consumption and contributions of non-conventional renewable energy attributes, which are guaranteed installments of the balance of price to be paid by CMPC in years 2012 and 2013 for a total of US\$34,900,000, as agreed in the closing instruments signed.

- The following was reported to the SVS on April 26, 2012:

The board of the company, at its meeting held on April 25, 2012, adopted the following policy on routine operations that correspond to the ordinary course of business, which will take effect as of this date, and that allows for transactions with related parties without complying with the requirements and procedures set out in paragraphs 1 to 7 of Article 147 of Law 18,046:

## Policy of routine operations

1. Routine operations include financial transactions with related parties that, under a trade account and/or financial loans, which are held for the optimization of cash management of the respective companies.
2. Routine operations include related party transactions dealing with power supply contracts at regulated prices or resulting from electricity supply tenders.
3. Routine operations include financial or intermediation transactions carried out by the Company in the ordinary course of business with related parties, consisting of banks or their subsidiaries, such as fixed income or equity investments, buying and selling of foreign currencies, financial derivatives, swaps, repurchase agreements, fixed-term deposits, credit lines, loans, letters of credit, performance bonds, stand-by letters of credit, forward agreements, interest rate hedges, options and futures, transactions related to current accounts of the company or other routine financial transactions carried out by its treasury department.
4. Routine operations include related party transactions related to IT services, infrastructure services, data center, microcomputers, software and hardware, and to data management in general.
5. Routine operations include related party transactions relating to financial management, management and other similar services, comprising among others, accounting, financial reporting, fixed assets, sales and purchases ledger, treasury and banks, taxation advisory, insurance, procurement, internal controls and internal audit.

- The following was reported to the SVS on April 27, 2012:

- a) The ordinary shareholders' meeting of Endesa Chile held on April 26, 2012 agreed to distribute a minimum mandatory dividend (partially integrated by the interim dividend No. 51 of Ch\$ 5.08439 per share) and an additional dividend, for a total of Ch\$ 27.24259 per share. Since interim dividend No. 51 was already paid, the remaining amount of the final dividend No.52 of Ch\$ 22.15820 per share will be paid.
- b) The ordinary shareholders' meeting of Empresa Nacional de Electricidad S.A. elected a new board of the company for a period of three years from the date of the meeting.

The members of the board are:

Alfredo Arahuetes García  
Jaime Bauzá Bauzá  
Paolo Bondi  
Francesco Buresti  
Enrique Cibié Bluth  
Vittorio Corbo Lioi  
Felipe Lamarca Claro  
Manuel Morán Casero  
Jorge Rosenblut

The board its ordinary meeting held on April 26, 2012, agreed to appoint Jorge Rosenblut as chairman of the board and of the company, and Paolo Bondi as vice chairman.

The same meeting agreed to appoint Jaime Bauzá B., Enrique Cibié B. and Felipe Lamarca C. as members of the directors' committee.

- The following was reported to the SVS on May 31, 2012:

The board of Empresa Nacional de Electricidad S.A. on May 31, 2012 agreed to report as a "significant event" the decision to request its representatives on the board of directors of Hidroeléctricas de Aysén S.A. (HidroAysén) to convene an extraordinary board meeting in the latter company, in order to pronounce on the suspension of the studies for the preparation of the Environmental Impact

Study of the transmission project associated with the hydroelectric plants, whose Resolution of Environmental Qualification (RCA, in its Spanish acronym) was approved in 2011.

The board agreed to instruct the executive management to consider all the variables that allow for a technical and well founded statement concerning this matter in the extraordinary HidroAysén Board meeting.

The board expressed Endesa Chile's permanent commitment with national electricity development and reiterated the option and historical vocation of Endesa Chile for a clean, sustainable, renewable and domestic source of energy such as hydroelectricity.

Pursuant to the provisions of articles 9° and 10°, subsection 2 of Law No. 18,045, and the provisions contained under Chilean General Norm 30 of the SVS, the SVS was informed of the following significant event on June 5.

- The following was reported to the SVS on June 5, 2012:

Complementing the report dated February 29, 2012 that reported that the board of Endesa Chile had agreed to propose, in the corporate bodies of the respective subsidiaries, to initiate an organizational structure simplification involving certain of its Chilean subsidiaries, through a staggered and successive merger process which is expected to end in the current year, Endesa Chile will be the continuing entity for its subsidiaries Ingendesa, Compañía Eléctrica San Isidro S.A., Empresa Eléctrica Pangué S.A., Central Eléctrica Tarapacá S.A., Inversiones Endesa Norte S.A., Enigesa, and Endesa Eco. The company informs the SVS that the legalization process of the first two mergers has been completed, corresponding in this first stage to the merger of Empresa Eléctrica Pangué S.A. with Empresa Electrica San Isidro S.A. and the merger of Ingendesa and Enigesa with Endesa Norte S.A.

Both mergers are already completed and have legal effect as of May 1, 2012.

- The following was reported to the SVS on August 21, 2012:

The board of Empresa Nacional de Electricidad S.A. (Endesa Chile) approved a related party operation pursuant to Chapter XVI of the Corporations Law, consisting of the signing of a settlement agreement with Inversiones Tricahue S.A. (Tricahue) and other minority shareholders of Endesa Chile's subsidiary, Empresa Eléctrica Pehuenche S.A. (Pehuenche), in the context of arbitration proceedings under the energy and power contract dated November 19, 2007, between Endesa Chile and Pehuenche. The settlement agreement voluntarily dismisses the claims and criminal charges filed by Tricahue and other Pehuenche minority shareholders, and avoids potential lawsuits from Pehuenche minority shareholders against the companies that signed the contract.

As a result of this agreement, the board of Endesa Chile agreed today to propose to its subsidiary Pehuenche the rescindment of the energy and power contract and the signing of a new contract with the following features:

- (i) The energy price will be the marginal cost of the system at the Alto Jahuel 220 Kv node.
- (ii) The power price will be the one established by the CDEC for power transfers between generation companies.
- (iii) The new contract shall take effect as of the signing date, and will be in force until December 31, 2021.
- (iv) The new contract will comprise the same amount of energy and power as in the original contract.

Consequently, Pehuenche, acting through its relevant corporate bodies, must pronounce on this proposal, for which the settlement agreement calls for a Pehuenche extraordinary shareholders' meeting for rescinding the current contract and the signing of the new contract. Under the agreement, Endesa Chile and Tricahue undertake to vote in favor of the execution of the new contract in this shareholders meeting to be held at a date to be determined by the Pehuenche board.

The settlement agreement also considers the payment by Endesa Chile to its subsidiary Pehuenche of a contractual calculated price difference arising in 2007, which will enable Pehuenche to pay out an interim dividend, at the appropriate time, charged against the payment to be made, to all of Pehuenche's shareholders. The amount to be distributed as an interim dividend for all minority shareholders in the aggregate, representing 7.35% of Pehuenche, is estimated at approximately US\$ 28 million.

- The following was reported to the SVS on September 5, 2012:

On September 5, 2012, Empresa Nacional de Electricidad S.A. (Endesa Chile) was notified of a request for arbitration filed by Southern Cross Latin American Private Equity Fund III, LP (Southern Cross) in the arbitration proceedings initiated by the latter company due to discrepancies regarding the shareholders' agreement of the companies which compose the GasAtacama group dated August 1, 2007, arbitration managed by the arbitrator Víctor Vial del Río. Southern Cross, the shareholder that holds 50% of the companies comprising the GasAtacama group, has sued Endesa Chile for an alleged breach of that agreement, specifically a breach on Article VI relating to the "Disposal of Rights in the Business".

Under this alleged breach, in which an obstruction in the disposal of the rights of Southern Cross in the business is attributed to Endesa Chile, it is requested that the breach of the agreement in the petitory action of the lawsuit by Endesa Chile be declared and therefore be condemned to pay a fine to Southern Cross for an amount of U.S. \$ 10,000,000; to sell to Southern Cross its stake in GasAtacama, i.e. 50% of the companies that compose such group, at a price equal to the book value less 20%; and the payment of a fine to Southern Cross for the equivalent sum of 15% of the value of the forced transaction which claims.

Endesa Chile reported this unusual demand and announced that it will proceed to answer it with full conviction that it has no basis in fact or in law and will counterclaim Southern Cross within the time period which is given in the arbitration procedure. In the above context,

we estimate that the demand filed by Southern Cross will have no effect on Endesa Chile's financial position.

- The following was reported to the SVS on October 16, 2012:

Endesa Chile has called the all the bank performance bonds covering full compliance with the works and their proper and timely execution under the contract "Proyecto Ampliación Central Térmica Bocamina, contrato ACP-003.06., suministro llave en mano de una planta de generación térmica a carbón" (the "Contract"). The Contract was signed on July 25, 2007 between Empresa Nacional de Electricidad S.A., the owner, and the consortium formed by (i) the Chilean company Ingeniería y Construcción Tecnimont Chile y Compañía Limitada; (ii) the Italian company Tecnimont SpA; (iii) the Brazilian company Tecnimont do Brasil Constru çã o e Administra çã o de Projetos Ltda.; (iv) the Slovak company Slovenske Energeticke Strojarnje a.s.; and (v) the Chilean company Ingeniería y Construcción SES Chile Limitada, the contractors.

The performance bonds amount to US\$ 74,795,164.44 and UF 796,594.29 (approximately US\$ 38.2 million).

Endesa Chile has also reserved the right to exercise any other actions granted under this contract and applicable Chilean legislation to fully demand timely compliance with the obligations agreed by the contractors.

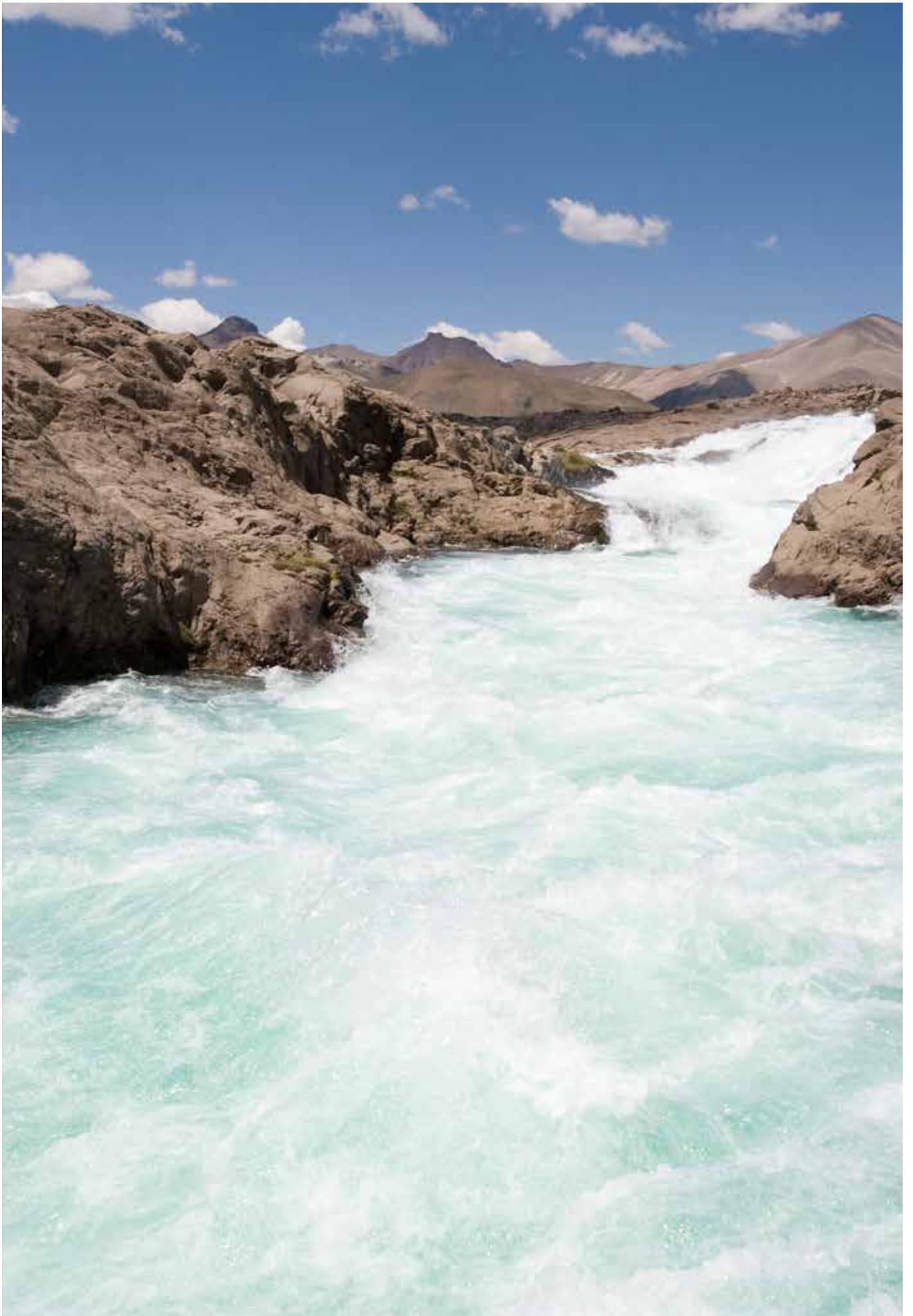
- The following was reported to the SVS on October 17, 2012:

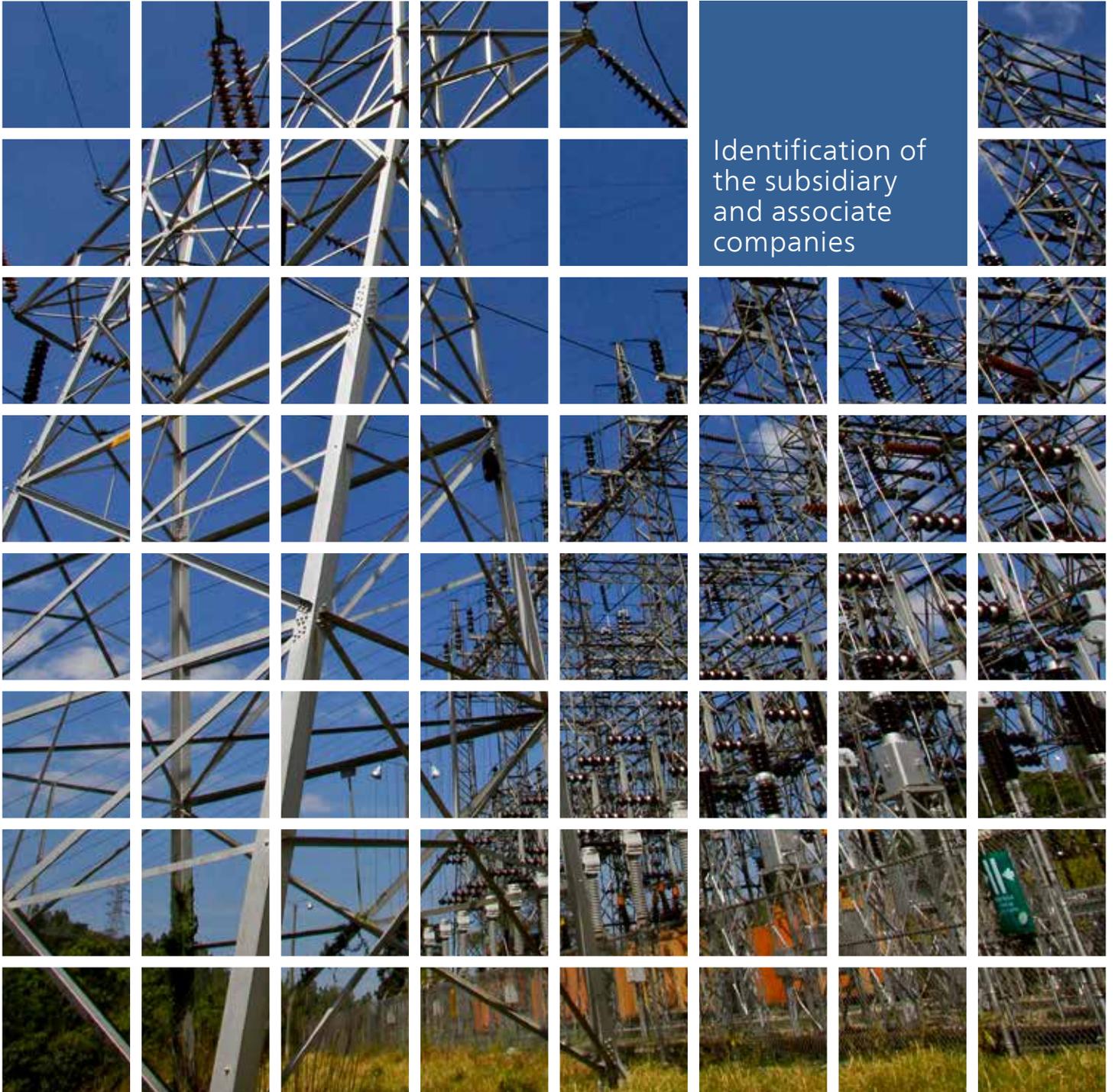
With reference to the report of October 16, 2012, in which the calling of all the bank performance bonds was reported covering full compliance with works and their proper and timely execution under the contract "Proyecto Ampliación Central Térmica Bocamina, contrato ACP-003.06., suministro llave en mano de una planta de generación térmica a carbón" signed on July 25, 2007 between Empresa Nacional de Electricidad S.A., the owner, and the consortium formed by (i) the Chilean company Ingeniería y Construcción Tecnimont Chile y Compañía Limitada; (ii) the Italian company Tecnimont SpA; (iii) the Brazilian company Tecnimont do Brasil Constru çã o e Administra çã o de Projetos Ltda.; (iv) the Slovak company Slovenske Energeticke Strojarnje a.s. (SES); and (v) the Chilean company Ingeniería y Construcción SES Chile Limitada, the contractor, you are informed the following:

Endesa Chile has filed a request for arbitration to enforce its rights conferred under the contract with the International Chamber of Arbitration, Paris.

- The following was reported to the SVS on November 29, 2012:

The board of Empresa Nacional de Electricidad S.A., at its meeting held on November 28, 2012, agreed to distribute on January 24, 2013 an interim dividend of Ch\$3.04265 per share against the earnings of 2012, corresponding to 15% of earnings as of September 30, 2012, in accordance with the company's dividend policy.





Identification of the subsidiary and associate companies

## AMPLA ENERGIA E SERVIÇOS S.A.

Name  
Ampla Energia e Serviços S.A.

Type of company  
Open corporation.

Address  
Praça Leoni Ramos, N° 01, São Domingos, Niterói, Rio de Janeiro, Brasil.

Corporate objects  
Study, plan, design, build and explore systems for the production, transmission, transformation, distribution and trading of electricity, as well as to provide related services that have been or may be granted; perform energy sector research and participate in other companies in the energy sector as shareholder, including in Brazil's privatization programs.

Identification of the subsidiary and associate companies

Business  
Electricity distribution.

Subscribed & paid capital (ThCh\$)  
In reales R\$ 1,298,230,386.65

Directors  
Mario Fernando de Melo Santos (Chairman)  
Antonio Basilio Pires e Albuquerque (Vice Chairman)  
Ramón Francisco Castañeda Ponce  
Nelson Ribas Visconti  
Luciano Galasso Samaria  
José Alves de Mello Franco  
José Távora Batista  
Cristián Eduardo Fierro Montes  
Otaçilio De Souza Junior

Senior Executives  
Marcelo Llévanes Rebolledo  
President  
José Alves de Mello Franco  
Bruno Golebiovsky  
Carlos Ewandro Naegele Moreira  
Claudio Rivera Moya  
Déborah Meirelles Rosa Brasil  
Teobaldo Jose Cavalcante Leal  
Janaina Savino Vilella Carr

Commercial relations with Endesa Chile  
None.

## ATACAMA FINANCE

Name  
Atacama Finance Co.

Type of company  
Exempt company constituted in Cayman Islands, BWI.

Domicile  
Caledonian House P.O. Box 265 G, George Town, Grand Cayman, Cayman Islands.

Corporate objects  
The Company's main object includes borrowing in 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  
Investments.

Subscribed & paid capital (US\$)  
6,300,000

Directors  
Horacio Reyser  
Ingrid Morales  
Gonzalo Alende  
Eduardo Escaffi Johnson

Commercial relations with Endesa Chile.

The company has a loan to Endesa Chile of US\$ 28,245,028.02 as of January 16, 2014.

## AYSÉN ENERGÍA

Name  
Aysén Energía S.A.

Type of company  
Closely-held corporation

Tax No.  
76,091,595-5

Domicile  
Miraflores 383, office 1302, Santiago, Chile.

Corporate objects  
Comply with the ruling of the Free Competition Defense Tribunal in the first article of Resolution N° 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 electricity supply at a cost lower than at present, through the development, funding, ownership and operation of projects for generating and transmitting electricity in that region. In order to comply with the above, the company may develop the following activities, among others: a) generate electricity by any means of generation, and supply and sell it; b) transport electricity; c) provide services related to its objects; d) apply for, obtain or acquire and benefit from concessions, rights and permits that are required.

Business  
Electricity generation and transmission (project).

Subscribed & paid capital (ThCh\$)  
4,900

Board of directors  
Directors  
Joaquín Galindo Vélez (Chief Executive Endesa Chile)  
Juan Benabarre Benaiges  
Ramiro Alfonsín Balza (Assistant General Manager, Endesa Chile)

Bernardo Larraín Matte  
Luis Felipe Gazitúa Achondo  
Juan Eduardo Vásquez

Alternate directors  
Carlos Martín Vergara  
Sebastián Fernández Cox (Regional Manager, Energy Planning, Endesa Chile)  
Claudio Iglesias Guillard  
Eduardo Lauer Rodríguez  
Cristián Morales Jaureguiberry  
Enrique Donoso Moscoso

Senior executives  
Daniel Fernández Koprlich  
General Manager

Commercial relations with Endesa Chile  
None.

## AYSÉN TRANSMISIÓN

Name  
Aysén Transmisión S.A.

Type of company  
Closely-held corporation, registered in the Securities Register of the SVS.

Tax No.  
76,041,891-9

Domicile  
Miraflores 383, office 1302, Santiago, Chile.

Corporate objects  
Develop and alternatively or additionally manage, electricity transmission systems required for the hydroelectric generation project that HydroAysén plans to build in the Aysén Region. In order to comply with this object, the following activities form a part of its business: a) the design, development, construction, operation, ownership, maintenance and development of electricity transmission systems; b) the transport of electricity; and c) provide services related to its objects.

Business  
Electricity transmission

Subscribed & paid capital (ThCh\$)  
22,368

Board of directors  
Directors  
Joaquín Galindo Vélez (Chief Executive of Endesa Chile)  
Juan Benabarre Benaiges  
Ramiro Alfonsín Balza (Assistant General Manager, Endesa Chile)  
Carlos Martín Vergara  
Claudio Iglesias Guillard  
Bernardo Larraín Matte  
Luis Felipe Gazitúa Achondo  
Juan Eduardo Vásquez

Alternate directors  
Sebastián Fernández Cox (Regional Manager, Energy Planning, Endesa Chile)  
Eduardo Lauer Rodríguez  
Cristián Morales Jaureguiberry  
Enrique Donoso Moscoso

Senior executives  
Jorge Andrés Taboada Rodríguez  
General Manager

Commercial relations with Endesa Chile  
None.

## CELTA

Name  
Compañía Eléctrica Tarapacá S.A.

Type of company  
Closely-held corporation.

Tax No.  
96,770,940-9

Domicile  
Santa Rosa 76, Santiago, Chile.

Corporate objects  
The production, transportation, distribution and supply of electricity, both nationally and internationally, and for such purposes obtain, acquire and benefit from the respective concessions and benefits. Also the purchase and sale of natural, liquefied natural gas and diesel; promote and develop renewable energy projects, identify and develop Clean Development Mechanism (CDM) and act as depository and trader in emission reduction certificates obtained from such projects. The company may also make or participate in all kinds of investment, especially related to electricity business, and may make, hold and manage investments in energy projects linked to the companies Gasoducto Atacama Compañía Limitada, Gasoducto Cuencanoroeste Limitada and Nor Oeste Pacífico Generación de Energía Limitada; as well as the management of Proyecto Atacama S.A. or its legal successors. The company's objects also cover the rental, acquisition, sale, management and operation, for its own or third parties' account, all kinds of movable and immovable assets, securities and other commercial paper, carry out studies and consultancies, provide all kinds of service including engineering, works inspection, inspection and reception of materials and equipment, laboratory, expert work, company management in all its fields, environmental advice including environmental impact studies, and in general consultancy services in all specialities. It may also capture, extract, treat, desalinate, transport, distribute, sell, deliver and supply seawater in all its forms, whether natural, drinkable, desalinated or with any other treatment, for its own or third party account.

Business  
Electricity generation.

Subscribed & paid capital (ThCh\$)  
331,823,925

Board of directors  
Alejandro García Chacón (Manager, Operations, Endesa Chile)  
Alan Fischer Hill (Manager, Energy Management and Commercialization, Endesa Chile)  
Humberto Espejo Paluz (Manager, Energ and Fuels Movement, Endesa Chile)

Senior executives  
Eduardo Soto Trincado  
General Manager

Commercial relations with Endesa Chile  
Celta has an operating, maintenance, management and commercialization agreement with Endesa Chile.

## CENTRAL VUELTA OBLIGADO

Name  
Central Vuelta Obligado S.A.

Type of company  
Closely-held corporation.

Domicile  
Av. Tomás Edison 2701, Buenos Aires, Argentina.

Corporate objects  
Electricity production and block trading and, particularly, equipment procurement, construction, operation and maintenance of a thermal power plant called 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 Remuneration", signed on November 25, 2010 between the state and generation companies.

Business  
Construction of a thermal electricity plant called Central Vuelta de Obligado.

Subscribed & paid capital (Th\$arg)  
500

Board of directors  
Directors  
José Miguel Granged Bruñen  
Fernando Claudio Antognazza  
José María Vásquez  
Eduardo Nitardi

Directores Suplentes  
Leonardo Marinaro  
Juan Carlos Blanco  
Roberto José Fagan  
Adrian Salvatore

Senior executives  
Eduardo Nitardi  
General Manager

Commercial relations with Endesa Chile  
None.

## CHINANGO

Name  
Chinango S.A.C.

Type of company  
Closely-held corporation.

Domicile  
Av. Víctor Andrés Belaúnde N° 147, Edificio Real 4, Floor 7, San Isidro, Lima, Peru.

Corporate objects  
The generation, commercialization and transmission of electricity and all actions and sign contracts allowed by Peruvian law for such purposes.

Business  
Electricity generation

Subscribed & paid capital (ThCh\$)  
49,974,755

General Manager  
EDEGEL S.A.A., represented by Julián Cabello Yong.

Commercial relations with Endesa Chile  
None.

## COELCE

Name  
Companhia Energética do Ceará

Type of company  
Open corporation.

Domicile  
Rua Padre Valdevino, 150, Fortaleza, Ceará, Brazil.

Corporate objects  
The distribution of electricity and related services in the state of Ceará

Business  
Distribution of electricity.

Subscribed & paid capital (ThCh\$)  
In reales R\$442,946,885.77

Board of directors  
Directors  
Mario Fernando de Melo Santos (Chairman)  
Marcelo Llêvenes Rebolledo (Vice Chairman)  
Gonzalo Vial Vial  
José Alves de Mello Franco  
Jorge Parente Frota Júnior  
Cristián Eduardo Fierro Montes  
Renato Soares Sacramento  
Francisco Honório Pinheiro Alves  
Nelson Ribas Visconti  
João Francisco Landim Tavares

Alternate directors  
Antonio Basilio Pires e Albuquerque  
Luciano Alberto Galasso Samaria  
Teobaldo José Cavalcante Leal  
José Caminha Alencar Araripe Júnior  
José Távora Batista  
Vlândia Viana Regis  
José Nunes de Almeida Neto  
Carlos Ewandro Naegele Moreira  
Bruno Golebiovski  
Robson Figueiredo de Oliveira

Senior executives  
Abel Alves Rochinha  
President  
José Nunes de Almeida Neto  
Olga Jovanna Carranza Salazar  
Teobaldo José Cavalcante Leal  
José Távora Batista

David Augusto de Abreu  
Carlos Ewandro Naegele Moreira  
Cristine de Magalhães Marcondes  
José Alves de Mello Franco  
Nelson Ribas Visconti

Commercial relations with Endesa Chile  
None.

## CONSORCIO ARA – INGENDESA

Name  
Consortio Ara – Ingendesa Limitada

Type of company  
Limited partnership

Tax No.  
77,625,850-4

Domicile  
Santa Rosa 76, Santiago, Chile.

Corporate objects  
Provide engineering services, including the projection, planning and execution of engineering studies and projects, advisory services and consultancies, provision of technical information and assistance and the management, inspection and development of projects and works. Also 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 produced.

Business  
Engineering services.

Subscribed & paid capital  
ThCh\$1,000

Representatives  
Alejandro Santolaya de Pablo  
Juan Benabarre Benaiges

Alternate representatives  
Daniel Barría  
Cristián Araneda Valdivieso  
Fernando Armijo Scotti  
Nelson Hernández Pérez

Commercial relations with Endesa Chile  
None.

## CTM

Name  
Compañía de Transmisión del Mercosur S.A.

Type of company  
Corporation constituted in the city of Buenos Aires, Argentina

Domicile  
Bartolomé Mitre 797, Piso 11, Buenos Aires, Argentina.

Corporate objects  
Provide high-tension electricity transport services, as much for national power system links as for international ones, consistent with current legislation, for which the company may submit bids in local and international tenders, become a public utilities concessionaire of national or international high-tension electricity transport and carry out all activities that 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 electricity transportation lines, by participating in the funding of projects directly or indirectly related to such 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  
Transmission of electricity by international interconnection.

Subscribed & paid capital (ThCh\$)  
1,380,597

Directors  
José María Hidalgo Martín-Mateos  
Guilherme Gomes Lencastre  
Arturo Pappalardo

Alternate directors  
José Venegas Maluenda  
Juan Carlos Blanco  
Roberto José Fagan

Gerente General  
Arturo Pappalardo

Commercial relations with Endesa Chile  
None.

## DISTRILEC INVERSORA

Name  
Distrilec Inversora S.A.

Type of company  
Closely-held corporation

Domicile  
San José 140, Buenos Aires, Argentina.

Corporate objects  
The sole object of investing capital in companies already incorporated or to be incorporated whose core activity is the distribution of electricity or that participate directly or indirectly in companies with that 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.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
49,230,442

Directors  
José María Hidalgo Martín-Mateos (Chairman)  
Cristián Fierro Montes  
María Inés Justo  
Juan Carlos Blanco  
Rafael Fauquie  
Gonzalo Vial Vial  
Gonzalo Alejandro Peres Moore  
Jorge Carlos Bledel  
José María Vázquez  
Fernando Bonnet  
Edgardo Licen

Alternate directors  
Fernando Antognazza  
Rodrigo Quesada  
María Inés Justo  
Roberto Fagan  
Mariana Mariné  
Héctor Sergio Falzone  
José María Saldungaray  
Osvaldo Alejandro Pollice  
Leonardo Marinaro  
Justo Pedro Saenz  
Senior executives  
Antonio Jerez

Commercial relations with Endesa Chile  
None.

## EDEGEL

Name  
Edegel S.A.A.

Type of company  
Open corporation.

Domicile  
Av. Víctor Andrés Belaúnde N° 147, Edificio Real 4, Piso 7, Centro Empresarial Camino Real, San Isidro, Lima, Peru.

Corporate objects  
Electricity generating activities in general. It may also carry out civil, industrial, and commercial acts and operations and of any other nature that are related or lead to its core objects.

Business  
Electricity generation.

Subscribed & paid capital (ThCh\$)  
423,177,466

Board of directors  
Directors  
Ignacio Blanco Fernández (Chairman)  
Alberto Briand Rebaza Torres (Vice Chairman)  
Joaquín Galindo Vélez (Chairman)(Chief Executive of Endesa Chile)  
Rafael Fauquie Bernal  
Reynaldo Llosa Barber  
Claudio Herzka Buchdahl  
Gerardo Rafael Sepúlveda Quezada

Alternate directors  
Julián Cabello Yong  
Raffaele Enrico Grandi  
Arrate Gorostidi Aguirresarobe  
Mariano Paz Soldán Franco  
Alberto Triulzi Mora  
Sebastián Fernández Cox  
Eric Andrés Añorga Müller

Senior executives  
Francisco Pérez Thoden Van Velzen (General Manager)  
Julián Cabello Yong (Operations Manager)  
Carlos Rosas Cedillo (Manager, Energy Management and Commercialization)

Eric Añorga Müller (Finance Manager)  
Daniel Abramovich Ackerman (Legal Counsel)

Commercial relations with Endesa Chile  
None.

## ELECTROGAS

Name  
Electrogas S.A.

Type of company  
Closely-held corporation.

Tax No.  
96,806,130-5

Domicile  
Alonso de Córdova 5900, Office 401, Las Condes, Santiago, Chile.

Corporate objects  
Provide transport services 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 complementary facilities.

Business  
Gas transportation

Subscribed & paid capital (US\$)  
21,266,155

Board of directors  
Directors  
Juan Eduardo Vásquez Moya  
Alan Fischer Hill (Manager, Energy Management and Commercialization, Endesa Chile)  
Pedro Gatica Kerr (Manager, Energy Planning, Endesa Chile)  
Eduardo Laguer Rodríguez  
Fernando Promis Baeza

Alternate directors  
Andrés Opazo Irarrázaval  
Ricardo Santibáñez Zamorano (Assistant Manager, Tolls and Fuels, Endesa Chile)  
Juan Oliva Vásquez (Assistant Manager, Fuels, Endesa Chile)  
Cristian Morales Jaureguiberry  
Gastón Schofield Lara

Senior executives  
Carlos Andreani Luco  
General Manager

Commercial relations with Endesa Chile.  
Electrogas currently has a contract with Endesa Chile for firm natural gas transportation. It also has another contract with Endesa Chile for the transportation of diesel and a pipeline operation and maintenance contract for the supply of diesel oil to the Quintero thermal plant.

Electrogas also has a contract for firm natural gas transportation and another for diesel with Compañía Eléctrica Tarapacá S.A., as the legal successor of Compañía Eléctrica San Isidro S.A.

## EMGESA

Name  
Emgesa S.A. E.S.P.

Type of company  
Corporation, public-utility company.

Domicile  
Carrera 11 N° 82-76, piso 4 Bogotá, D.C. Colombia.

Corporate objects  
The company's main purpose is the generation and commercialization of electricity and the implementation of all related and complementary activities related to its objects.

Business  
Generation and sale of electricity.

Subscribed and paid capital (ThCh\$)  
164,600,582

Board of directors  
Directors  
J. Antonio Vargas Lleras  
Joaquín Galindo Vélez  
Lucio Rubio Díaz  
Sandra Stella Fonseca Arenas  
Ricardo Roa Barragán  
Ricardo Bonilla González  
Luisa Fernanda Lafourie

Alternate directors  
Omar Serrano Rueda  
Carlos Luna  
Juan Manuel Pardo  
Ernesto Moreno  
Álvaro Torres Macías  
José Alejandro Herrera Lozano  
Andrés López Valderrama

Senior executives  
Lucio Rubio Díaz  
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  
Raúl Puentes  
Ana Patricia Delgado Meza  
Javier Blanco Fernández

## EMGESA PANAMÁ, S.A.

Name  
Emgesa Panamá, S.A.

Type of company  
Corporation not quoted on an exchange nor an issuer of securities.

Domicile  
Panama City, Panama

Corporate objects  
Purchase, sale, import and export of electricity. It may also dedicate itself to industry and commerce in general, being able to enter into all transactions, operations, business, acts and activities permitted by Panamanian law to corporations although not expressly stated in the bylaws.

Business  
Purchase, sale, import and export of electricity.

Subscribed & paid capital (ThCh\$)  
4,788

Directors  
Lucio Rubio Díaz  
Andrés Caldas Rico  
Omar Serrano Rueda

Senior executives  
Fernando Gutiérrez Medina  
Andrés Caldas Rico  
Elizabeth Laverde Enciso

Commercial relations with Endesa Chile  
None

## EN-BRASIL COMÉRCIO E SERVIÇOS

Name  
En-Brasil Comércio e Serviços S.A.

Type of company  
Closely-held corporation constituted under the federal laws of Brazil.

Domicile  
Praça Leoni Ramos N° 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

Corporate objects  
Participate in the capital of other companies, in Brazil or abroad, commerce in general including import and export, retail and wholesale, of various products, and the provision of services in general for the electricity sector and others.

Business  
Provision of services in general for the electricity sector and others.

Subscribed & paid capital (ThCh\$)  
R\$1,000,000,00

Administration  
Albino Motta da Cruz  
General Manager  
Rafael de Bessa Sales

Commercial relations with Endesa Chile  
None.

## ENDESA ARGENTINA

Name  
Endesa Argentina S.A.

Type of company  
Corporation.

Domicile  
Suipacha 268, piso 12, Buenos Aires, Argentina.

Corporate objects  
Invest in companies involved in the production, transportation and distribution of electricity and its sale, as well as financial activities, except those that by law are restricted exclusively to banks.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
52,105,667

Board of directors  
Directors  
José María Hidalgo Martín Mateos  
Jose Miguel Granged Bruñen  
María Inés Justo

Alternate directors  
Rodrigo Quesada  
Mariana Cecilia Mariné  
María Julia Nosetti

Commercial relations with Endesa Chile  
None.

## ENDESA BRASIL

Name  
Endesa Brasil S.A.

Type of company  
Closely-held corporation.

Domicile  
Praça Leoni Ramos, Nº 1, 7º andar, bloco 2, Niterói, RJ, Brazil.

Corporate objects  
Participation in the capital of other companies in any segment of the electrical sector, including companies providing services to others operating in this sector, in Brazil or abroad; the provision of electricity transmission, distribution, generation and commercial services and related operations, and involvement, independently or by means of joint ventures, companies, consortia or other similar forms of association, in tenders, projects

and ventures for the implementation of the above mentioned services and activities.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
R\$1,056,049,091,42

Directors  
Mario Fernando de Melo Santos (Chairman)  
Ignacio Antoñanzas Alvear (Vice-Chairman)  
Massimo Tambosco  
Antonio Basilio Pires de Carvalho e Albuquerque  
Ramiro Alfonsín Balza  
Cristián Fierro Montes  
Joaquín Galindo Vélez  
(Chief Executive of Endesa Chile)

Senior executives  
Marcelo Llévénos Rebolledo  
General Manager  
Nelson Ribas Visconti (Assistant General Manager)  
Luis Larumbe Aragón  
Antonio Basilio Pires de Carvalho e Albuquerque  
José Alves de Mello Franco  
Carlos Ewandro Naegele Moreira  
Teobaldo José Cavalcante Leal  
Janaina Savino Vilella Carro

Commercial relations with Endesa Chile  
None.

## ENDESA CACHOEIRA

Name  
Centrais Elétricas Cachoeira Dourada S.A.

Type of company  
Closely-held corporation.

Domicile  
Rodovia GO 206, Km 0, Cachoeira Dourada, Goiás, Brazil.

Corporate objects  
Studies, planning, construction, installation, operation and development of electricity generation plants and the trade related to these activities. It may also promote or participate in other companies incorporated to produce electricity, inside or outside of the State of Goiás.

Business  
Electricity generation.

Subscribed & paid capital  
R\$ 64,339,835.85

Directors  
Marcelo Llévénos Rebolledo (Chairman)  
Ana Claudia Gonçalves Rebello  
Luis Larumbe Aragón

Senior executives  
Guilherme Lencastre  
General Manager  
Manuel Herrera Vargas  
José Ignacio Pires Medeiros  
Carlos Ewandro Naegele Moreira

Teobaldo José Cavalcante Leal  
José Alves de Mello Franco  
Ana Cláudia Gonçalves Rebello  
Janaina Savino Vilella Carro

Commercial relations with Endesa Chile  
None.

## ENDESA CEMSA

Name  
Endesa Cemsa S.A.

Type of company  
Corporation

Domicile  
Pasaje Ing. E. Butty 220, Piso 16, Buenos Aires, Argentina.

Corporate objects  
Wholesale buying and selling of capacity and energy produced by third parties and/or consumed by third parties, including imports and exports of electricity 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 import and/or export 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 import/export of liquid fuels and the trading of royalties as well as the provision and/or implementation of related services.

Business  
Trading in electricity and gas.

Subscribed & paid capital  
\$14,012,000

Board of directors  
Directors  
José María Hidalgo Martín-Mateos  
José Venegas Maluenda  
Fernando Claudio Antognazza

Alternate directors  
Arturo Pappalardo  
Roberto José Fagan  
Pedro Cruz Viné

Senior executives  
Juan Carlos Blanco  
General Manager

Commercial relations 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.

## ENDESA CIEN

Name  
CIEN - Companhia de Interconexão Energética

Type of company  
Closely-held corporation.

Domicile  
Praça Leoni Ramos, Nº 1, piso 6, Bloco 2 - parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

Corporate objects  
To act in the production, manufacture, distribution and trading of electricity, including import and export operations. For this, the company will promote the research, planning and construction of facilities related to the production, transmission, conversion and distribution systems of electricity, making and capturing the investments needed for the development of the facilities they intend to build and the services they provide. The company may also promote the implementation of associated projects, such as inherent, accessory and complementary activities to the services and works it may provide. To achieve its goals, the company may participate in other companies.

Business  
Electricity transmission.

Subscribed & paid capital  
R\$ 285,044,682

Directors  
Marcelo Llévénos Rebolledo (Chairman)  
Ana Claudia Gonçalves Rebello  
José Venegas Maluenda  
(Regional Manager, Energy Management and Commercialization, Endesa Chile)

Senior executives  
Guilherme Lencastre  
General Manager  
Manuel Herrera Vargas  
José Ignacio Pires Medeiros  
Carlos Ewandro Naegele Moreira  
Teobaldo José Cavalcante Leal  
José Alves de Mello Franco  
Ana Claudia Gonçalves Rebello  
Janaina Savino Vilella Carro

Commercial relations with Endesa Chile  
None.

## ENDESA COSTANERA

Name  
Endesa Costanera Sociedad Anónima

Type of company  
Corporation

Domicile  
Av. España 3301, Buenos Aires, Argentina.

Corporate objects  
Electricity production and sale by block.

Business  
Electricity generation

Subscribed & paid capital  
\$146,988,378

Board of directors  
Directors  
Joaquín Galindo Vélez  
(Chairman)(Chief Executive of Endesa Chile)  
José María Hidalgo Martín Mateos  
Máximo Luis Bomchil  
Eduardo Escaffi Johnson  
María Inés Justo  
César Fernando Amuchástegui  
Matías Brea  
Damián Camacho

Alternate directors  
Roberto José Fagan  
Francisco Domingo Monteleone  
Fernando Claudio Antognazza  
Rodrigo Quesada  
Claudio Iglesias Guillard  
Jorge Burlando  
Fernando Boggini

Senior executives  
Jose Miguel Granged Bruñen  
General Manager  
Fernando Carlos Luis Boggini  
Finance Manager  
Rodolfo Silvio Bettinsoli  
Manager, Human Resources  
Francisco Domingo Monteleone  
Production Manager  
Rodrigo Quesada  
Manager, Legal Affairs

Commercial relations with Endesa Chile  
The company has a loan of US\$ 7.1 million with Endesa Costanera.

## ENDESA FORTALEZA

Name  
Central Geradora Termelétrica Fortaleza S.A.

Type of company  
Closely-held corporation.

Domicile  
Rodovia CE 422, Km 1, Complexo Industrial e Portuário de Pecém, Caucaia – Ceará, Brazil

Corporate objects  
Study, project, build and explore the electricity production, transmission, distribution and trading systems that may be granted, licensed or authorized under any title, as well as other activities related to those mentioned above; the acquisition and exploration of any right, concession and privilege related to the above activities, as well as the execution of all other acts and transactions necessary for achieving its objects; and participation in the capital of other companies as shareholder, partner or participant, regardless of their objects.

Business  
Electricity generation.

Subscribed & paid capital (ThCh\$)  
R\$151,935,779.02

Directors  
Marcelo Llévénos Rebolledo (Chairman)  
Ana Claudia Gonçalves Rebello  
Luis Larumbe Aragón

Senior executives  
Manuel Herrera Vargas  
General Manager  
Raimundo Câmara Filho  
Teobaldo José Cavalcante Leal  
José Ignacio Pires Medeiros  
José Alves de Mello Franco  
Ana Cláudia Gonçalves Rebello  
Janaina Savino Vilella Carro

Commercial relations with Endesa Chile  
None.

## ENEL GREEN POWER MODELO I EÓLICA

Name  
Enel Green Power Modelo I Eólica S.A

Type of company  
Closely-held corporation

Domicile  
Praça Leoni Ramos, Nº 1, 5º andar, bloco 2, Niterói, RJ, Brazil.

Corporate objects  
Wind-powered generation of electricity.

Business  
Electricity generation.

Subscribed & paid capital  
R\$5.125,000.

Administration  
Newton Souza de Moraes  
Enrique de las Morenas Moneo  
General Manager

Commercial relations with Endesa Chile  
None.

## ENEL GREEN POWER MODELO II EÓLICA

Name  
Enel Green Power Modelo II Eólica S.A

Type of company  
Closely-held corporation.

Domicile  
Praça Leoni Ramos, Nº 1, 5º andar, bloco 2, Niterói, RJ, Brazil.

Corporate objects  
Wind-powered generation of electricity.

Business  
Electricity generation.

Subscribed & paid capital  
R\$5,125,000.

Administration  
Newton Souza de Moraes  
Enrique de las Morenas Moneo  
General Manager

Commercial relations with Endesa Chile  
None.

## ENERGEX

Name  
Energex Co.

Type of company  
Exempt company constituted in Cayman Islands, BWI.

Domicile  
Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands.

Corporate objects  
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  
Investments.

Subscribed & paid capital (ThCh\$)  
10,000

Directors  
Horacio Reyser  
Gonzalo Alende  
Ingrid Morales  
Eduardo Escaffi Johnson

Commercial relations with Endesa Chile  
None.

## EÓLICA CANELA

Name  
Central Eólica Canela S.A.

Type of company  
Closely-held corporation

Tax No.  
76,003,204-2

Domicile  
Santa Rosa 76, Santiago, Chile

Corporate objects  
Promote and develop renewable energy projects, mainly of aeolic energy, identify and develop clean development mechanism (CDM) projects and act as depositary and trader of the emission reduction certificates resulting from such projects. It may also generate, transport, distribute, supply and

trade electricity and therefore acquire and benefit from the corresponding concessions and favors.  
Business  
Electricity generation.

Subscribed & paid capital  
ThCh\$12,284,743

Board of directors  
Directors  
Juan Benabarre Benaiges  
Sebastián Fernández Cox (Regional Manager, Energy Planning, Endesa Chile)  
Cristóbal García-Huidobro Ramírez  
Bernardo Canales Fuenzalida (Manager, Engineering, Endesa Chile)  
Jesús Espadas Misioné (Assistant Manager, Renewable Energy Projects, Endesa Chile)

Alternate directors  
Marcelo Álvarez Ríos (Projects Manager, Endesa Chile)  
Claudio Betti Pruzzo (Assistant Manager, Project Development, Endesa Chile)  
Juan Cristóbal Pavéz Recart  
Alejandro García Chacón (Operations Manager, Endesa Chile)

Senior executives  
Wilfredo Jara Tirapegui  
General Manager

Commercial relations with Endesa Chile  
On January 1, 2010 a sale agreement was signed with Endesa Chile for the sale to it of all the firm energy and capacity of its wind farm to be recognized by the CDEC-SIC. Eólica Canela has a debt with Endesa Eco, an Endesa Chile subsidiary, for US\$ 176.6 million.

## EÓLICA FAZENDA NOVA - GERAÇÃO E COMERCIALIZAÇÃO DE ENERGIA

Name  
Eólica Fazenda Nova - Geração e Comercialização de Energia S.A.

Type of company  
Closely-held corporation.

Domicile  
Rua Felipe Camarão, Nº 507, sala 104, Ciudad de Natal, Rio Grande do Norte, Brazil.

Corporate objects  
The generation, transmission, distribution and trading of energy; participation in other companies as partner, shareholder, or quota holder, the import of machinery and equipment for the generation, transmission, distribution and trading of electricity powered by the wind.

Business  
Generation of electricity

Subscribed & paid capital (R\$)  
429,692

Administration  
Marcelo Llévènes Rebolledo  
Chairman  
Guilherme Gomes Lencastre  
Vacancy

Commercial relations with Endesa Chile  
None.

## GASATACAMA

Name  
GasAtacama S.A.

Type of company  
Closely-held corporation.

Tax No.  
96,830,980-3

Domicile  
Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile.

Corporate objects  
a) Administration and management of Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada, GasAtacama Generación Limitada and other companies to be agreed by the partners; b) Investment of its resources, for its own or third parties's account, in all kinds of personal and real property, tangible or intangible, securities, stock and commercial instruments.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
291,484,088

Board of directors  
Directors  
Raúl Sotomayor Valenzuela  
Joaquín Galindo Vélez  
(Chief Executive, Endesa Chile)  
Gonzalo Dulanto Letelier  
Ramiro Alfonsín Balza  
(Assistant Chief Executive, Endesa Chile)

Alternate directors  
Juan Benabarre Benaiges  
Eduardo Ojea Quintana  
Fernando Gardeweg Ried (Manager, Administration and Finance, Endesa Chile)  
Gonzalo Alende Serra

Senior executives  
Rudolf Araneda Kauert  
General Manager

Commercial relations with Endesa Chile  
None.

## GASATACAMA CHILE

Name  
GasAtacama Chile S.A.

Type of company  
Closely-held corporation.

Tax No.  
78,932,860-9

Domicile  
Isidora Goyenechea 3365, piso 8, Las Condes,  
Santiago, Chile.

### Corporate objects

a) Develop the generation, transmission, purchase, distribution and sale of electricity 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, charge and develop, in any form, the concessions referred to in the General Law on Electricity Services, maritime concessions and water-usage rights of any nature; e) transport natural gas, by its own means or jointly with third parties within the territory of Chile or third countries, including the construction, location and operation of gas pipelines and others directly or indirectly related to such operations; f) invest in all types of assets, tangible or intangible, movable or immovable; g) organize and create all kinds of companies whose objects are related or linked to the energy industry in whatever form or that use electricity as their main input, or that relate to any of the above activities. The company may carry out all acts and enter into all contracts for carrying out its business, including the purchase, sale, acquisition or disposal of all kinds of assets, and enter existing companies or join in their formation, whatever their kind.

Business  
Electricity generation and gas transportation.

Subscribed & paid capital (ThCh\$)  
185,025,186

Board of directors  
Directors  
Raúl Sotomayor Valenzuela  
Joaquín Galindo Vélez  
(Chief Executive, Endesa Chile)  
Gonzalo Dulanto Letelier  
Vacancy

Alternate directors  
Juan Benabarre Benaiges  
Eduardo Ojea Quintana  
Fernando Gardeweg Ried (Manager,  
Administration and Finance, Endesa Chile)  
Gonzalo Alende Serra

Senior executives  
Rudolf Araneda Kauert  
General Manager

Relaciones Comerciales con Endesa Chile  
Commercial relations with Endesa Chile  
The company has signed two contracts with Endesa Chile for the transportation of natural gas for its Taltal Plant, located in Chile's 2nd Region.

## GASODUCTO ATACAMA ARGENTINA

Name  
Gasoducto Atacama Argentina S.A.

Type of company  
Closely-held corporation.

Tax No.  
78,952,420-3

Domicile  
Isidora Goyenechea 3365, piso 8, Las Condes,  
Santiago, Chile.

### Corporate objects

The transport of natural gas, by own or third party means or jointly 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 these objects.

The company has 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, 2nd Region.

Business  
Transportation of gas.

Subscribed & paid capital (ThCh\$)  
208,173,124

Board of directors  
Directors  
Rafael Zamorano Chaparro  
Gustavo Venegas Castro  
Pedro de la Sotta Sánchez

Alternate directors  
Luis Cerda Ahumada  
Mario Guevara Esturillo  
Alejandro Sáez Carreño

Senior executives  
Rudolf Araneda Kauert  
General Manager

Commercial relations with Endesa Chile  
None.

## GASODUCTO TALTAL

Name  
Gasoducto Tal Tal S.A.

Type of company  
Closely-held corporation

Tax No.  
77,032,280-4

Domicile  
Isidora Goyenechea 3365, piso 8, Las Condes,  
Santiago, Chile.

### Corporate objects

The transportation, marketing and distribution of natural gas, by own means, by third parties or jointly with third parties, within Chile's territory, especially between the localities of Mejillones and Paposo in the 2nd Region, including the construction, location and operation of gas pipelines and other operations related directly or indirectly to such object.

Business  
Transportation of gas.

Subscribed & paid capital (ThCh\$)  
19,085,846

Board of directors  
Directors  
Rafael Zamorano Chaparro  
Gustavo Venegas Castro  
Pedro de la Sotta Sánchez

Alternate directors  
Luis Cerda Ahumada  
Mario Guevara Esturillo  
Alejandro Sáez Carreño

Senior executives  
Rudolf Araneda Kauert  
General Manager

Commercial relations with Endesa Chile  
None.

## GENERANDES PERÚ

Name  
Generandes Perú S.A.

Type of company  
Corporation.

Domicile  
Av. Víctor Andrés Belaúnde N° 147, Edificio Real 4,  
Piso 7, San Isidro, Lima, Peru.

Corporate objects  
Perform activities related to the generation of electricity, directly and/or through companies created for that purpose.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
186,073,314

Directors  
Ignacio Blanco Fernández  
Alberto Briand Rebaza Torres  
Joaquín Galindo Vélez  
(Chairman)(Chief Executive, Endesa Chile)  
Raffaele Enrico Grandi  
José Venegas Maluenda  
(Regional Manager, Energy Management and Commercialization, Endesa Chile)  
Rafael Fauquié Bernal  
Gerardo Rafael Sepúlveda Quezada  
Alberto Triulzi Mora

Alternate directors  
Guillermo Lozada Pozo  
Rafael Alcázar Uzátegui  
Julían Cabello Yong  
Carlos Rosas Cedillo  
José María Hidalgo Martín-Mateos  
Gonzalo Adolfo de las Casas Salinas  
Sebastián Fernández Cox  
Eric Andrés Añorga Müller

Senior executives  
Francisco Pérez Thoden Van Velzen (General Manager)  
Eric Añorga Müller (Finance Manager)

Commercial relations with Endesa Chile  
None.

## GNL CHILE

Name  
GNL Chile S.A.

Type of company  
Closely-held corporation

Tax No.  
76,418,940-K

Domicile  
Rosario Norte 532, oficina 1303, Las Condes, Santiago.

Corporate objects  
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 capacity and delivery of natural gas and LNG available at its regasification terminal, including its expansions, if any, and any other matter specified in such contracts as the company might sign 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 signed 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 above objects.

Business  
Import and sale of natural gas.

Subscribed & paid capital (ThUS\$)  
3,026

Board of directors  
Directors  
Klaus Lührmann Poblete  
José Venegas Maluenda  
(Regional Manager, Energy Management and Commercialization, Endesa Chile)  
Marc Llambías Bernaus

Alternate directors  
Victor Turpaud Fernández  
Juan Oliva Vásquez (Assistant Manager, Fuels, Endesa Chile)  
Mario Basualto Vergara

Senior executives  
Alejandro Palma Rioseco  
General Manager

Commercial relations 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. In July 2013, GNL Chile S.A. concluded contractual modifications relating to gas sales with its customers (including the company) in view of the expansion the GNL Quintero terminal, currently in progress.

GNL Chile S.A.'s shareholders have granted loans to the company; its debt with Endesa Chile totals ThUS\$ 1,988.

## GNL QUINTERO

Name  
GNL QUINTERO S.A.

Type of company  
Closely-held corporation.

Tax No.  
76,788,080-4

Domicile  
Rosario Norte 532, oficina 1604, Las Condes, Santiago, Chile

Corporate objects  
The development, funding, design, engineering, supply, construction, commissioning, operation and maintenance of a storage and regasification 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 this object, including but not limited to the administration and management of all commercial 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 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 commercial company, as the above term is defined in section 13.4 of Article 13 of the bylaws, 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 objects.

Business  
The unloading, storage, regasification and delivery of liquefied natural gas and natural gas

Subscribed & paid capital (ThCh\$)  
54,609,413

Board of directors  
Directors  
Francisco Gazmuri Schleyer  
José Venegas Maluenda (Regional Manager, Energy Management and Commercialization, Endesa Chile)  
Julio Bertrand Planella  
Jesús Saldaña Fernández  
Sultán Al Bartamani

Alternate directors  
Juan Oliva Vásquez (Assistant Manager, Fuels, Endesa Chile)  
Fernando Promis Baeza  
Victor Turpaud Fernández  
Rafael González Rodríguez  
Hilal Al Kharusi

Senior executives  
Antonio Bacigalupo Gittins  
General Manager

Commercial relations with Endesa Chile  
There is an electricity supply contract between GNL Quintero S.A. and Endesa Chile dated August 20, 2008, amended on May 3, 2011. There are also current contracts between these companies for the design, supply, construction, operation and maintenance of the 220 kV line for the electricity connection for supplying energy to the GNL Quintero plant, and for the provision of construction, operation, maintenance, transformation and transmission services through the 220/110 kV transformer, cable line connection in 110 kV for supplying energy to the GNL Quintero plant, dated July 31, 2009. There is also a contract covering the use of the transmission grid signed between Endesa Chile and GNL Quintero S.A. on May 3, 2011.

## HIDROAYSÉN

Name  
Centrales Hidroeléctricas de Aysén S.A.

Type of company  
Closely-held corporation constituted in Santiago, Chile, and registered in the Securities Register of the SVS.

Tax No.  
76,652,400-1.

Domicile  
In Santiago, Miraflores 383, office 1302.  
In Coyhaique, Chile, Baquedano 260.  
In Cochrane, Chile, Teniente Merino 324.

Corporate objects  
To develop, finance, own and operate a hydroelectric project in Aysén, 9th Region, with an estimated capacity of 2,750 MW by way of 5 hydroelectric power plants known jointly as the Aysén Project. For this, the following are included in its business activities: a) the production and transportation of electricity; b) the supply and trading of electricity to its shareholders; and c) the management, operation and maintenance of hydroelectric plants, electricity grids and hydroelectric energy generation plants.

Business  
Electricity generation (project).

Subscribed & paid capital  
ThCh\$174,445,665,182

#### Board of directors

Directors  
Joaquín Galindo Vélez (Chief Executive, Endesa Chile)  
Juan Benabarre Benaiges  
Ramiro Alfonsín Balza (Assistant Chief Executive, Endesa Chile)  
Bernardo Larraín Matte  
Luis Felipe Gazitúa Achondo  
Juan Eduardo Vásquez

#### Alternate directors

Carlos Martín Vergara  
Sebastián Fernández Cox (Regional Manager, Energy Planning, Endesa Chile)  
Claudio Iglesias Guillard  
Eduardo Lauer Rodríguez  
Cristián Morales Jaureguiberry  
Enrique Donoso Moscoso

#### Senior executives

Daniel Fernández Koprach  
Executive vice-president

Commercial relations with Endesa Chile  
Hidroaysén S.A. will sell energy and capacity from its own generation to Endesa Chile under 30-year power purchase agreements.

## HIDROELÉCTRICA EL CHOCÓN

Name  
Hidroeléctrica El Chocón Sociedad Anónima

Type of company  
Corporation

Domicile  
Av. España 3301, Buenos Aires, Argentina.

Corporate objects  
Electricity production and block sale.

Business  
Electricity generation.

Subscribed & paid capital  
\$298,584,050.

Board of directors  
Directors  
Joaquín Galindo Vélez (Chairman)(Chief Executive, Endesa Chile)  
José Miguel Granged Bruñen  
José María Hidalgo Martín Mateos  
Eduardo Escaffi Johnson  
Vacancy  
Alex Daniel Horacio Valdez  
Juan Carlos Nayar  
Sergio Maschio

Alternate directors  
Jorge Raúl Burlando Bonino  
Francisco Domingo Monteleone  
Juan Carlos Blanco  
Roberto José Fagan  
Fernando Carlos Boggini

Orlando Adalberto Díaz  
Alejandro Nagel

Senior executives  
Fernando Claudio Antognazza  
General Manager  
Fernando Carlos Luis Boggini  
Finance Manager  
Néstor Srebernic  
Production Manager  
Cristian Vargas  
Commercial Manager  
Rodolfo Silvio Bettinsoli  
Manager, Human Resources

Commercial relations with Endesa Chile  
There is a current contract by which Endesa Chile is responsible for the operation of Hidroeléctrica El Chocón S.A. and the provision of related services in areas of supervision and technical assistance, operations, sales, administration, management, personnel management, procurement, environment and internal audit.

## HIDROINVEST

Name  
Hidroinvest S.A.

Type of company  
Corporation incorporated in Buenos Aires, Argentina.

Domicile  
Av. España 3301, Buenos Aires, Argentina.

Corporate objects  
Acquire and maintain a majority shareholding in Hidroeléctrica Alicura S.A., and/or Hidroeléctrica El Chocón S.A., and/or Hidroeléctrica Cerros Colorados S.A. (the concession-holding companies) created by National Executive Decree 287/93 and to manage such investments.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
35,137,643

Board of directors  
Directors  
Joaquín Galindo Vélez (Chairman)(Chief Executive, Endesa Chile)  
José Miguel Granged Bruñen  
José María Hidalgo Martín Mateos  
Fernando Claudio Antognazza  
Eduardo Escaffi Johnson  
Juan Carlos Blanco  
Roberto José Fagan  
Vacancy

Alternate directors  
Francisco Monteleone  
Jorge Raúl Burlando Bonino  
Daniel Garrido  
Rodolfo Bettinsoli  
Fernando Boggini  
Rodrigo Quesada  
Sergio Camps  
Oscar Rigueiro

Commercial relations with Endesa Chile  
None.

## INGENDESA DO BRASIL

Name  
Ingendesa do Brasil Ltda.en liquidação

Type of company  
Limited partnership.

Domicile  
Praça Leoni Ramos, Nº 1, parte, São Domingos, Niterói - RJ, Brazil.

Corporate objects  
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  
Engineering services.

Subscribed & paid capital  
ThCh\$48,203

Representative  
Bruno César Vasconcelos

Commercial relations with Endesa Chile  
None.

## INVERSIONES GASATACAMA HOLDING

Name  
Inversiones GasAtacama Holding Limitada.

Type of company  
Limited partnership.

Tax No.  
76,014,570-K

Domicile  
Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile.

Corporate objects  
a) The direct or indirect participation in any type of association, in companies whose purpose includes one or more of the following activities: i) the transportation of natural gas in any form; ii) the generation, transmission, purchase, distribution and sale of electricity; iii) the funding of the operations mentioned in i) and, ii) developed by related third parties, and b) the receipt and investment of assets for investment, including the related gainful activities already mentioned.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
333,519,598

Board of directors  
Directors  
Raúl Sotomayor Valenzuela  
Joaquín Galindo Vélez (Chief Executive, Endesa Chile)  
Eduardo Escaffi Johnson  
Gonzalo Dulanto Letelier

Alternate directors  
Juan Benabarre Benaiges  
Ramiro Alfonsín Balza  
Eduardo Ojea Quintana  
Pedro Pablo Errázuriz Domínguez

Senior executives  
Rudolf Araneda Kauert  
General Manager

Commercial relations with Endesa Chile  
None.

## PEHUENCHE

Name  
Empresa Eléctrica Pehuenche S.A.

Type of company  
Open corporation.

Tax No.  
96,504,980-0

Domicile  
Santa Rosa 76, Santiago, Chile.

Corporate objects  
Generate, transport, distribute and supply electricity for which it may obtain, acquire and benefit from the respective concessions and benefits.

Business  
Electricity generation.

Subscribed & paid capital (ThCh\$)  
200,319,020

Board of directors  
Alan Fischer Hill (Manager, Energy Management and Commercialization, Endesa Chile)  
Alejandro García Chacón (Manager, Operations, Endesa Chile)  
Humberto Espejo Paluz (Manager, Energy and Fuel Movement, Endesa Chile)  
Fernando Gardeweg Ried (Manager, Administration and Finance, Endesa Chile)  
Fernando Prieto Plaza (Regional Manager, Engineering, Projects and R&D&I)

Senior executives  
Lucio Castro Márquez  
General Manager

Commercial relations with Endesa Chile  
Pehuenche has signed a contract with Endesa Chile for the operation and maintenance of its plant and its financial and business management. The company also has contracts with Endesa Chile for the sale of energy and capacity.

## PROGAS

Name  
Progas S.A.

Type of company  
Closely-held corporation.

Domicile  
Isidora Goyenechea 3356, 8° piso, Santiago, Chile.

Corporate objects  
In Regions I, II and III, the acquisition, production, storage, transport, distribution, transformation and trading of natural gas and other oil and fuel derivatives in general; provide services in manufacturing, sale of equipment and materials and the execution of works related to the above objects or required for their implementation and development; all other activities necessary or conducive to meeting the above objects.

Business  
Supply of gas.

Subscribed & paid capital (ThCh\$)  
1,563

Directors  
Rudolf Araneda Kauert  
Luis Cerda Ahumada  
Pedro De la Sotta Sánchez

Senior executives  
Alejandro Sáez Carreño  
General Manager

Commercial relations with Endesa Chile  
None.

## SOCIEDAD PORTUARIA CENTRAL CARTAGENA

Name  
Sociedad Portuaria Central Cartagena S.A.

Type of company  
Corporation

Domicile  
Carrera 13 A N° 93-.66, piso 2 Bogotá, D.C. Colombia.

Corporate objects  
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 docked ships or naval vessels 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. Form partnerships 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, and provide the necessary common good services. 4. Promote

the incorporation of other companies with any objects whatsoever, by a single act or subsequent subscription to operate anywhere in the country or abroad, participating in its capital or receiving in exchange the benefits of the incorporation process as a promoting entity. 5. Buy, sell or establish companies, subsidiaries or agents in Colombia or abroad, with any objects, participating in the capital by way of capital contributions or by receiving shares in exchange for technological input. 6. Buy, sell and lease personal goods and real estate. 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, subsidiaries and third parties cash loans; enter into insurance, transportation, participation accounts, 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 individual or legal-entity third parties. 12. Progress 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 objects. 14. Transfer, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, enforceable documents and others. 15. Participate in private and public tenders. 16. In the course of its business, the company may perform all acts and enter into all contracts that are considered desirable or necessary for the proper performance of its objects and are directly related to the object mentioned.

Business  
Port services.

Subscribed & paid capital (ThCh\$)  
1,571

Board of directors  
Directors  
Carlos Alberto Luna  
Juan Manuel Pardo  
Leonardo López Vergara

Senior executives  
Fernando Gutiérrez Medina  
Alba Lucía Salcedo  
Luís Fernando Salamanca

Principales ejecutivos  
Fernando Gutiérrez Medina  
General Manager

Commercial relations with Endesa Chile  
None.

## SOUTHERN CONE POWER ARGENTINA

Name  
Southern Cone Power Argentina S.A.

Type of company  
Corporation.

Domicile  
Av. España 3301, Buenos Aires, Argentina.

Corporate objects  
Wholesale buying and selling of electricity produced by third parties and to be consumed by others. The company may also have shareholdings in companies engaged in electricity generation.

Business  
Investments.

Subscribed & paid capital (ThCh\$)  
2,086,965

Board of directors  
Directors  
José María Hidalgo Martín Mateos  
José Miguel Granged Bruñen  
Roberto José Fagan

Alternate director  
Fernando Claudio Antognazza

Commercial relations with Endesa Chile  
None.

## TERMOELÉCTRICA BELGRANO

Name  
Termoeléctrica Manuel Belgrano S.A.

Type of company  
Corporation.

Domicile  
Suipacha 268, Piso 12, Buenos Aires, Argentina.

Corporate objects  
The production of electricity and its block trading and, in particular, the management of equipment, construction, operation and maintenance of a thermal plant in compliance with the "Definitive Agreement for the Management and Operation of Projects toward the Re-adaptation of the Wholesale Electric Market (MEM) within the framework of SE Resolution N° 1427/2004", approved by Resolution SE N° 1193/2005.

Business  
Electricity generation.

Subscribed & paid capital (ThCh\$)  
48,690

Board of directors  
Directors  
Patricio Testorelli  
Martín Genesis  
Adrián Salvatore

José María Vázquez  
Fernando Antognazza  
Jose Miguel Granged  
Gerardo Carlos Paz  
José Manuel Tierno  
Jorge Ravlich

Alternate directors  
Rigoberto Orlando Mejía Aravena  
Juan Carlos Blanco  
Roberto Fagan Recollo  
Leonardo Marinaro  
Leonardo Pablo Katz  
Emiliano Chaparro  
L. Agustín León Longombardo  
Sergio Raúl Sánchez  
Iván Diego Durontó

Senior executives  
Daniel Garrido  
General Manager  
Gustavo Manifesto  
Óscar Zapiola  
Sergio Schmois

Commercial relations with Endesa Chile  
None.

## TERMOELÉCTRICA SAN MARTÍN

Name  
Termoeléctrica José de San Martín S.A.

Type of company  
Corporation.

Domicile  
Elvira Rawson de Dellepiane 150, piso 9, Buenos Aires, Argentina.

Corporate objects  
The production of electricity and its block trading and, in particular, the management of equipment, construction, operation and maintenance of a thermal plant in compliance with the "Definitive Agreement for the Management and Operation of Projects toward the Re-adaptation of the Wholesale Electric Market (MEM) within the framework of SE Resolution N° 1427/2004", approved by virtue of Resolution SE N° 1193/2005.

Business  
Electricity generation.

Subscribed & paid capital (ThCh\$)  
48,695

Board of directors  
Directors  
José María Vázquez  
Claudio Majul  
José Miguel Granged Bruñen  
Fernando Antognazza  
Patricio Testorelli  
Martín Genesis  
Gerardo Carlos Paz  
José Manuel Tierno  
Jorge Ravlich

Alternate directors  
Juan Carlos Blanco  
Roberto Fagan Recollo  
Adrián Salvatore  
Leonardo Pablo Katz  
Iván Durontó  
Emiliano Chaparro  
Luis Agustín León Longombardo  
Sergio Raúl Sánchez  
Rigoberto Mejía Aravena

Senior executives  
Claudio Omar Majul  
General Manager – Manager, Administration and Finance  
Fernando Rabita - Manager, Plant Operations  
Guillermo Paillet - Commercial Manager

Commercial relations with Endesa Chile  
None.

## TESA

Name  
Transportadora de Energía S.A.

Type of company  
Corporation.

Domicile  
Bartolomé Mitre 797, Piso 11, Buenos Aires, Argentina.

Corporate objects  
Provide transport service for high-voltage electricity, linked to both local and international electricity grids, consistent with current legislation, for which the company may participate in local and international tenders, become a licensee of local or international, high-voltage electricity transport public utilities, and perform all the operations required to fulfill these objects, including expressly, but not limited to, being a party to construction, operation and maintenance contracts for the initiation and/or expansion of electricity 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, for which it can grant guarantees in favor of third parties. Expressly excluded are all those operations covered by the Financial Institutions Act or any other that resorts to public savings.

Business  
Electricity transmission.

Subscribed & paid capital (ThCh\$)  
3,967,132

Board of directors  
Directors  
José María Hidalgo Martín-Mateos  
Guilherme Gomes Lencastre  
Arturo Pappalardo

Alternate directors  
José Venegas Maluenda  
(Regional Manager, Energy Management and Commercialization, Endesa Chile)

Juan Carlos Blanco  
Roberto José Fagan  
General Manager  
Arturo Pappalardo

Commercial relations with Endesa Chile  
None.

## TRANSQUILLOTA

Name  
Transmisora Eléctrica de Quillota Ltda.

Type of company  
Limited partnership

Tax No.  
77.017.930-0

Domicile  
Ruta 60, km 25, Lo Venecia, Quillota, 5th Region of Valparaiso.

Corporate objects  
Transportation, distribution and supply of electricity, for its own or third parties' account

Business  
Electricity transmission

Subscribed & paid capital  
Ch\$4,404,446

Representatives  
Juan Eduardo Vásquez Moya  
Gabriel Carvajal Menégoles (Manager, Transmission, Endesa Chile)  
Ricardo Santibañez Zamorano (Assistant Manager, Tolls and Fuels, Endesa Chile)

Alternate representatives  
Eduardo Calderón Avilés  
Carlos Ferruz Bunster  
Ricardo Sáez Sánchez (Assistant Manager, Transmission Projects, Endesa Chile)

Commercial relations with Endesa Chile.  
The company has contracts with Endesa Chile and Celta covering the use of transmissions systems, which allow them to transmit energy to the Central Electricity Grid (SIC).

## TÚNEL EL MELÓN

Name  
Sociedad Concesionaria Túnel El Melón S.A.

Type of company  
Closely-held corporation.

Tax No.  
96,671,360-7

Domicile  
Santa Rosa 76, Santiago, Chile.

Corporate objects  
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  
Public-works concession holder.

Subscribed & paid capital (ThCh\$)  
19,028,480

Directors  
Eduardo Escaffi Johnson  
Sebastián Fernández Cox (Regional Manager, Energy Planning, Endesa Chile)  
Vacancy

Senior executive  
Maximiliano Ruiz Ortíz  
General Manager

Commercial relations with Endesa Chile  
Túnel El Melón has a contract with Endesa Chile for the provision of services to the former on matters such as accounting, treasury, management, information technology, money desk, insurance, personnel, training, welfare, risk prevention and controller/audit services, among others

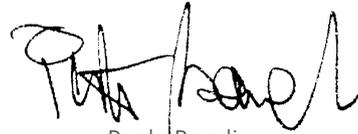


# Declaration of responsibility

The Directors of Empresa Nacional de Electricidad S.A. and its chief executive, signatories to this statement, are responsible under oath for the veracity of all the information provided in this annual report, in accordance with General Rule N° 30 dated November 10, 1989 issued by the Superintendency of Securities and Insurance (SVS).



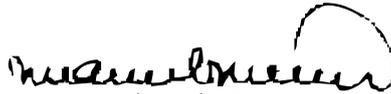
Jorge Rosenblut  
Chairman  
Tax No.: 6,243,657-3



Paolo Bondi  
Vice Chairman  
Passport: G084839



Francesco Buresti  
Director  
Passport: F685628



Manuel Morán Casero  
Director  
Passport: AAB266217



Alfredo Arahuetes García  
Director  
Tax No.: 48,115,220 - 8



Jaime Bauzá Bauzá  
Director  
Tax No.: 4,455,704-5



Vittorio Corbo Lio  
Director  
Tax No.: 4,965,604-1



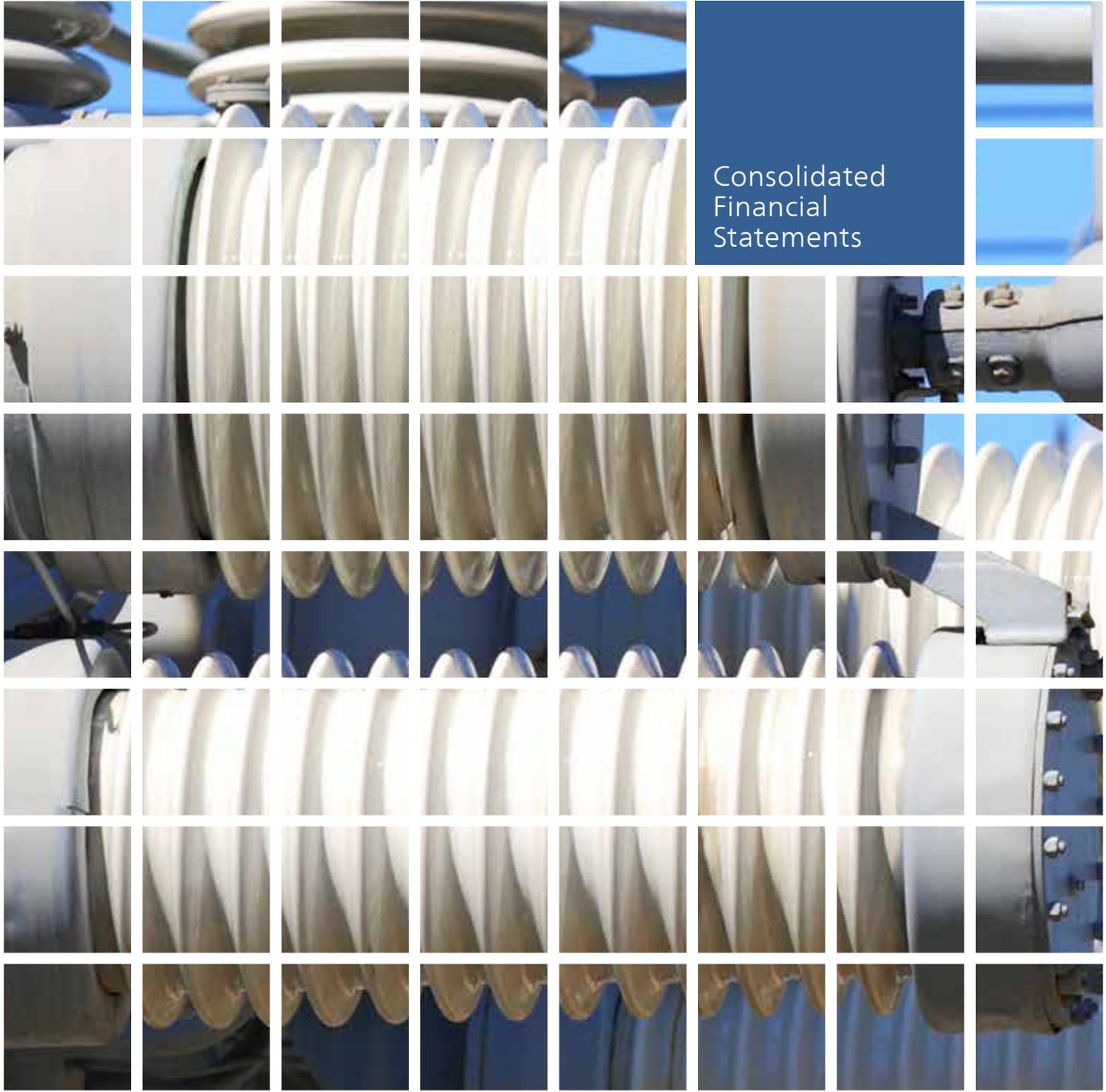
Enrique Cibié Bluth  
Director  
Tax No.: 6,027,149-6



Felipe Lamarca Claro  
Director  
Tax No.: 4,779,125-1



Joaquín Galindo Vélez  
Chief Executive Officer  
Tax No.: 23,295,610-0







## REPORT OF INSPECTORS OF ACCOUNTS

To the Shareholders,

In accordance with the Corporations Law 18,046 and the mandate given by the Ordinary Shareholders Meeting of April 15, 2013, we have examined the Financial Statements of Empresa Nacional de Electricidad S.A. for the calendar year 2013.

Our work was concentrated on the verification on a selective basis of the matching of the figures in the Statement of Financial Position and the Statement of Comprehensive Income with the official books of the Company. For this, we compared the figures shown in the general ledger with the grouping and classification sheets and then saw that these amounts, representing the sum of accounts of the same heading, coincide with those included in the final statements. The revision produced no differences.

We therefore have no comment to make.



**Rolf Heller Ihle**  
Account Inspector



**Manuel Oneto Faure**  
Account Inspector

Santiago, January 23, 2014

# Report of Independent Registered Public Accounting Firm



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

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[www.kpmg.cl](http://www.kpmg.cl)

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of  
Empresa Nacional de Electricidad S.A. (Endesa-Chile):

We have audited the accompanying consolidated statements of financial position of Endesa-Chile and subsidiaries (the Company) as of December 31, 2013, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets constituting 36.12 percent, 33.54 percent and 31.22 percent, of the Company's consolidated total asset position as of December 31, 2013, 2012 and January 1, 2012, respectively, and total revenues constituting 36.26 percent, 38.27 percent and 39.3 percent of the Company's consolidated revenues for the years ended December 31, 2013, 2012 and 2011, respectively. In addition, we did not audit the financial statements of Endesa Brasil S.A. The Company's investment in Endesa Brasil S.A. at December 31, 2013, 2012 and January 1, 2012 was ThCh\$ 543,713,349, ThCh\$ 574,168,681 and ThCh\$ 569,012,759 as of December 31, 2013, 2012 and January 1, 2012, respectively, and its equity earning was ThCh\$94,402,624, ThCh\$107,503,620 and ThCh\$115,355,267 for the years ended December 31, 2013, 2012 and 2011, respectively. Those consolidated financial statements prepared in accordance with the local statutory accounting basis were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those entities on such basis of accounting, is based solely on the reports of the other auditors. Accordingly, we have audited the conversion adjustments to the financial statements of these subsidiaries and nonsubsidiary investees prepared in accordance with the local statutory accounting basis to conform them to the Company's accounting basis referred to below.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Endesa-Chile and subsidiaries as of December 31, 2013, 2012 and January 1, 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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As indicated in Note 2.2 a) to the consolidated financial statements, starting from January 1, 2013 and due to the application of International Financial Reporting Standards (IFRS) 11 “Joint Arrangements,” the Company changed its valuation method of investments which business are jointly controlled. As required by this standard, the consolidated statements of financial position as of December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2012 and 2011, and their related notes to the financial statements, were retrospectively restated.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Endesa-Chile’s internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 27, 2014, expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG

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**KPMG Auditores Consultores Ltda.**

Santiago, Chile  
March 27, 2014

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Las Condes, Santiago, Chile

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Fax +56 (2) 2798 1001  
[www.kpmg.cl](http://www.kpmg.cl)

### **Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of  
Empresa Nacional de Electricidad S.A. (Endesa-Chile):

We have audited Endesa-Chile's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Endesa-Chile's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Endesa-Chile's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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In our opinion, Endesa-Chile maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial position of Endesa-Chile and subsidiaries as of December 31, 2013 and 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of years in the three-year period ended December 31, 2013, and our report dated March 27, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG

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**KPMG Auditores Consultores Ltda.**

Santiago, Chile  
March 27, 2014

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# Consolidated Statements of Financial Position, Classified

At December 31, 2013, December 31, 2012, and January 1, 2012

(In Thousands of Chilean pesos)

ASSETS	Note	31-12-2013 ThCh\$	31-12-2012 (*) Restated ThCh\$	01-01-2012 (*) Restated ThCh\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	5	323,807,379	235,677,733	389,768,271
Other current financial assets	6	24,136,478	25,119,785	914,209
Other current non-financial assets		37,265,346	17,342,247	14,307,830
Trade and other current receivables	7	247,762,922	217,682,591	278,790,141
Accounts receivable from related companies	8	131,909,802	75,488,611	103,848,707
Inventories	9	46,155,045	59,362,620	49,276,026
Current tax assets	10	154,394,684	150,680,329	82,053,456
<b>TOTAL CURRENT ASSETS</b>		<b>965,431,656</b>	<b>781,353,916</b>	<b>918,958,640</b>
<b>NON-CURRENT ASSETS</b>				
Other non-current financial assets	6	4,060,289	33,304,990	13,492,454
Other non-current non-financial assets		54,998	1,931,475	1,175,332
Non-current receivables	7	131,597,410	146,964,151	151,608,768
Investments accounted for using the equity method	11	760,681,333	755,133,157	732,426,214
Intangible assets other than goodwill	12	56,048,545	55,752,625	45,528,291
Goodwill	13	100,096,198	101,747,086	106,385,017
Property, plant and equipment	14	4,692,288,945	4,515,242,392	4,451,020,122
Deferred tax assets	15	51,865,462	61,801,271	86,152,590
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,796,693,180</b>	<b>5,671,877,147</b>	<b>5,587,788,788</b>
<b>TOTAL ASSETS</b>		<b>6,762,124,836</b>	<b>6,453,231,063</b>	<b>6,506,747,428</b>

(\*) See Note 2.2 a)

Las notas adjuntas forman parte integral de estos estados financieros consolidados

LIABILITIES AND EQUITY	Note	31-12-2013 ThCh\$	31-12-2012 (*) Restate ThCh\$	01-01-2012 (*) Restated ThCh\$
<b>CURRENT LIABILITIES</b>				
Other current financial liabilities	16	353,733,521	406,455,036	294,300,017
Trade and other current payables	19	414,751,007	320,459,388	341,751,089
Accounts payable to related companies	8	312,914,164	215,916,921	137,455,787
Other current provisions	20	44,684,665	38,424,832	36,347,930
Current tax liabilities	10	104,559,351	78,374,028	90,465,240
Other current non-financial liabilities		7,748,727	6,387,423	5,700,771
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,238,391,435</b>	<b>1,066,017,628</b>	<b>906,020,834</b>
<b>NON-CURRENT LIABILITIES</b>				
Other non-current financial liabilities	16	1,540,762,609	1,525,651,818	1,728,093,903
Other long-term provisions	20	21,006,807	19,593,979	12,301,639
Deferred tax liabilities	15	305,689,520	320,277,100	321,510,926
Non-current provisions for employee benefits	21	40,868,802	39,672,411	36,041,426
Other non-current non-financial liabilities		27,591,673	47,524,798	61,780,693
<b>NON-CURRENT LIABILITIES</b>		<b>1,935,919,411</b>	<b>1,952,720,106</b>	<b>2,159,728,587</b>
<b>TOTAL LIABILITIES</b>		<b>3,174,310,846</b>	<b>3,018,737,734</b>	<b>3,065,749,421</b>
<b>EQUITY</b>				
Issued capital	22	1,331,714,085	1,331,714,085	1,331,714,085
Retained earnings		1,908,211,855	1,709,375,632	1,636,787,540
Share premium	22	206,008,557	206,008,557	206,008,557
Other reserves	22	(793,966,650)	(705,855,875)	(615,972,185)
Equity attributable to shareholders of Endesa		2,651,967,847	2,541,242,399	2,558,537,997
Non-controlling interests		935,846,143	893,250,930	882,460,010
<b>TOTAL EQUITY</b>		<b>3,587,813,990</b>	<b>3,434,493,329</b>	<b>3,440,998,007</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,762,124,836</b>	<b>6,453,231,063</b>	<b>6,506,747,428</b>

(\*) See Note 2.2 a)

# Consolidated Statements of Comprehensive Income, by type

for the years ended December 31, 2013, 2012, and 2011

(In Thousands of Chilean pesos)

STATEMENTS OF COMPREHENSIVE INCOME Profit (Loss)	Note	2013 ThCh\$	2012 (*) Restated ThCh\$	2011 (*) Restated ThCh\$
Sales	23	1,965,903,869	2,255,145,360	2,267,839,378
Other operating income	23	61,528,111	65,239,964	16,425,409
<b>Revenues</b>		<b>2,027,431,980</b>	<b>2,320,385,324</b>	<b>2,284,264,787</b>
Raw materials and consumables used	24	(830,873,572)	(1,318,479,928)	(1,139,133,019)
<b>Contribution Margin</b>		<b>1,196,558,408</b>	<b>1,001,905,396</b>	<b>1,145,131,768</b>
Other work performed by the entity and capitalized		18,981,922	12,763,186	10,597,856
Employee benefits expenses	25	(123,449,758)	(102,456,232)	(75,915,220)
Depreciation and amortization expense	26	(189,695,339)	(184,567,997)	(170,505,351)
Impairment loss recognized in the period's profit or loss	26	(6,458,953)	(11,117,362)	(9,472,766)
Other expenses	27	(113,097,401)	(104,111,190)	(133,146,638)
<b>Operating Income</b>		<b>782,838,879</b>	<b>612,415,801</b>	<b>766,689,649</b>
Other gains	28	3,357,139	1,422,458	2,010,780
Financial income	29	18,292,343	14,629,962	28,264,192
Financial costs	29	(142,666,776)	(148,468,667)	(135,257,667)
Share of profit of associates accounted for using the equity method	11	119,347,183	135,012,994	138,855,650
Foreign currency exchange differences	29	(13,756,657)	(12,090,438)	(6,649,911)
Profit (loss) from indexed assets and liabilities	29	1,001,573	(1,066,291)	(5,447,396)
<b>Income before tax</b>		<b>768,413,684</b>	<b>601,855,819</b>	<b>788,465,297</b>
Income tax	30	(204,907,447)	(182,832,956)	(207,329,896)
<b>Net income from continuing operations</b>		<b>563,506,237</b>	<b>419,022,863</b>	<b>581,135,401</b>
Net income from discontinued operations		-	-	-
<b>NET INCOME</b>		<b>563,506,237</b>	<b>419,022,863</b>	<b>581,135,401</b>
<b>Net income attributable to</b>				
Shareholders of Endesa		353,926,779	234,335,264	446,874,043
Non-controlling interests	22.6	209,579,458	184,687,599	134,261,358
<b>NET INCOME</b>		<b>563,506,237</b>	<b>419,022,863</b>	<b>581,135,401</b>
<b>Basic earnings per share</b>				
Basic earnings per share from continuing operations	Ch\$/share	43.15	28.57	54.49
Basic earnings per share	Ch\$/share	43.15	28.57	54.49
<b>Diluted earnings per share</b>				
Diluted earnings per share from continuing operations	Ch\$/share	43.15	28.57	54.49
Diluted earnings per share	Ch\$/share	43.15	28.57	54.49

(\*) See Note 2.2 a)

Las notas adjuntas forman parte integral de estos estados financieros consolidados

# Consolidated Statements of Comprehensive Income, by type

for the years ended December 31, 2013, 2012, and 2011

(In Thousands of Chilean pesos)

STATEMENTS OF COMPREHENSIVE INCOME	Note	2013 M\$	2012 (*) Re-expresados M\$	2011 (*) Re-expresados M\$
<b>Net Income</b>		<b>563,506,237</b>	<b>419,022,863</b>	<b>581,135,401</b>
<b>Components of other comprehensive income that will not be reclassified subsequently to profit or loss, before taxes</b>				
Actuarial gains (losses) on defined benefit plans	21	(3,618,423)	(4,355,056)	(3,275,638)
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>		<b>(3,618,423)</b>	<b>(4,355,056)</b>	<b>(3,275,638)</b>
<b>Components of other comprehensive income that will be reclassified subsequently to profit or loss, before taxes</b>				
Foreign currency translation gains (losses)		(18,023,501)	(126,559,182)	148,560,224
Gains (losses) of available-for-sale financial assets		109	581	(55,554)
Gains (losses) from cash flow hedge		(70,970,740)	63,458,260	(73,226,736)
Adjustments from reclassification of cash flow hedges, transferred to profit or loss		(9,985,207)	(11,553,610)	(9,763,590)
Share of other comprehensive income from associates and joint ventures accounted for using the equity method		10,923,982	158,675	(22,722,630)
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>		<b>(88,055,357)</b>	<b>(74,495,276)</b>	<b>42,791,714</b>
<b>Other components of other comprehensive income, before taxes</b>		<b>(91,673,780)</b>	<b>(78,850,332)</b>	<b>39,516,076</b>
<b>Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss</b>				
Income tax related to defined benefit plans		990,340	801,138	537,200
<b>Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss</b>		<b>990,340</b>	<b>801,138</b>	<b>537,200</b>
<b>Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Income tax related to cash flow hedge		14,235,483	(19,893,304)	17,363,818
Income tax related to available-for-sale financial assets		(22)	(235)	9,444
<b>Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss</b>		<b>14,235,461</b>	<b>(19,893,539)</b>	<b>17,373,262</b>
<b>Total Other Comprehensive Income</b>		<b>(76,447,979)</b>	<b>(97,942,733)</b>	<b>57,426,538</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>487,058,258</b>	<b>321,080,130</b>	<b>638,561,939</b>
<b>Comprehensive income attributable to</b>				
Shareholders of Endesa		279,020,022	143,125,464	425,287,567
Non-controlling interests		208,038,236	177,954,666	213,274,372
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>487,058,258</b>	<b>321,080,130</b>	<b>638,561,939</b>

(\*) See Note 2.2 a)

Las notas adjuntas forman parte integral de estos estados financieros consolidados

# Statements of Changes in Equity

For the years ended December 31, 2013, December 31, 2012, and December 31, 2011

(In Thousands of Chilean pesos)

	Changes in Other Reserves			
	Issued Capital	Share Premium	Reserve for Exchange Differences in Translation	Reserve for Cash Flow Hedges
Statements of Changes in Equity				
Equity at beginning of period 1/1/2013	1,331,714,085	206,008,557	(25,411,914)	47,991,711
<b>Changes in equity</b>				
<b>Comprehensive income</b>				
Net income				
Other comprehensive income			(20,197,677)	(63,587,701)
Comprehensive income				
Dividends				
Increase (decrease) through transfers and other changes	-	-	-	-
<b>Total changes in equity</b>	-	-	(20,197,677)	(63,587,701)
<b>Equity at end of period 12/31/2013</b>	<b>1,331,714,085</b>	<b>206,008,557</b>	<b>(45,609,591)</b>	<b>(15,595,990)</b>

	Changes in Other Reserves			
	Issued Capital	Share Premium	Reserve for Exchange Differences in Translation	Reserve for Cash Flow Hedge
Statements of Changes in Equity				
Equity at beginning of period 1/1/2012	1,331,714,085	206,008,557	93,661,622	17,610,043
<b>Changes in equity</b>				
<b>Comprehensive income</b>				
Net income				
Other comprehensive income			(119,073,536)	30,381,668
Comprehensive income				
Dividends				
Increase (decrease) through transfers and other changes	-	-	-	-
<b>Total changes in equity</b>	-	-	(119,073,536)	30,381,668
<b>Equity at end of period 12/31/2012 (*) Restated</b>	<b>1,331,714,085</b>	<b>206,008,557</b>	<b>(25,411,914)</b>	<b>47,991,711</b>

	Changes in Other Reserves			
	Issued capital	Share Premium	Reserve for Exchange Differences in Translation	Reserve for Cash Flow Hedge
Statements of Changes in Equity				
Equity at beginning of period 1/1/2011	1,331,714,085	206,008,557	19,847,960	104,200,016
<b>Changes in equity</b>				
<b>Comprehensive income</b>				
Net income				
Other comprehensive income			73,813,662	(86,589,973)
Comprehensive income				
Dividends				
Increase (decrease) through transfers and other changes	-	-	-	-
<b>Total changes in equity</b>	-	-	73,813,662	(86,589,973)
<b>Equity at end of period 12/31/2011 (*) Restated</b>	<b>1,331,714,085</b>	<b>206,008,557</b>	<b>93,661,622</b>	<b>17,610,043</b>

(\*) See Note 2.2 a)

Las notas adjuntas forman parte integral de estos estados financieros consolidados

Changes in Other Reserves							
Reserves for Gains and Losses on Remeasuring Available-for-Sale Financial Assets	Other Miscellaneous Reserves	Other reserves	Retained earnings	Equity Attributable to Shareholders of Endesa	Non-Controlling Interests	Total Equity	
-	3,629	(728,439,301)	(705,855,875)	1,709,375,632	2,541,242,399	893,250,930	3,434,493,329
				353,926,779	353,926,779	209,579,458	563,506,237
(2,045,448)	87	10,923,982	(74,906,757)		(74,906,757)	(1,541,222)	(76,447,979)
					279,020,022	208,038,236	487,058,258
				(153,045,108)	(153,045,108)		(153,045,108)
2,045,448	-	(15,249,466)	(13,204,018)	(2,045,448)	(15,249,466)	(165,443,023)	(180,692,489)
-	87	(4,325,484)	(88,110,775)	198,836,223	110,725,448	42,595,213	153,320,661
-	<b>3,716</b>	<b>(732,764,785)</b>	<b>(793,966,650)</b>	<b>1,908,211,855</b>	<b>2,651,967,847</b>	<b>935,846,143</b>	<b>3,587,813,990</b>

Changes in Other Reserves							
Reserves for Gains and Losses on Remeasuring Available-for-Sale Financial Assets	Other Miscellaneous Reserves	Other Reserves	Retained Earnings	Equity Attributable to Shareholders of Endesa	Non/controlling Interests	Total Equity	
-	3,283	(727,247,133)	(615,972,185)	1,636,787,540	2,558,537,997	882,460,010	3,440,998,007
				234,335,264	234,335,264	184,687,599	419,022,863
(2,071,797)	346	(446,481)	(91,209,800)		(91,209,800)	(6,732,933)	(97,942,733)
					143,125,464	177,954,666	321,080,130
				(159,675,375)	(159,675,375)		(159,675,375)
2,071,797	-	(745,687)	1,326,110	(2,071,797)	(745,687)	(167,163,746)	(167,909,433)
-	346	(1,192,168)	(89,883,690)	72,588,092	(17,295,598)	10,790,920	(6,504,678)
-	<b>3,629</b>	<b>(728,439,301)</b>	<b>(705,855,875)</b>	<b>1,709,375,632</b>	<b>2,541,242,399</b>	<b>893,250,930</b>	<b>3,434,493,329</b>

Changes in Other Reserves							
Reserves for Gains and Losses on Remeasuring Available-for-Sale Financial Assets	Other Miscellaneous Reserves	Other Reserves	Retained Earnings	Equity Attributable to Shareholders of Endesa	Non/controlling Interests	Total Equity	
-	49,393	(727,647,609)	(603,550,240)	1,442,314,476	2,376,486,878	728,340,314	3,104,827,192
				446,874,043	446,874,043	134,261,358	581,135,401
(8,764,055)	(46,110)	-	(21,586,476)		(21,586,476)	79,013,014	57,426,538
					425,287,567	213,274,372	638,561,939
				(240,773,372)	(240,773,372)		(240,773,372)
8,764,055	-	400,476	9,164,531	(11,627,607)	(2,463,076)	(59,154,676)	(61,617,752)
-	(46,110)	400,476	(12,421,945)	194,473,064	182,051,119	154,119,696	336,170,815
-	<b>3,283</b>	<b>(727,247,133)</b>	<b>(615,972,185)</b>	<b>1,636,787,540</b>	<b>2,558,537,997</b>	<b>882,460,010</b>	<b>3,440,998,007</b>

# Consolidated Statement of Direct Cash Flows

For the years ended December 31, 2013, 2012, and 2011  
(In Thousands of Chilean pesos)

Statements of Direct Cash Flow	Note	2013 ThCh\$	2012 (*) Restated ThCh\$	2011 (*) Restated ThCh\$
<b>Cash flow from (used in) operating activities</b>				
<b>Types of collections from operating activities</b>				
Collections from the sale of goods and services		2,301,874,412	2,499,606,379	2,368,738,929
Collections from premiums and services, annual payments, and other benefits from policies held		74,183,266	5,903,050	16,628,221
Other collections from operating activities		33,887,194	54,355,078	2,378,295
<b>Types of payments</b>				
Payments to suppliers for goods and services		(1,265,530,791)	(1,523,776,643)	(1,321,067,912)
Payments to and on behalf of employees		(117,293,888)	(101,337,905)	(67,270,485)
Payments on premiums and services, annual payments, and other obligations from policies held		(5,574,523)	(6,428,460)	(5,064,371)
Other payments for operating activities		(33,439,518)	(39,729,787)	(25,946,895)
Income taxes paid		(166,026,029)	(213,016,120)	(231,950,211)
Other outflows of cash		(114,311,073)	(137,591,721)	(71,911,854)
<b>Net cash flows from operating activities</b>		<b>707,769,050</b>	<b>537,983,871</b>	<b>664,533,717</b>
<b>Cash flows from (used in) investment activities</b>				
Cash flows used to obtain control of subsidiaries or other business		(5,084,700)	(7,140,000)	(4,058,192)
Other collections from the sale of equity or debt instruments belonging to other entities		24,340,564	-	-
Other payments to acquire equity or debt instruments from other entities		-	(25,017,177)	-
Loans to related companies		(29,112,042)	(2,000)	(36,828,162)
Proceeds from the sale of property, plant, and equipment		5,462,527	755,445	4,808,823
Purchases of property, plant, and equipment		(292,016,898)	(257,474,634)	(259,673,138)
Purchases of intangible assets		-	(8,535)	(3,935,477)
Payments from future, forward, option, and swap contracts		(753,082)	(2,691,688)	(3,474,792)
Collections from future, forward, option, and swap contracts		14,308,008	2,013,452	4,108,554
Collections from related entities		29,162,747	2,600,730	-
Dividends received		51,167,601	10,898,590	100,121,048
Interest received		17,176,674	7,053,828	6,138,870
Other inflows (outflows) of cash		(397,620)	10,693,352	41,114
<b>Net cash flows used in investment activities</b>		<b>(185,746,221)</b>	<b>(258,318,637)</b>	<b>(192,751,352)</b>
<b>Cash flows from (used in) financing activities</b>				
Proceeds from share issuance		11,468,280	-	-
<b>Total proceeds from loans</b>		<b>173,402,389</b>	<b>233,456,449</b>	<b>219,433,669</b>
Proceeds from long-term loans		164,871,359	229,377,002	219,433,669
Proceeds from short-term loans		8,531,030	4,079,447	-
Loans from related companies		692,658,296	210,996,548	53,289,193
Payments on borrowings		(253,224,175)	(253,055,606)	(139,777,444)
Payments on financial lease liabilities		(5,071,087)	(7,522,468)	(8,811,381)
Payments on loans to related companies		(608,822,618)	(100,716,674)	(34,110,125)
Dividends paid		(293,937,897)	(380,332,864)	(368,222,978)
Interest paid		(136,456,892)	(124,326,459)	(107,274,772)
Other outflows of cash		(9,603,719)	(12,497,098)	(14,786,723)
<b>Net cash flows used in financing activities</b>		<b>(429,587,423)</b>	<b>(433,998,172)</b>	<b>(400,260,561)</b>
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>		<b>92,435,406</b>	<b>(154,332,938)</b>	<b>71,521,804</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>				
Effect of exchange rate changes on cash and cash equivalents		(4,305,760)	242,400	14,486,741
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>88,129,646</b>	<b>(154,090,538)</b>	<b>86,008,545</b>
Cash and cash equivalents at beginning of period	5	235,677,733	389,768,271	303,759,726
<b>Cash and cash equivalents at end of period</b>	<b>5</b>	<b>323,807,379</b>	<b>235,677,733</b>	<b>389,768,271</b>

(\*) See Note 2.2 a)

Las notas adjuntas forman parte integral de estos estados financieros consolidados

# Consolidated Financial Statements

For the years ended december 31, 2013 and 2012 (in thousands of chilean pesos)

## Note 1

### The Group'S Activities and Financial Statements

Empresa Nacional de Electricidad S.A. (hereinafter the Parent Company or the Company) and its subsidiaries comprise the Endesa Chile Group (hereinafter Endesa Chile or the Group).

Endesa Chile is a publicly traded corporation with registered address and head office located at Avenida Santa Rosa, No. 76, in Santiago, Chile. The Company is registered in the securities register of the Superintendency of Securities and Insurance of Chile (Superintendencia de Valores y Seguros or SVS) under number 114. In addition, the Company is registered with the Securities and Exchange Commission of the United States of America (hereinafter U.S. SEC) and with Spain's Comisión Nacional del Mercado de Valores. The Company's shares have been listed on the New York Stock Exchange since 1994 and on the Latibex since 2001

Endesa Chile is a subsidiary of Enersis S.A., a company which, in turn, is a subsidiary of Endesa S.A., a Spanish entity controlled by Enel, S.p.A. (hereinafter Enel).

The Company was initially created by a public deed dated December 1, 1943. The Treasury Department's Supreme Decree No. 97 of January 3, 1944 authorized the creation of the company and approved its by-laws. For tax purposes, the Company operates under Chilean tax identification number 91,081,000-6.

As of December 31, 2013, the Group had 2,509 employees. During 2013, the Group averaged a total of 2,497 employees. See Note 33 for additional information regarding employee distribution by category and geographic location.

The Company's corporate purpose consists of generating, transporting, producing, and distributing electrical energy. Its corporate purpose also includes investing in financial assets, developing projects, carrying out activities in the energy industry and in other fields in which electrical energy is essential, and participating in public civil or hydraulic infrastructure concessions in which it may participate directly or through subsidiaries or associate companies in Chile or abroad.

The Company's 2012 consolidated financial statements were approved by the Board of Directors at a meeting held on January 30, 2013. The consolidated financial statements were then submitted to the consideration of a General Shareholders Meeting held on April 15, 2013, which gave its final approval of the consolidated financial statements.

These consolidated financial statements are shown in thousands of Chilean pesos (unless expressly stated otherwise), as the Chilean peso is the functional currency with which Endesa Chile operates. Foreign operations are reported in accordance with the accounting policies stated in Notes 2.6 and 3.k.

# Note 2

## Basis of Presentation of the Consolidated Financial Statements

### 2.1 Accounting principles

The December 31, 2013 consolidated financial statements of Endesa Chile and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (hereinafter IASB), and approved by its Board of Directors at its meeting held on February 7, 2014.

These consolidated financial statements faithfully reflect the financial position of Endesa Chile as of December 31, 2013, December 31, 2012, and January 1, 2012, as well as the results of operations, the changes in equity, and the cash flows for the years ended December 31, 2013, 2012, and 2011.

These consolidated financial statements voluntarily present the figures for the 2011 fiscal year from the consolidated comprehensive income statement, the consolidated cash flow statement, the statement of changes in consolidated equity, and their notes.

These consolidated financial statements have been prepared using cost method accounting applied to the business in operation principle except, in accordance with IFRS, those assets and liabilities that are reported at a fair value and those non-current assets and groups that are available for sale, which are recorded at the book value or the fair value minus sales costs, whichever is lower (see Note 3).

These consolidated financial statements have been prepared from accounting records maintained by the Company and its subsidiaries. Each entity prepares its financial statements according to the accounting principles and standards in force in each country, so the necessary adjustments and reclassifications have been made in the consolidation process in order to present the consolidated financial statements in accordance with IFRS and the interpretations of the IFRS Interpretation Committee (hereinafter "IFRIC").

### 2.2 New accounting pronouncements

#### a) Accounting pronouncements effective from January 1, 2013

Standards, Interpretations, and Amendments	Mandatory Application for:
<b>Amendment to IAS 1: Presentation of financial statements</b>	
Modifies aspects of the presentation of components of "Other Comprehensive Income." It requires that these components be grouped under those that will and those that will not subsequently be reclassified as profits and losses.	Annual periods beginning on or after July 1, 2012.
<b>IFRS 10: Consolidated Financial Statements</b>	
Establishes clarifications and new parameters for defining control and for the principles of preparing consolidated financial statements. It applies to all entities (including special purpose or structured entities).	Annual periods beginning on or after January 1, 2013.
<b>IFRS 11: Joint Arrangements</b>	
Redefines the concept of joint arrangement in order to align it with IFRS 10. It requires that the entities that are party to a joint arrangement determine what type of arrangement is involved (joint operation or joint venture) by assessing their rights and obligations. The standard eliminates the possibility of proportional consolidation for joint ventures.	Annual periods beginning on or after January 1, 2013.

## Standards, Interpretations, and Amendments

## Mandatory Application for:

### IFRS 12: Disclosures of Interests in Other Companies

Requires certain disclosures that allow for assessing the nature of stakes in other entities and the risks associated with these stakes, as well as the effects of these stakes on the entity's financial situation, financial performance, and cash flows.

Annual periods beginning on or after January 1, 2013.

### IFRS 13: Fair Value Measurement

Establishes, in a single standard, a framework for measuring the fair value of assets and liabilities, and incorporates new concepts and clarifications for such measurement. It also requires information to be disclosed by the entities on the measurements of the fair value of their assets and liabilities.

Annual periods beginning on or after January 1, 2013.

### New IAS 27: Separate Financial Statements

The issuance of IFRS 10 eliminated all matters regarding consolidated financial statements from IAS 27, restricting its scope to separate financial statements only.

Annual periods beginning on or after January 1, 2013.

### Nueva NIC 28: Inversiones en asociadas y negocio conjunto

Modificada por efecto de la emisión de NIIF 10 y NIIF 11, con el propósito de uniformar las definiciones y otras clarificaciones contenidas en estas nuevas NIIF.

Annual periods beginning on or after January 1, 2013.

### Amendment to IFRS 7: Financial Instruments - Disclosures

Clarifies the requirements of disclosures relating to offsetting of financial assets and financial liabilities.

Annual periods beginning on or after January 1, 2013.

### Amendment to IAS 19: Employee Benefits

Modifies the recognition and disclosure for changes in obligations for defined benefit plans and the assets involved in the plan, eliminating the corridor method and accelerating recognition of past service costs.

Annual periods beginning on or after January 1, 2013.

### Improvements to the IFRS

Corresponds to a number of necessary but non-urgent improvements that amend the following standards: IFRS 1, IAS 1, IAS 16, IAS 32, and IAS 34.

Annual periods beginning on or after January 1, 2013.

### Transition Guide (Amendments to IFRS 10, 11, and 12)

The amendments clarify IFRS 10 transition guidance. These amendments also simplify the transition for IFRS 10, IFRS 11, and IFRS 12, limiting the requirements to the provision of adjusted comparative information for the immediately preceding period only. In addition, the amendments eliminate the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods prior to the first application of IFRS 12.

Annual periods beginning on or after January 1, 2013.

The Group applied of these new pronouncements retrospectively, except for IFRS 13, Fair Value Measurement, which was applied prospectively.

### NIIF 11 "Joint Arrangements"

As of 2013, with the application of IFRS 11, Joint Arrangements, companies controlled jointly by the Group that were consolidated proportionally up to the financial statements presented as of December 31, 2012, must now be recorded using the equity method (see Notes 2.5 and 3.g), as required by the new standard for joint arrangements that qualify as Joint Ventures .

The companies involved are the following:

- Centrales Hidroeléctricas de Aysén S.A. and subsidiaries.
- Inversiones Gas Atacama Holding Ltda. and subsidiaries.
- Transmisora Eléctrica de Quillota Ltda.

Since the application of IFRS 11, Joint Arrangements, is retrospective, these consolidated financial statements include restatements made to the statements of financial position as of December 31 and January 1, 2012; to the comprehensive income, changes in net equity, and cash flow statements for the years ended December 31, 2012 and 2011; and the explanatory notes; all previously issued and approved by the Endesa Chile management bodies. These changes do not affect the determination of equity or profit attributable to the shareholders of Endesa.

The application of this standard has not affected basic earnings per share, nor has it given rise to a stock dilution.

The following is a summary of the net effect of the restatement on the each of the respective financial statement line items:

Consolidated Statements of Financial Position	Change	
	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Current assets	(53,631,975)	(41,096,680)
Non-current assets	18,173,114	(14,169,008)
<b>TOTAL ASSETS</b>	<b>(35,458,861)</b>	<b>(55,265,688)</b>
Current liabilities	(19,480,600)	(31,208,445)
Non-current liabilities	(15,828,145)	(23,915,677)
Equity attributable to shareholders of Endesa	-	-
Non-controlling interests	(150,116)	(141,566)
<b>TOTAL LIABILITY AND EQUITY</b>	<b>(35,458,861)</b>	<b>(55,265,688)</b>

Consolidated Statements of Comprehensive Income	Change	
	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Revenues	(49,001,050)	(120,225,418)
Raw materials and consumables used	10,222,847	78,127,058
<b>CONTRIBUTION MARGIN</b>	<b>(38,778,203)</b>	<b>(42,098,360)</b>
Depreciation and amortization expenses	5,954,973	5,941,749
Operating income	(19,793,404)	(21,280,961)
Net income before tax	(2,657,183)	(3,253,918)
Net income attributable to shareholders of Endesa	-	-
Net income attributable to non-controlling interests	(19,916)	(19,309)
<b>NET INCOME</b>	<b>(19,916)</b>	<b>(19,309)</b>

Consolidated Statements of Cash Flow	Change	
	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Net cash flow from (used in) operating activities	(16,273,758)	(20,572,417)
Net cash flow from (used in) investment activities	(150,868)	1,640,816
Net cash flow from (used in) financing activities	4,520,385	16,927,789
Effect of exchange rate changes on cash and cash equivalents	2,301,312	(68)
Cash and cash equivalents at beginning of period	(31,514,013)	(29,510,133)
Cash and cash equivalents at end of period	(41,116,942)	(31,514,013)

For more details, see Appendix 7, Restated Financial Statements.

The rest of the standards and amendments adopted, which went into effect on January 1, 2013, have not had a significant effect on the consolidated financial statements of Endesa Chile and its subsidiaries.

## b) Accounting pronouncements effective from January 1, 2014 and subsequent periods

As of the issuance date of these consolidated financial statements, the following accounting pronouncements had been issued by the International Accounting Standards Boards (IASB), but they were not yet mandatory:

<b>Standards, Interpretations, and Amendments</b>	<b>Mandatory Application for:</b>
<b>Amendment to IAS 32: Financial Instruments: Presentation</b> Clarifies the requirements for offsetting financial assets and financial liabilities in order to eliminate inconsistencies in applying the current IAS 32 criteria for offsetting.	Annual periods beginning on or after January 1, 2014.
<b>Amendments to IFRS 10, 12, and IAS 27: Investment Entities</b> Under IFRS 10, reporting entities are required to consolidate all of the companies over which they have control. The amendment establishes an exception to these requirements, allowing Investment Entities to measure their investments at fair value with changes in income as provided for under IFRS 9 instead of consolidating them.	Annual periods beginning on or after January 1, 2014.
<b>IFRS 9: Financial Instruments: Classification and Measurement</b> This is the first stage of the IASB project to replace IAS 39, "Financial Instruments: Recognition and Measurement." It modifies the classification and measurement of financial assets and includes the treatment and classification of financial liabilities.	No date set. Early application of concluded stages is permitted.
<b>IFRIC 21: Levies</b> This interpretation of IAS 37, "Provisions, Contingent Assets, and Contingent Liabilities," provides guidance on when an entity must recognize a liability for a levy imposed by a government other than income tax in its financial statements.	Annual periods beginning on or after January 1, 2014.
<b>Amendment to IAS 36: Impairment of Assets</b> The amendment clarifies the extent of disclosures regarding the recoverable value of impaired assets, limiting the information requirements to the recoverable amount, based on the fair value less costs of disposal.	Annual periods beginning on or after January 1, 2014.
<b>Amendment to IAS 39: Financial Instruments: Recognition and Measurement</b> This amendment incorporates into the Standard the criteria that must be met in order not to discontinue hedge accounting if a hedging derivative is novated.	Annual periods beginning on or after January 1, 2014.
<b>Amendment to IFRS 9: Financial Instruments: Classification and Measurement</b> This is the second stage of the IASB project to replace IAS 39, Financial Instruments: Recognition and Measurement. This amendment adds a special chapter on hedge accounting that establishes a new model aimed at reflecting better alignment between accounting and risk management. Improvements have also been made to the disclosures required.  This amendment also eliminates the mandatory application date for IFRS 9 since the third and final stage of the project, which covers impairment of financial assets, has still not been completed.	No date set. Early application of concluded stages is permitted.
<b>Amendment to IAS 19: Employee Benefits</b> The purpose of this modification to the scope of IAS 19 is to simplify the accounting for contributions not affected by the employee's years of service, such as employee contributions calculated on the basis of a fixed percentage of a salary.	Annual periods beginning on or after July 1, 2014.
<b>Improvements to the IFRS (2010-2012 and 2011-2013 Cycles)</b> This is a set of improvements that are necessary but not urgent. They make changes to the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38, and IAS 40.	Annual periods beginning on or after July 1, 2014.

The Group is assessing the impact of applying IFRS 9 from the date it goes into effect. In Management's opinion, the application of other standards, interpretations, and amendments pending application will not have a significant effect on the consolidated financial statements of Endesa Chile.

## 2.3 Responsibility for the information given and the estimates made

The Company's Board of Directors is responsible for the information contained in these consolidated financial statements and expressly states that all IFRS principles and standards, as issued by the IASB, have been fully implemented.

In preparing the consolidated financial statements, certain estimates made by the Company's Management have been used to quantify some of the assets, liabilities, income, expenses, and commitments recorded in the statements.

These estimates basically refer to:

- The valuation of assets and goodwill to determine the existence of impairment losses (see Note 3.d).
- The assumptions used to calculate the actuarial liabilities and obligations to employees, such as discount rates, mortality tables, salary raises, etc. (see Notes 3.j.1 and 21).
- The useful life of property, plant, and equipment, and intangible assets (see Notes 3.a and 3.c).
- The assumptions used to calculate the fair value of financial instruments (see Notes 3.f.5 and 18).
- Energy supplied to customers whose meter readings are pending.
- Certain assumptions inherent in the electricity system affecting transactions with other companies, such as production, customer billings, energy consumption, etc. that allow for estimating electricity system settlements that must occur on the corresponding final settlement dates, but that are pending as of the date of issuance of the consolidated financial statements and could affect the balances of assets, liabilities, income, and expenses recorded in the statements.
- The probability that uncertain or contingent liabilities will be incurred and their related amounts (see Note 3.j).
- Future disbursements for the closure of facilities and restoration of land (see Note 3.a).
- The tax results of the various subsidiaries of the Endesa Chile that will be reported to the respective tax authorities in the future, and that have served as the basis for recording different balances related to income taxes in these consolidated financial statements (see Note 3.m).

Although these estimates have been based on the best information available on the issuance date of these consolidated financial statements, future events may occur that would require a change (increase or decrease) to these estimates in subsequent periods. This change would be made prospectively, recognizing the effects of such an estimation change in the corresponding future consolidated financial statements.

## 2.4 Subsidiaries

Subsidiaries are defined as entities in which Endesa Chile controls, directly or indirectly, the majority of the substantive voting rights or, should that not be the case, entities where it has rights granting it the present power to direct the entities' relevant activities, including, for these purposes, its potential voting rights or those of third parties that are exercisable or convertible at the end of each fiscal year.

Endesa Chile is exposed to, or entitled to, these companies' variable results and is able to influence the amount of such results.

Appendix 1 of these consolidated financial statements, entitled Endesa Chile Group Companies, describes the relationship of Endesa Chile with each of its subsidiaries.

### 2.4.1 Changes in the scope of consolidation

During the 2013 and 2012 fiscal years, there were no significant changes in Endesa Chile's scope of consolidation. Other than the retrospective adoption of IAS 11 described in note 2.2 a).

Appendix 2 to these consolidated financial statements, entitled Changes in the Endesa Chile Group's Scope of Consolidation, lists the companies included within the scope of the Group's consolidation, together with information on the Group's respective ownership interest percentages.

## 2.4.2 Consolidated companies with an ownership interest of less than 50%

Although the Endesa Chile Group holds a 26.87% interest in Empresa Generadora de Energía Eléctrica S.A. ("Emgesa"), it is considered to be a subsidiary since Endesa Chile exercises control over the entity, through contracts or agreements with shareholders, or as a consequence of its structure, composition, and shareholder classes. The Group holds 56.43% of the voting shares in Emgesa.

## 2.4.3 Unconsolidated companies with an ownership interest of more than 50%

Although the Endesa Chile Group holds more than a 50% interest in Centrales Hidroeléctricas de Aysén, S.A. ("Aysén"), it is considered a joint venture since the Group, through contracts and agreements with shareholders, exercises joint control of the company.

## 2.5 Associated companies and joint arrangements

Associated companies are those in which Endesa Chile, either directly or indirectly, exercises significant influence.

Significant influence is having the power to influence the financial and operational policy decisions of the associated company without having either sole or joint control of the company. In general, significant influence is assumed to be those cases in which the Group has an ownership interest over 20% (see Note 3.g).

Joint arrangements are defined as those entities in which the Group exercises control given an agreement with other shareholders and jointly with them, in other words, when decisions on the entities' relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are classified as:

- Joint venture: an agreement under which the parties exercising joint control have rights to the entity's net assets.
- Joint operation: an agreement under which the parties exercising joint control have rights to the assets and obligations with respect to the liabilities involved in the arrangement. At this time, Endesa Chile does not have any joint arrangements that qualify as joint operations.

Appendix 3 to these consolidated financial statements, entitled "Associated Companies and Joint Ventures," describes the relationship of Endesa Chile with each of these companies.

## 2.6 Basis of consolidation and business combinations

The subsidiaries are consolidated and all their assets, liabilities, income, expenses, and cash flows are included in the consolidated financial statements once the adjustments and eliminations from intra-Group transactions have been made.

The comprehensive income of subsidiaries is included in the consolidated comprehensive income statement from the date that the parent company obtains control of the subsidiary until the date on which it loses control of the subsidiary.

The operations of the parent company and its subsidiaries have been consolidated under the following basic principles:

1. At the date the parent takes control, the subsidiary's assets acquired and its liabilities assumed are recorded at fair value, except for certain assets and liabilities that are recorded using valuation principles established in other IFRS standards. If, in the parent company's stake, there is a positive difference between the fair value of the consideration transferred (the acquisition cost) and the fair value of the assets and liabilities of the subsidiary, including contingent liabilities, this difference is recorded as goodwill. If the difference is negative, the resulting profit is recorded as a credit to income after reevaluating whether all of the assets acquired and the liabilities assumed have been correctly identified and following a review of the procedures used to measure these amounts.

For business combinations carried out in stages, the fair value of the stake previously held in the acquired company's equity is measured on the date of acquisition and any profit or loss is recognized in the results for that fiscal year or in other comprehensive income, as applicable.

2. Non-controlling interests in equity and in the comprehensive income of the consolidated subsidiaries are presented, respectively, under the line items "Total Equity: Non-controlling interests" in the consolidated statement of financial position and "Net Income attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interests" in the consolidated statement of comprehensive income.
3. The financial statements of foreign companies with functional currencies other than the Chilean peso are translated as follows:
  - a. For assets and liabilities, the prevailing exchange rate on the closing date of the financial statements is used.
  - b. For items in the comprehensive income statement, the average exchange rate for the fiscal year is used (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates in effect on the dates of the transactions, in which case the exchange rate in effect on the date of each transaction is used).
  - c. Equity remains at the historical exchange rate from the date of acquisition or contribution, and retained earnings at the average exchange rate at the date of generation.
  - d. Exchange differences arising in the conversion of financial statements are recognized in the item "Exchange differences on translation" within the consolidated statement of comprehensive income: Other comprehensive income (see Note 22.2).
4. Translation adjustments that existed at Endesa Chile's transition date to IFRS, on January 1, 2004, were transferred to reserves, using the exemption for that purpose in IFRS 1 "First time Adoption of IFRS" (see Note 22.5I).
5. Balances and transactions between consolidated companies were completely eliminated in the consolidation process.
6. Changes in interests in subsidiaries that do not result in taking or losing control are recorded as equity transactions, and the book value of the controlling and non-controlling interests is adjusted to reflect the change in relative interest in the subsidiary. Any difference that may exist, between the value for which a non-controlling interest is adjusted and the fair value of a compensation paid or received, is recognized directly in Equity attributable to the shareholders of Endesa Chile.
7. Business combinations under common control are recorded using, as a reference, the 'pooling interest' method. Under this method, the assets and liabilities involved in the transaction remain reflected at the same book value at which they were recorded in the ultimate controlling company, although subsequent accounting adjustments may need to be made to align the accounting policies of the companies involved.

Any difference between the assets and liabilities contributed to the consolidation and the compensation given is recorded directly in Net equity as a debit or credit to Other reserves. The Group does not apply retrospective accounting records of business combinations under common control.

## Note 3

### Accounting Criteria Applied

The main accounting policies used in preparing the accompanying consolidated financial statements were the following:

#### a) Property, plant, and equipment

Property, plant, and equipment are valued at acquisition cost, net of accumulated depreciation and any impairment losses they may have experienced. In addition to the price paid to acquire each item, the cost also includes, where applicable, the following concepts:

- Financing expenses accrued during the construction period that are directly attributable to the acquisition, construction, or production of qualified assets, which require a substantial period of time before being ready for use such as, for example, electricity generation facilities. The Group defines "substantial period" as one that exceeds 12 months. The interest rate used is that of the specific financing or, if none exists, the mean financing rate of the company carrying out the investment. The mean financing rate depends principally on the geographic area and ranges between 7.22% and 7.5%. The amount capitalized for this concept amounted to ThCh\$24,518,935, ThCh\$23,915,042, and ThCh\$29,922,494 during the years ended December 31, 2013, 2012, and 2011, respectively (see Note 29).
- Employee expenses directly related to construction in progress. The amounts capitalized under this concept for the periods ended December 31, 2013, 2012, and 2011, respectively, were ThCh\$18,981,922, ThCh\$12,763,186, and ThCh\$10,597,856.
- Future disbursements that Endesa Chile will have to make to close their facilities are incorporated into the value of the asset at present value, recording in the accounting the corresponding provision for dismantling or restoration. Endesa Chile reviews its estimate of these future disbursements on a yearly basis, increasing or decreasing the value of the asset based on the results of this estimate (see Note 20).
- Items acquired before the Endesa Chile's date of transition to IFRS, on January 1, 2004, include in the purchasing cost, where appropriate, asset reappraisals permitted in the various countries to adjust the value of the Property, plant, and equipment for inflation as of that date (see Note 22.5l).

Items for construction work in progress are transferred to operating assets once the testing period has been completed and they are available for use, at which time depreciation begins.

Expansion, modernization, or improvement costs that represent an increase in productivity, capacity or efficiency, or a longer useful life are capitalized as increasing the cost basis for the corresponding assets.

The replacement or overhaul of entire components that increase the asset's useful life, or its economic capacity, are recorded as an increase in value for the respective assets, derecognizing the replaced or overhauled components.

Expenses for periodic maintenance, conservation, and repair are recorded directly in income as an expense for the year in which they are incurred.

The Company, based on the outcome of impairment testing explained in Note 3.d, considers that the book value of assets does not exceed their net recoverable value.

Property, plant, and equipment, net of its residual value, is depreciated by distributing the cost of the different items that comprise it on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use the assets. Useful life estimates and residual values are periodically reviewed and, if appropriate, adjusted prospectively.

The following are the main categories of Property, plant, and equipment with their respective estimated useful lives:

Categories of Property, plant, and equipment	Years of estimated useful life
Buildings	22 – 100
Plant and equipment	3 – 65
IT equipment	3 – 15
Fixtures and fittings	5 – 21
Motor vehicles	5 – 10
Other	2 – 33

Additionally, the following provides greater detail on the useful lives of plant and equipment items:

	Years of estimated useful life
<b>Generating facilities:</b>	
Hydroelectric plants	
Civil engineering works	35-65
Electromechanical equipment	10-40
Coal-fired /fuel-oil power plants	25-40
Combined cycle plants	10-25
Renewable energy power plants	35
<b>Transmission and distribution facilities:</b>	
High-voltage network	10-60
Low- and medium-voltage network	10-60
Measuring and remote control equipment	3-50
Other facilities	4-25

Land is not depreciated since it has an indefinite useful life.

Regarding the administrative concessions held by the Group's electric companies, the following lists the periods remaining until expiration for the concession that does not have an indefinite term:

Company	Country	Concession term	Period remaining to expiration
Hidroeléctrica El Chocón S.A. (Generación)	Argentina	30 years	10 years

Endesa Chile's management evaluated the specific contract terms of the aforementioned concession and concluded that, there are no determining factors indicating that the grantor, a government entity, controls the infrastructure and, at the same time, can continuously set the price to be charged for services. These requirements are essential for applying IFRIC 12 "Service Concession Agreements," an interpretation that establishes how to record and value certain types of concessions (see Note 3.c.1 for concession agreements within the scope of IFRIC 12).

Concession contracts not covered under IFRIC 12 are recognized according to general criteria. To the extent that the Group recognizes assets as Property, plant, and equipment, they are amortized over their economic life or the concession term, whichever is shorter. Any required investment, improvement, or replacement made by the Group is calculated as an impairment to Property, plant, and equipment as a future contractual cash outflow that is necessary to obtain future cash inflow.

Gains or losses that arise from the sale or disposal of items of Property, plant, and equipment are recognized as Other gains (losses) in the comprehensive income statement and are calculated by deducting the net book value of the asset and any sales expenses from the amount received in the sale.

## b) Goodwill

Goodwill generated on consolidated acquired business represents the difference between the acquisition cost and the Group's share of the fair value of assets and liabilities, including identifiable contingent liabilities and the non-controlling stake in a subsidiary at the acquisition date.

Assets acquired and liabilities assumed are temporarily valued as of the date the company takes control and are reviewed within no more than a year after the acquisition date. Until the fair value of assets and liabilities is ultimately determined, the difference between the acquisition price and the book value of the acquired company is temporarily recorded as goodwill.

If goodwill is finally determined as existing in the financial statements the year following the acquisition, the prior year's accounts, which are presented for comparison purposes, are modified to include the value of the assets acquired and liabilities assumed and of the definitive goodwill from the acquisition date.

Goodwill generated from acquiring companies with functional currencies other than the Chilean peso is valued in the functional currency of the acquired company and converted to Chilean pesos using the exchange rate in effect as of the date of the statement of financial position.

Goodwill generated before the date of transition to IFRS, on January 1, 2004, is maintained at its net value recorded as of that date, while goodwill originated afterwards is valued at acquisition cost (see Notes 13 and 22.5.I).

Goodwill is not amortized; instead, at each period end the Company estimates whether any impairment has reduced its recoverable value to an amount less than the net recorded cost and, if so, it immediately adjusts for impairment (see Note 3.d).

## c) Intangible assets other than goodwill

Intangible assets are initially recognized at their acquisition cost or production cost, and are subsequently valued at their cost, net of their accumulated amortization and of the impairment losses they may have experienced.

Intangible assets are amortized on a straight line basis during their useful life, starting from the time that they are in usable condition, except for those with an indefinite useful life, which are not amortized. As of December 31, 2013, December 31, 2012, and January 1, 2012, there were no significant amounts in intangible assets with an indefinite useful life.

The criteria for recognizing these assets' impairment losses and, if applicable, recovery of impairment losses recorded in previous fiscal years are explained in letter d) of this Note.

### c.1) Concessions

Public-to-private service concession agreements are recorded according to IFRIC 12, "Service Concession Agreements." This accounting interpretation applies if:

- a) The grantor controls or regulates which services the operator should provide with the infrastructure, to whom it must provide them, and at what price; and
- b) The grantor controls – through ownership, beneficial entitlement, or otherwise – any significant residual interest in the infrastructure at the end of the term of the agreement.

If both of the above conditions are met simultaneously, an intangible asset is recognized to the extent that the operator receives the right to charge users of the public service, provided that these charges are conditional on the degree to which the service is used.

These intangible assets are initially recognized at cost, which is understood as the fair value of the service provided plus other direct costs directly attributable to the operation. They are then amortized over the term of the concession.

The Group operates administrative concession in which its counterpart is a government entity; the El Melón Tunnel concession is the only one that has determining factors leading to the conclusion that the requirements explained above have been met simultaneously.

In the concession for the El Melón Tunnel, the Chilean Ministry of Public Works (the MOP, its Spanish acronym) and our subsidiary Sociedad Concesionaria Túnel El Melón S.A. signed a concession agreement establishing the services to be provided by the operator and the prices of these services. The right to the concession expires in June of 2016, at which time the MOP recovers the right to exploit the El Melón Tunnel assets without having to fulfill any specific condition.

The Group has applied the intangibles method established in IFRIC 12. Since the agreement signed with the MOP does not provide for guaranteed revenues regardless of the circumstances, no financial assets have been recognized in connection with Túnel El Melón concession.

The following Endesa Chile subsidiary has recognized an intangible asset from its service concession agreements:

Concession Holder	Country	Term	Period Expiration
Soc. Concesionaria Túnel el Melón S.A. (Highway infrastructure)	Chile	23 years	2.5 years

## c.2) Research and development expenses

Endesa Chile follows the policy of recording the costs incurred in a project's development phase as intangible assets in the statement of financial position as long as the project's technical viability and economic returns are reasonably assured.

Expenditures on research activities are recognized as an expense in the period in which they are incurred. These expenses amounted to ThCh\$1,996,818, ThCh\$2,298,344, and ThCh\$2,104,631, at December 31, 2013, 2012, and 2011, respectively.

## c.3) Other intangible assets

These intangible assets correspond primarily to computer software, easements and water rights. They are initially recognized at acquisition or production cost and are subsequently measured at cost less accumulated amortization and impairment losses, if any.

Computer software programs are amortized, on average, over five years. Certain easements and water rights have indefinite useful lives and are therefore not amortized, while others have useful lives ranging from 40 to 60 years, depending on their characteristics, and they are amortized over that term.

## d) Asset impairment

### d.1) Non-financial assets (except inventory and deferred tax assets)

During the year, and principally at year-end, the Company evaluates whether there is any indication that an asset has been impaired. Should any such indication exist, the company estimates the recoverable amount of that asset to determine the amount of impairment in each case. In the case of identifiable assets that do not generate cash flows independently, the company estimates the recoverability of the Cash Generating Unit (CGU) to which the asset belongs, which is understood to be the smallest identifiable group of assets that generates independent cash inflows.

Notwithstanding the preceding paragraph, in the case of Cash Generating Units to which goodwill or intangible assets with an indefinite useful life have been allocated, a recoverability analysis is performed routinely at each period end.

The recoverable amount is the greater amount between the fair value less the cost needed to sell and the value in use, which is defined as the present value of the estimated future cash flows. In order to calculate the recoverable value of Property, plant, and equipment, as well as of goodwill, and intangible assets, the Group uses value in use criteria in practically all cases.

To estimate the value in use, the Group prepares future cash flow projections, before tax, based on the most recent budgets available. These budgets incorporate management's best estimates of Cash Generating Units' revenue and costs using sector projections, past experience, and future expectations.

In general, these projections cover the next ten years, estimating cash flows for subsequent years by applying reasonable growth rates which, in no case, are increasing nor exceed the average long-term growth rates for the particular sector and country. At the end of 2013, 2012, and 2011, projections were extrapolated from the following rates:

Country	Currency	2013 g Rate	2012 g Rate	2011 g Rate
Chile	Chilean peso	2.2% - 4.1%	2.3% - 4.1%	4.2%
Argentina	Argentine peso	8.6%	8.6%	7.0%
Brazil	Brazilian real	5.1% - 6.1%	5.1% - 6.1%	5.0% - 6.0%
Peru	Peruvian nuevo sol	3.6%	3.7%	3.2%
Colombia	Colombian peso	4.3%	4.3%	4.4%

These flows are discounted to calculate their current value at a before-tax rate that covers the cost of capital for the business activity and the geographic area in which it is being carried out. The current cost of money and the risk premiums generally used among analysts for the business activity and the geographic zone are taken into account to calculate this value.

The following are the before-tax discount rates applied in 2013, 2012, and 2011, expressed in nominal terms:

Country	Currency	2013		2012		2011	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Chile	Chilean peso	8.6%	16.3%	8.4%	14.6%	9.2%	10.1%
Argentina	Argentine peso	42.0%	44.4%	26.0%	29.0%	23.0%	26.0%
Brazil	Brazilian real	9.0%	18.8%	9.5%	18.0%	9.5%	11.6%
Peru	Peruvian nuevo sol	11.8%	12.3%	12.5%		9.3%	
Colombia	Colombian peso	14.2%		14.5%		10.9%	

If the recoverable amount of the CGU is less than the net carrying amount of the asset, the corresponding provision for impairment loss is recorded for the difference, and charged to "Reversal of impairment loss (impairment loss) recognized in profit or loss" in the consolidated statement of comprehensive income. The provision is first allocated to the CGU's goodwill value, if any, and then to the other assets comprising it, prorated according to the carrying value of each one, limited to its fair value less sales costs, or its value in use; a negative value may not be obtained.

Impairment losses recognized for an asset in prior periods are reversed when its estimated recoverable amount changes, increasing the asset's value with a credit to earnings, limited to the asset's carrying amount if no adjustment had occurred. In the case of goodwill, adjustments that would have been made are not reversible.

## d.2) Financial assets

The following procedure is used to determine the need to adjust financial assets for impairment:

- In the case of commercial assets, provisions are made for the balances for which there is objective evidence that Endesa Chile will not be able to recover all of the amounts provided for in the original terms and conditions of the contracts. In general, the Group's policy is to record impairment through an allowance account based on the age of past-due balances, except in those cases where a specific collectability analysis is recommended, such as in the case of receivables from publically-owned companies (see Note 7).
- In the case of receivables of a financial nature, impairment is determined on case-by-case basis. As of the date of issuance of these consolidated financial statements, the Company had no significant past-due non-commercial financial assets (see Notes 6 and 18).

## e) Leases

Leases that substantially transfer all of the risks and benefits inherent to the property are classified as finance leases. All others are classified as operating leases.

Finance leases in which the Endesa Chile acts as a lessee are recognized when the agreement begins. At that time, the Group records an asset based on the nature of the lease and a liability for the same amount, equal to the fair value of the leased asset or the present value of the minimum lease payments, if the latter is lower. Subsequently, the minimum lease payments are divided between finance expense and principal reduction. The finance expense is recorded in the income statement and distributed over the lease term, so as to obtain a constant interest rate for each period over the balance of the debt pending amortization. The asset depreciates on the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the asset depreciates over the shorter term between the useful life of the asset and the term of the lease.

Operating lease payments are expensed on a straight-line basis over the term of the lease unless another type of systematic basis of distribution is deemed more representative.

## f) Financial instruments

Financial instruments are contracts that give rise to both a financial asset in one company and a financial liability or equity instrument in another company.

### f.1) Financial assets other than derivatives

Endesa Chile classifies its financial assets other than derivatives, whether permanent or temporary, except for investments accounted for using the equity method (see Note 11) and those held for sale, into four categories:

- **Trade and other accounts receivable and Accounts receivable from related companies:** These are recorded at amortized cost, which is the initial fair value less principal repayments made, plus accrued and uncharged interest, calculated using the effective interest method.  
The effective interest method is used to calculate the amortized cost of a financial asset or liability (or group of financial assets or financial liabilities) and is charged to finance income or cost over the relevant period. The effective interest rate is the discount rate that exactly matches the estimated cash flows to be received or paid over the expected life of the financial instrument (or, when appropriate, over a shorter period) to the net carrying amount of the financial asset or financial liability.
- **Held-to-maturity investments:** Investments that Endesa Chile intends to hold and is capable of holding until their maturity is accounted for at amortized cost as defined in the preceding paragraph.
- **Financial assets at fair value with changes in net income:** This includes the trading portfolio and those financial assets that have been designated as such upon initial recognition and that are managed and evaluated using fair value criteria. They are valued in the consolidated statement of financial position at fair value, with changes in value recorded directly in income when they occur.
- **Available-for-sale financial assets:** These are financial assets specifically designated as available for sale or that do not fit within any of the three preceding categories. They are almost all financial investments in equity instruments (see Note 6).

These investments are recorded in the consolidated statement of financial position at fair value when it can be reliably determined. For interests in unlisted companies or companies with very little liquidity, normally the fair value cannot be reliably determined. When this occurs, those interests are valued at acquisition cost or a lesser amount if evidence of impairment exists.

Changes in fair value, net of tax, are recorded in the consolidated statement of comprehensive income: Other comprehensive results, until the investments are disposed of, at which time the amount accumulated in this account for that investment is fully charged to the period's profit or loss.

Should the fair value be less than the acquisition cost, and if there is objective evidence that the asset has been more than temporarily impaired, the difference is recorded directly in the period's losses.

Purchases and sales of financial assets are accounted for using their trade date.

### f.2) Cash and cash equivalents

This account within the statement of consolidated financial position includes cash and bank balances, time deposits, and other highly liquid investments (with a maturity of 90 days or less from the time of investment) that are readily convertible to cash and are subject to insignificant risk of changes in value.

### f.3) Financial liabilities other than derivatives

Financial liabilities are generally recorded based on cash received, net of any costs incurred in the transaction. In subsequent periods, these obligations are valued at their amortized cost, using the effective interest rate method (see Note 3.f.1).

In the particular case that a liability is the underlying item of a fair value hedge derivative, as an exception, such liability will be valued at its fair value for the portion of the hedged risk.

In order to calculate the fair value of debt, both in the cases when it is recorded in the statement of financial position and for fair value disclosure purposes as seen in Note 16, debt has been divided into fixed interest rate debt (hereinafter "fixed-rate debt") and variable interest rate debt (hereinafter "floating-rate debt"). Fixed-rate debt is that on which fixed-interest coupons established at the beginning of the transaction are paid explicitly or implicitly over its term. Floating-rate debt is that issued at a variable interest rate, i.e., each coupon is established at the beginning of each period based on the reference interest rate. All debt has been valued by discounting expected future cash flows with a market-interest rate curve based on the payment's currency.

### f.4) Derivative financial instruments and hedge accounting

Derivatives held by Endesa Chile are primarily transactions entered into to hedge interest and/or exchange rate risk, intended to eliminate or significantly reduce these risks in the underlying transactions being hedged.

Derivatives are recorded at fair value as of the date of the statement of financial position as follows: if their fair value is positive, they are recorded within "Other financial assets"; and if their fair value is negative, they are recorded within "Other financial liabilities." For derivatives on commodities, the positive value is recorded in "Trade and other current receivables," and negative values are recorded in "Trade and other current liabilities."

Changes in fair value are recorded directly in income except when the derivative has been designated for accounting purposes as a hedge instrument and all of the conditions established under IFRS for applying hedge accounting are met, including that the hedge be highly effective. In this case, changes are recorded as follows:

- **Fair value hedges:** The underlying portion for which the risk is being hedged is valued at its fair value, as is the hedge instrument, and any changes in the value of both are recorded in the comprehensive income statement by netting the effects in the same comprehensive income statement account.
- **Cash flow hedges:** Changes in the fair value of the effective portion of derivatives are recorded in an equity reserve known as "Reserve for cash flow hedges." The cumulative loss or gain in this account is transferred to the comprehensive income statement to the extent that the underlying item impacts the comprehensive income statement because of the hedged risk, netting the effect in the same comprehensive income statement account. Gains or losses from the ineffective portion of the hedge are recorded directly in the comprehensive income statement.
- A hedge is considered highly effective when changes in the fair value or in the cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or the cash flows of the hedging instrument, with effectiveness ranging from 80% to 125%.
- The Company does not apply hedge accounting to its investments abroad.
- As a general rule, long-term commodity purchase or sale agreements are recorded in the consolidated statement of financial position at their fair value as of period end, recording any differences in value directly in income, except when all of the following conditions are met:
  - The sole purpose of the agreement is for the Group's own use.
  - Endesa Chile's future projections justify the existence of these agreements for its own use.
  - Past experience with agreements shows that they have been utilized for the Group's own use, except in certain isolated cases when they had to be used for exceptional reasons or reasons associated with logistical issues beyond the control and projection of Endesa Chile.
  - The agreement does not stipulate settlement by differences and the parties have not made it a practice to settle similar contracts by differences in the past.

The long-term commodity purchase or sale agreements maintained by Endesa Chile, which are mainly for electricity, fuel, and other supplies, meet the conditions described above. Thus, the purpose of fuel purchase agreements is to use them to generate electricity, the electricity purchase contracts are used to make sales to end-customers, and the electricity sale contracts are used to sell the company's own product.

The Company also evaluates the existence of derivatives embedded in contracts or financial instruments to determine if their characteristics and risk are closely related to the principal contract, provided that when taken together they are not being accounted for at fair value. If they are not closely related, they are recorded separately and changes in value are accounted for directly in the comprehensive income statement.

## f.5) Fair value measurement and classification of financial instruments

The fair value of the various derivative financial instruments is calculated as follows:

- For derivatives traded on an active market, by its quoted price as of year-end.
- Endesa Chile values derivatives not traded on active markets by using the discounted cash flow method and generally accepted options valuation models, based on current and future market conditions as of year-end.

Based on the hierarchy of the inputs used these procedures, the Group classifies financial instruments at the following levels:

**Level 1:** Quoted price (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The methods and hypotheses used to determine the fair values at level 2 by type of financial assets or financial liabilities take into consideration estimated future cash flows discounted with the zero coupon interest rate curves for each currency. All of these valuations are carried out using external tools, such as Bloomberg; and

**Level 3:** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

## f.6) Derecognition of financial assets and liabilities

Financial assets are derecognized when:

- The contractual rights to receive cash flows related to the financial asset expire or have been transferred or, if the contractual rights are retained, the Group has assumed a contractual obligation to pay these cash flows to one or more receivers.
- The Company has substantially transferred the risks and rewards of ownership of the financial asset, or, if it has neither transferred nor retained substantially all the risks and rewards, when it does not retain control over the asset.

Transactions in which the Group retains substantially all the inherent risks and rewards of ownership of the transferred asset, it continues recognizing the transferred asset in its entirety and recognizes a financial liability for the consideration received. Transactions costs are recognized in profit and loss by using the effective interest method (see Note 3.f.1).

Financial liabilities are derecognized when they are extinguished, that is, when the obligation arising from the liability has been paid or cancelled, or has expired.

## g) Investments accounted for using the equity method

The Group's interests in joint ventures and associates are recorded using the equity method.

Under the equity method, an investment in an associate or joint venture is initially recorded at cost. As of the acquisition date, the investment is recorded in the statement of financial position based on the share of its equity that Endesa Chile's stake represents in its capital, adjusted for, if appropriate, the effect of transactions with subsidiaries plus any

goodwill generated in acquiring the company. If the resulting amount is negative, zero is recorded for that investment in the statement of financial position, unless Endesa Chile has a present obligation (either legal or implicit) to support the company's negative equity situation, in which case a provision is recorded.

Dividends received from these companies are deducted from the value of the investment, and any profit or loss obtained from them to which Endesa Chile is entitled based on its stake is recorded under "Share of profit (loss) of associates accounted for using equity method."

Goodwill from the associate or joint venture is included in the book value of the investment. It is not amortized, nor is it subject to individual impairment testing.

Appendix No. 3, "Associated Companies and Joint Ventures," included in these consolidated financial statements, provides information about the relationship of Endesa Chile with each of these entities.

## h) Inventories

Inventories are valued at their weighted average acquisition price or the net realizable value, whichever is lower.

## i) Treasury shares

Treasury shares are deducted from equity in the consolidated statement of financial position and valued at acquisition cost.

The gains and losses from the disposal of treasury shares are recorded directly in "Equity – Retained earnings", without affecting the profit or loss for the fiscal year. As of December 31, 2013, there are no treasury shares, and no transactions with treasury shares were made during the 2013, 2012, or 2011 fiscal years.

## j) Provisions

Obligations existing as of the date of the consolidated financial statements resulting from past events which may negatively impact Endesa Chile's equity, and whose amount and timing of payment are uncertain, are recorded as provisions in the consolidated statement of financial position at the present value of the most likely amount that it is believed that Endesa Chile will have to disburse to settle the obligation.

Provisions are quantified using the best information available as of the date of issuance of the consolidated financial statements regarding the consequences of the event causing the provision and are re-estimated at each subsequent accounting close.

### **j.1) Provisions for post-employment benefits and similar obligations**

Endesa Chile and some of its subsidiaries have pension and similar obligations to their employees. Such obligations, which combine defined benefits and defined contributions, are basically formalized through pension plans, except for certain non-monetary benefits, mainly electricity supply commitments, which, due to their nature, have not been externalized and are covered by the related in-house provisions.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Past service costs relating to changes in benefits are recognized immediately.

The defined benefit plan obligations in the statement of financial position represent the present value of the accrued obligations, adjusted, once the fair value of the different plans' assets has been deducted, if applicable.

Actuarial gains and losses arising in the measurement of both the plan liabilities and the plan assets are recognized in Other Comprehensive Income and then reclassified under "Equity - Retained earnings."

Contributions to defined contribution benefit plans are recognized as an expense in the consolidated statement of comprehensive income when the employees have rendered their services.

## k) Conversion of balances in foreign currency

Transactions carried out by each company in a currency other than its functional currency are recorded using the exchange rates in effect as of the date of each transaction. During the year, any differences that arise between the exchange rate recorded in accounting and the rate prevailing as of the date of collection or payment are recorded as "Foreign currency exchange differences" in the consolidated statements of comprehensive income.

Likewise, at the end of each fiscal year, balances receivable or payable in a currency other than each company's functional currency are converted using the period-end exchange rate. Any valuation differences are recorded as "Foreign currency exchange differences" in the consolidated statements of comprehensive income.

Endesa Chile has established a policy to hedge the portion of revenue that is directly linked to variations in the US dollar by obtaining financing in this currency. Exchange differences related to this debt, as they are cash flow hedge transactions, are charged, net of taxes, to a reserve account in equity and recorded in income during the period in which the hedged cash flows are realized. This term has been estimated at ten years.

## l) Current/non-current classification

In these consolidated statements of financial position, assets and liabilities expected to be recovered or settled within twelve months are presented as current items, except for post-employment and other similar obligations, and those assets and liabilities expected to be recovered or settled in more than twelve months are presented as non-current items.

Should the Company have any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations could be classified as long-term liabilities.

## m) Income tax

Income tax expense for the fiscal year is determined as the sum of current taxes from Endesa Chile's different subsidiaries and results from applying the tax rate to the taxable base for the year, after allowable deductions have been made, plus any changes in deferred tax assets and liabilities and tax credits, both for tax losses and deductions. Differences between the book value and tax basis of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when the assets and liabilities are realized or settled. Considered for this purpose are rates that have been approved by the end of the period reported on, or whose approval process is practically complete.

Current taxes and changes in deferred tax assets and liabilities not arising from business combinations are recorded in income or in equity in the statement of financial position, based on where the gains or losses originating them were recorded.

Deferred tax assets and tax credits are recognized only when it is likely that future tax gains will be sufficient to recover deductions for temporary differences and make use of tax credits.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from valuing investments in subsidiaries, associates and joint ventures in which Endesa Chile can control their reversal and where it is likely that they will not be reversed in the foreseeable future.

Any deductions that can be applied to current tax liabilities are credited to earnings within the line item "Income tax expenses", except when doubts exist about their tax realization, in which case they are not recognized until they are effectively realized, or when they correspond to specific tax incentives, in which case they are recorded as grants.

At each accounting period close, the Company reviews the deferred taxes it has recorded, both assets and liabilities, in order to ensure they remain current and otherwise make any necessary corrections based on the results of this analysis.

## n) Revenue and expense recognition

Revenues and expenses are recognized on an accrual basis.

Revenue is recognized when the gross inflow of economic benefits arising in the course of the Endesa Chile's ordinary activities in the period occurs, provided that this inflow of economic benefits results in an increase in total equity that is not related to contributions from equity participants and that these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable that gives rise to the revenue.

Revenue associated with the rendering of services is only recognized if it can be estimated reliably, based on the stage of completion of the service rendered at the date of the statement of financial position.

Endesa Chile excludes from the revenue figure gross inflows of economic benefits it receives when it acts as an agent or commission agent on behalf of third parties, and only recognizes as revenue economic benefits received for its own account.

When goods or services are exchanged or swapped for goods or services of a similar nature and value, the exchange is not regarded as a revenue-generating transaction.

Endesa Chile records the net amount of non-financial asset purchase or sale contracts settled for the net amount of cash or through some other financial instruments. Contracts entered into and maintained for the purpose of receiving or delivering these non-financial assets are recognized on the basis of the contractual terms of the purchase, sale, or usage requirements expected by the entity.

Interest income (expense) is recognized at the effective interest rate applicable to the outstanding principal over the repayment period.

The Company's primary line of business is in the electricity generation segment, and a minor percentage of its revenues comes from other activities related to this main line of business.

## o) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders of the Parent Company (the numerator) by the weighted average number of ordinary shares in circulation during the period (the denominator), excluding the average number of shares of the Parent Company held by any subsidiary company, if any.

During the 2013, 2012, and 2011 fiscal years, the Group did not engage in any transaction of any kind with potential dilutive effects leading to diluted earnings per share that could differ from basic earnings per share.

## p) Dividends

Article 79 of the Chilean Companies Act establishes that, unless unanimously agreed otherwise by the shareholders of all issued shares, listed corporations must distribute a cash dividend to shareholders on a yearly basis, prorated by the shares owned or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed.

As it is practically impossible to achieve a unanimous agreement given Endesa Chile's highly fragmented share capital, as of the end of each year the amount of the dividend obligation to its shareholders is determined, net of interim dividends approved during the fiscal year, and then accounted for in "Trade and other current payables" and "Accounts payable to related companies," as appropriate, and charged to Equity.

Interim and final dividends are deducted from Equity as soon as they are approved by the competent body, which in the first case is normally the Company's Board of Directors and in the second case is the Ordinary Shareholders' Meeting.

## q) Cash flow statement

The cash flow statement reflects changes in cash that took place during the period, determined with the direct method. It uses the following expressions and corresponding meanings:

- Cash flow: inflows and outflows of cash or cash equivalents, which are defined as highly liquid investments maturing in less than three months with a low risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that cannot be considered investing or financing activities.
- Investment activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the total equity and borrowings of the Group.

# Note 4

## Sector Regulations and Electricity System Operations

### a) Chile

In Chile, the electricity sector is regulated by the General Law of Electrical Services (Chilean Electricity Law), also known as DFL No. 1 of 1982, of the Ministry of Mining—whose compiled and coordinated text was established in DFL No. 4 issued in 2006 by the Ministry of Economy (the Electricity Law)—as well as by an associated Regulation (D.S. No. 327 issued in 1998). Three government bodies are primarily responsible for enforcing this law: the National Energy Commission (CNE), which has the authority to propose regulated tariffs (node prices) and to draw up indicative plans for the construction of new generating units; the Superintendency of Electricity and Fuels (SEF), which supervises and oversees compliance with the laws, regulations, and technical standards that govern the generation, transmission, and distribution of electricity, as well as liquid fuels, and gas; and, finally, the recently created Ministry of Energy, which is responsible for proposing and guiding public policies on energy matters. It also oversees the SEF, the CNE, and the Chilean Commission for Nuclear Energy (ChCNE), thus strengthening coordination and allowing for an integrated view of the energy sector. The Ministry of Energy also includes the Agency for Energy Efficiency and the Center for Renewable Energy. The Chilean Electricity Law has also established a Panel of Experts whose main task is to resolve potential discrepancies among the players in the electricity market, including electricity companies, system operators, regulators, etc.

From a physical view point, the Chilean electrical sector is divided into four electrical grids: the Sistema Interconectado Central (SIC), the Sistema Interconectado del Norte Grande (SING), and two separate medium-size grids located in southern Chile, one in Aysén and the other in Magallanes. The SIC, the main electrical grid, runs 2,400 km longitudinally and connects the country from Taltal in the north to Quellon, on the island of Chiloe in the south. The SING covers the northern part of the country, from Arica down to Coloso, covering a length of some 700 km.

The electricity industry is organized into three business segments: generation, transmission, and distribution, all operating in an interconnected and coordinated manner, and whose main purpose is to supply electrical energy to the market at minimum cost while maintaining the quality and safety service standards required by the electrical regulations. As essential services, the power transmission and distribution businesses are natural monopolies; these segments are regulated as such by the electricity law, which requires free access to networks and regulates rates.

Under the Chilean Electricity Law, companies engaged in generation and transmission on an interconnected electrical grid must coordinate their operations through a centralizing operating agent, the Centro de Despacho Económico de Carga (CDEC), in order to operate the system at minimum cost while maintaining reliable service. For this reason, the CDEC plans and operates the system, including the calculation of the so-called "marginal cost," which is the price assigned to CDEC-organized energy transfers occurring among power generating companies.

Therefore, a company's decision to generate electricity is subject to the CDEC's operation plan. On the other hand, each company is free to decide whether to sell its energy to regulated or unregulated customers. Any surplus or deficit between a company's sales to its customers and its energy supply is sold to, or purchased from, other generators at the spot market price.

A power generating company may have the following types of customers:

**(i) Distribution companies that supply power to regulated customers:** This distribution is to residential and commercial consumers and small and medium-size businesses with a connected capacity equal to or less than 500 kW located in the concession area of a distribution company. Customers that consume from 500 kW to 2000 kW may choose to be regulated or unregulated clients. Until 2009, the transfer prices between generators and distribution companies for supplying power to regulated customers were capped at a maximum value called the node price, which is regulated by the Ministry of Energy. Node prices are set every six months, in April and October, based on a report prepared by the CNE that takes into account projections of expected marginal costs in the system over the next 48 months for the SIC and 24 months for the SING. Beginning in 2010, and as the node price contracts begin to expire, the transfer prices between generators and distributors is being replaced by the results of regulated bidding processes, with a price cap set by the authority every six months.

**(ii) Unregulated customers:** Those customers, mainly industrial and mining companies, with a connected capacity of over 2,000 kW. These consumers can freely negotiate prices for electrical supply with generators and/or distributors. Customers with capacity between 500 and 2,000 kW, as indicated in the preceding paragraph, have the option to contract energy at prices agreed upon with their suppliers or be subject to regulated prices, with a minimum stay of at least four years under each pricing system.

**(iii) Spot market:** This represents energy and capacity transactions among generating companies that result from the CDEC's coordination to keep the system running as economically as possible, where the surpluses (deficits) between a generator's energy supply and the energy it needs to comply with business commitments are transferred through sales (purchases) to (from) other generators in the CDEC. In the case of energy, transfers are valued at the marginal cost, while node prices for capacity are set every semester by the regulators.

In Chile, the capacity that must be paid to each generator depends on an annual calculation performed by the CDEC to determine the firm capacity of each power plant, which is not the same as the dispatched capacity.

Beginning in 2010 with the enactment of Law 20,018, distribution companies must have enough supply permanently available to cover their entire demand projected for a period of three years; to do so, they must carry out long-term public bidding processes.

Regarding renewable energy, in April of 2008 Law 20,257 was enacted, which encourages the use of Non-Conventional Renewable Energies (NCRE). The principal aspect of this law is that at least 5% of generation companies' energy sold to its customers must come from renewable sources between years 2010 and 2014. This requirement progressively increases by 0.5% from year 2015 until 2024, when a 10% renewable energy requirement will be reached. This law was recently amended by Law 20,698, published in the Official Gazette (Diario Oficial) on October 22, 2013 and dubbed the "20/25

law," as it establishes that by 2025, 20% of power supplied will be generated by NCRE. It does not change plan from the previous law for supplying power under agreements in effect in July 2013.

On December 31, 2012, the Regulations containing the provisions governing complementary services were published in the Official Gazette. These services are understood to be the technical resources in generation, transmission and distribution, and customer facilities that are not subject to price regulations and that each electrical system must have for the coordination of its operations as stipulated in Article 137 of the General Law on Electrical Services.

On August 7, 2013, the Superintendency of Electricity and Fuels (SEF), in ORD No. 7230, invoking its powers of interpretation and supervision, decreed that distribution companies' consumption in excess of the supply they have contracted with generating companies that have agreed to supply their power through tenders, must be covered with the surplus power that other distributors have contracted through tenders with other generating companies. For this purpose, distribution companies with surpluses may transfer their excess power to distribution companies with deficits with no need to obtain the consent of the respective generator.

Law 20,701, the Electricity Concession Law, whose purpose is to streamline the process for obtaining power concessions, was published in the Official Gazette on October 14, 2013. This new law simplifies the process for obtaining temporary concessions, shortens processing times, identifies possible observations and opposition to projects, modifies the notification process, establishes summary judicial proceedings, makes it possible to divide concession applications, modifies the procedure for real estate appraisals, and resolves conflicts between different types of concessions.

On January 8, 2014, the Senate, unanimously on its third vote, passed the bill amending the General Electricity Services Law in order to permit interconnection of the central grid (the SIC) with the northern grid (the SING).

## b) The rest of Latin America

### **Brazil, Colombia, and Peru**

Legislation in Brazil, Colombia, and Peru allows participation of private capital in the electricity sector, upholds free competition between companies in electricity generation, and defines criteria to avoid certain levels of economic concentration and/or market practices that may cause a decline in free competition.

In regards to the main characteristics of the electricity generation business, it can be said that in general, these are open markets in which private players are free to make their own investment decisions, within government guidelines. The exception is Brazil, a country which, based on the contractual needs of the distribution companies, the Ministry of Energy actively participates in the expansion of the electricity system by, on the one hand, establishing capacity quotas by type of technology and, on the other, promoting separate bids for thermal, hydraulic, or renewable energies or participating directly by organizing public bids for specific projects. In addition, operations in these countries are centrally coordinated, with an independent operator coordinating load dispatch. Except for Colombia, where dispatch is based on prices offered by the players, in the other countries load dispatched is centralized, based on variable production costs in order to ensure the fulfillment of the demand at a minimum cost for the system. From that dispatch, the marginal cost, which defines the price for spot transactions, is determined. In Brazil, the price at which spot market transactions are settled is called the Difference Settlement Price (PLD, its Portuguese acronym), which takes into account the risk aversion curve of the players. As for Peru, its spot price fixing system does not necessarily reflect system costs since it defines an idealized marginal cost which does not take into account the current restrictions of the gas and electricity transport system, and at the same time defines a ceiling price for the market. This was established in an emergency regulation in 2008 (Emergency Decree 049 of 2008) and is expected to remain in effect until 2015.

In Colombia, Brazil, and Peru, generation players are able to sell energy through contracts in the regulated or unregulated markets, and to trade their surplus/deficit on the spot market. The unregulated market is focused on the segment of large users, although the limits that define this status vary in each market: Brazil: 3,000 kW or 500 kW for renewable fuels; Colombia: 100 kW or 55 MWh per month; and Peru: at least 200 kW.

The principal differences among the markets involve how energy sales are regulated among generators and distributors and how regulated prices are established for the determination of the tariffs charged to end users:

- In Brazil, there are two markets for contracting energy. In the unregulated market, suppliers and their clients directly negotiate energy purchase conditions. In the regulated market, where distribution companies operate, energy purchases must go through a tender process coordinated by ANEEL, the National Electricity Agency. In this way, the regulated purchase price used in the determination of tariffs to end users is based on average prices of open bids, and there are separate bidding processes for existing and new energy. Bidding processes for new energy contemplate long-term generation contracts in which new generation projects must cover the growth of demand foreseen by distributors. The open bids for existing energy consider shorter contractual terms and seek to cover the distributors' contractual needs arising from the expiry of prior contracts. Each bidding process is coordinated centrally. Authorities set maximum prices and, as a result, contracts are signed where all distributors participating in the process buy pro rata from each offering generator.
- In order to reduce the final price of electricity tariffs and to re-launch economic activity in Brazil, on September 11, 2012, the government approved Temporary Measure ( Medida Provisoria ) 579, which establishes the conditions for renewing the electricity industry's concessions that expire between 2015 and 2017 and reduces the tax burden on electricity tariffs, which will now be covered with government funds. Law 12,783 converting the Temporary Measure and Development Decree 7891 was published in January of 2013. In compliance with the Law and the Decree, on January 25, 2013 the ANEEL approved an extraordinary tariff revision that reduced electricity rates by an average of 20% for regulated clients, due in part to lower energy costs as a result of renewed generation and transmission concessions and in part to a reduction in tariff charges.
- In Colombia, distributors are free to decide their supply, being able to define the conditions of public bidding processes where they acquire energy for the regulated market, and they are able to buy energy on the spot market. Prices paid by end users reflect an average of the purchase price. Since 2004, the CREG (the Colombian Energy and Gas Regulation Commission) has working on a proposal called the Regulated Organized Market or MOR, its acronym in Spanish, to modify the energy contracting system in the Colombian market. Under the proposal, the existing contracting system will be modified into an electronic contract system. This mechanism will replace the current bidding processes by energy auctions with standardized commercial conditions, where contractual demand will be treated as a single aggregate demand.
- In Peru, as in Chile, distributors are obligated to enter into contracts for their energy supply, and the legislation was amended so that public bids would be based on distributor requirements. Currently, there are only a few contracts between generators and distributors that are in force at "bar price" (the equivalent of the node price in Chile), which is set on the basis of centralized calculations. However, since 2007 contracts are based on public bids. Authorities approve the terms and conditions for the bidding and set the maximum price for each bid.

All of these countries have some regulations in force promoting the use of renewable energy. However, unlike Chile, they have not established a mandatory quota for incorporating this type of technology. In Brazil, the ANEEL holds auctions by technology type, taking into consideration the expansion plan set by the planning agency in order to reach the goal set for the level of alternative renewable energy capacity. Peru has a 5% maximum goal for the use of NCRE in the country's energy system, and the regulatory authority, the Energy and Mining Investment Supervisory Agency (OSINERGIM), holds discriminatory auctions to meet this goal. Colombia currently has an indicative goal of 3.5% for the National Energy System in 2015 and 6.5% in 2020, but the plan is currently under review.

## Argentina

Argentina has shown signs of intervention in the electricity market since the crisis of 2002. Under the previous regulations, generators sold to distributors at prices obtained from centralized calculations of the average spot market price. The distributors' purchase price was the average price forecast for the next six months, called the Seasonal Price (P recio Estacional ). Any differences between the Seasonal Price (the purchase price) and the actual spot price (the selling price) was charged to the Seasonal Fund ( Fondo Estacional ) managed by the Electricity Wholesale Market Administration Company (CAMMESA).

However, after the 2002 crisis, the authorities changed the price-setting criteria, bringing the marginal pricing system to an end. First, marginal prices were set as if there were no restrictions on natural gas. In effect, despite the fact that generation is dispatched on the basis of the fuels actually used, Resolution SE 240/2003 establishes that the marginal price is to be calculated taking into consideration all of the generation units as if there were no restrictions in effect on natural gas supplies. In addition, the expense of water is not included in the calculations if its opportunity cost is higher than the cost of generating power with natural gas. Second, it established a spot price ceiling of Ar\$120/MWh. However, CAMMESA pays the actual variable costs of the liquid fuel-fired thermal plants through the Temporary Dispatch Cost Overruns program.

In addition, as the dollarized economy was devalued and went back to the peso, payment for capacity fell from US\$10 to Ar\$10 per MWh. Capacity payments have subsequently risen slightly, to 12 pesos.

Additionally, the freezing of prices paid by distributors caused a gap between actual generation costs and the payments made based on demand through the distributors. This resulted in various types of special agreements aimed at recovering costs, in accordance with regulations in force.

It was in this context that the government announced in 2012 its plan to modify the current regulatory framework and to develop in 2013 and 2014 a payment system based on an average cost scheme.

Resolution 95/13 was published in the Official Bulletin (Boletín Oficial) on March 26, 2013, significantly changing the system for generators' remunerations and other aspects of how the Wholesale Electricity Market, or MEM, operates. This new system applies to previous generation, provided that past and future claims against Resolution SE 406/03 and the Generation Agreement of 2008-2011 are withdrawn.

On May 30 and 31, 2013, the Group's generating companies (Endesa Costanera and Hidroeléctrica El Chocón) accepted the terms of Resolution SE 95/2013.

This resolution marked the end of marginal pricing as a payment system in the Argentine power generation market and established, instead, payment by type of technology and size of plant. For each case, it recognizes fixed costs (determined on the basis of fulfillment of availability) and variable costs, plus an additional remuneration (the two parts are determined on the basis of the energy generated). Part of the additional remuneration will be placed in a trust for future investments.

In principle, commercial management and fuel dispatch will be in the hands of CAMMESA; Terminal Market agreements cannot be extended or renewed, and large users, once their respective contracts are up, must purchase their supply from CAMMESA. However, the Secretary of Energy, in Note SE 1807/13, gives generators the opportunity to express their intention to continue handling collections for their entire contract portfolio, thus ensuring a certain amount of cash flow and a continuing relationship with the customer.

It is also important to mention that Endesa Costanera has availability contracts signed in 2012 that are still in effect, as well as combined cycle contracts (until 2015) and steam generation contracts (until 2019) that will enable the company to implement plan for investing in the Costanera plant generation units in order to optimize the reliability and availability of that plant. The contracts also include payment of the commitments under the Long-Term Service Agreement (LTSA) for the plant's combined cycles.

## Limits on integration and concentration

In general, all of the countries have legislation in effect that defends free competition and, together with specific regulations that apply to the electricity market, defines criteria to avoid certain levels of economic concentration and/or abusive market practices.

In principle, the regulators allow the participation of companies in different activities (e.g. generation, distribution, and commercialization) as long as there is an adequate separation of each activity, for both accounting and company purposes. Nevertheless, most of the restrictions imposed involve the transmission sector mainly due to its nature and to the need to guarantee adequate access to all agents. In Argentina and Colombia there are specific restrictions if generation or distribution companies want to become majority shareholders in transmission companies.

Regarding concentration in a specific sector, in Argentina, there are no specific limits that affect the vertical or horizontal integration of a company. In Chile, while there are regulations on free competition, there are no specific quantitative limits on vertical or horizontal integration. However, the General Law on Electrical Services provides that companies that operate on or have ownership in the Trunk Transmission Systems cannot engage in, either directly or indirectly, activities that are in any way involved in the business of power generation or distribution. In Peru, integrations are subject to authorization if such integration is 5% vertical and 15% horizontal. In Colombia, no company may have a direct or indirect market share of over 25% in electricity sale activities. In addition, Colombian companies created after 1994 can only engage in activities that complement generation/sales and distribution/sales. Finally, in Brazil, with the changes taking place in the power industry under Law 10,848/2004 and Decree 5,163/2004, the ANEEL gradually perfected regulations, eliminating concentration limits as no longer compatible with the prevailing regulatory environment.

With regard to consolidations and mergers between agents of the same segment, current regulation requires authorization from the local regulator.

## Note 5

### Cash and Cash Equivalents

a) The detail of cash and cash equivalents as of December 31, 2013, December 31, 2012, and January 1, 2012, is as follows:

Cash and Cash Equivalents	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Cash balances	170,449	143,980	567,410
Bank balances	92,937,397	192,200,604	160,278,488
Time deposits	201,986,590	41,286,491	42,979,532
Other fixed-income instruments	28,712,943	2,046,658	185,942,841
<b>Total</b>	<b>323,807,379</b>	<b>235,677,733</b>	<b>389,768,271</b>

Time deposits have a maturity of three months or less from their date of acquisition and accrue the market interest for this type of investments. Other fixed-income investments are mainly comprised of operations with maturities of 90 days or less from the date of investment. The company has no restrictions on significant amounts of available cash.

b) The detail of cash and cash equivalents by currency is as follows:

Currency	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Chilean peso	54,192,317	6,284,098	176,040,401
Argentine peso	6,248,527	5,902,409	18,496,001
Colombian peso	227,767,858	187,767,447	136,254,802
Peruvian nuevo sol	20,637,363	31,593,851	29,927,607
U.S. Dollar	14,961,314	4,129,928	29,049,460
<b>Total</b>	<b>323,807,379</b>	<b>235,677,733</b>	<b>389,768,271</b>

## Note 6

### Other Financial Assets

The detail of other financial assets as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	Balance					
	Current			Non-current		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Other Financial Assets						
Available-for-sale financial investments - quoted equity securities	-	-	-	6,468	6,358	61,676
Available-for-sale financial investments - unquoted equity securities or with limited liquidity	-	-	-	4,037,314	3,995,919	3,883,731
Hedging derivatives (*)	21,128,524	51,876	723,067	16,507	29,200,554	9,385,907
Non-hedging derivatives (**)	2,063,414	-	47,504	-	-	-
Financial assets at fair value with change in profit or loss (*)		25,067,909	-	-	-	-
Financial assets held to maturity (*)	944,540	-	-	-	-	-
Other	-	-	143,638	-	102,159	161,140
<b>Total</b>	<b>24,136,478</b>	<b>25,119,785</b>	<b>914,209</b>	<b>4,060,289</b>	<b>33,304,990</b>	<b>13,492,454</b>

(\*) See Note 18.2.a.

(\*\*) See Note 18.2.b.

## Note 7

### Trade and other Receivables

a) The detail of trade and other receivables as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	Balance at					
	31-12-2013		31-12-2012		01-01-2012	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Trade and Other Receivables, Gross						
<b>Trade and other receivables, gross</b>	<b>251,755,148</b>	<b>131,597,410</b>	<b>222,270,043</b>	<b>146,964,151</b>	<b>285,265,470</b>	<b>151,608,768</b>
Trade receivables, gross	229,143,110	125,349,056	139,929,739	140,323,852	250,759,639	148,367,033
Other receivables, gross	22,612,038	6,248,354	82,340,304	6,640,299	34,505,831	3,241,735

	Balance at					
	31-12-2013		31-12-2012		01-01-2012	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Trade and Other Receivables, Net						
<b>Trade and other receivables, net</b>	<b>247,762,922</b>	<b>131,597,410</b>	<b>217,682,591</b>	<b>146,964,151</b>	<b>278,790,141</b>	<b>151,608,768</b>
Trade receivables, net (*)	226,448,136	125,349,056	136,604,395	140,323,852	245,610,400	148,367,033
Other receivables, net (**)	21,314,786	6,248,354	81,078,196	6,640,299	33,179,741	3,241,735

(\*) As of December 31, 2013 and 2012, includes ThCh\$1,468,908 and ThCh\$12,307,382, respectively, from agreements corresponding to reconciliation, termination of arbitration, and settling of prices between Endesa Chile and Compañía de Papeles y Cartones (CMPC).

(\*\*) As of December 31, 2013, December 31, 2012, and January 1, 2012, includes ThCh\$0, ThCh\$74,873,533, and ThCh\$24,261,059, respectively, in Accounts receivable from insurance (Bocamina I and II plants).

The balances in this account do not generally accrue interest.

The Group does not have clients to which it has sales representing 10% or more of its operating income in the fiscal years ended December 31, 2013 and 2012.

Refer to Note 8.1 for detailed information on amounts, terms, and conditions associated with accounts receivable from related companies

b) As of December 31, 2013, December 31, 2012, and January 1, 2012, the balance of unimpaired past due trade receivables is as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Trade Receivables Past Due but Not Impaired			
Less than three months	978,179	851,999	1,419,316
Between three and six months	21,242,045	587,652	302
Between six and twelve months	670,204	1,394,740	350,334
<b>Total</b>	<b>22,890,429</b>	<b>2,834,391</b>	<b>1,769,952</b>

c) The reconciliation of changes in the allowance for impairment of trade receivables is as follows:

	Current and Non-current ThCh\$
Trade Receivables Past Due and Impaired	
<b>Balance at January 1, 2012</b>	<b>6,475,329</b>
Increases (decreases) for the year	(1,460,736)
Amounts written off	(271,908)
Foreign currency translation differences	(30,262)
Other	(124,971)
<b>Balance at December 31, 2012</b>	<b>4,587,452</b>
Increases (decreases) for the year (*)	(140,365)
Amounts written off	(411,830)
Foreign currency translation differences	(43,031)
<b>Balance at December 31, 2013</b>	<b>3,992,226</b>

(\*) See Note 26 for Depreciation, amortization, and impairment losses.

## Write-offs for bad debt

Past-due debt is written off once all collection measures and legal proceedings have been exhausted and the debtors' insolvency has been demonstrated. In our power generation business, this process normally takes at least one year of procedures for the few cases that arise in each country.

d) Additional information:

- Additional statistical information required under Official Bulletin 715 of the SVS, Chile, of February 3, 2012, XBRL Taxonomy: see Appendix 6.
- Complementary information on trade receivables, see Appendix 6.1.

# Note 8

## Balances and Transactions with Related Parties

Related party transactions are performed at current market conditions.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not itemized in this note.

As of the date of these financial statements, no guarantees have been given or received nor has any allowance for bad or doubtful accounts been recorded with respect to receivable balances for related company transactions.

## 8.1 Balances and transactions with related companies

The balances of accounts receivable and payable between the Company and its non-consolidated related companies are as follows:

### a) Receivables from related companies

Taxpayer ID No. (RUT)	Company	Description of Transaction	Term of Transaction	Relationship
Foreign	Comercializadora de Energía del Mercosur S.A.	Energy sales	Less than 90 days	Associate
Foreign	Comercializadora de Energía del Mercosur S.A.	Other services	Less than 90 days	Associate
96,800,570-7	Chilectra S.A.	Energy sales	Less than 90 days	Common immediate parent
96,800,570-7	Chilectra S.A.	Toll	Less than 90 days	Common immediate parent
96,800,570-7	Chilectra S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Compañía Interconexao Energética S.A.	Toll	Less than 90 days	Common immediate parent
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Energy sales	Less than 90 days	Common immediate parent
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Empresa de Energía de Piura S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Empresa de Energía de Piura S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Energy sales	Less than 90 days	Common immediate parent
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Empresa Distribuidora Sur S.A.	Mercantile current account	Less than 90 days	Common immediate parent
96,783,910-8	Empresa Eléctrica de Colina Ltda.	Energy sales	Less than 90 days	Common immediate parent
Foreign	Empresa de Energía de Cundinamarca S.A.	Energy sales	Less than 90 days	Common immediate parent
94,271,000-3	Enersis S.A.	Other services	Less than 90 days	Parent
94,271,000-3	Enersis S.A.	Mercantile current account	Less than 90 days	Parent
Foreign	Generalima S.A.	Other services	Less than 90 days	Common immediate parent
76,418,940-K	GNL Chile S.A.	Other services	Less than 90 days	Associate
76,418,940-K	GNL Chile S.A.	Advance natural gas purchases	Less than 90 days	Associate
76,418,940-K	GNL Chile S.A.	Loans	Less than 90 days	Associate
76,788,080-4	GNL Quinteros S.A.	Energy sales	Less than 90 days	Associate
76,107,186-6	ICT Servicios Informáticos Ltda.	Other services	Less than 90 days	Common immediate parent
79,913,810-7	Inmobiliaria Manso de Velasco S.A.	Other services	Less than 90 days	Common immediate parent
96,800,460-3	Luz Andes Ltda.	Energy sales	Less than 90 days	Common immediate parent
96,806,130-5	Electrogas S.A.	Dividends	Less than 90 days	Associate
96,524,140-K	Empresa Eléctrica Panguipulli S.A.	Energy sales	Less than 90 days	Common immediate parent
96,880,800-1	Empresa Eléctrica Puyehue S.A.	Energy sales	Less than 90 days	Common immediate parent
Foreign	Distrilec Inversora S.A.	Dividends	Less than 90 days	Associate
Foreign	Endesa Brasil S.A.	Dividends	Less than 90 days	Associate
Foreign	Endesa Brasil S.A.	Dividends	Less than 90 days	Associate
Foreign	PH Chucas Costa Rica	Other services	Less than 90 days	Common immediate parent
Foreign	Endesa Generación S.A.	Commodity derivatives (*)	Less than 90 days	Common immediate parent
Foreign	Central Dock Sud	Other services	Less than 90 days	Common immediate parent
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	Loans	Less than 90 days	Joint venture
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	Energy sales	Less than 90 days	Joint venture
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	Other services	Less than 90 days	Joint venture
76,652,400-1	Centrales Hidroeléctricas De Aysén S.A.	Other services	Less than 90 days	Joint venture
77,017,930-0	Transmisora Eléctrica de Quillota Ltda.	Other services	Less than 90 days	Joint venture
Foreign	Endesa Energía S.A.	Natural gas sales	Less than 90 days	Associate
76,126,507-5	Parque Eólico Talinay Oriente SA	Energy sales	Less than 90 days	Common immediate parent
<b>Total</b>				

(\*) See Note 18.3.a.

### b) Accounts payable to related companies

Taxpayer ID No. (RUT)	Company	Description of Transaction	Term of Transaction	Relationship
Foreign	Carboex S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Comercializadora de Energía del Mercosur S.A.	Fuel purchases	Less than 90 days	Associate
Foreign	Comercializadora de Energía del Mercosur S.A.	Other services	Less than 90 days	Associate
96,800,570-7	Chilectra S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Energy purchases	Less than 90 days	Common immediate parent
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Mercantile current account	Less than 90 days	Common immediate parent
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Compañía de Transmisión del Mercosur S.A.	Toll	Less than 90 days	Common immediate parent
Foreign	Empresa de Energía de Piura S.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Other services	Less than 90 days	Common immediate parent
Foreign	Empresa Distribuidora Sur S.A.	Mercantile current account	Less than 90 days	Common immediate parent
96,806,130-5	Electrogas S.A.	Other services	Less than 90 days	Associate
Foreign	Empresa de Energía de Cundinamarca S.A.	Toll	Less than 90 days	Common immediate parent

Currency	Country	Current			Non-current		
		31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Ar\$	Argentina	1,202,518	3,259,940	2,135,015	-	-	-
Ar\$	Argentina	-	5,788,317	483,179	-	-	-
CH\$	Chile	21,575,728	15,575,922	12,737,733	-	-	-
CH\$	Chile	-	-	1,805,810	-	-	-
CH\$	Chile	1,578,572	855,814	975,867	-	-	-
Ar\$	Brazil	7,467,073	7,903,684	8,412,834	-	-	-
CP	Colombia	12,572,443	14,882,711	34,796,603	-	-	-
CP	Colombia	20,674	84,496	-	-	-	-
Sol	Peru	139,579	-	208,118	-	-	-
CH\$	Chile	15,899	-	-	-	-	-
Sol	Peru	7,085,960	9,221,914	10,301,087	-	-	-
Sol	Peru	10,191	-	-	-	-	-
Ar\$	Argentina	29,718	9,428	3,500	-	-	-
CH\$	Chile	8,318	2,768	12,375	-	-	-
CP	Colombia	934,281	243,906	307,638	-	-	-
CH\$	Chile	575,075	999,042	365,090	-	-	-
CH\$	Chile	20,913	-	-	-	-	-
CH\$	Peru	50,298	23,890	311,013	-	-	-
US\$	Chile	1,717,013	546,833	591,541	-	-	-
US\$	Chile	11,382,879	-	-	-	-	-
US\$	Chile	445,022	379,802	379,862	-	-	-
CH\$	Chile	366,882	771,985	8,926,072	-	-	-
CH\$	Chile	11,918	56,689	18,979	-	-	-
CH\$	Chile	1,602	1,667	651	-	-	-
CH\$	Chile	1,953	546	3	-	-	-
CH\$	Chile	1,375,492	-	-	-	-	-
CH\$	Chile	66,541	22,457	12	-	-	-
CH\$	Chile	11,636	95,399	7	-	-	-
US\$	Argentina	6,960	8,443	10,492	-	-	-
CH\$	Brazil	42,603,758	-	-	-	-	-
Sol	Brazil	4,918,900	-	-	-	-	-
CH\$	Costa Rica	147,234	42,019	317,563	-	-	-
CH\$	Spain	129,780	784,741	-	-	-	-
CH\$	Spain	-	17,256	-	-	-	-
US\$	Chile	14,839,233	13,336,206	20,201,586	-	-	-
US\$	Chile	-	98,150	98,118	-	-	-
CH\$	Chile	544,015	213	-	-	-	-
CH\$	Chile	-	292,518	270,458	-	-	-
CH\$	Chile	-	181,855	177,501	-	-	-
CH\$	Chile	51,722	-	-	-	-	-
CH\$	Chile	22	-	-	-	-	-
		<b>131,909,802</b>	<b>75,488,611</b>	<b>103,848,707</b>	-	-	-

Currency	Country	Current			Non-current		
		31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
CH\$	Spain	-	-	5,586,847	-	-	-
Ar\$	Argentina	1,739,120	7,202,746	19,615,744	-	-	-
Ar\$	Argentina	2,319	752	-	-	-	-
CH\$	Chile	35,609	208,612	1,510,401	-	-	-
CP	Colombia	2,231,822	1,881,909	-	-	-	-
CP	Colombia	-	-	4,155,760	-	-	-
CP	Colombia	44,023	58,905	-	-	-	-
Ar\$	Argentina	7,467,073	7,903,684	8,412,834	-	-	-
Sol	Peru	165,479	-	-	-	-	-
Sol	Peru	15,799	19,405	13,875	-	-	-
Ar\$	Argentina	85,350	74,533	60,111	-	-	-
CH\$	Chile	200,821	54,607	538,373	-	-	-
CP	Colombia	108,829	95,007	124,779	-	-	-

Taxpayer ID No. (RUT)	Company	Description of Transaction	Term of Transaction	Relationship
Foreign	Inversiones Sudamerica Ltda.	Dividends	More than 90 days	Common immediate parent
Foreign	Inversiones Sudamerica Ltda.	Dividends	Less than 90 days	Common immediate parent
Foreign	Endesa Latinoamérica S.A.	Dividends	More than 90 days	Common immediate parent
Foreign	Endesa Latinoamérica S.A.	Dividends	Less than 90 days	Common immediate parent
94,271,000-3	Enersis S.A.	Other services	Less than 90 days	Parent
94,271,000-3	Enersis S.A.	Dividends	Less than 90 days	Parent
94,271,000-3	Enersis S.A.	Dividends	Less than 90 days	Parent
94,271,000-3	Enersis S.A.	Mercantile current account	Less than 90 days	Parent
94,271,000-3	Enersis S.A.	Loans	Less than 90 days	Parent
76,418,940-K	GNL Chile S.A.	Natural gas purchases	Less than 90 days	Associate
76,107,186-6	ICT Servicios Informáticos Ltda.	Other services	Less than 90 days	Common immediate parent
76,107,186-6	ICT Servicios Informáticos Ltda.	Mercantile current account	Less than 90 days	Common immediate parent
96,524,140-K	Empresa Eléctrica Panguipulli S.A.	Energy purchases	Less than 90 days	Common immediate parent
96,880,800-1	Empresa Eléctrica Puyehue S.A.	Energy purchases	Less than 90 days	Common immediate parent
Foreign	Endesa Generación S.A.	Fuel purchases	Less than 90 days	Common immediate parent
Foreign	Endesa Generación S.A.	Commodity derivatives (*)	Less than 90 days	Common immediate parent
Foreign	Central Termica Manuel Belgrano	Mercantile current account	Less than 90 days	Associate
Foreign	Enel Energy Europe S.L.	Other services	Less than 90 days	Common immediate parent
Foreign	Enel Energy Europe S.L.	Other services	Less than 90 days	Common immediate parent
Foreign	Enel Energy Europe S.L.	Other services	Less than 90 days	Common immediate parent
Foreign	Enel Energy Europe S.L.	Other services	Less than 90 days	Common immediate parent
Foreign	Enel Produzione	Other services	Less than 90 days	Common immediate parent
Foreign	Enel Ingegneria e Innovazione	Other services	Less than 90 days	Common immediate parent
Foreign	Central Dock Sud	Other services	Less than 90 days	Common immediate parent
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	Natural gas purchases	Less than 90 days	Joint venture
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	Energy purchases	Less than 90 days	Joint venture
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	Other services	Less than 90 days	Joint venture
77,017,930-0	Transmisora Eléctrica de Quillota Ltda.	Toll	Less than 90 days	Joint venture
77,017,930-0	Transmisora Eléctrica de Quillota Ltda.	Other services	Less than 90 days	Joint venture
76,126,507-5	Parque Eólico Talinay Oriente SA	Energy purchases	Less than 90 days	Common immediate parent
Foreign	Endesa Brasil S.A.	Other services	Less than 90 days	Associate
<b>Total</b>				

(\*) See Note 18.3.a.

### c) Significant transactions and effects on income/expenses:

Transactions with related companies that are not consolidated and their effects on profit or loss are as follows:

Taxpayer ID No. (RUT)	Company	Relationship	Description of Transaction
96,800,570-7	Chilectra S.A.	Common immediate parent	Energy sales
		Common immediate parent	Energy purchases
		Common immediate parent	Services rendered
		Common immediate parent	Services received
		Common immediate parent	Electricity tolls
Foreign	Cia A. Multiser. Perú Ltda.	Common immediate parent	Services received
		Common immediate parent	Energy sales
		Common immediate parent	Electricity tolls
94,271,000-3	Enersis S.A.	Parent	Services rendered
		Parent	Services rendered
		Parent	Loans
		Parent	Services received
96,543,670-1	Cia A. Multiser. Ltda.	Common immediate parent	Services rendered
		Common immediate parent	Services received
Foreign	Cia A. Multiser Colombia Ltda.	Common immediate parent	Services received
		Common immediate parent	Services rendered
		Common immediate parent	Services received
96,529,420-1	Synapsis Soluciones y Servicios IT Ltda.	Common immediate parent	Services rendered
		Common immediate parent	Services received
Foreign	Synapsis Perú Ltda.	Common immediate parent	Services received
Foreign	Synapsis Colombia Ltda.	Common immediate parent	Services received
Foreign	Empresa Distribuidora Sur S.A.	Common immediate parent	Services rendered
		Common immediate parent	Energy sales
96,800,460-3	Luz Andes Ltda.	Common immediate parent	Energy sales
		Common immediate parent	Electricity tolls
		Common immediate parent	Services rendered
		Common immediate parent	Services rendered
Foreign	Compañía Distribuidora y Comercializadora de Energía S.A.	Common immediate parent	Energy sales
		Common immediate parent	Energy purchases
		Common immediate parent	Services rendered

Currency	Country	Current			Non-current		
		31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
CH\$	Spain	-	-	-	-	-	-
CP	Spain	-	-	-	-	-	-
CH\$	Colombia	-	725,029	957,059	-	-	-
CP	Colombia	-	9,726,465	4,457,125	-	-	-
CH\$	Chile	1,373,162	819,438	480,824	-	-	-
CH\$	Chile	63,685,881	42,166,288	80,410,515	-	-	-
CP	Chile	11,513,845	-	-	-	-	-
CH\$	Chile	553	111,270,569	2,800	-	-	-
CH\$	Chile	196,671,232	-	-	-	-	-
CH\$	Chile	13,864,085	25,884,955	8,517,317	-	-	-
CH\$	Chile	283,695	310,228	270,262	-	-	-
CH\$	Chile	-	-	8,234	-	-	-
CH\$	Chile	684,882	216,029	182,599	-	-	-
CH\$	Chile	2,865	15,896	41,017	-	-	-
CH\$	Spain	4,947,081	4,556,927	-	-	-	-
CH\$	Spain	-	32,200	-	-	-	-
Ar\$	Argentina	-	-	846	-	-	-
CP	Spain	-	34,487	39,167	-	-	-
Ar\$	Spain	66,996	45,107	-	-	-	-
Sol	Spain	45,523	48,086	-	-	-	-
CH\$	Spain	73	166,923	-	-	-	-
CH\$	Italia	80,928	80,928	-	-	-	-
US\$	Italia	2,036,678	-	-	-	-	-
CH\$	Spain	-	407	-	-	-	-
US\$	Chile	4,846,992	1,629,774	1,866,685	-	-	-
US\$	Chile	-	371,650	-	-	-	-
US\$	Chile	-	90,625	-	-	-	-
CH\$	Chile	-	66,037	-	-	-	-
CH\$	Chile	219,863	158,713	202,613	-	-	-
CH\$	Chile	400,587	-	-	-	-	-
CH\$	Brazil	92,999	-	-	-	-	-
		<b>312,914,164</b>	<b>215,916,921</b>	<b>137,455,787</b>	-	-	-

Country	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Chile	182,946,267	177,486,847	185,387,242
Chile	-	-	(1,190,687)
Chile	1,558,697	2,564,327	857,384
Chile	(7,596)	(10,796)	(1,586)
Chile	(2,433,950)	(711,218)	(1,836,817)
Perú	-	-	(10,349)
Chile	-	9,124	200,712
Chile	9,267	14,055	17,295
Chile	15	42	7,963
Chile	-	-	1,103,543
Chile	(17,722,188)	(8,893,011)	(1,631,521)
Chile	(1,093,820)	(1,205,502)	(2,108,577)
Chile	-	-	3,659
Chile	-	-	(187,913)
Colombia	-	-	(76,127)
Colombia	-	-	2,500
Chile	-	-	27,780
Chile	-	-	(126,593)
Perú	-	-	(29,294)
Colombia	-	-	(11,199)
Argentina	(35,012)	-	-
Argentina	20,319	24,023	26,337
Chile	-	732	19,917
Chile	1,696	1,486	2,548
Chile	-	-	1,294
Colombia	155,432,080	177,490,874	177,111,431
Colombia	(25,482)	(341,378)	-
Colombia	102,046	128,511	216,572

Taxpayer ID No. (RUT)	Company	Relationship	Description of Transaction
		Common immediate parent	Services received
		Common immediate parent	Loans
		Common immediate parent	Electricity tolls
Extranjera	Comercializadora de Energía del Mercosur S.A.	Associate	Electricity tolls
		Associate	Services received
Extranjera	Empresa de Distribución Eléctrica de Lima Norte S.A.A.	Common immediate parent	Energy sales
		Common immediate parent	Electricity tolls
		Common immediate parent	Services received
		Common immediate parent	Services rendered
Extranjera	Endesa Latinoamericana S.A.	Common immediate parent	Services received
Extranjera	Endesa Brasil S.A.	Associate	Services rendered
		Associate	Loans
Extranjera	Endesa Generación	Common immediate parent	Fuel consumption
Extranjera	Endesa Trading.	Common immediate parent	Fuel consumption
Extranjera	Empresa de Energía de Piura S.A.	Common immediate parent	Energy sales
		Common immediate parent	Energy purchases
		Common immediate parent	Services rendered
		Common immediate parent	Services received
Extranjera	Generalima S.A.	Common immediate parent	Services rendered
Extranjera	Empresa de Energía de Cundinamarca S.A.	Common immediate parent	Electricity tolls
		Common immediate parent	Energy sales
76.788.080-4	GNL Quinteros S.A.	Associate	Energy sales
		Associate	Services rendered
		Associate	Electricity tolls
Extranjera	Compañía de Transmisión del Mercosur S.A.	Common immediate parent	Electricity tolls
96.806.130-5	Electrogas S.A.	Associate	Natural gas tolls
		Associate	Fuel consumption
96.806.130-5	Electrogas S.A.	Associate	Loans
76.418.940-K	GNL Chile S.A.	Associate	Natural gas consumption
		Associate	Loans
		Associate	Natural gas transportation
		Associate	Services rendered
96.976.600-0	Gestión Social S.A. (*)	Related to Director	Other services rendered
78.488.290-k	Tironi y Asociados S.A. (*)	Related to Director	Other services rendered
76.107.186-6	ICT Servicios informáticos Ltda.	Common immediate parent	Services received
		Common immediate parent	Services rendered
79.913.810-7	Inmobiliaria Manso de Velasco S.A.	Common immediate parent	Services rendered
		Common immediate parent	Services received
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Common immediate parent	Energy sales
		Common immediate parent	Energy purchases
		Common immediate parent	Services rendered
96.880.800-1	Empresa Eléctrica Puyehue S.A.	Common immediate parent	Energy sales
		Common immediate parent	Energy purchases
		Common immediate parent	Services rendered
		Common immediate parent	Electricity tolls
Extranjera	Compañía Interconexao Energética S.A.	Common immediate parent	Electricity tolls
		Common immediate parent	Loans
Extranjera	Carboex S.A.	Common immediate parent	Fuel consumption
		Common immediate parent	Services received
Extranjera	Enel Green Power Mexico	Common immediate parent	Services rendered
Extranjera	Enel Energy Europe	Common immediate parent	Services received
Extranjera	Central Térmica Manuel Belgrano S.A.	Associate	Loans
Extranjera	Central Térmica San Martín S.A.	Associate	Loans
76.652.400-1	Centrales Hidroeléctricas De Aysén S.A.	Associate	Loans
		Associate	Services rendered
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Associate	Electricity tolls
		Associate	Other financial income
		Associate	Other fixed operating expenses
76.014.570-K	Inversiones Gas Atacama Holding Ltda.	Associate	Energy purchases
		Associate	Natural gas transportation
		Associate	Loans
		Associate	Energy sales
		Associate	Services received
Extranjera	PH Chucas Costa Rica	Common immediate parent	Services rendered
Extranjera	CENTRAL DOCK SUD	Common immediate parent	Services rendered
Extranjera	Endesa Energía S.A.	Common immediate parent	Natural gas sales
		Common immediate parent	Services rendered
76.126.507-5	Parque Eólico Talinay Oriente SA	Common immediate parent	Energy purchases
Extranjera	Enel Ingegneria e Innovazione	Common immediate parent	Services received
			<b>Total</b>

Transfers of short-term funds between related companies are treated as current accounts changes, with variable interest rates based on market rollover for the same periods and amortization in line with cash flows.

(\*) Company related to former Enersis Director Eugenio Tironi Barrios.

Country	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Colombia	(156,355)	(285,771)	(544,956)
Colombia	-	(658,607)	(568,669)
Colombia	(24,036,652)	(23,676,437)	(22,164,546)
Argentina	-	(5,850)	-
Argentina	(586,483)	(517,069)	-
Peru	82,950,522	98,807,132	113,677,669
Peru	(122,031)	(137,978)	(179,444)
Peru	-	-	(57,535)
Peru	141,190	100,105	9,648
Spain	-	-	(2,891)
Brazil	-	-	427,898
Brazil	-	-	(3,866,183)
Spain	(47,540,061)	(41,522,504)	-
Spain	-	(705,859)	-
Peru	856,559	267,642	97,878
Peru	(141,984)	(2,374,756)	(2,404,335)
Peru	(726,425)	-	-
Peru	137,866	128,134	206,808
Peru	1,826,218	23,890	598,179
Colombia	(883,691)	(505,024)	(409,477)
Colombia	9,145,949	8,171,445	8,534,042
Chile	2,808,698	638,187	5,839,244
Chile	835,543	661,296	600
Chile	-	-	984,760
Argentina	(1,036,437)	(1,225,319)	-
Chile	(2,734,877)	(2,175,039)	(2,677,343)
Chile	(428,555)	(697,653)	(237,593)
Chile	-	-	10,783
Chile	(60,095,868)	(168,238,842)	(132,888,115)
Chile	40,124	21,995	111,779
Chile	(34,796,720)	(34,209,731)	(28,679,684)
Chile	769,402	220,493	-
Chile	-	(49,133)	(71,711)
Chile	-	(2,475)	(33,703)
Chile	(1,090,847)	(1,072,506)	(1,061,463)
Chile	14,936	80,799	97,993
Chile	2,939	3,403	8,504
Chile	-	-	(12,831)
Chile	356,056	98,441	128,210
Chile	(6,119,652)	(1,987,512)	(3,811,001)
Chile	-	-	1,599
Chile	225,833	133,270	26,659
Chile	(65,184)	(757,930)	3,085
Chile	-	-	(25,269)
Chile	(44,504)	(29,745)	(1,935,166)
Brazil	1,036,437	1,225,319	-
Brazil	-	-	(76,201)
Spain	-	(5,042,960)	(39,042,866)
Spain	-	-	(265,334)
Mexico	-	-	19,216
Spain	(396,540)	(297,784)	-
Argentina	-	-	287,347
Argentina	-	-	211,530
Chile	46,444	-	73,518
Chile	10,281	-	1,346,719
Chile	(1,243,417)	(1,219,958)	(1,292,602)
Chile	-	-	46,163
Chile	-	-	199,133
Chile	(9,295,172)	(6,589,964)	-
Chile	(20,937,075)	(20,131,152)	(19,332,811)
Chile	489,864	765,504	2,577,375
Chile	95,845	64,914	4,216,934
Chile	(219,671)	(417,892)	(255,407)
Costa Rica	236,173	481,177	419,356
Argentina	3,091	-	-
Spain	21,397,171	-	-
Spain	51,722	-	-
Chile	(1,148,051)	-	-
Chile	(573,929)	-	-
	<b>227,811,021</b>	<b>143,915,812</b>	<b>236,041,007</b>

market conditions used for the monthly balance. The resulting amounts receivable or payable are usually at 30 days term, with automatic

## 8.2 Board of Directors and key management personnel

Endesa Chile is managed by Board of Directors which consists of nine members. Each director serves for a three-year term after which they can be reelected

The Board of Directors was elected at the Ordinary Shareholders Meeting held on April 26, 2012. The Chairman, Vice Chairman, and Secretary were designated at the Board meeting also held on April 26, 2012. The new Secretary was designated at the Board meeting held on October 29, 2013.

### a) Accounts receivable and payable and other transactions

#### • Accounts receivable and payable

There are no outstanding amounts receivable or payable between the Company and the members of the Board of Directors and key management personnel

#### • Other transactions

No other transactions have taken place between the Company and the members of the Board of Directors and key management personnel.

### b) Compensation for Directors

In accordance with Article 33 of Law No. 18,046 governing stock corporations, the compensation of Directors is established each year at the Ordinary Shareholders Meeting of Endesa Chile. The same methodology has been used since 2001 to determine the compensation described below.

The remuneration breaks down as follows:

- 101.00 UF as a fixed monthly fee, and
- 66.00 UF per diem for each Board meeting attended.

Both fees are 100% higher for the Chariman and 50% higher for the Vice Chairman.

If any Director of Endesa Chile is a member of more than one Board in any Chilean or foreign subsidiaries and/or associates, or holds the position of director or advisor in other Chilean or foreign companies or legal entities in which Endesa Chile has a direct or indirect ownership interest, that Director can be compensated for his/her participation in only one of those Boards or Management Committees.

The Executive Officers of Endesa Chile and/or any of its Chilean or foreign subsidiaries or associates will not receive any compensation or per diem if they hold the position of director in any of the Chilean or foreign subsidiaries or associates of Endesa Chile.

#### Directors' Committee

Each Directors' Committee member receives 56.00 UF for each meeting attended, up to a maximum of 12 remunerated meetings per year.

The enactment of Law 20,382 on improved Corporate Governance resulted in the merger of the Directors' Committee and the Audit Committee.

The following tables show details of the compensation paid to the members of the Board of Directors as of December 31, 2013, 2012, and 2011:

Name	Position	Period in Position	31-12-2013		
			Endesa Board ThCh\$	Board of Subsidiaries ThCh\$	Directors' Committee ThCh\$
Jorge Rosenblut Ratinoff	Chairman	01/01/13 to 31/12/13	98,197	-	-
Paolo Bondi <sup>(1)</sup>	Vice Chairman	01/01/13 to 31/12/13	-	-	-
Francesco Buresti <sup>(1)</sup>	Director	01/01/13 to 31/12/13	-	-	-
Vittorio Corbo	Director	01/01/13 to 31/12/13	49,099	-	-
Jaime Bauza Bauza	Director	01/01/13 to 31/12/13	49,099	-	15,451
Felipe Lamarca Claro	Director	01/01/13 to 31/12/13	49,099	-	15,451
Alfredo Arahuetes Garcia <sup>(3)</sup>	Director	01/01/13 to 31/12/13	49,099	-	-
Enrique Cibié Bluth <sup>(3)</sup>	Director	01/01/13 to 31/12/13	49,099	-	15,451
Manuel Morán Casero <sup>(1);(3)</sup>	Director	01/01/13 to 31/12/13	-	-	-
<b>TOTAL</b>			<b>343,691</b>	<b>-</b>	<b>46,352</b>

31-12-2012

Name	Position	Period in Position	Endesa Board ThCh\$	Board of Subsidiaries ThCh\$	Directors' Committee ThCh\$
Jorge Rosenblut Ratinoff	Chairman	01/01/12 to 31/12/12	99,635	-	-
Paolo Bondi <sup>(1)</sup>	Vice Chairman	01/01/12 to 31/12/12	-	-	-
Jaime Estévez Valencia <sup>(2)</sup>	Director	01/01/12 to 26/04/12	15,027	-	5,039
Francesco Buresti <sup>(1)</sup>	Director	01/01/12 to 31/12/12	-	-	-
José María Calvo-Sotelo Ibañez-Martín <sup>(2)</sup>	Director	01/01/12 to 26/04/12	15,027	-	-
Vittorio Corbo	Director	01/01/12 to 31/12/12	49,817	-	-
Jaime Bauza Bauza	Director	01/01/12 to 31/12/12	49,818	-	15,201
Felipe Lamarca Claro	Director	01/01/12 to 31/12/12	49,818	-	15,201
Alfredo Arahuetes García <sup>(3)</sup>	Director	26/04/12 to 31/12/12	35,171	-	-
Enrique Cibié Bluth <sup>(3)</sup>	Director	26/04/12 to 31/12/12	35,171	-	10,162
Manuel Morán Casero <sup>(1);(3)</sup>	Director	26/04/12 to 31/12/12	-	-	-
<b>TOTAL</b>			<b>349,484</b>	<b>-</b>	<b>45,603</b>

31-12-2011

Name	Position	Period in Position	Endesa Board ThCh\$	Board of Subsidiaries ThCh\$	Directors' Committee ThCh\$
Jorge Rosenblut Ratinoff	Chairman	01/01/11 to 31/12/11	77,843	-	-
Paolo Bondi <sup>(1)</sup>	Vice Chairman	01/01/11 to 31/12/11	-	-	-
Jaime Estévez Valencia	Director	01/01/11 to 31/12/11	38,921	-	18,916
Francesco Buresti <sup>(1)</sup>	Director	01/01/11 to 31/12/11	-	-	-
José María Calvo-Sotelo Ibañez-Martín	Director	01/01/11 to 31/12/11	38,921	-	-
Luis de Guindos Jurado	Director	01/01/11 to 31/12/11	38,921	-	-
Vittorio Corbo	Director	01/01/11 to 31/12/11	38,921	-	-
Jaime Bauza Bauza	Director	01/01/11 to 31/12/11	38,921	-	18,916
Felipe Lamarca Claro	Director	01/01/11 to 31/12/11	38,921	-	18,916
<b>TOTAL</b>			<b>311,369</b>	<b>-</b>	<b>56,748</b>

(1) Paolo Bondi, Francesco Buresti, and Manuel Morán waived the fees and allowances due them as Endesa Chile Directors.

(2) Jaime Estévez Valencia and José María Calvo-Sotelo served as Directors until the Ordinary Shareholders' Meeting held on April 26, 2012.

(3) Alfredo Arahuetes, Enrique Cibié, and Manuel Morán were designated Endesa Chile Directors at the Ordinary Shareholders' Meeting held on April 26, 2012.

### c) Guarantees established by the Company in favor of the Directors

No guarantees have been given to the Directors.

## 8.3 Compensation for Endesa Chile executives

### a) Remuneration received by key management personnel

Taxpayer ID No. (RUT)	Company Executives Name	Position
23,295,610-0	Joaquín Galindo Vélez	Chief Executive Officer
22,357,225-1	Ramiro Alfonsín Balza	Deputy Chief Executive Officer
24,430,233-5	Paulo Jorge Domingues Dos Santos <sup>(6)</sup>	Regional Electricity Production Officer
24,240,132-8	Fernando Prieto Plaza <sup>(2)</sup>	Regional Engineering, Projects, and R&D and Innovation Officer
7,893,919-2	José Venegas Maluenda	Regional Energy Management and Sales Officer
7,044,467-4	Fernando Gardeweg Ried <sup>(1)</sup>	Chief Finance Officer
12,403,710-7	Juan La Fuente Vila <sup>(3)</sup>	Planning and Control Officer
24,332,937-K	Federico Polemann <sup>(4)</sup>	Human Resources Officer
12,690,736-2	María Francisca Moya Moreno	Communications Officer
10,673,365-1	Sebastián Fernández Cox	Energy Projects and Planning Officer
7,776,718-5	Luis Ignacio Quiñones Sotomayor <sup>(5)</sup>	General Counsel

(1) Mr. Fernando Gardeweg Ried took over as Chief Finance Officer on September 1, 2012, replacing Mr. Eduardo Escaffi Johnson, who resigned on August 27, 2012.

(2) Mr. Fernando Prieto Plaza took over as Regional Engineering, Projects, and R&D and Innovation Officer on March 1, 2013, replacing Mr. Juan Benabarre Benaiges, who resigned on January 31, 2013.

(3) Mr. Juan La Fuente Vila took over as Planning and Control Officer on June 1, 2013, replacing Mr. Luis Larumbe Aragón.

(4) Mr. Federico Polemann took over as Human Resources Officer on July 24, 2013, replacing Ms. Luz María Torm Silva.

(5) Mr. Luis Ignacio Quiñones took over as General Counsel on November 1, 2013, replacing Mr. Carlos Martín.

(6) Mr. Paulo Jorge Domingues Dos Santos took over as Regional Electrical Production Officer on November 1, 2013, replacing Mr. Claudio Igleis Guillard.

The accrued remuneration of key management personnel is the following:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Cash compensation	2,072,023	1,989,781	2,000,299
Short-term benefits for employees	629,114	882,323	995,734
Other long-term benefits	1,000,792	627,678	215,192
<b>TOTAL</b>	<b>3,701,929</b>	<b>3,499,782</b>	<b>3,211,225</b>

#### Incentive plans for main officers and managers

Endesa Chile has implemented an annual bonus plan for its executives based on meeting company-wide objectives and on the level of their individual contribution in achieving the overall goals of the Company. The plan provides for a range of bonus amounts according to seniority level. The bonuses paid to the executives consist of a certain number of monthly gross remunerations.

#### b) Guarantees established by the Company in favor of Endesa Chile executives

No guarantees have been given to Endesa Chile executives.

## 8.4 Compensation plans linked to share price

There are no Board compensation plans linked to the share price.

## Note 9

### Inventories

The detail of inventories as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

Classes of Inventories	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Supplies for production	27,632,087	41,909,089	31,215,141
Supplies for projects and spare parts	18,522,958	17,453,531	18,060,885
<b>Total</b>	<b>46,155,045</b>	<b>59,362,620</b>	<b>49,276,026</b>

There are no inventories pledged as security for liabilities.

For the period ended December 31, 2013, the figure for raw materials and consumables recognized as expenses were ThCh\$307,849,013 (ThCh\$732,310,177 and ThCh\$676,035,672 as of December 31, 2012 and January 1, 2012, respectively). See Note 24.

As of December 31, 2013, December 31, 2012, and January 1, 2012, no inventories have been written down.

# Note 10

## Current Tax Receivables and Payables

The detail of current tax receivables as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Monthly provisional tax payments	50,221,458	39,095,650	62,900,289
VAT tax credit	59,412,638	67,101,005	17,153,939
Tax credit for absorbed profits	13,940,841	41,528,840	-
Tax credit for training expenses	218,000	180,000	2,040
Tax credits from dividends received abroad	28,896,906	-	-
Other	1,704,841	2,774,834	1,997,188
<b>Total</b>	<b>154,394,684</b>	<b>150,680,329</b>	<b>82,053,456</b>

The detail of current tax payables as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Income tax	76,264,733	51,717,091	51,997,329
VAT tax charge	8,485,903	8,492,677	11,846,140
Net worth tax	12,791,531	12,748,320	14,593,219
Other	7,017,184	5,415,940	12,028,552
<b>Total</b>	<b>104,559,351</b>	<b>78,374,028</b>	<b>90,465,240</b>

# Note 11

## Investments Accounted for with the Equity Method

### 11.1 Investments accounted for with the equity method

a) The following tables present the changes in investments in associated companies and joint ventures accounted for with the equity method at December 31, 2013 and 2012:

Changes in Investments in Associates	Relationship	Country	Currency	Ownership Interest	Balance at 01-01-2013 ThCh\$
Electrogas S.A.	Associate	Chile	U.S. dollar	42.5000%	9,030,441
Endesa Brasil S.A.	Associate	Brazil	Brazilian real	38.6367%	574,168,681
GNL Quinteros S.A. (1)	Associate	Chile	U.S. dollar	20.0000%	-
GNL Chile S.A.	Associate	Chile	U.S. dollar	33.3300%	376,835
Endesa Cemsa S.A.	Associate	Argentina	Argentine peso	45.0000%	2,743,725
Distrilec Inversora S.A. (1) y (2)	Associate	Argentina	Argentine peso	0.8875%	-
Centrales Hidroeléctricas de Aysén S.A.	Joint venture	Chile	Chilean peso	51.0000%	66,894,760
Transmisora Eléctrica de Quillota Ltda.	Joint venture	Chile	Chilean peso	50.0000%	5,710,960
Inversiones Gas Atacama Holding Ltda.	Joint venture	Chile	U.S. dollar	50.0000%	96,207,755
<b>TOTALES</b>					<b>755,133,157</b>

Changes in Investments in Associates	Relationship	Country	Currency	Ownership Interest	Balance at 01-01-2012 ThCh\$
Electrogas S.A.	Associate	Chile	U.S. dollar	42.5000%	9,733,400
Endesa Brasil S.A.	Associate	Brazil	Brazilian real	40.4529%	569,012,759
GNL Quinteros S.A. (1)	Associate	Chile	U.S. dollar	20.0000%	-
GNL Chile S.A.	Associate	Chile	U.S. dollar	33.3300%	-
Endesa Cemsa S.A.	Associate	Argentina	Argentine peso	45.0000%	3,428,480
Distrilec Inversora S.A. (2)	Associate	Argentina	Argentine peso	0.8875%	24,209
Centrales Hidroeléctricas de Aysén S.A.	Joint venture	Chile	Chilean peso	51.0000%	60,050,165
Transmisora Eléctrica de Quillota Ltda.	Joint venture	Chile	Chilean peso	50.0000%	5,366,245
Inversiones Gas Atacama Holding Ltda.	Joint venture	Chile	U.S. dollar	50.0000%	84,810,956
<b>TOTALES</b>					<b>732,426,214</b>

(1) Balances of negative equity reserves are presented in Other non-current financial liabilities.

(2) Significant influence is exercised through the Enersis (Endesa Chile's parent) 51.5% ownership of Distrilec.

b) As of December 31, 2013, December 31, 2012, and January 1, 2012, no changes in ownership interest in our investment associates had occurred.

### 11.2 Additional financial information on investments in associated companies

The following tables show financial information as of December 31, 2013, December 31, 2012, and January 1, 2012 from the Financial Statements of the investments in associates where the Group has significant influence:

Investments with Significant Influence	% Ownership Interest	December 31, 2013						
		Current Assets ThCh\$	Non-current Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Revenues ThCh\$	Expenses ThCh\$	Profit (Loss) ThCh\$
Endesa Cemsa S.A.	45.00%	31,020,655	838,347	26,525,440	-	2,162,235	(1,841,541)	320,694
Endesa Brasil S.A.	38.64%	828,001,927	2,190,312,917	507,172,891	806,219,181	1,871,470,844	(1,548,922,343)	322,548,501
Distrilec Inversora S.A.	0.89%	812,462	16,019,631	864,657	-	55,329,841	(14,799)	55,315,042
GNL Quintero S.A.	20.00%	88,131,062	566,951,431	34,063,764	597,031,096	100,431,648	(75,857,214)	24,574,434
Electrogas S.A.	42.50%	4,624,089	39,891,362	9,624,463	12,109,047	17,591,544	(7,741,439)	9,850,104
GNL Chile S.A.	33.33%	82,737,334	79,263	78,005,985	3,131,599	538,715,428	(538,302,314)	413,114

Additions ThCh\$	Share of Profit (Loss) ThCh\$	Dividends Declared ThCh\$	Foreign Currency Translation ThCh\$	Other Increase (Decrease) ThCh\$	Balance at 31-12-2013 ThCh\$	Negative Equity Provision ThCh\$	Balance at 31-12-2013 ThCh\$
-	4,186,294	(5,080,897)	769,156	777,330	9,682,324	-	9,682,324
-	94,402,624	(101,388,548)	(21,447,127)	(2,022,281)	543,713,349	-	543,713,349
-	4,914,871	(3,088,495)	36,052	7,922,262	9,784,690	(4,987,182)	4,797,508
-	137,691	-	45,089	-	559,615	-	559,615
-	144,312	-	(487,934)	-	2,400,103	-	2,400,103
-	490,902	-	7,572	(7,363)	491,111	(349,405)	141,706
5,084,698	(2,294,594)	-	-	-	69,684,864	-	69,684,864
-	362,937	-	-	-	6,073,897	-	6,073,897
-	17,002,146	-	10,418,066	-	123,627,967	-	123,627,967
<b>5,084,698</b>	<b>119,347,183</b>	<b>(109,557,940)</b>	<b>(10,659,126)</b>	<b>6,669,948</b>	<b>766,017,920</b>	<b>(5,336,587)</b>	<b>760,681,333</b>

Additions ThCh\$	Share of Profit (Loss) ThCh\$	Dividendos Declarados ThCh\$	Foreign Currency Translation ThCh\$	Other Increase (Decrease) ThCh\$	Balance at 31-12-2012 ThCh\$	Negative Equity Provision ThCh\$	Balance at 31-12-2012 ThCh\$
-	4,283,023	(4,186,063)	(761,847)	(38,072)	9,030,441	-	9,030,441
-	107,503,620	(4,249,443)	(97,520,065)	(578,190)	574,168,681	-	574,168,681
-	5,198,419	(2,738,825)	644,605	782,465	3,886,664	(3,886,664)	-
-	388,865	-	(5,373)	(6,657)	376,835	-	376,835
-	(24,718)	-	(660,005)	(32)	2,743,725	-	2,743,725
-	(404,308)	-	31,531	(839)	(349,407)	349,407	-
7,140,000	(581,423)	-	-	286,018	66,894,760	-	66,894,760
-	344,715	-	-	-	5,710,960	-	5,710,960
-	18,304,801	-	(6,908,002)	-	96,207,755	-	96,207,755
<b>7,140,000</b>	<b>135,012,994</b>	<b>(11,174,331)</b>	<b>(105,179,156)</b>	<b>444,693</b>	<b>758,670,414</b>	<b>(3,537,257)</b>	<b>755,133,157</b>

December 31, 2012

Investments with Significant	% Ownership Interest	Current Assets ThCh\$	Non-current Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Revenues ThCh\$	Expenses ThCh\$	Profit (Loss) ThCh\$
Endesa Cemsa S.A.	45.00%	46,897,389	873,409	41,673,631	-	3,255,026	(3,309,953)	(54,929)
Endesa Brasil S.A.	40.45%	760,292,147	2,272,323,291	444,024,393	861,339,706	2,132,750,328	(1,754,354,455)	378,395,873
Distrilec Inversora S.A.	0.89%	965,234	-	1,013,028	39,323,517	-	(45,557,576)	(45,557,576)
GNL Quintero S.A.	20.00%	72,284,363	541,694,388	27,968,039	610,947,052	101,634,665	(75,642,607)	25,992,058
Electrogas S.A.	42.50%	2,488,996	38,787,769	7,935,168	12,093,501	18,509,416	(8,431,715)	10,077,701
GNL Chile S.A.	33.33%	82,659,263	117,782	78,867,051	2,779,376	863,830,524	(862,663,812)	1,166,712

January 1, 2012

Investments with Significant Influence	% Ownership Interest	Current Assets ThCh\$	Non-current Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Revenues ThCh\$	Expenses ThCh\$	Profit (Loss) ThCh\$
Endesa Cemsa S.A.	45.00%	49,705,466	820,787	42,907,410	-	3,423,785	(2,868,957)	554,828
Endesa Brasil S.A.	40.45%	711,159,450	2,554,157,698	649,588,123	929,712,165	1,973,427,447	(1,585,844,382)	387,583,065
Distrilec Inversora S.A.	0.89%	1,198,471	2,767,981	1,238,424	-	-	(88,727,910)	(88,727,910)
GNL Quintero S.A.	20.00%	112,362,755	600,607,534	76,192,955	681,146,225	95,676,650	(75,397,751)	20,278,899
Electrogas S.A.	42.50%	2,688,608	44,772,738	9,510,888	15,048,487	17,218,630	(7,430,408)	9,788,222
GNL Chile S.A.	33.33%	89,649,829	420,708	87,166,091	2,924,702	850,177,561	(848,810,789)	1,366,772

None of our associates have published price quotations.

Appendix 3 to these consolidated financial statements provides information on the main activities of our associated companies and the ownership interest the Group holds in them.

## - Additional information

### i) Companhia de Interconexão Energética – CIEN

Companhia de Interconexão Energética (“CIEN”), a subsidiary of our associated company Endesa Brasil, was initially in the business of selling electricity in Argentina and Brazil. However, because of the reduction in the availability of power generation and physical guarantee of energy and its associated capacity, the Company has focused its business on a different compensation structure that is not based on the purchase and sale of energy between the countries. Given the strategic importance of the Company’s assets in the relations between Brazil and Argentina, the Company and the Brazilian Government have jointly drawn up a new business plan model changing its selling activity to an electricity transmission activity with payment of a fixed compensation. This new plan involves integrating its transmission lines with the Brazilian transmission grid operated by the Brazilian government.

In previous periods, the Argentine and Uruguayan Governments formalized toll payments with the Company to transport energy between the two countries. Management considers that this situation further emphasizes the importance of the application made to the Brazilian government to approve the new business plan and considers that it will probably be approved. In addition, on June 4, 2010 the Company signed a new transmission contract for a six-month period for a total of US\$155 million (app. ThCh\$ 81,314,550) to cover the energy transmission required by the Argentine government.

Finally, on April 5, 2011, the Diario Oficial (The Official Gazette) published Portarías Ministeriales (Ministerial Decrees) 210/2011 and 211/2011 that equipped Companhia de Interconexão Energética, S.A. (CIEN) with a regulated interconnection line involving payment of a regulated toll. The Receita Anual Permitida (RAP), or income permitted annually, corresponded to 248 million Brazilian reais, to be adjusted according to the Broad National Consumer Price Index (IPCA) every year in June and with the rate to be reviewed every four years. The Line 1 concession lasts until June 2020 and the Line 2 concession until July 2022, with compensation provisions for non-amortized investments. This successfully concludes the change in CIEN’s business model that we had previously reported.

### ii) Ampla and Coelce

On September 11, 2012, the Brazilian government issued Temporary Law 579, which became permanent on January 13, 2013 and directly affects companies holding electric power generation, transmission, and distribution concessions, including Ampla and Coelce (subsidiaries of our associated company Endesa Brasil). Among its provisions, this legislation establishes that the government, as concession grantor, will use the Valor Nuevo de Reemplazo (VNR, New Replacement Value) to make the corresponding indemnity payments to the concessionaires for those assets that have not been amortized at the end of the concession period.

As a result of this new development, our associate’s subsidiaries have changed how they value and classify the amounts they expect to recover in compensation when the concession period ends. The previous approach was based on the historic cost of the investments, and the rights to compensation were recorded as an account receivable. Now, however, they are valued on the basis of the VNR, and the compensation rights are classified as financial assets available for sale. Therefore, at the end of the last fiscal year, a new estimate was made of the amounts Ampla and Coelce expect to receive at the end of the concession period, and ThCh\$112,274,835 was recorded as an increase to assets and financial income (ThCh\$14,182,820 for Endesa Chile, recorded as participation in the earnings of associates accounted for using the equity method).

#### - Restrictions on funds transfers from associated companies

Endesa Brasil must comply with certain financial ratios or covenants, which require a minimum level of equity, that restrict the transferring of assets to its owners. The Company’s ownership interest in Endesa Brasil’s restricted net assets as of December 31, 2013 totaled ThCh\$108,669,927.

## 11.3 Additional information on investments in joint ventures

The following tables present information from the financial statements of the main companies with which Endesa Chile has joint ventures as of December 31, 2013, December 31, 2012, and January 1, 2012:

December 31, 2013								
	% Ownership Interest	Current Assets ThCh\$	Non-current Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Revenues ThCh\$	Expenses ThCh\$	Profit (Loss) ThCh\$
Centrales Hidroeléctricas de Aysén S.A.	51.00%	9,596,488	131,270,190	4,049,634	180,059	-	(4,499,204)	(4,499,204)
Transmisora Eléctrica de Quillota Ltda.	50.00%	3,950,498	10,237,702	670,215	1,370,193	2,394,408	(1,668,535)	725,873
Inversiones Gas Atacama Holding Ltda.	50.00%	176,292,080	295,704,711	63,483,879	44,840,436	176,517,866	(142,513,575)	34,004,291

December 31, 2012								
	% Ownership Interest	Current Assets ThCh\$						
Centrales Hidroeléctricas de Aysén S.A.	51.00%	10,081,574	127,061,491	5,728,373	248,465	-	(1,140,074)	(1,140,074)
Transmisora Eléctrica de Quillota Ltda.	50.00%	3,273,653	9,921,635	503,949	1,269,420	2,265,866	(1,576,437)	689,429
Inversiones Gas Atacama Holding Ltda.	50.00%	109,901,311	280,273,935	48,808,533	42,927,589	119,376,455	(82,726,987)	36,649,468

January 1, 2012								
	% Ownership Interest	Current Assets ThCh\$						
Centrales Hidroeléctricas de Aysén S.A.	51,00%	10,250,367	115,878,802	7,348,428	1,035,256	-	(4,664,851)	(4,664,851)
Transmisora Eléctrica de Quillota Ltda.	50,00%	1,463,786	10,533,846	298,164	966,978	2,310,668	(1,632,824)	677,844
Inversiones Gas Atacama Holding Ltda.	50,00%	93,103,848	314,752,350	77,452,973	45,808,413	260,889,567	(225,125,891)	35,763,676

### - Additional information

#### i) Gas Atacama

Among the assets of Gas Atacama, a company in which Endesa Chile holds a 50% interest, is a combined cycle power generation plant in the north of Chile. Since it has been impossible to import natural gas from neighboring countries, Gas Atacama has been forced to generate electricity using other fuels, whose cost increased sharply in the last few months of 2007 due to higher oil prices. Consequently, the Company filed lawsuits in order to get early termination of the agreement it has with the distributing company Emel. On January 25, 2008, the arbitration ruling denied early termination of the agreement. This situation significantly decreased the recoverable value of that plant, and a loss provision for impairment for US\$110 million was recognized as of December 31, 2007.

## Note 12

### Intangible Assets other than Goodwill

Intangible assets as of December 31, 2013, December 31, 2012, and January 1, 2012 are detailed as follows:

	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Intangible Assets, Net			
<b>Identifiable Intangible Assets, Net</b>	<b>56,048,545</b>	<b>55,752,625</b>	<b>45,528,291</b>
Development costs	7,365,667	6,254,623	5,376,265
Easements and water rights	28,962,374	29,572,872	19,925,736
Concessions (1)	7,247,556	9,728,025	12,152,979
Patents, registered trademarks, and other rights	1,824,734	1,482,187	221,420
Computer software	7,876,555	5,943,571	4,772,198
Other identifiable intangible assets	2,771,659	2,771,347	3,079,693

	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Intangible Assets, Gross			
<b>Identifiable Intangible Assets, Gross</b>	<b>111,708,387</b>	<b>107,765,140</b>	<b>91,977,523</b>
Development costs	7,427,040	6,299,973	5,659,810
Easements and water rights	34,833,865	34,759,360	24,700,484
Concessions (1)	40,203,523	40,142,065	40,156,864
Patents, registered trademarks, and other rights	2,578,733	1,798,218	486,497
Computer software	18,596,553	16,329,438	14,889,444
Other identifiable intangible assets	8,068,673	8,436,086	6,084,424
Accumulated Amortization and Impairment			
<b>Accumulated Amortization and Impairment</b>	<b>(55,659,842)</b>	<b>(52,012,515)</b>	<b>(46,449,232)</b>
Development costs	(61,373)	(45,350)	(283,545)
Easements and water rights	(5,871,491)	(5,186,488)	(4,774,748)
Concessions (1)	(32,955,967)	(30,414,040)	(28,003,885)
Patents, registered trademarks, and other rights	(753,999)	(316,031)	(265,077)
Computer software	(10,719,998)	(10,385,867)	(10,117,246)
Other identifiable intangible assets	(5,297,014)	(5,664,739)	(3,004,731)

(1) The detail of net concessions is the following:

Concession Holder	Country	Term of Concession	Period to Expiration	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Soc. Concesionaria Túnel El Melón S.A. (Infraestructura Vial) (*)	Chile	23 years	2.5 years	7,247,556	9,728,025	12,152,979

(\*) See Note 3.c.1.

The reconciliation of the carrying amounts of intangible assets during the 2013 and 2012 fiscal years is as follows:

## Year 2013

Changes in Intangible Assets	Development Costs ThCh\$	Easements and Water Rights ThCh\$	Concessions ThCh\$	Patents, Registered Trademarks, and Other Rights ThCh\$	Computer Software ThCh\$	Other Identifiable Intangible Assets, Net ThCh\$	Intangible Assets, Net ThCh\$
Opening balance at January 1, 2013	6,254,623	29,572,872	9,728,025	1,482,187	5,943,571	2,771,347	55,752,625
<b>Changes in identifiable intangible assets</b>							
Additions	1,365,305	(1,547)	-	335,933	2,583,972	-	4,283,663
Disposals	(173,662)	-	-	-	(609)	-	(174,271)
Amortization (*)	(15,449)	(651,701)	(2,540,627)	(425,669)	(317,199)	(9,364)	(3,960,009)
Increase (decrease) from foreign exchange difference	51,063	42,387	1,927	14,118	3,033	10,039	122,567
Other increases (decreases)	(116,213)	363	58,231	418,165	(336,213)	(363)	23,970
<b>Total changes in identifiable intangible assets</b>	<b>1,111,044</b>	<b>(610,498)</b>	<b>(2,480,469)</b>	<b>342,547</b>	<b>1,932,984</b>	<b>312</b>	<b>295,920</b>
<b>Closing balance in intangible assets at 12/31/2013</b>	<b>7,365,667</b>	<b>28,962,374</b>	<b>7,247,556</b>	<b>1,824,734</b>	<b>7,876,555</b>	<b>2,771,659</b>	<b>56,048,545</b>

## Year 2012

Changes in Intangible Assets	Development Costs ThCh\$	Easements and Water Rights ThCh\$	Concessions ThCh\$	Patents, Registered Trademarks, and Other Rights ThCh\$	Computer Software ThCh\$	Other Identifiable Intangible Assets, Net ThCh\$	Intangible Assets, Net ThCh\$
Opening balance at 1/1/2012	5,376,265	19,925,736	12,152,979	221,420	4,772,198	3,079,693	45,528,291
<b>Changes in identifiable intangible assets</b>							
Additions	3,117,101	727,244	-	458,044	10,522,845	25,162	14,850,396
Disposals	(1,081,543)	-	-	-	(2,322)	-	(1,083,865)
Amortization (*)	(39,527)	(378,740)	(2,426,638)	(47,358)	(306,896)	(438,025)	(3,637,184)
Increase (decrease) from foreign exchange difference	72,086	329,180	1,683	5,811	403	40,279	449,442
Other increases (decreases)	(1,189,759)	8,969,452	1	844,270	(9,042,657)	64,238	(354,455)
<b>Total changes in identifiable intangible assets</b>	<b>878,358</b>	<b>9,647,136</b>	<b>(2,424,954)</b>	<b>1,260,767</b>	<b>1,171,373</b>	<b>(308,346)</b>	<b>10,224,334</b>
<b>Closing balance in intangible assets at 12/31/2012</b>	<b>6,254,623</b>	<b>29,572,872</b>	<b>9,728,025</b>	<b>1,482,187</b>	<b>5,943,571</b>	<b>2,771,347</b>	<b>55,752,625</b>

(\*) See Note 26, Depreciation and Amortization.

According to the Group management's estimates and projections, the expected future cash flows attributable to intangible assets allow recovery of the carrying amount of these assets recorded as of December 31, 2013 (see Note 3.d).

As of December 31, 2013, December 31, 2012, and January 1, 2012, the Company does not have significant intangible assets with an indefinite useful life.

## Note 13

### Goodwill

The following table shows goodwill by the Cash-Generating Unit or group of Cash-Generating Units to which it belongs and changes as of December 31, 2013, December 31, 2012, and January 1, 2012:

Company	Opening Balance 01-01-2013 ThCh\$	Mergers ThCh\$	Foreign Currency Translation ThCh\$	Saldo Final 31-12-2013 ThCh\$
Hidroeléctrica El Chocón S.A.	10,345,927	-	(1,780,725)	8,565,202
Compañía Eléctrica San Isidro S.A. (**)	4,656,105	(4,656,105)	-	-
Cía. Eléctrica Tarapacá S.A. (**)	-	4,656,105	-	4,656,105
Edegel S.A.A.	81,550,712	-	110,423	81,661,135
Emgesa S.A.E.S.P.	5,194,342	-	19,414	5,213,756
<b>Total</b>	<b>101,747,086</b>	<b>-</b>	<b>(1,650,888)</b>	<b>100,096,198</b>

Company	Opening Balance 01-01-2012 ThCh\$	Mergers ThCh\$	Foreign Currency Translation ThCh\$	Closing Balance 31-12-2012 ThCh\$
Empresa Eléctrica Pangué S.A. (*)	3,139,337	(3,139,337)	-	-
Hidroeléctrica El Chocón S.A.	12,822,659	-	(2,476,732)	10,345,927
Compañía Eléctrica San Isidro S.A. (*)	1,516,768	3,139,337	-	4,656,105
Edegel S.A.A.	83,779,596	-	(2,228,884)	81,550,712
Emgesa S.A.E.S.P.	5,126,657	-	67,685	5,194,342
<b>Total</b>	<b>106,385,017</b>	<b>-</b>	<b>(4,637,931)</b>	<b>101,747,086</b>

(\*) Empresa Eléctrica Pangué S.A. was merged with Compañía Eléctrica San Isidro S.A. on May 1, 2012; it is the latter company that legally continues to exist.

(\*\*) Compañía Eléctrica San Isidro S.A. was merged with Endesa Eco S.A. on September 1, 2013; it is the latter company that legally continues to exist. Endesa Eco S.A. was merged with Compañía Eléctrica Tarapacá S.A. on November 1, 2013; it is the latter company that legally continues to exist.

The origin of the goodwill is detailed below:

### 1. Empresa Eléctrica Pangué S.A.

On July 12, 2002, Endesa Chile acquired 2.51% of the shares of Empresa Eléctrica Pangué S.A. through a put option held by the minority shareholder Internacional Finance Corporation (IFC).

### 2. Hidroeléctrica el Chocón S.A.

On August 31, 1993, Endesa Chile acquired 59% of Hidroeléctrica El Chocón in an international public bidding process held by the Argentine government.

### 3. Compañía Eléctrica San Isidro S.A.

On August 11, 2005, Endesa Chile bought the shares of the company Inversiones Lo Venecia Ltda., whose only asset was a 25% interest in the company San Isidro S.A.

### 4. Edegel S.A.A.

On October 9, 2009, in a transaction on the Lima Stock Exchange in Peru, Endesa Chile acquired an additional 29.3974% interest in Edegel S.A.

### 5. Emgesa S.A.E.S.P.

On October 23, 1997, Endesa Chile, together with Endesa España., bought 48.5% of Generadora de Electricidad Emgesa de Santa Fé de Bogotá in Colombia. The purchase was made in an international public bidding process held by the Colombian government.

According to the Endesa Chile management's estimates and projections, the expected future cash flows projections attributable to the Cash-Generating Units or groups of Cash-Generating Units, to which the acquired goodwill has been allocated, allow recovery of its carrying value as of December 31, 2013 and December 31, 2012 (see Note 3.b).

## Note 14

### Property, Plant, and Equipment

#### a) Property, plant, and equipment as of December 31, 2013, December 31, 2012, and January 1, 2012:

Classes of Property, Plant, and Equipment, Net	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
<b>Property, Plant, and Equipment, Net</b>	<b>4,692,288,945</b>	<b>4,515,242,392</b>	<b>4,451,020,122</b>
Construction in progress	870,787,402	577,918,459	804,735,394
Land	56,927,135	57,740,580	51,596,797
Buildings	20,737,186	20,349,421	21,207,831
Plant and equipment	3,706,325,553	3,820,223,098	3,538,116,315
Fixtures and fittings	15,585,705	16,230,612	11,540,105
Other	21,925,964	22,780,222	23,823,680

Classes of Property, Plant, and Equipment, Gross	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
<b>Property, Plant, and Equipment, Gross</b>	<b>8,102,848,577</b>	<b>7,851,878,297</b>	<b>7,708,750,074</b>
Construction in progress	870,787,402	577,918,459	804,735,394
Land	56,927,135	57,740,580	51,596,797
Buildings	36,365,813	35,374,273	34,553,797
Plant and equipment	7,054,711,195	7,101,159,979	6,738,150,311
Fixtures and fittings	55,297,001	50,924,975	50,232,946
Other	28,760,031	28,760,031	29,480,829

Classes of Accumulated Depreciation and Impairment in Property, Plant, and Equipment	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
<b>Total accumulated depreciation and impairment in property, plant, and equipment</b>	<b>(3,410,559,632)</b>	<b>(3,336,635,905)</b>	<b>(3,257,729,952)</b>
Buildings	(15,628,627)	(15,024,852)	(13,345,966)
Plant and equipment	(3,348,385,642)	(3,280,936,881)	(3,200,033,996)
Fixtures and fittings	(39,711,296)	(34,694,363)	(38,692,841)
Other	(6,834,067)	(5,979,809)	(5,657,149)

b) The detail of, and changes in, property, plant, and equipment during the 2013 and the 2012 fiscal years are as follows:

Changes in 2013	Construction in Progress ThCh\$	Land ThCh\$	Buildings, Net ThCh\$	Plant and Equipment, Net ThCh\$	Fixtures and Fittings, Net ThCh\$	Other Property, Plant, and Equipment, Net ThCh\$	Property, Plant, and Equipment, Net ThCh\$
Opening Balance at January 1, 2013	577,918,459	57,740,580	20,349,421	3,820,223,098	16,230,612	22,780,222	4,515,242,392
Additions	386,015,474	-	22,103	1,058,912	575,244	-	387,671,733
Disposals	(547,205)	(751,843)	-	(3,765,956)	(16,072)	-	(5,081,076)
Depreciation Expense	-	-	(1,276,214)	(180,762,512)	(2,842,346)	(854,258)	(185,735,330)
Impairment losses recognized in profit or loss (*)	-	-	-	(6,599,318)	-	-	(6,599,318)
Foreign currency translation differences	1,013,731	57,138	65,224	(14,132,562)	(153,197)	-	(13,149,666)
Other increases (decreases)	(93,613,057)	(118,740)	1,576,652	90,303,891	1,791,464	-	(59,790)
Total changes	292,868,943	(813,445)	387,765	(113,897,545)	(644,907)	(854,258)	177,046,553
<b>Closing balance at December 31, 2013</b>	<b>870,787,402</b>	<b>56,927,135</b>	<b>20,737,186</b>	<b>3,706,325,553</b>	<b>15,585,705</b>	<b>21,925,964</b>	<b>4,692,288,945</b>

Changes in 2012	Construction in Progress ThCh\$	Land ThCh\$	Buildings, Net ThCh\$	Plant and Equipment, Net ThCh\$	Fixtures and Fittings, Net ThCh\$	Other Property, Plant, and Equipment, Net ThCh\$	Property, Plant, and Equipment, Net ThCh\$
Opening Balance at January 1, 2012	804,735,394	51,596,797	21,207,831	3,538,116,315	11,540,105	23,823,680	4,451,020,122
Additions	267,598,180	-	-	16,170,937	1,108,956	-	284,878,073
Disposals	(7,976)	(213,187)	-	(115,797)	(90,100)	-	(427,060)
Depreciation expense	-	-	(1,124,692)	(176,676,009)	(2,275,853)	(854,259)	(180,930,813)
Impairment losses recognized in profit or loss (*)	-	-	-	(12,578,098)	-	-	(12,578,098)
Foreign currency translation differences	(1,201,357)	66,619	93,634	(30,884,746)	(125,817)	-	(32,051,667)
Other increases (decreases)	(493,205,782)	6,290,351	172,648	486,190,496	6,073,321	(189,199)	5,331,835
Total changes	(226,816,935)	6,143,783	(858,410)	282,106,783	4,690,507	(1,043,458)	64,222,270
<b>Closing balance at December 31, 2012</b>	<b>577,918,459</b>	<b>57,740,580</b>	<b>20,349,421</b>	<b>3,820,223,098</b>	<b>16,230,612</b>	<b>22,780,222</b>	<b>4,515,242,392</b>

(\*) See Note 26, Depreciation and Amortization.

Major additions to property, plant and equipment are investments in operating plants and new projects by ThCh\$353,533,733 in 2013 (ThCh\$ 281,703,466 in 2012). Highlights the progress in the construction of the Central Hydraulics El Quimbo in Colombia (400 MW), involving additions in 2013 by ThCh\$ 150,262,546 (ThCh\$ 174,261,499 in 2012).

## c) Main investments

Material investments in the electricity generation business include developments in the program to create new capacity.

In Colombia, the Central Hidráulica El Quimbo, a hydroelectric dam with 400W of installed capacity and an average annual generation of some 2,216 GWh, is currently under construction.

## d) Finance leases

As of December 31, 2013, December 31, 2012, and January 1, 2012, property, plant, and equipment includes ThCh\$57,721,214, ThCh\$118,407,864, and ThCh\$130,228,889, respectively, in leased assets classified as finance leases.

The present value of future lease payments derived from these finance leases is as follows:

	31-12-2013			31-12-2012			01-01-2012		
	Gross ThCh\$	Interest ThCh\$	Present Value ThCh\$	Gross ThCh\$	Interest ThCh\$	Present Value ThCh\$	Gross ThCh\$	Interest ThCh\$	VPresent Value ThCh\$
Less than one year	8,070,754	1,542,836	6,527,918	7,446,617	1,578,558	5,868,059	11,212,425	2,033,642	9,178,783
From one to five years	35,600,427	3,914,413	31,686,013	37,900,651	3,880,045	34,020,606	35,645,470	5,821,408	29,824,062
More than five years	12,129,432	1,198,490	10,930,942	13,016,926	2,211,594	10,805,332	27,619,488	2,457,926	25,161,562
<b>Total</b>	<b>55,800,613</b>	<b>6,655,739</b>	<b>49,144,873</b>	<b>58,364,194</b>	<b>7,670,197</b>	<b>50,693,997</b>	<b>74,477,383</b>	<b>10,312,976</b>	<b>64,164,407</b>

Leasing assets primarily relate to:

1. Endesa Chile S.A.: a lease agreement for Electric Transmission Lines and Installations (Ralco-Charrúa 2X220 KV) entered into between Endesa Chile and Abengoa Chile S.A. The lease agreement has a 20-year maturity and bears interest at an annual rate of 6.5%.

- Edegel S.A.: lease agreements to finance the project of converting the Ventanilla thermoelectric plant to a combined cycle plant. The agreements were signed between Edegel S.A.A. and the financial institutions BBVA - Banco Continental, Banco de Crédito del Perú, Citibank del Peru, and Banco Internacional del Peru - Interbank. These agreements have an average term of 8 years and bear interest at an annual rate of Libor + 1.75%, Libor + 2.5%, and Libor + 2.5% as of December 31, 2013, December 31, 2012, and January 1, 2012, respectively.

The company also has an agreement with Scotiabank, which financed the construction of a new open cycle plant at the Santa Rosa Plant. This agreement has a term of 9 years and bears interest an annual rate of Libor + 1.75%.

## e) Operating leases

As of December 31, 2013, December 31, 2012, and January 1, 2012, the total future lease payments under those contracts are as follows:

	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Less than one year	1,881,393	1,842,470	273,826
From one to five years	7,863,950	7,747,262	1,084,081
More than five years	9,381,984	9,193,709	16,307,666
<b>Total</b>	<b>19,127,327</b>	<b>18,783,441</b>	<b>17,665,573</b>

## f) Other information

- As of December 31, 2013, December 31, 2012, and January 1, 2012, Endesa Chile had contractual commitments for the acquisition of property, plant, and equipment amounting to ThCh\$2,947,284, ThCh\$11,775,412, and ThCh\$104,286,787, respectively.
- As of December 31, 2013, December 31, 2012, and January 1, 2012, the Group had property, plant, and equipment pledged as security for liabilities in the amount of ThCh\$35,100,296, ThCh\$57,129,918, and ThCh\$154,141,593, respectively (see Note 32).
- The Company and its national and foreign subsidiaries have insurance policies for all risks, earthquake, machinery breakdown and damages for business interruption with a US\$500 million limit. The premiums associated with these policies are presented proportionally for each company under the line item "Other non-financial current assets".
- The situation of certain assets has changed, primarily works and infrastructure for facilities built to support power generation in the SIC grid in 1998, due primarily to the installation in the SIC of new thermoelectric plants, the arrival of LNG, and new projects that will be starting up soon. This has resulted in a new supply configuration for the coming years, in which it is expected that these facilities will not need to be used. Therefore, in the 2009 fiscal year, the Company recorded an impairment provision of ThCh\$43,999,600 for these assets, which continues in effect.
- As a result of the February 27, 2010 earthquake in Chile, some of our Company's plant and equipment were partially or totally impaired. The impact on our total assets, however, is minor as the only facilities that suffered some damage in infrastructure were the Bocamina I and Bocamina II plants.

Due to these impairments, ThCh\$369,643 in assets were written down in the 2010 fiscal year. Additionally, the Company had to incur expenditures related to repair and capital improvements totaling ThCh\$9,733,426, primarily at the Bocamina I plant. All of the disbursements incurred were covered by insurance.

Endesa Chile has the necessary insurance coverage for these types of exceptional claims, covering material damage as well as business interruption.

- On October 16, 2012, Endesa Chile began the collection process on all of the bank performance bonds guaranteeing compliance with the works and correct, timely execution of these works as specified in the agreement "Bocamina Thermal Plant Expansion Project", contract ACP-003.06. This is a turnkey project for a 350 MW coal-fired thermal generation plant ("the contract") signed on July 25, 2007 between Empresa Nacional de Electricidad S.A. ("the owner") and the consortium consisting of (i) the Chilean company Ingeniería y Construcción Tecnimont Chile y Compañía Limitada; (ii) the Italian company Tecnimont SpA; (iii) the Brazilian company Tecnimont do Brasil Construcão e Administracão de Projetos Ltda; (iv) the Slovakian company Slovenske Energeticke Strojarne a.s. ("SES"); and (v) the Chilean company Ingeniería y Construcción SES Chile Limitada; (all referred to collectively as "the Contractor" or "the Consortium").

These performance bonds total US\$74,795,164.44 and UF796,594.29 (approximately US\$38,200,000). The amount actually collected on the bonds as of December 31, 2012 was US\$93,996,585.73 (app. ThCh\$ 49,311,549), with a pending balance still to be collected of US\$18,940,294.84 (app. ThCh\$ 9,936,268).

Collection made on these bank performance bonds reduced the cost overruns incurred by the company due to breach of contract; they were capitalized into the Project.

Together collecting on the bonds, Endesa Chile has reserved all of the rights conferred upon it under the Contract and applicable national legislation to demand complete, timely compliance with the obligations agreed to by the Contractor.

On October 17, 2012, Endesa Chile filed an arbitration request with the International Chamber of Arbitration of Paris in order to enforce the rights conferred upon it under the Contract.

7. At the end of the 2012 fiscal year, our subsidiary Compañía Eléctrica Tarapacá S.A. recorded an impairment loss for ThCh\$12,578,098 to adjust the book value of its Properties, plants, and equipment to their recoverable value (see Note 3.d).

## Note 15

### Deferred Taxes

- a) The origin and changes in deferred tax assets and liabilities at December 31, 2013, December 31, 2012, and January 1, 2012 are as follows:

Deferred Tax Assets	Deferred Tax Assets Relating to						Deferred Tax Assets
	Depreciation	Provisions	Post-Employment Benefit Obligations	Revaluation of Financial Instruments	Tax Losses	Other	
<b>Opening Balance at January 1, 2013</b>	<b>47,982,561</b>	<b>3,868,511</b>	<b>471,979</b>	-	<b>8,368,959</b>	<b>1,109,261</b>	<b>61,801,271</b>
Changes:							
Increase (decrease) in profit or loss	(1,213,098)	597,078	(515,971)	-	(9,824,726)	(1,398,992)	(12,355,709)
Increase (decrease) in comprehensive income	(418,615)	-	708,258	-	-	-	289,643
Foreign currency translation	128,591	12,459	(954)	559	-	(96,200)	44,455
Other increase (decrease)	(2,140,957)	(448,487)	(296,335)	(559)	2,906,228	2,065,912	2,085,802
<b>Closing balance at December 31, 2013</b>	<b>44,338,482</b>	<b>4,029,561</b>	<b>366,977</b>	-	<b>1,450,461</b>	<b>1,679,981</b>	<b>51,865,462</b>

Deferred Tax Assets	Deferred Tax Assets Relating to						Deferred Tax Assets
	Depreciation	Provisions	Post-Employment Benefit Obligations	Revaluation of Financial Instruments	Tax Losses	Other	
<b>Opening Balance at January 1, 2012</b>	<b>57,236,950</b>	<b>14,131,103</b>	<b>761,989</b>	-	-	<b>14,022,548</b>	<b>86,152,590</b>
Changes:							
Increase (decrease) in profit or loss	557,565	(2,696,788)	(512,482)	-	557,746	6,427,649	4,333,690
Increase (decrease) in comprehensive income	-	-	39,792	(65,408)	-	158,459	132,843
Foreign currency translation	1,484,899	(162,132)	(26,059)	(64,360)	-	(749,689)	482,659
Other increase (decrease)	(11,296,853)	(7,403,672)	208,739	129,768	7,811,213	(18,749,706)	(29,300,511)
<b>Closing balance at December 31, 2012</b>	<b>47,982,561</b>	<b>3,868,511</b>	<b>471,979</b>	-	<b>8,368,959</b>	<b>1,109,261</b>	<b>61,801,271</b>

Deferred Tax Liabilities	Deferred Tax Liabilities Relating to						Deferred Tax Liabilities
	Depreciation	Provisions	Post-Employment Benefit Obligations	Revaluation of Financial Instruments	Other		
<b>Opening Balance at January 1, 2013</b>	<b>304,780,129</b>	-	-	<b>5,380,041</b>	<b>10,116,930</b>		<b>320,277,100</b>
Changes:							
Increase (decrease) in profit or loss	(16,864,406)	20,099	(10,491)	937,186	963,333		(14,954,279)
Increase (decrease) in comprehensive income	-	-	2,359	(2,213,576)	(61,684)		(2,272,901)
Foreign currency translation	(455,085)	498	-	575	(1,817,043)		(2,271,055)
Other increase (decrease)	3,195,588	(375)	8,132	(97)	1,707,407		4,910,655
<b>Closing balance at December 31, 2013</b>	<b>290,656,226</b>	<b>20,222</b>	-	<b>4,104,129</b>	<b>10,908,943</b>		<b>305,689,520</b>

Deferred Tax Liabilities Relating to

Deferred Tax Liabilities	Depreciation	Provisions	Post- Employment Benefit Obligations	Revaluation of Financial Instruments	Other	Deferred Tax Liabilities
<b>Opening Balance at January 1, 2012</b>	<b>304,886,153</b>	-	-	<b>880,379</b>	<b>15,744,394</b>	<b>321,510,926</b>
Changes						
Increase (decrease) in profit or loss	30,876,871	-	10,917	1,352,762	(792,125)	31,448,425
Increase (decrease) in comprehensive income	-	-	-	3,146,856	234	3,147,090
Foreign currency translation	(4,525,633)	-	-	2,760	(1,903,678)	(6,426,551)
Other increase (decrease)	(26,457,262)	-	(10,917)	(2,716)	(2,931,895)	(29,402,790)
<b>Closing balance at December 31, 2012</b>	<b>304,780,129</b>	-	-	<b>5,380,041</b>	<b>10,116,930</b>	<b>320,277,100</b>

Recovery of deferred tax assets will depend on whether sufficient tax profits are obtained in the future. The Company believes that the future profit projections for its numerous subsidiaries will allow these assets to be recovered.

b) As of December 31, 2013, December 31, 2012, and January 1, 2012, the Group has not recognized deferred tax assets related to tax losses totaling ThCh\$20,174,721, ThCh\$25,935,861, and ThCh\$5,466,208, respectively (see Note 3.m).

Endesa Chile has not recognized deferred tax liabilities for taxable temporary differences associated with investment in subsidiaries and joint ventures, as it is able to control the timing of the reversal of the temporary differences and considers that it is probable that such temporary differences will not reverse in the foreseeable future. The aggregate amount of taxable temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognized totaled ThCh\$410,670,845 as of December 31, 2013 (ThCh\$517,045,248 and ThCh\$210,035,161 at December 31, 2012 and January 1, 2012, respectively).

The Group companies are potentially subject to income tax audits by the tax authorities of each country in which the Group operates. Such tax audits are limited to a number of annual tax periods and once these have expired audits of these periods can no longer be performed. Tax audits by nature are often complex and can require several years to complete. The following table presents a summary of tax periods potentially subject to examination:

Country	Period
Chile	2008-2013
Argentina	2008-2013
Brazil	2008-2013
Colombia	2011-2013
Peru	2009-2013

Given the range of possible interpretations of tax standards, the results of any future inspections carried out by tax authorities for the years subject to audit can give rise to tax liabilities that cannot currently be quantified objectively. Nevertheless, Endesa Chile Management estimates that the liabilities, if any, that may arise from such audits, would not significantly impact the companies' future results.

The effects of deferred tax on the components of Other comprehensive income are as follows:

Effects of Deferred Tax on the Components of Other Comprehensive Income	December 31, 2013			December 31, 2012			December 31, 2011		
	Income Tax		Amount After Tax ThCh\$	Income Tax		Amount After Tax ThCh\$	Income Tax		Amount After Tax ThCh\$
	I Amount Before Tax ThCh\$	Expense (Benefit) ThCh\$		Amount Before Tax ThCh\$	Expense (Benefit) ThCh\$		Amount Before Tax ThCh\$	Expense (Benefit) ThCh\$	
Available-for-sale financial assets	109	(22)	87	581	(235)	346	(55,554)	9,444	(46,110)
Cash flow hedge	(80,955,947)	14,235,483	(66,720,464)	51,904,650	(19,893,304)	32,011,346	(82,990,326)	17,363,818	(65,626,508)
Foreign currency translation	(18,023,501)	-	(18,023,501)	(126,559,183)	-	(126,559,183)	148,560,224	-	148,560,224
Adjustments from associated companies and joint ventures	10,923,982	-	10,923,982	158,675	-	158,675	(22,722,630)	-	(22,722,630)
Actuarial income on defined-benefit pension plans	(3,618,423)	990,340	(2,628,083)	(4,355,055)	801,138	(3,553,917)	(3,275,638)	537,200	(2,738,438)
<b>Income tax related to components of other income and expenses debited or credited to Equity</b>	<b>(91,673,780)</b>	<b>15,225,801</b>	<b>(76,447,979)</b>	<b>(78,850,332)</b>	<b>(19,092,401)</b>	<b>(97,942,733)</b>	<b>39,516,076</b>	<b>17,910,462</b>	<b>57,426,538</b>

# Note 16

## Other Financial Liabilities

The balance of other financial liabilities as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Other Financial Liabilities						
Interest-bearing loans	349,285,334	1,535,382,432	403,037,101	1,513,616,717	290,808,945	1,712,294,737
Hedging derivatives (*)	1,590,779	900,927	975,089	5,007,665	184,042	6,555,571
Non-hedging derivatives (**)	164,983	-	-	-	-	-
Other financial liabilities	2,692,425	4,479,250	2,442,846	7,027,436	3,307,030	9,243,595
<b>Total</b>	<b>353,733,521</b>	<b>1,540,762,609</b>	<b>406,455,036</b>	<b>1,525,651,818</b>	<b>294,300,017</b>	<b>1,728,093,903</b>

(\*) See Note 18.2a.

(\*\*) See Note 18.2b.

## Interest-bearing borrowings

1. The detail of short- and long-term interest-bearing borrowings as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

Classes of Loans that Accrue Interest	December 31, 2013		December 31, 2012		January 1, 2012	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Bank loans	139,167,439	144,138,738	44,905,191	244,038,846	145,464,457	194,087,333
Unsecured obligations	96,158,257	1,346,203,508	255,588,166	1,214,433,002	83,118,154	1,403,000,187
Secured obligations	4,828,233	-	4,880,687	4,689,387	10,660,476	9,635,108
Finance leases	6,527,918	42,616,954	5,868,059	44,825,938	9,178,783	54,985,624
Other loans	102,603,487	2,423,232	91,794,998	5,629,544	42,387,075	50,586,485
<b>Total</b>	<b>349,285,334</b>	<b>1,535,382,432</b>	<b>403,037,101</b>	<b>1,513,616,717</b>	<b>290,808,945</b>	<b>1,712,294,737</b>

2. Bank loans by currency and contractual maturity as of December 31, 2013, December 31, 2012, and January 1, 2012 are as follows:

### - Summary of bank loans by currency and contractual maturity

The fair value of current and non-current bank borrowings as of December 31, 2013 totaled ThCh\$257,150,881 (ThCh\$284,110,737 and ThCh\$332,248,376 as of December 31, 2012 and January 1, 2012, respectively).

Country	Currency	Amortization	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current			Total Non-current at 31/12/2013 ThCh\$
						Maturity		Total current 31/12/2013 ThCh\$	Maturity			
						One to three months ThCh\$	Three to twelve months ThCh\$		One to three years ThCh\$	Three to five years ThCh\$	More than five years ThCh\$	
Chile	US\$	Semi-annually	2.33%	1.77%	Unsecured	403,872	106,087,194	106,491,066	858,299	-	-	858,299
Chile	CH\$	Semi-annually	6.00%	6.00%	Unsecured	-	176	176	-	-	-	-
Peru	US\$	Quarterly	2.81%	2.78%	Unsecured	2,676,462	2,785,037	5,461,499	22,038,803	27,745,371	-	49,784,174
Argentina	US\$	Semi-annually	9.59%	9.31%	Unsecured	6,425,910	4,853,256	11,279,166	1,617,752	-	-	1,617,752
Argentina	Ar\$	Semi-annually	31.73%	28.22%	Unsecured	13,579,212	2,168,081	15,747,293	8,913,225	-	-	8,913,225
Colombia	CP	Semi-annually	6.95%	6.84%	Unsecured	-	188,239	188,239	-	-	82,965,288	82,965,288
<b>Total</b>						<b>23,085,456</b>	<b>116,081,983</b>	<b>139,167,439</b>	<b>33,428,079</b>	<b>27,745,371</b>	<b>82,965,288</b>	<b>144,138,738</b>

Country	Currency	Amortization	Nominal Interest Rate	Secured/Unsecured	Current			Non-current			Total Non-current at 31/12/2012 ThCh\$
					Maturity		Total current at 31/12/2012 ThCh\$	Maturity			
					One to three months ThCh\$	Three to twelve months ThCh\$		One to three years ThCh\$	Three to five years ThCh\$	More than five years ThCh\$	
Chile	US\$	Semi-annually	1.76%	Unsecured	354,739	1,191,983	1,546,722	97,967,390	-	-	97,967,390
Chile	CH\$	Semi-annually	6.00%	Unsecured	277	-	277	-	-	-	-
Peru	US\$	Quarterly	3.49%	Unsecured	1,806,758	444,835	2,251,593	10,632,998	25,699,999	12,010,552	48,343,549
Argentina	US\$	Semi-annually	8.91%	Unsecured	7,214,852	4,421,192	11,636,044	7,368,666	-	-	7,368,666
Argentina	Ar\$	Semi-annually	21.63%	Unsecured	18,788,048	8,972,376	27,760,424	7,702,892	-	-	7,702,892
Colombia	CP	Semi-annually	9.20%	Unsecured	1,710,131	-	1,710,131	-	82,656,349	-	82,656,349
<b>Total</b>					<b>29,874,805</b>	<b>15,030,386</b>	<b>44,905,191</b>	<b>123,671,946</b>	<b>108,356,348</b>	<b>12,010,552</b>	<b>244,038,846</b>

Country	Currency	Amortization	Nominal Interest Rate	Secured/Unsecured	Current			Non-current			
					Maturity		Total current at 01/01/2012	Maturity		Total Non-current at 01/01/2012	
					One to three months	Three to twelve months		One to three years	Three to five years		More than five years
					M\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Chile	US\$	Semi-annually	2.83%	Unsecured	84,500	1,607,710	1,692,210	106,555,130	849,449	-	107,404,579
Perú	US\$	Quarterly	3.44%	Unsecured	2,354,628	8,838,878	11,193,506	4,296,544	19,212,039	26,158,087	49,666,670
Perú	Sol	Quarterly	3.85%	Unsecured	3,068	1,541,618	1,544,686	-	-	-	-
Argentina	US\$	Semi-annually	5.10%	Unsecured	494,597	6,393,975	6,888,572	17,983,101	1,598,484	-	19,581,585
Argentina	Ar\$	Semi-annually	17.66%	Unsecured	28,051,669	9,299,019	37,350,688	15,020,415	2,414,084	-	17,434,499
Colombia	CP	Semi-annually	6.48%	Unsecured	-	86,794,795	86,794,795	-	-	-	-
<b>Total</b>					<b>30,988,462</b>	<b>114,475,995</b>	<b>145,464,457</b>	<b>143,855,190</b>	<b>24,074,056</b>	<b>26,158,087</b>	<b>194,087,333</b>

## - Identification of Bank Borrowings by Company

Taxpayer ID No. (RUT)	Company	Country	ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Amortization	12-2013		
										Current		
										Less than 90 days	More than 90 days	Total Current
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Continental	Peru	Sol	3.85%	3.80%	At maturity	-	-	-
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Scotiabank	Peru	US\$	4.02%	3.96%	Quarterly	228,354	488,235	716,589
Foreign	Chinango S.A.C.	Peru	Foreign	Bank Of Nova Scotia	Peru	US\$	3.05%	3.01%	Quarterly	348,176	984,344	1,332,520
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Scotiabank	Peru	US\$	0.76%	0.78%	At maturity	2,099,932	-	2,099,932
Foreign	Edegel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	3.42%	3.38%	Quarterly	-	1,312,458	1,312,458
Foreign	Edegel S.A.A	Peru	Foreign	Banco Scotiabank	Peru	US\$	3.45%	3.41%	Quarterly	-	-	-
Foreign	Edegel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	2.99%	2.96%	At maturity	-	-	-
Foreign	Edegel S.A.A	Peru	Foreign	Banco de Crédito	Peru	US\$	1.65%	1.65%	At maturity	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	AV VILLAS	Colombia	CP	8.44%	8.27%	At maturity	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Banco Davivienda	Colombia	CP	8.15%	7.91%	Yearly	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Banco Santander	Colombia	CP	8.15%	7.91%	Yearly	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bancolumbia	Colombia	CP	8.44%	8.27%	At maturity	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bancolumbia	Colombia	CP	8.44%	8.27%	At maturity	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	BBVA Colombia	Colombia	CP	6.89%	6.78%	At maturity	-	138,223	138,223
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Banco Corpbanca	Colombia	CP	7.01%	6.90%	At maturity	-	50,016	50,016
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	B.N.P. Paribas	USA	US\$	6.32%	5.98%	Semi-annually	-	883,679	883,679
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile	Chile	US\$	1.69%	1.01%	At maturity	-	17,296,605	17,296,605
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile (Linea Crédito)	Chile	Ch\$	6.00%	6.00%	At maturity	-	176	176
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Export Development Corporation Loan	USA	US\$	1.57%	1.40%	Semi-annually	380,556	375,606	756,162
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of Tokyo-Mitsubishi, Ltd.	USA	US\$	1.68%	1.00%	At maturity	-	17,296,605	17,296,605
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Scotiabank & Trust Cayman Ltd	Cayman Islands	US\$	1.68%	1.00%	At maturity	23,316	26,206,977	26,230,293
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Bank Of America	USA	US\$	1.66%	1.03%	At maturity	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Mercantil Commercebank	USA	US\$	1.68%	1.00%	At maturity	-	10,482,791	10,482,791
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,030,000-7	Banco del Estado de Chile	Chile	US\$	1.69%	1.01%	At maturity	-	33,544,931	33,544,931
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Banco Bilbao Vizcaya Argentaria S.A.NY	USA	US\$	1.72%	1.12%	At maturity	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Banco Español de crédito S.A. N.Y.B.	USA	US\$	1.72%	1.12%	At maturity	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	Caja Madrid, Caja Madrid Miami Agency	USA	US\$	1.83%	1.83%	At maturity	-	-	-
Foreign	Endesa Argentina S.A.	Argentina	Foreign	Citibank	Argentina	Ar\$	21.50%	21.50%	At maturity	798,209	-	798,209
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Ciudad	Argentina	Ar\$	25.59%	23.00%	At maturity	99,258	-	99,258
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Galicia	Argentina	Ar\$	32.54%	28.50%	At maturity	2,530,765	-	2,530,765
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Itau	Argentina	Ar\$	35.15%	30.50%	At maturity	1,075,305	-	1,075,305
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Macro	Argentina	Ar\$	14.00%	16.00%	At maturity	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Nación Argentina	Argentina	Ar\$	20.57%	18.85%	At maturity	531,359	-	531,359
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Provincia de Buenos Aires	Argentina	Ar\$	20.20%	18.09%	At maturity	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Santander Río	Argentina	Ar\$	34.49%	30.00%	At maturity	658,713	-	658,713
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Standard Bank	Argentina	Ar\$	30.61%	27.00%	At maturity	1,154,665	-	1,154,665
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Supervielle	Argentina	Ar\$	31.89%	28.00%	At maturity	1,031,807	-	1,031,807
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Citibank	Argentina	Ar\$	39.84%	34.00%	At maturity	3,450,479	-	3,450,479
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Credit Suisse International	Argentina	US\$	13.67%	13.25%	Quarterly	3,155,920	-	3,155,920
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Ciudad -Sindicado II	Argentina	Ar\$	26.62%	23.84%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Galicia -Sindicado II	Argentina	Ar\$	26.62%	23.84%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Galicia -Sindicado III	Argentina	Ar\$	26.44%	23.69%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Hipotecario	Argentina	Ar\$	26.68%	23.89%	At maturity	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Hipotecario -Sindicado II	Argentina	Ar\$	26.96%	24.11%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau	Argentina	US\$	8.24%	7.99%	Quarterly	817,499	1,213,314	2,030,813
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau -Sindicado II	Argentina	Ar\$	26.62%	23.84%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau -Sindicado III	Argentina	Ar\$	26.44%	23.69%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Macro	Argentina	Ar\$	30.42%	27.75%	Semi-annually	1,651,420	-	1,651,420
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Santander -Sindicado III	Argentina	Ar\$	26.44%	23.69%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Santander Río	Argentina	Ar\$	25.59%	23.00%	At maturity	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Santander -Sindicado II	Argentina	Ar\$	26.62%	23.84%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Deutsche Bank	Argentina	US\$	8.24%	7.99%	Quarterly	1,634,992	2,426,628	4,061,620
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Standard Bank	Argentina	US\$	8.24%	7.99%	Quarterly	817,499	1,213,314	2,030,813
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Standard Bank -Sindicado III	Argentina	Ar\$	26.44%	23.69%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Standard Bank -Sindicado II	Argentina	Ar\$	26.62%	23.84%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Standard Bank	Argentina	Ar\$	25.59%	23.00%	At maturity	-	-	-

12-2013					12-2012								01-2012						
Non-current					Current			Non-current					Current			Non-current			
One to three years	Three to five years	Five to ten years	More than ten years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	Five to ten years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current	
-	-	-	-	-	-	-	-	-	-	-	-	3,068	1,541,618	1,544,686	-	-	-	-	
1,301,959	13,833,314	-	-	-15,135,273	62,786	444,835	507,621	1,186,227	1,186,227	12,010,552	14,383,006	71,315	-	71,315	1,127,370	1,288,422	13,689,484	16,105,276	
2,624,917	1,312,456	-	-	-3,937,373	18,702	-	18,702	2,391,588	2,391,588	-	4,783,176	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-31,691,033	
18,111,927	12,599,601	-	-	-30,711,528	-	-	-	7,055,183	22,122,184	-	29,177,367	-	-	-	1,870,716	1,298,813	17,923,617	12,468,603	
-	-	-	-	-	1,725,270	-	1,725,270	-	-	-	-	-	1,870,716	1,750,050	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	392,849	1,357,201	7,501,425	-	-	-	1,870,361	
-	-	-	-	-	-	-	-	-	-	-	-	1,890,464	5,610,961	-	1,870,361	-	-	-	
-	-	-	-	-	162,350	-	162,350	7,846,933	7,846,933	-	-	-	-	8,977,569	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	8,977,569	26,730,428	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	26,730,428	21,177,566	-	-	-	-	
-	-	-	-	-	383,776	-	383,776	18,549,169	18,549,169	-	18,549,169	-	21,177,566	6,430,876	-	-	-	-	
-	-	-	-	-	126,712	-	126,712	6,124,429	6,124,429	-	6,124,429	-	6,430,876	23,478,356	-	-	-	-	
-	-	61,203,901	-	-61,203,901	1,037,293	-	1,037,293	50,135,818	50,135,818	-	50,135,818	-	23,478,356	899,681	-	-	-	2,548,345	
-	-	21,761,387	-	-21,761,387	-	-	-	-	-	-	-	-	-	-	-	-	-	17,055,976	
858,299	-	-	-	858,299	-	820,076	820,076	1,570,498	1,570,498	-	1,570,498	50,233	849,448	-	1,698,896	849,449	-	-	
-	-	-	-	-	-	-	-	15,792,106	15,792,106	-	15,792,106	-	-	758,262	17,055,976	-	-	1,486,682	
-	-	-	-	-	277	-	277	-	-	-	-	-	-	-	-	-	-	17,055,976	
-	-	-	-	-	354,739	343,643	698,382	687,160	687,160	-	687,160	-	758,262	-	1,486,682	-	-	-	
-	-	-	-	-	-	-	-	15,792,106	15,792,106	-	15,792,106	-	-	-	17,055,976	-	-	-	
-	-	-	-	-	-	28,264	28,264	23,927,433	23,927,433	-	23,927,433	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	11,963,716	11,963,716	-	11,963,716	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	9,570,973	9,570,973	-	9,570,973	-	-	34,267	-	-	-	30,494,018	
-	-	-	-	-	-	-	-	18,663,398	18,663,398	-	18,663,398	-	-	-	-	-	-	12,921,194	
-	-	-	-	-	-	-	-	-	-	-	-	34,267	-	-	-	-	-	25,842,388	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,921,194	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	978,500	25,842,388	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,167,489	-	-	-	-	
-	-	-	-	-	395,963	-	395,963	-	-	-	-	978,500	-	3,529,419	-	-	-	-	
-	-	-	-	-	3,395,077	-	3,395,077	-	-	-	-	5,167,489	-	368,142	-	-	-	-	
-	-	-	-	-	1,341,282	-	1,341,282	-	-	-	-	3,529,419	-	3,555,128	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	368,142	-	368,366	-	-	-	-	
-	-	-	-	-	659,346	1,881,095	2,540,441	402,562	402,562	-	402,562	3,555,128	-	1,898,686	-	-	-	-	
-	-	-	-	-	209,414	-	209,414	-	-	-	-	368,366	-	2,509,954	-	-	-	-	
-	-	-	-	-	878,233	-	878,233	-	-	-	-	1,898,686	-	2,566,218	-	-	-	-	
-	-	-	-	-	1,390,448	-	1,390,448	-	-	-	-	2,509,954	-	6,393,434	-	-	-	-	
-	-	-	-	-	1,239,740	-	1,239,740	-	-	-	-	2,566,218	-	44,820	-	-	-	5,195,104	
-	-	-	-	-	4,347,020	-	4,347,020	-	-	-	-	6,393,434	-	371,720	-	-	-	487,596	
-	-	-	-	-	5,696,590	-	5,696,590	-	-	-	-	44,820	-	5,195,104	-	-	-	-	
-	-	-	-	-	159,475	261,271	420,746	132,576	132,576	-	132,576	53,063	318,657	565,544	487,596	-	-	3,627,133	
-	-	-	-	-	199,084	326,151	525,235	165,510	165,510	-	165,510	-	-	-	-	-	-	-	
-	-	-	-	-	555,645	486,949	1,042,594	1,460,847	1,460,847	-	1,460,847	167,311	398,233	464,548	3,023,612	603,521	-	609,361	
-	-	-	-	-	339,482	324,633	664,115	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	199,084	326,151	525,235	165,510	165,510	-	165,510	66,315	398,233	580,745	609,361	-	-	761,701	
404,438	-	-	-	404,438	379,564	1,105,298	1,484,862	1,842,165	1,842,165	-	1,842,165	-	-	100,996	-	-	-	3,017,724	
-	-	-	-	-	248,855	407,689	656,544	206,887	206,887	-	206,887	82,953	497,792	-	761,701	-	-	-	
-	-	-	-	-	555,645	486,949	1,042,594	1,460,847	1,460,847	-	1,460,847	100,996	-	100,996	2,414,203	603,521	-	3,017,724	
-	-	-	-	-	29,777	1,947,796	1,977,573	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	555,645	486,949	1,042,594	1,460,847	1,460,847	-	1,460,847	100,996	-	929,505	2,414,203	603,521	-	1,219,258	
-	-	-	-	-	98,269	-	98,269	-	-	-	-	-	-	3,237,740	-	-	-	7,193,241	
-	-	-	-	-	398,343	652,590	1,050,933	331,165	331,165	-	331,165	132,688	796,817	3,237,647	1,219,258	-	-	7,193,241	
808,876	-	-	-	808,876	759,134	2,210,596	2,969,730	3,684,336	3,684,336	-	3,684,336	40,734	3,197,006	-	6,393,999	799,242	-	-	
404,438	-	-	-	404,438	379,564	1,105,298	1,484,862	1,842,165	1,842,165	-	1,842,165	40,677	3,196,970	1,378,911	6,393,999	799,242	-	4,694,002	
-	-	-	-	-	555,645	486,949	1,042,594	1,460,847	1,460,847	-	1,460,847	-	-	-	-	-	-	-	
-	-	-	-	-	547,656	897,204	1,444,860	455,294	455,294	-	455,294	283,419	1,095,492	-	4,090,481	603,521	-	-	
-	-	-	-	-	195,452	-	195,452	-	-	-	-	-	-	-	-	-	-	-	

Taxpayer ID No. (RUT)	Company	Country	ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Amortization	Less than 90 days	More than 90 days	Total Current
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau	Argentina	Ar\$	33.70%	29.25%	At maturity	161,254	-	161,254
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Macro I	Argentina	Ar\$	21.94%	20.00%	At maturity	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Hipotecario - Sindicado I	Argentina	Ar\$	25.42%	23.31%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau - Sindicado I	Argentina	Ar\$	25.42%	23.31%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Santander - Sindicado I	Argentina	Ar\$	25.42%	23.31%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Standard Bank - Sindicado I	Argentina	Ar\$	25.42%	23.31%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Galicia - Sindicado I	Argentina	Ar\$	25.42%	23.31%	Semi-annually	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Santander - Sindicado IV	Argentina	Ar\$	33.84%	30.22%	Semi-annually	100,275	498,659	598,934
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau - Sindicado IV	Argentina	Ar\$	33.84%	30.22%	Semi-annually	91,555	455,297	546,852
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Galicia - Sindicado IV	Argentina	Ar\$	33.84%	30.22%	Semi-annually	87,195	433,616	520,811
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Hipotecario - Sindicado IV	Argentina	Ar\$	33.84%	30.22%	Semi-annually	30,519	151,766	182,285
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Ciudad - Sindicado IV	Argentina	Ar\$	33.84%	30.22%	Semi-annually	13,080	65,042	78,122
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Industrial and Commercial Bank of China Argentina	Argentina	Ar\$	33.84%	30.22%	Quarterly	113,354	563,701	677,055
<b>Total ThCh\$</b>											<b>139,167,439</b>	

Appendix No.4, letter a), presents details of estimated future cash flows (undiscounted) that the Group will have to disburse to settle the bank loans detailed above.

3. The detail of Unsecured Liabilities by currency and maturity as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

#### - Summary of unsecured liabilities by currency and maturity

Country	Currency	Amortization	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current				
						Maturity		Total Current at 31/12/2013 ThCh\$	Maturity			Total Non-current at 31/12/2013 ThCh\$	
						One to three months ThCh\$	Three to twelve months ThCh\$		One to three years ThCh\$	Three to five years ThCh\$	More than five years ThCh\$		More than ten years ThCh\$
Chile	US\$	Semestral	8.11%	7.99%	Unsecured	9,165,715	-	9,165,715	104,458,309	-	-	159,088,295	263,546,604
Chile	Ch\$	Trimestral	6.00%	5.48%	Unsecured	-	6,273,391	6,273,391	9,696,776	9,696,776	130,194,490	144,396,823	293,984,865
Peru	US\$	Semestral	7.01%	6.89%	Unsecured	862,593	5,164,073	6,026,666	13,835,937	5,249,833	9,536,848	5,249,834	33,872,452
Peru	Sol	Trimestral	6.59%	6.48%	Unsecured	5,655,132	3,763,999	9,419,131	-	-	9,391,474	-	9,391,474
Colombia	CP	Semestral	7.32%	7.19%	Unsecured	39,022,019	26,251,335	65,273,354	68,210,526	105,561,815	403,534,976	168,100,796	745,408,113
<b>Total</b>						<b>54,705,459</b>	<b>41,452,798</b>	<b>96,158,257</b>	<b>196,201,548</b>	<b>120,508,424</b>	<b>552,657,788</b>	<b>476,835,748</b>	<b>1,346,203,508</b>

Country	Currency	Amortization	Nominal Interest Rate	Secured/Unsecured	Current			Non-current					
					Maturity		Total current at 31/12/2012 ThCh\$	Maturity			Total Non-current at 31/12/2012 ThCh\$		
					One to three months ThCh\$	Three to twelve months ThCh\$		One to three years ThCh\$	Three to five years ThCh\$	More than five years ThCh\$		More than ten years ThCh\$	
Chile	US\$	Semi-annually	8.06%	Unsecured	15,065,057	191,984,000	207,049,057	94,914,421	-	-	144,892,812	239,807,233	
Chile	Ch\$	Quarterly	5.48%	Unsecured	-	6,178,710	6,178,710	9,501,752	9,501,752	106,811,653	166,629,904	292,445,061	
Peru	US\$	Semi-annually	6.89%	Unsecured	785,915	55,795	841,710	7,688,954	9,566,350	13,472,288	4,783,175	35,510,767	
Peru	Sol	Quarterly	6.50%	Unsecured	5,114,847	9,434,412	14,549,259	9,059,897	-	9,378,776	-	18,438,673	
Colombia	CP	Semi-annually	8.25%	Unsecured	26,969,430	-	26,969,430	105,165,633	46,070,752	326,451,927	150,542,956	628,231,268	
<b>Total</b>						<b>47,935,249</b>	<b>207,652,917</b>	<b>255,588,166</b>	<b>226,330,657</b>	<b>65,138,854</b>	<b>456,114,644</b>	<b>466,848,847</b>	<b>1,214,433,002</b>

Country	Currency	Amortization	Nominal Interest Rate	Secured/Unsecured	Current			Non-current					
					Maturity		Total current at 01/01/2012 ThCh\$	Maturity			Total Non-current at 01/01/2012 ThCh\$		
					One to three months ThCh\$	Three to twelve months ThCh\$		One to three years ThCh\$	Three to five years ThCh\$	More than five years ThCh\$		More than ten years ThCh\$	
Chile	US\$	Semi-annually	8.36%	Unsecured	16,296,727	-	16,296,727	206,726,825	102,843,263	-	157,356,125	466,926,213	
Chile	Ch\$	Quarterly	5.17%	Unsecured	31,548,592	6,789,214	38,337,806	9,274,316	9,274,316	83,987,692	275,252,070	377,788,394	
Peru	US\$	Semi-annually	6.98%	Unsecured	853,625	60,597	914,222	5,049,784	13,692,084	14,632,944	5,195,251	38,570,063	
Peru	Sol	Quarterly	6.60%	Unsecured	437,080	57,158	494,238	23,760,221	-	4,817,555	4,817,555	33,395,331	
Colombia	CP	Semi-annually	9.11%	Unsecured	-	27,075,161	27,075,161	-	37,890,242	212,561,450	235,868,494	486,320,186	
<b>Total</b>						<b>49,136,024</b>	<b>33,982,130</b>	<b>83,118,154</b>	<b>244,811,146</b>	<b>163,699,905</b>	<b>315,999,641</b>	<b>678,489,495</b>	<b>1,403,000,187</b>

12-2013					12-2012					01-2012														
Non-current					Current					Non-current					Current					Non-current				
One to three years	Three to five years	Five to ten years	More than ten years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	Five to ten years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current						
-	-	-	-	-	293,468	-	293,468	-	-	-	-	-	-	-	-	-	-	-	-					
-	-	-	-	-	-	-	-	-	-	-	-	16,968	1,013,914	1,570,870	-	-	-	-						
-	-	-	-	-	-	-	-	-	-	-	-	25,858	1,545,012	1,570,871	-	-	-	-						
-	-	-	-	-	-	-	-	-	-	-	-	25,859	1,545,012	1,227,237	-	-	-	-						
-	-	-	-	-	-	-	-	-	-	-	-	20,196	1,207,041	490,893	-	-	-	-						
-	-	-	-	-	-	-	-	-	-	-	-	8,077	482,816	-	-	-	-	-						
2,050,042	-	-	-	2,050,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
1,871,777	-	-	-	1,871,777	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
1,782,645	-	-	-	1,782,645	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
623,926	-	-	-	623,926	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
267,397	-	-	-	267,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
2,317,438	-	-	-	2,317,438	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
<b>144,138,738</b>					<b>44,905,191</b>					<b>244,038,846</b>					<b>145,464,457</b>					<b>194,087,333</b>				

4. The detail of Secured Liabilities by currency and maturity as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

**- Summary of secured liabilities by currency and maturity**

Country	Currency	Amortization	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current			Total Non-current at 31/12/2013
						Maturity		Total Current at 31/12/2013	Maturity		Total Non-current at 31/12/2013	
						One to three months	Three to twelve months		One to three years	Three to five years		
Peru	Sol	Semi-annually	6.25%	6.16%	Secured	4,828,233	-	4,828,233	-	-	-	-
<b>Total</b>						<b>4,828,233</b>	<b>-</b>	<b>4,828,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Country	Currency	Amortization	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current			Total Non-current at 31/12/2012
						Maturity		Total current at 31/12/2012	Maturity		Total Non-current at 31/12/2012	
						One to three months	Three to twelve months		One to three years	Three to five years		
Peru	Sol	Semi-annually	-	6.35%	Secured	132,316	4,748,371	4,880,687	4,689,387	-	-	4,689,387
<b>Total</b>						<b>132,316</b>	<b>4,748,371</b>	<b>4,880,687</b>	<b>4,689,387</b>	<b>-</b>	<b>-</b>	<b>4,689,387</b>

Country	Currency	Amortization	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current			Total Non-current at 01/01/2012
						Maturity		Total current at 01/01/2012	Maturity		Total Non-current at 01/01/2012	
						One to three months	Three to twelve months		One to three years	Three to five years		
Peru	US\$	Semi-annually	-	6.15%	Secured	-	10,463,994	10,463,994	-	-	-	-
Peru	Sol	Semi-annually	-	6.26%	Secured	135,886	60,596	196,482	9,635,108	-	-	9,635,108
<b>Total</b>						<b>135,886</b>	<b>10,524,590</b>	<b>10,660,476</b>	<b>9,635,108</b>	<b>-</b>	<b>-</b>	<b>9,635,108</b>

The fair value of current and non-current secured and unsecured liabilities with the public as of December 31, 2013 totaled ThCh\$1,784,141,097 (ThCh\$1,665,722,865 and ThCh\$1,884,977,657 as of December 31, 2012 and January 1, 2012, respectively).

## - Secured and Unsecured Liabilities by Company

Taxpayer ID No. (RUT)	Company	Country	ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	12-2013							
										Current			Non-current				
										Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	Five to ten years	More than ten years	Total Non-current
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Continental	Peru	US\$	6.15%	6.06%	Secured	-	-	-	-	-	-	-	-
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Continental	Peru	Sol	6.57%	6.47%	Secured	-	-	-	-	-	-	-	-
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Continental	Peru	Sol	6.25%	6.16%	Secured	4,828,233	-	4,828,233	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	US\$	6.57%	6.47%	Unsecured	143,386	-	143,386	-	5,249,833	-	-	5,249,833
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.41%	6.31%	Unsecured	-	7,410	7,410	-	-	4,695,737	-	4,695,737
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.38%	6.28%	Unsecured	145,018	-	145,018	-	-	4,695,737	-	4,695,737
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.86%	6.75%	Unsecured	84,523	3,756,589	3,841,112	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.61%	6.50%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.54%	6.44%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.74%	6.63%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	Sol	6.70%	6.59%	Unsecured	5,425,591	-	5,425,591	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	US\$	6.44%	6.34%	Unsecured	143,391	-	143,391	-	-	-	5,249,834	5,249,834
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	US\$	9.20%	9.00%	Unsecured	-	5,164,073	5,164,073	-	-	-	-	-
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	US\$	7.93%	7.78%	Unsecured	148,259	-	148,259	-	-	4,287,014	-	4,287,014
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Continental	Peru	US\$	7.25%	7.13%	Unsecured	105,649	-	105,649	3,336,269	-	-	-	3,336,269
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Scotiabank	Peru	US\$	6.74%	6.63%	Unsecured	159,409	-	159,409	5,249,834	-	-	-	5,249,834
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Scotiabank	Peru	US\$	6.09%	6.00%	Unsecured	86,622	-	86,622	5,249,834	-	-	-	5,249,834
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Scotiabank	Peru	US\$	5.87%	5.78%	Unsecured	75,877	-	75,877	-	-	5,249,834	-	5,249,834
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos A-10	Colombia	CP	6.89%	6.72%	Unsecured	410,041	-	410,041	57,333,471	-	-	-	57,333,471
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos A102	Colombia	CP	6.89%	6.72%	Unsecured	78,103	-	78,103	10,877,055	-	-	-	10,877,055
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B-103	Colombia	CP	7.00%	7.00%	Unsecured	2,793,820	-	2,793,820	-	46,227,482	-	-	46,227,482
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos A5	Colombia	CP	5.54%	5.43%	Unsecured	13,546,078	-	13,546,078	-	-	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B10	Colombia	CP	7.64%	7.43%	Unsecured	452,160	-	452,160	-	-	43,524,534	-	43,524,534
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B15	Colombia	CP	7.96%	7.73%	Unsecured	163,078	-	163,078	-	-	-	15,091,913	15,091,913
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos E5-09	Colombia	CP	9.27%	9.27%	Unsecured	-	26,251,335	26,251,335	-	-	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B09-09	Colombia	CP	7.76%	7.55%	Unsecured	1,116,939	-	1,116,939	-	59,334,333	-	-	59,334,333
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B12	Colombia	CP	7.97%	7.74%	Unsecured	470,239	-	470,239	-	-	24,359,164	-	24,359,164
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos exterior	Colombia	CP	10.17%	10.17%	Unsecured	2,327,070	-	2,327,070	-	-	24,481,561	-	24,481,561
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos quimbo	Colombia	CP	10.17%	10.17%	Unsecured	16,722,841	-	16,722,841	-	-	174,754,259	-	174,754,259
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B10	Colombia	CP	5.34%	5.24%	Unsecured	222,497	-	222,497	-	-	81,524,318	-	81,524,318
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B15	Colombia	CP	5.46%	5.36%	Unsecured	151,650	-	151,650	-	-	-	54,347,606	54,347,606
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B12-13	Colombia	CP	6.85%	6.68%	Unsecured	379,429	-	379,429	-	-	-	98,661,277	98,661,277
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B6-13	Colombia	CP	6.08%	5.95%	Unsecured	142,037	-	142,037	-	-	41,454,410	-	41,454,410
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B6-13	Colombia	CP	6.08%	5.95%	Unsecured	46,037	-	46,037	-	-	13,436,730	-	13,436,730
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 317 Serie-H	Chile	U.F.	7.17%	6.20%	Unsecured	-	5,792,134	5,792,134	9,696,776	9,696,776	24,241,945	20,890,288	64,525,785
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 522 Serie-M	Chile	U.F.	4.82%	4.75%	Unsecured	-	481,257	481,257	-	-	105,952,545	123,506,535	229,459,080
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - 144 -A	E.E.U.U.	US\$	8.50%	8.35%	Unsecured	-	-	-	-	-	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - 144 -A	E.E.U.U.	US\$	8.83%	8.63%	Unsecured	3,770,634	-	3,770,634	104,458,309	-	-	-	104,458,309
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - Primera Emisión S-1	E.E.U.U.	US\$	7.96%	7.88%	Unsecured	3,543,987	-	3,543,987	-	-	-	106,741,471	106,741,471
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - Primera Emisión S-2	E.E.U.U.	US\$	7.40%	7.33%	Unsecured	1,133,296	-	1,133,296	-	-	-	36,596,392	36,596,392
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - Primera Emisión S-3	E.E.U.U.	US\$	8.26%	8.13%	Unsecured	717,798	-	717,798	-	-	-	15,750,432	15,750,432
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 264 Serie-F	Chile	U.F.	6.44%	6.44%	Unsecured	-	-	-	-	-	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 318 Serie-K	Chile	U.F.	3.86%	3.86%	Unsecured	-	-	-	-	-	-	-	-
<b>Total ThCh\$</b>										<b>100,986,490</b>							<b>1,346,203,508</b>

Appendix No. 4, letter b) presents details of estimated future cash flows (undiscounted) that the Group will have to disburse to settle the secured and unsecured obligations detailed above.

## - Detail of Finance Lease Obligations

Taxpayer ID No.	Company	Country	ID No. Financial Institution	Financial Institution	Country	Currency	Nominal Interest Rate	12-2013									
								Current			Non-current						
								Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current			
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	87,509,100-K	Abengoa Chile	Chile	US\$	6.50%	-	1,193,881	1,193,881	2,625,612	2,978,035	10,930,941	-	16,534,588		
Foreign	Edegel S.A.A.	Peru	Foreign	Banco Scotiabank	Peru	US\$	2.00%	1,347,864	3,986,173	5,334,037	14,566,758	11,515,608	-	-	26,082,366		
<b>Total ThCh\$</b>										<b>6,527,918</b>							<b>42,616,954</b>

Appendix No. 4 letter c) presents details of estimated future cash flows (undiscounted) that the Group will have to disburse to settle the finance lease obligations detailed above.

## - Other Obligations

Taxpayer ID No.	Company	Country	ID No. Financial Institution	Financial Institution	Country	Currency	Nominal Interest Rate	12-2013									
								Current			Non-current						
								Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current			
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Mitsubishi (secured debt)	Argentina	US\$	7.42%	73,993,677	-	73,993,677	-	-	-	-	-	-	
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Mitsubishi (unsecured debt)	Argentina	US\$	7.42%	22,907,475	-	22,907,475	-	-	-	-	-	-	
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Other	Argentina	Ar\$	17.29%	3,249,165	2,171,469	5,420,634	1,447,643	-	-	-	1,447,643		
96,827,970-K	Endesa Eco S.A.	Chile	96,601,250-1	Inversiones Centinela S.A.	Chile	US\$	6.10%	-	-	-	-	-	-	-	-	-	
Foreign	Hidroinvest S.A.	Argentina	Foreign	Other	Argentina	US\$	2.67%	-	281,066	281,066	-	-	-	-	-	-	
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Other	Argentina	Ar\$	19.79%	-	-	-	-	-	975,589	-	975,589		
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Scotiabank	Peru	US\$	0.78%	635	-	635	-	-	-	-	-	-	
96,589,170-6	Empresa Eléctrica Panque	Chile	N/A	Other	Chile	Ch\$	N/A	-	-	-	-	-	-	-	-	-	
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	N/A	Other	Chile	Ch\$	N/A	-	-	-	-	-	-	-	-	-	
<b>Total ThCh\$</b>										<b>102,603,487</b>							<b>2,423,232</b>



Appendix No. 4 letter d) presents details of estimated future cash flows (undiscounted) that the Group will have to disburse to settle these Other Obligations.

## 5. Hedged debt

Of the U.S. dollar denominated debt held by Endesa Chile, as of December 31, 2013, ThCh\$754,177,869 is related to future cash flow hedges for the Group's U.S. dollar-linked operating income (see Note 3.k). As of December 31, 2012 and January 1, 2012, these amounts were ThCh\$663,941,868 and ThCh\$739,686,386 respectively.

The following table details changes in "Reserve for cash flow hedges" as of December 31, 2013, December 31, 2012, and January 1, 2012 due to exchange differences of this debt:

HEDGING RESERVE	12-31-2013 ThCh\$	12-31-2012 ThCh\$	12-31-2012 ThCh\$
<b>Balance in hedging reserves (hedging income) at beginning of year</b>	<b>57,592,447</b>	<b>42,149,742</b>	<b>101,149,888</b>
Foreign currency exchange differences recorded in net equity	(41,334,780)	30,348,917	(47,549,956)
Recognition of foreign currency exchange differences in profit (loss)	(13,763,582)	(14,713,619)	(12,505,769)
Foreign currency translation differences	(128,301)	(192,593)	1,055,579
<b>Balance in hedging reserves (hedging income) at year end</b>	<b>2,365,784</b>	<b>57,592,447</b>	<b>42,149,742</b>

## 6. Other information

As of December 31, 2013, the Endesa Chile has long-term lines of credit available for use amounting to ThCh\$153,458,192 (ThCh\$193,708,000 and ThCh\$199,892,000 as of December 31, 2012 and January 1, 2012, respectively).

# Note 17

## Risk Management Policy

The Group's companies are exposed to certain risks that are managed by systems that identify, measure, limit concentration of, and monitor these risks.

The main principles in the Group's risk management policy include the following:

- Compliance with good corporate governance standards.
- Strict compliance with all the Group's internal policies.
- Each business and corporate area determines:
  - I. The markets in which it can operate based on its knowledge and ability to ensure effective risk management.
  - II. Criteria regarding counterparts.
  - III. Authorized operators.
- Business and corporate areas establish their risk tolerance in a manner consistent with the defined strategy for each market in which they operate.
- All of the operations of the businesses and corporate areas are conducted within the limits approved for each case.
- Businesses, corporate areas, lines of business and companies design the risk management controls necessary to ensure that transactions in the markets are conducted in accordance with the Endesa Chile policies, standards, and procedures.

### 17.1. Interest rate risk

Changes in interest rates affect the fair value of assets and liabilities bearing fixed interest rates, as well as the expected future cash flows of assets and liabilities subject to floating interest rates.

The objective of managing interest rate risk exposure is to achieve a balance in the debt structure to minimize the cost of debt with reduced volatility in profit or loss.

In compliance with the current interest rate hedging policy, the proportion of fixed debt and/or hedged debt over the net total debt was 71% as of December 31, 2013.

Depending on the Group's estimates and on the objectives of the debt structure, hedging transactions are performed by entering into derivatives contracts that mitigate interest rate risk. Derivative instruments currently used to comply with the risk management policy are interest rate swaps to set floating rate at fixed rate.

The financial debt structure of the Endesa Chile Group detailed by fixed and/or hedged and floating interest rate, net of hedging derivative instruments, is as follows:

Net position:

	31-12-2013 %	31-12-2012 %	01-01-2012 %
Fixed interest rate	71%	74%	81%
Floating interest rate	29%	26%	19%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## 17.2. Exchange rate risk

Exchange rate risks involve basically the following transactions:

- Debt taken on by the Group's companies that is denominated in a currency other than that in which its cash flows are indexed.
- Payments to be made for the acquisition of project-related materials in a currency other than that in which its cash flows are indexed.
- Income in Group companies directly linked to changes in the dollar.
- Cash flows from foreign subsidiaries to Chilean parent companies which are exposed to exchange rate fluctuations.

In order to mitigate foreign currency risk, the Endesa Chile Group's foreign currency risk management policy is based on cash flows and includes maintaining a balance between U.S. dollar flows and the levels of assets and liabilities denominated in this currency. The objective is to minimize the exposure to variability in cash flows that are attributable to foreign exchange risk.

The hedging instruments currently being used to comply with the policy are currency swaps and forward exchange contracts. In addition, the policy seeks to refinance debt in the functional currency of each of the Group's companies.

## 17.3. Commodities risk

The Endesa Chile Group has a risk exposure to price changes in certain commodities, basically due to:

- Purchases of fuel used to generate electricity.
- Energy purchase/sale transactions that take place in local markets.

In order to reduce the risk in situations of extreme drought, the Company has designed a commercial policy that defines the levels of sales commitments in line with the capacity of its generating power plants in a dry year. It also includes risk mitigation terms in certain contracts with unregulated customers.

Considering the operating conditions faced by the power generation market in Chile, with drought and highly volatile commodity prices on international markets, the Company is constantly verifying the advisability of using hedging to lessen the impacts that these price swings have on its results. As of December 31, 2013, the Group has no derivative operations in effect for commodities. As of December 31, 2012, the Group had swap operations for 462,000 barrels of Brent crude oil for January 2013, and 365,000 tons of coal for February through June of 2013. (As of January 1, 2012, there were no hedging instruments in effect.)

Depending on operating conditions, which are constantly being updated, these hedges may be modified or may cover other commodities (see Note 18.3.a).

## 17.4. Liquidity risk

The Group maintains a liquidity risk management policy that consists of entering into long-term committed banking facilities and temporary financial investments for amounts that cover the projected needs over a period of time that is determined based on the situation and expectations for debt and capital markets.

The projected needs mentioned above include maturities of financial debt, net of financial derivatives. For further details regarding the features and conditions of financial obligations and financial derivatives, see Notes 16 and 18, and Appendix No. 4, respectively.

As of December 31, 2013, the Endesa Chile Group has cash and cash equivalent totaling ThCh\$323,807,379 and unconditionally available lines of long-term credit totaling ThCh\$153,458,192. As of December 31, 2012, the Endesa Chile Group had ThCh\$235,677,733 in cash and cash equivalents and ThCh\$193,708,000 in unconditionally available lines of long-term credit (ThCh\$389,768,271 and ThCh\$199,892,000 respectively, as of January 1, 2012).

## 17.5. Credit risk

The Endesa Chile Group closely monitors its credit risk.

### Trade receivables

The credit risk for receivables from the Group's commercial activity has historically been very low, due to the short term period of collections from customers, resulting in non-significant cumulative receivables amounts.

In some countries, regulations allow the suspension of energy service to customers with outstanding payments, and most contracts have termination clauses for payment default. The Company monitors its credit risk on an ongoing basis and measures its maximum exposure to payment default risk, which, as stated above, is very low.

Financial assets:

Cash surpluses are invested in the highest-rated local and foreign financial entities (with risk rating equivalent to investment grade) with thresholds established for each entity.

Banks that have received investment grade ratings from the three major international rating agencies (Moody's, S&P, and Fitch) are selected for making investments.

Investments may be backed with treasury bonds from the countries in which the company operates and/or with commercial papers issued by the highest rated banks; the latter are preferred, as they offer higher returns (always in line with current investment policies).

Derivative instruments are entered into with entities with solid creditworthiness; all derivative transactions are performed with entities with investment grade ratings.

## 17.6. Risk measurement

The Endesa Chile Group measures the Value at Risk (VaR) of its debt positions and financial derivatives in order to monitor the risk assumed by the Company, thereby reducing volatility in the income statement.

The portfolio of positions included in calculating the current Value at Risk consists of the following:

- Financial debt.
- Hedge derivatives for debt, dividends, and projects.

The VaR determined represents the potential loss in value of the portfolio of positions described above in one day with a 95% confidence level. To determine the VaR, we take into account the volatility of the risk variables affecting the value of the portfolio of positions including:

- U.S. dollar Libor interest rate.
- The different currencies with which our companies operate and the customary local indices used in the banking industry.
- The exchange rates of the various currencies used in the calculation.

The calculation of VaR is based on generating possible future scenarios (at one day) of market values (both spot and term) for the risk variables, using Bootstrapping simulations. The number of scenarios generated ensures compliance with the simulation convergence criteria. The table of volatilities and correlations between the various risk variables calculated based on the historical values of the logarithmic price returns has been applied to simulate the future price scenario.

Once the price scenarios have been obtained, the fair value of the portfolio is calculated using such scenarios, thereby obtaining a distribution of possible values at one day. The one-day 95%-confidence VaR number is calculated as the 5% percentile of the potential increases in the fair value of the portfolio in one day.

The various debt positions and financial derivatives included in the calculation have been valued consistently using the financial capital calculation methodology reported to Management.

Taking into account the assumptions described above, the VaR of the previously discussed positions, broken down by type of position, is shown in the following table:

Financial Positions	Balance at	
	31-12-2013 ThCh\$	31-12-2012 ThCh\$
Interest rate	8,035,082	7,882,191
Exchange rate	2,205,128	1,517,921
Correlation	(3,291,060)	(2,552,715)
<b>Total</b>	<b>6,949,150</b>	<b>6,847,397</b>

The VaR positions have varied during the 2013 and 2012 fiscal years depending on the start/maturity of operations throughout each year.

# Note 18

## Financial Instruments

### 18.1 Financial instruments, classified by type and category

a) The detail of financial assets, classified by type and category, as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

December 31, 2013						
	Financial assets held for trading ThCh\$	Financial assets at fair value with change in profit or loss ThCh\$	Held-to-maturity investments ThCh\$	Loans and receivables ThCh\$	Available-for-sale financial assets ThCh\$	Financial derivatives for hedging ThCh\$
Equity instruments	-	-	-	-	-	-
Derivative instruments	2,063,414	-	-	-	-	21,128,524
Other financial assets	-	-	944,540	379,672,724	-	-
<b>Total Current</b>	<b>2,063,414</b>	<b>-</b>	<b>944,540</b>	<b>379,672,724</b>	<b>-</b>	<b>21,128,524</b>
Equity instruments	-	-	-	-	4,043,782	-
Derivative instruments	-	-	-	-	-	16,507
Other financial assets	-	-	-	131,597,410	-	-
<b>Total Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,597,410</b>	<b>4,043,782</b>	<b>16,507</b>
<b>Total</b>	<b>2,063,414</b>	<b>-</b>	<b>944,540</b>	<b>511,270,134</b>	<b>4,043,782</b>	<b>21,145,031</b>
December 31, 2012						
	Financial assets held for trading ThCh\$	Financial assets at fair value with change in profit or loss ThCh\$	Held-to-maturity investments ThCh\$	Loans and receivables ThCh\$	Available-for-sale financial assets ThCh\$	Financial derivatives for hedging ThCh\$
Equity instruments	-	-	-	-	-	-
Derivative instruments	-	-	-	-	-	51,876
Other financial assets	-	25,067,909	-	293,171,202	-	-
<b>Total Current</b>	<b>-</b>	<b>25,067,909</b>	<b>-</b>	<b>293,171,202</b>	<b>-</b>	<b>51,876</b>
Equity instruments	-	-	-	-	4,002,277	-
Derivative instruments	-	-	-	-	-	29,200,554
Other financial assets	-	-	-	147,066,310	-	-
<b>Total Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,066,310</b>	<b>4,002,277</b>	<b>29,200,554</b>
<b>Total</b>	<b>-</b>	<b>25,067,909</b>	<b>-</b>	<b>440,237,512</b>	<b>4,002,277</b>	<b>29,252,430</b>
January 1, 2012						
	Financial assets held for trading ThCh\$	Financial assets at fair value with change in profit or loss ThCh\$	Held-to-maturity investments ThCh\$	Loans and receivables ThCh\$	Available-for-sale financial assets ThCh\$	Financial derivatives for hedging ThCh\$
Equity instruments	-	-	-	-	-	-
Derivative instruments	47,504	-	-	-	-	723,067
Other financial assets	-	-	-	382,782,486	-	-
<b>Total Current</b>	<b>47,504</b>	<b>-</b>	<b>-</b>	<b>382,782,486</b>	<b>-</b>	<b>723,067</b>
Equity instruments	-	-	-	-	3,945,407	-
Derivative instruments	-	-	-	-	-	9,385,907
Other financial assets	-	-	-	151,769,908	-	-
<b>Total Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,769,908</b>	<b>3,945,407</b>	<b>9,385,907</b>
<b>Total</b>	<b>47,504</b>	<b>-</b>	<b>-</b>	<b>534,552,394</b>	<b>3,945,407</b>	<b>10,108,974</b>

b) The detail of financial liabilities, classified by type and category, as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	December 31, 2013			
	Financial liabilities held for trading ThCh\$	Financial liabilities at fair value with change in profit or loss ThCh\$	Loans and payables ThCh\$	Financial derivatives for hedging ThCh\$
Interest-bearing loans	-	-	351,977,759	-
Derivative instruments	164,983	-	-	1,590,779
Other financial liabilities	-	-	727,665,171	-
<b>Total Current</b>	<b>164,983</b>	<b>-</b>	<b>1,079,642,930</b>	<b>1,590,779</b>
Interest-bearing loans	-	-	1,539,861,682	-
Derivative instruments	-	-	-	900,927
<b>Total Non-current</b>	<b>-</b>	<b>-</b>	<b>1,539,861,682</b>	<b>900,927</b>
<b>Total</b>	<b>164,983</b>	<b>-</b>	<b>2,619,504,612</b>	<b>2,491,706</b>

	December 31, 2012			
	Financial liabilities held for trading ThCh\$	Financial liabilities at fair value with change in profit or loss ThCh\$	Loans and payables ThCh\$	Financial derivatives for hedging ThCh\$
Interest-bearing loans	-	2,022,260	403,457,687	-
Derivative instruments	-	-	-	975,089
Other financial liabilities	-	-	536,376,308	-
<b>Total Current</b>	<b>-</b>	<b>2,022,260</b>	<b>939,833,996</b>	<b>975,089</b>
Interest-bearing loans	-	-	1,520,644,153	-
Derivative instruments	-	-	-	5,007,665
<b>Total Non-current</b>	<b>-</b>	<b>-</b>	<b>1,520,644,153</b>	<b>5,007,665</b>
<b>Total</b>	<b>-</b>	<b>2,022,260</b>	<b>2,460,478,149</b>	<b>5,982,754</b>

	January 1, 2012			
	Financial liabilities held for trading ThCh\$	Financial liabilities at fair value with change in profit or loss ThCh\$	Loans and payables ThCh\$	Financial derivatives for hedging ThCh\$
Interest-bearing loans	-	3,929,271	286,879,674	-
Derivative instruments	807,105	-	-	184,042
Other financial liabilities	-	-	481,706,801	-
<b>Total Current</b>	<b>807,105</b>	<b>3,929,271</b>	<b>768,586,475</b>	<b>184,042</b>
Interest-bearing loans	-	-	1,712,294,737	-
Derivative instruments	-	-	-	6,555,571
Other financial liabilities	-	-	9,243,595	-
<b>Total Non-current</b>	<b>-</b>	<b>-</b>	<b>1,721,538,332</b>	<b>6,555,571</b>
<b>Total</b>	<b>807,105</b>	<b>3,929,271</b>	<b>2,490,124,807</b>	<b>6,739,613</b>

## 18.2 Derivative instruments

The risk management policy of the Endesa Group uses primarily interest rate and foreign exchange rate derivatives to hedge its exposure to interest rate and foreign currency risks.

The Company classifies its hedges as follows:

- **Cash flow hedges:** Those that hedge the cash flows of the underlying hedged item.
- **Fair value hedges:** Those that hedge the fair value of the underlying hedged item.
- **Non-hedge derivatives:** Financial derivatives that do not meet the requirements established by IFRS to be designated as hedge instruments are recorded at fair value with changes in net income (assets held for trading).

## a) Assets and liabilities for hedge derivative instruments

As of December 31, 2013, December 31, 2012, and January 1, 2012, financial derivative transactions qualifying as hedge instruments resulted in recognition of the following assets and liabilities in the statement of financial position:

	December 31, 2013				December 31, 2012				January 1, 2012			
	Asset		Liability		Asset		Liability		Asset		Liability	
	Current ThCh\$	Non- current ThCh\$										
Interest rate hedge:	-	6,692	1,215,744	892,361	-	-	78,464	4,586,456	-	-	91,829	6,454,964
Cash flow hedge	-	6,692	1,215,744	892,361	-	-	78,464	4,586,456	-	-	91,829	6,454,964
Exchange rate hedge:	21,128,524	9,815	375,035	8,566	51,876	29,200,554	896,625	421,209	723,067	9,385,907	92,213	100,607
Cash flow hedge	21,128,524	9,815	375,035	8,566	51,876	29,200,554	896,625	421,209	723,067	9,385,907	92,213	100,607
<b>Total</b>	<b>21,128,524</b>	<b>16,507</b>	<b>1,590,779</b>	<b>900,927</b>	<b>51,876</b>	<b>29,200,554</b>	<b>975,089</b>	<b>5,007,665</b>	<b>723,067</b>	<b>9,385,907</b>	<b>184,042</b>	<b>6,555,571</b>

### - General information on hedge derivative instruments

Hedge derivative instruments and their corresponding hedged instruments are shown in the following table:

Detail of Hedge Instruments	Description of Hedge Instrument	Description of Hedged Instrument	Fair Value of Hedged Instruments 31-12-2013 ThCh\$	Fair Value of Hedged Instruments 31-12-2012 ThCh\$	Fair Value of Hedged Instruments 01-01-2012 ThCh\$	Type of Risks Hedged
SWAP	Interest rate	Bank borrowings	(2,108,105)	(4,664,920)	(6,546,793)	Cash flow
SWAP	Exchange rate	Unsecured obligations (bonds)	20,761,430	27,934,596	9,916,154	Cash flow

For the years ended December 31, 2013, 2012, and 2011, the Group has not recognized significant gains or losses for ineffective cash flow hedges.

## b) Financial derivative instrument assets and liabilities at fair value with changes in net income

As of December 31, 2013, December 31, 2012, and January 1, 2012, financial derivative transactions recorded at fair value with changes in net income, resulted in the recognition of the following assets and liabilities in the statement of financial position:

	December 31, 2013				December 31, 2012				January 1, 2012			
	Assets		Liabilities		Assets		Liabilities		Assets		Liabilities	
	Current ThCh\$	Liabilities Current ThCh\$	Non- current ThCh\$	Non- current ThCh\$	Current ThCh\$	Liabilities Current ThCh\$	Non- current ThCh\$	Non- current ThCh\$	Current ThCh\$	Liabilities Current ThCh\$	Non- current ThCh\$	Non- current ThCh\$
Non-hedging derivative instruments	2,063,414	164,983	-	-	-	-	-	-	47,504	807,105	-	-

## c) Other information on derivatives

The following tables present the fair value of hedging and non-hedging derivatives entered into by the Group as well as the remaining contractual maturities as of December 31, 2013, December 31, 2012, and January 1, 2012:

Financial Derivatives	December 31, 2013							
	Fair value ThCh\$	Notional value						Total ThCh\$
		Less than one year ThCh\$	1-2 years ThCh\$	2-3 years ThCh\$	3-4 years ThCh\$	4-5 years ThCh\$	More than 5 years ThCh\$	
Interest rate hedge:	(2,101,413)	110,136,027	6,659,398	6,659,398	9,766,945	-	-	133,221,768
Cash flow hedge	(2,101,413)	110,136,027	6,659,398	6,659,398	9,766,945	-	-	133,221,768
Exchange rate hedge:	20,754,738	229,800,552	1,041,243	-	-	-	-	230,841,795
Cash flow hedge	20,754,738	229,800,552	1,041,243	-	-	-	-	230,841,795
Derivatives not designated for hedge accounting	1,898,431	128,427,671	-	-	-	-	-	128,427,671
<b>Total</b>	<b>20,551,756</b>	<b>468,364,250</b>	<b>7,700,641</b>	<b>6,659,398</b>	<b>9,766,945</b>	<b>-</b>	<b>-</b>	<b>492,491,234</b>

December 31, 2012

Financial Derivatives	Fair value ThCh\$	Notional value						Total ThCh\$
		Less than one year ThCh\$	1-2 years ThCh\$	2-3 years ThCh\$	3-4 years ThCh\$	4-5 years ThCh\$	More than 5 years ThCh\$	
Interest rate hedge:	(4,664,920)	5,298,212	100,762,256	6,092,611	6,092,611	8,935,672	-	127,181,363
Cash flow hedge	(4,664,920)	5,298,212	100,762,256	6,092,611	6,092,611	8,935,672	-	127,181,363
Exchange rate hedge:	27,934,596	9,407,392	198,183,568	65,598	-	-	-	207,656,557
Cash flow hedge	27,934,596	9,407,392	198,183,568	65,598	-	-	-	207,656,557
<b>Total</b>	<b>23,269,676</b>	<b>14,705,604</b>	<b>298,945,824</b>	<b>6,158,209</b>	<b>6,092,611</b>	<b>8,935,672</b>	-	<b>334,837,920</b>

January 1, 2012

Financial Derivatives	Fair value ThCh\$	Notional value						Total ThCh\$
		Less than one year ThCh\$	1-2 years ThCh\$	2-3 years ThCh\$	3-4 years ThCh\$	4-5 years ThCh\$	More than 5 years ThCh\$	
Cobertura de tipo de interés:	(6,546,793)	9,479,132	5,731,377	107,702,257	5,292,723	5,292,723	8,368,224	141,866,438
Cobertura de flujos de caja	(6,546,793)	9,479,132	5,731,377	107,702,257	5,292,723	5,292,723	8,368,224	141,866,438
Cobertura de tipo de cambio:	9,916,154	-	-	209,977,060	-	-	-	209,977,060
Cobertura de flujos de caja	9,916,154	-	-	209,977,060	-	-	-	209,977,060
Deivados no designados contablemente de cobertura	(759,601)	17,569,294	-	-	-	-	-	17,569,294
<b>Total</b>	<b>2,609,760</b>	<b>27,048,426</b>	<b>5,731,377</b>	<b>317,679,317</b>	<b>5,292,723</b>	<b>5,292,723</b>	<b>8,368,224</b>	<b>369,412,792</b>

The hedging and non-hedging derivatives contractual maturities do not represent the Group's total risk exposure, as the amounts presented in the above tables have been drawn up based on undiscounted contractual cash inflows and outflows for their settlement.

## 18.3 Fair value hierarchies

- a) Financial instruments recognized at fair value in the consolidated statement of financial position are classified based on the hierarchies described in Note 3.f.5.

The following table presents financial assets and liabilities measured at fair value as of December 31, 2013, December 31, 2012, and January 1, 2012:

Financial Instruments Measured at Fair Value	31-12-2013 ThCh\$	Fair Value Measured at End of Reporting Period Using:		
		Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedge	21,145,031	-	21,145,031	-
Financial derivatives not designated for hedge accounting	2,063,414	-	2,063,414	-
Commodity derivatives designated as cash flow hedge	129,780	-	129,780	-
Financial assets at fair value with change in profit or loss	-	-	-	-
Available-for-sale financial assets, non-current	6,468	6,468	-	-
<b>Total</b>	<b>23,344,693</b>	<b>6,468</b>	<b>23,338,225</b>	-

<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedge	2,491,706	-	2,491,706	-
Financial derivatives not designated for hedge accounting	164,983	-	164,983	-
Other short-term financial liabilities	-	-	-	-
<b>Total</b>	<b>2,656,689</b>	-	<b>2,656,689</b>	-

Financial Instruments Measured at Fair Value	31-12-2012 ThCh\$	Fair Value Measured at End of Reporting Period Using:		
		Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedge	29,252,430	-	29,252,430	-
Commodity derivatives designated as cash flow hedge	784,741	-	784,741	-
Financial assets at fair value with change in profit or loss	25,067,909	25,067,909	-	-
Available-for-sale financial assets, non-current	6,358	6,358	-	-
<b>Total</b>	<b>55,111,438</b>	<b>25,074,267</b>	<b>30,037,171</b>	-
<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedge	5,982,754	-	5,982,754	-
Commodity derivatives designated as cash flow hedge	32,200	-	32,200	-
Other short-term financial liabilities	2,022,260	-	-	2,022,260
<b>Total</b>	<b>8,037,214</b>	-	<b>6,014,954</b>	<b>2,022,260</b>

Financial Instruments Measured at Fair Value	01-01-2012 ThCh\$	Fair Value Measured at End of Reporting Period Using:		
		Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedge	10,108,974	-	10,108,974	-
Financial derivatives not designated for hedge accounting	47,504	-	47,504	-
Commodity derivatives designated as cash flow hedge	3,338	-	3,338	-
Financial assets at fair value with change in profit or loss	61,676	61,676	-	-
<b>Total</b>	<b>10,221,492</b>	<b>61,676</b>	<b>10,159,816</b>	<b>-</b>
<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedge	6,739,613	-	6,739,613	-
Financial derivatives not designated for hedge accounting	807,105	-	807,105	-
Other short-term financial liabilities	3,929,271	-	-	3,929,271
<b>Total</b>	<b>11,475,989</b>	<b>-</b>	<b>7,546,718</b>	<b>3,929,271</b>

b) The following is the reconciliation between opening and closing balances for financial instruments whose fair value is classified at level 3:

	ThCh\$
Non-current Interest-bearing borrowings	
<b>Balance at January 1, 2012</b>	<b>3,929,271</b>
Total profit recognized in financial profit or loss	(1,907,011)
<b>Balance at December 31, 2012</b>	<b>2,022,260</b>
Total profit recognized in financial profit or loss	(2,022,260)
<b>Balance at December 31, 2013</b>	<b>-</b>

The fair value of Level 3 has been calculated by applying a traditional discounted cash flow method. These projected cash flows include assumptions from within the company that are primarily based on estimates for prices and levels of energy production and firm capacity, as well as the costs of operating and maintaining some of our plants.

None of the possible reasonable scenarios foreseeable in the assumptions mentioned in the above paragraph would result in a significant change in the fair value of the financial instruments included at this level.

## Note 19

### Trade and other Payables

The detail of trade and other payables as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

Trade and Other Payables	Current			Non-current		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Trade payables	97,750,747	116,926,554	105,485,376	-	-	-
Other payables	317,000,260	203,532,834	236,265,713	-	-	-
<b>Total</b>	<b>414,751,007</b>	<b>320,459,388</b>	<b>341,751,089</b>	<b>-</b>	<b>-</b>	<b>-</b>

The detail of trade accounts and other payables as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	Current			Non-current		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Trade and Other Payables						
Energy suppliers	74,733,982	80,843,934	71,605,183	-	-	-
Fuel and gas suppliers	23,016,765	36,082,620	33,880,193	-	-	-
Payables for goods and services	188,337,203	115,291,665	154,619,693	-	-	-
Dividends payable to non-controlling interests	73,127,481	54,969,011	39,053,184	-	-	-
Mitsubishi contract (LTSA)	24,837,227	16,988,406	11,514,861	-	-	-
Other payables	30,698,349	16,283,752	31,077,975	-	-	-
<b>Total</b>	<b>414,751,007</b>	<b>320,459,388</b>	<b>341,751,089</b>	<b>-</b>	<b>-</b>	<b>-</b>

See Note 17.4 for the description of the liquidity risk management policy.

## Note 20

### Other Provisions

#### 20.1 Provisions

a) The detail of provisions as of December 31, 2013, December 31, 2012, and January 1, 2012 is as follows:

	Current			Non-current		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Provisions						
Provision for legal proceedings	9,025,839	5,260,129	11,249,455	738,840	316,755	316,576
Decommissioning, restoration and rehabilitation costs (*)	-	-	-	20,267,967	19,176,517	11,677,786
Provision for suppliers and services	1,798,849	1,103,908	1,897,986	-	-	-
Provision for employee benefits	15,637,256	11,696,458	8,830,366	-	100,707	65,221
Other	18,222,721	20,364,337	14,370,123	-	-	242,056
<b>Total</b>	<b>44,684,665</b>	<b>38,424,832</b>	<b>36,347,930</b>	<b>21,006,807</b>	<b>19,593,979</b>	<b>12,301,639</b>

(\*) See Note 3a.

b) Changes in provisions as of December 31, 2013, December 31, 2012, and January 1, 2012 are as follows:

	Legal Proceedings ThCh\$	Decommissioning, Restoration and Rehabilitation Costs ThCh\$	Other Provisions ThCh\$	Total ThCh\$
<b>Changes in Provisions</b>				
Opening balance at January 1, 2013	5,576,884	19,176,517	33,265,410	58,018,811
Increase (decrease) in existing provisions	5,455,657	-	9,297,563	14,753,220
Provision used	(168,092)	-	(7,000,661)	(7,168,753)
Adjustment for inflation	-	1,085,205	54,712	1,139,917
Foreign currency translation	(425,371)	6,245	99,135	(319,991)
Other increase (decrease)	(674,399)	-	(57,333)	(731,732)
<b>Total Changes in Provisions</b>	<b>4,187,795</b>	<b>1,091,450</b>	<b>2,393,416</b>	<b>7,672,661</b>
<b>Closing Balance at December 31, 2013</b>	<b>9,764,679</b>	<b>20,267,967</b>	<b>35,658,826</b>	<b>65,691,472</b>

	Legal Proceedings ThCh\$	Decommissioning, Resoration and Rehabilitation costs ThCh\$	Other Provisions ThCh\$	Total ThCh\$
<b>Opening balance at January 1, 2012</b>				
<b>Changes in provisions</b>	<b>11,566,031</b>	<b>11,677,786</b>	<b>25,405,752</b>	<b>48,649,569</b>
Additional provisions	-	6,885,645	-	6,885,645
Increase (decrease) in existing provisions	3,524,703	-	4,383,278	7,907,981
Provision used	(10,754,424)	-	(10,376,890)	(21,131,314)
Adjustment for inflation	8,479,603	422,542	54,949	8,957,094
Foreign currency translation	(517,535)	190,544	(359,475)	(686,466)
Other increase (decrease)	(6,721,494)	-	14,157,796	7,436,302
<b>Total Changes in Provisions</b>	<b>(5,989,147)</b>	<b>7,498,731</b>	<b>7,859,658</b>	<b>9,369,242</b>
<b>Closing Balance al December 31, 2012</b>	<b>5,576,884</b>	<b>19,176,517</b>	<b>33,265,410</b>	<b>58,018,811</b>

## Note 21

### Employee Benefit Obligations

#### 21.1 General information

Endesa Chile and certain of its subsidiaries in Chile, Colombia, and Argentina provide various post-employment benefits for all or some of its active or retired employees. These benefits are calculated and recorded in the financial statements according to the criteria described in Note 3.j.1, and include primarily the following:

#### - Defined benefit plans

**Complementary pension:** The beneficiary is entitled to receive a monthly amount that supplements the pension obtained from the respective social security system.

**Employee severance indemnities:** The beneficiary receives a certain number of contractual salaries upon retirement. Such benefit is subject to a vesting minimum service requirement period, which depending on the company, varies within a range from 5 to 15 years.

**Electricity:** The beneficiary receives a monthly bonus to cover a portion of his/her billed residential electricity consumption.

**Health benefit:** The beneficiary receives health coverage in addition to that to which s/he is entitled under his/her social security regime.

#### - Other benefits:

**Five-year benefits:** A benefit certain employees receive after 5 years; begins to accrue from the second year onwards.

**Unemployment:** A benefit paid regardless of whether the employee is fired or leaves voluntarily. This benefit accrues on a daily basis and is paid at the time of contract termination (although the law allows for partial withdrawals for housing and education).

**Seniority bonuses in Peru:** There is an agreement to give workers ("subject to the collective agreement") an extraordinary bonus for years of service upon completion of the equivalent of five years of actual work. This benefit is given according to the following scale:

After 5, 10, and 15 years	–	1 basic monthly salary
After 20 years	–	1 1/2 basic monthly salaries
After 25, 30, 35, and 40 years	–	2 1/2 basic monthly salaries

## - Defined contribution benefits:

The Group makes contributions to a retirement benefit plan where the beneficiary receives additional pension supplements upon his/her retirement, disability, or death.

## 21.2 Details, changes, and presentation in financial statements

- a) The post-employment obligations associated with the defined benefits plan as of December 31, 2013, December 31, 2012, and January 1, 2012 are detailed as follows:

	31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-01-2012 ThCh\$
Post-employment obligations	40,868,802	39,672,411	36,041,426
<b>Total</b>	<b>40,868,802</b>	<b>39,672,411</b>	<b>36,041,426</b>
<b>Non-current portion</b>	<b>40,868,802</b>	<b>39,672,411</b>	<b>36,041,426</b>

- b) The balance and changes in post-employment defined benefit obligations during the 2013 and 2012 fiscal years are as follows:

	ThCh\$
Net Actuarial Liabilities	
<b>Opening Balance at January 1, 2012</b>	<b>36,041,426</b>
Service cost during the period	1,158,442
Net interest cost	2,675,565
Actuarial (gains) losses from changes in financial assumptions	1,442,421
Actuarial (gains) losses from changes in seniority adjustments	2,912,635
Foreign currency translation differences	(224,096)
Contributions paid during the period	(4,334,212)
Personnel transfer	230
<b>Balance at December 31, 2012</b>	<b>39,672,411</b>
Service cost during the period	1,252,990
Net interest cost	2,546,022
Actuarial (gains) losses from changes in financial assumptions	995,219
Actuarial (gains) losses from changes in seniority adjustments	2,623,204
Foreign currency translation differences	(502,403)
Contributions paid during the period	(5,471,428)
Personnel transfer	(247,213)
<b>Balance at December 31, 2013</b>	<b>40,868,802</b>

As of December 31, 2013, of the total amount of post-employment benefit obligations, 37.77% is from defined benefit plans in Chilean companies (36.70% at December 31, 2012); 52.65% is from defined benefit plans provided by our subsidiary Emgesa in Colombia (55.60% at December 31, 2012), 8.02% is from defined benefit plans in the EASA Group in Argentina (6.06% at December 31, 2012), and 1.56% from defined benefit plans granted by Edegel in Peru (1.70% at December 31, 2012).

Group companies make no contributions to funds for financing the payment of these benefits (unfunded).

c) The following amounts were recognized in the consolidated statement of comprehensive income as of December 31, 2013, 2012, and 2011:

	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Expense Recognized in Profit or Loss			
Current service cost for defined benefits plan	1,252,990	1,158,442	2,195,700
Interest cost for defined benefits plan	2,546,022	2,675,565	2,544,632
<b>Expenses recognized in Profit or Loss</b>	<b>3,799,012</b>	<b>3,834,007</b>	<b>4,740,332</b>
Net actuarial (gains) losses	3,618,423	4,355,056	3,275,638
<b>Total expense recognized in Comprehensive Income</b>	<b>7,417,435</b>	<b>8,189,063</b>	<b>8,015,970</b>

## 21.3 Other disclosures

### Actuarial assumptions:

As of December 31, 2013 and 2012 the following assumptions were used in the actuarial calculation of defined benefits:

	Chile		Colombia		Argentina		Peru	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Discount rates used	5.4%	6.0%	7.25%	8.00%	5.50%	5.50%	6.80%	5.55%
Expected rate of salary increases	3.0%	3.0%	4.00%	3.5% - 4.0% - 4.5%	0.00%	0.00%	3.00%	3.00%
Mortality tables	RV 2004	RV 2004	Tabla Colombiana de Mortalidad Rentistas RV08	Tabla Colombiana de Mortalidad Rentistas RV08	RV 2004	RV 2004	RV 2004	RV 2004

### Sensitivity

As of December 31, 2013, the sensitivity of the value of the actuarial liability for post-employment benefits to variations of 100 basis points in the discount rate assumes a decrease of ThCh\$2,961,820 (ThCh\$3,052,186 and ThCh\$2,478,385 as of December 31, 2012 and December 31, 2011) if the rate rises and an increase of ThCh\$3,508,902 (ThCh\$3,608,126 and ThCh\$2,918,346 as of December 31, 2012 and December 31, 2011) if the rate falls.

### Defined contributions

The total expense recognized in the consolidated statement of comprehensive income within line item "Employee expenses" represents contributions payables to the defined contribution plans by the Group. For the year ended December 31, 2013, the amounts recognized in Edegel as expenses were ThCh\$425,242 (ThCh\$369,442 and ThCh\$325,015 for the years ended December 31, 2012 and 2011, respectively).

### Future disbursements

The estimates available indicate that ThCh\$6,829,614 will be disbursed for defined benefit plans in the coming year.

### Length of commitments

The Endesa Group's obligations have a weighted average length of 14.7 years, and the flow for benefits for the next 5 years and more is expected to be as follows:

Years	ThCh\$
1	6,829,614
2	5,189,672
3	5,446,147
4	4,988,618
5	5,005,763
More than 5	31,192,615

# Note 22

## Total Equity

### 22.1 Equity attributable to the shareholders of Endesa Chile

#### 22.1.1 Subscribed and paid capital and number of shares

Endesa Chile's share capital as of December 31, 2013 and 2012 is ThCh\$1,331,714,085, divided into 8,201,754,580 fully subscribed and paid no par value shares listed at the Bolsa de Comercio de Santiago de Chile, Bolsa Electrónica de Chile, Bolsa de Valores de Valparaíso, New York Stock Exchange (NYSE), and Bolsa de Valores Latinoamericanos de la Bolsa de Madrid (LATIBEX), There has been no change in the number of shares during the years 2013 and 2012.

Capital contributions made in 1986 and 1994 resulted in share premiums amounting to ThCh\$206,008,557.

#### 22.1.2 Dividends

Endesa Chile's Ordinary Shareholders' Meeting held on April 26, 2012 approved a dividend policy of distributing 50% of 2012 net income in final dividends; the Board expects to comply with this policy during 2012. Furthermore, it intends to distribute an interim dividend, to be charged against 2012 net income, of up to 15% of net income as of September 30, 2012, as shown in the financial statements at that date. This interim dividend will be paid in January 2013.

In accordance with the above, the Ordinary Shareholders' Meeting held on April 15, 2013 agreed to distribute a final dividend of Ch\$14.28567 per share, for a total distribution of Ch\$117,167,652,127, minus the interim dividend of Ch\$3.04265 per share paid in January 2013. As a result, the amount left to be distributed to the Company's shareholders was Ch\$11.24302 per share, which was paid on May 9, 2013.

Endesa Chile's Ordinary Shareholders' Meeting held on April 25, 2013 approved a dividend policy of distributing 50% of 2013 net income in final dividends; the Board expects to comply with this policy during 2013. Furthermore, it intends to distribute an interim dividend, to be charged against 2013 net income, of up to 15% of net income as of September 30, 2013, as shown in the financial statements at that date. This interim dividend will be paid in January 2014.

The final dividend will be determined by the Ordinary Shareholders' Meeting to be held in the first four months of 2014.

Fulfillment of the aforementioned dividend plan is subject to the actual net income earned by the Company during the current year, and to the results of the Company's periodic income projections or to the existence of certain conditions, as applicable.

The following table details the dividends paid by the Company in recent years:

Dividend No	Type of Dividend	Payment Date	Pesos per Share	Charged to
49	Interim	26-01-11	6.42895	2010
50	Final	11-05-11	26.09798	2010
51	Interim	19-01-12	5.08439	2011
52	Final	17-05-12	22.15820	2011
53	Interim	24-01-13	3.04265	2012
54	Final	09-05-13	11.24302	2012
55	Interim	31-01-14	3.87772	2013

## 22.2 Foreign currency translation reserves

The following table details currency translation adjustments attributable to the shareholders of Enersis, in the consolidated statement of financial position as of December 31, 2013, 2012, and 2011:

Reserves for Accumulated Currency	December 31, 2013 ThCh\$	December 31, 2012 ThCh\$	December 31, 2011 ThCh\$
Translation Differences	90,504,354	88,701,327	85,262,487
Generandes Perú S.A.	53,817,903	53,286,339	62,331,378
Gasatacama S.A.	(5,246,916)	(16,793,138)	(9,080,092)
Hidroinvest S.A.	(5,804,721)	(5,773,653)	(5,648,808)
Endesa Argentina S.A.	(4,438,374)	(7,694,500)	(10,784,833)
Hidroeléctrica El Chocón S.A.	(41,365,588)	(29,075,486)	(14,204,278)
Endesa Brasil S.A.	(133,472,462)	(107,694,718)	(13,722,525)
Others	396,213	(368,085)	(491,707)
<b>TOTAL</b>	<b>(45,609,591)</b>	<b>(25,411,914)</b>	<b>93,661,622</b>

## 22.3 Capital management

The Company's objective is to maintain an adequate level of capitalization in order to be able to secure its access to the financial markets, so as to fulfill its medium- and long-term goals while maximizing the return to its shareholders and maintaining a sound financial position.

## 22.4 Restrictions on subsidiaries' transferring funds to the parent

Certain of the Group's subsidiaries must comply with financial ratio covenants which require them to have a minimum level of equity or other requirements that restrict the transfer of assets to the parent company. The Group's restricted net assets as of December 31, 2013 from its subsidiaries Edegel and Chocón are ThCh\$115,763,295 and ThCh\$47,610,895, respectively.

## 22.5 Other reserves

Other reserves within Equity attributable to shareholders of Endesa Chile as of December 31, 2013, 2012, and 2011 are as follows:

	Balance at January 1, 2013 ThCh\$	2013 Changes ThCh\$	Balance at December 31, 2013 ThCh\$
Exchange differences on translation	(25,411,914)	(20,197,677)	(45,609,591)
Cash flow hedges	47,991,711	(63,587,701)	(15,595,990)
Remeasurement of available-for-sale financial assets	3,629	87	3,716
Other miscellaneous reserves	(728,439,301)	(4,325,484)	(732,764,785)
<b>TOTAL</b>	<b>(705,855,875)</b>	<b>(88,110,775)</b>	<b>(793,966,650)</b>

	Balance at January 1, 2012 ThCh\$	2012 Changes ThCh\$	Balance at December 31, 2012 ThCh\$
Exchange differences on translation	93,661,622	(119,073,536)	(25,411,914)
Cash flow hedges	17,610,043	30,381,668	47,991,711
Remeasurement of available-for-sale financial assets	3,283	346	3,629
Other miscellaneous reserves	(727,247,133)	(1,192,168)	(728,439,301)
<b>TOTAL</b>	<b>(615,972,185)</b>	<b>(89,883,690)</b>	<b>(705,855,875)</b>

	Balance at January 1, 2011 ThCh\$	2011 Changes ThCh\$	Balance at December 31, 2011 ThCh\$
Exchange differences on translation	19,847,960	73,813,662	93,661,622
Cash flow hedges	104,200,016	(86,589,973)	17,610,043
Remeasurement of available-for-sale financial assets	49,393	(46,110)	3,283
Other miscellaneous reserves	(727,647,609)	400,476	(727,247,133)
<b>TOTAL</b>	<b>(603,550,240)</b>	<b>(12,421,945)</b>	<b>(615,972,185)</b>

- **Reserves for foreign currency translation differences:** These arise primarily from exchange differences relating to:
  - Translation of the financial statements of our foreign operations from their functional currencies to our presentation currency (i.e. Chilean peso) (see Note 2.6.3); and
  - Translation of goodwill arising from the acquisition of foreign operations with a functional currency other than the Chilean peso (see Note 3.b).
- **Cash flow hedging reserves:** These represent the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges (Note 3.f.4).
- **Remeasurement of available-for-sale financial assets:** These represent variations in fair value, net of their fiscal effect on the available-for-sale investments (see Note 3.f.1).
- **Other reserves:**

Other miscellaneous reserves include the following:

  - In accordance with (Official Bulletin) No. 456 from the Superintendencia de Valores y Seguros de Chile (SVS), included in this line item is the monetary correction corresponding to the accumulated paid-up capital from the date of our transition to IFRS, June 1, 2004, to December 31, 2008.
 

Please note that, while the Company adopted the IFRS as its statutory accounting standards on January 1, 2009, the date of transition to that international standard used was the same as that used by its parent company, Endesa S.A., January 1, 2004. This results from applying the exemption for that purpose in IFRS 1, "First Time Adoption".
  - Foreign currency translation differences existing at the time of transition to IFRS (IFRS 1 exemption, First Time Adoption).
  - The effects of business combinations under common control, arising primarily from the creation of the holding company Endesa Brasil in 2005 and the merger of our Colombian subsidiaries Emgesa and Betania in 2007.

## 22.6 Non-controlling interests

i) The detail of non-controlling interests is as follows:

Companies	%	Non-controlling Interests (% financial interest)					
		Equity			Profit (Loss)		
		31-12-2013 ThCh\$	31-12-2012 ThCh\$	01-12-2012 ThCh\$	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Emgesa S.A. E.S.P.	73.13%	686,990,638	666,924,919	644,233,119	168,793,015	147,151,839	93,951,292
Edegel S.A.A	37.54%	168,000,603	164,892,775	163,308,251	27,455,393	19,690,327	26,465,515
Chinango S.A.C.	50.03%	32,047,387	32,238,489	29,152,676	5,086,656	6,057,516	4,088,804
Endesa Costanera S.A.	30.24%	(6,824,508)	(18,741,352)	(6,904,392)	(7,540,189)	(14,333,116)	(6,831,166)
Hidroeléctrica El Chocon S.A.	34.63%	28,037,024	29,800,992	33,124,809	3,811,588	4,986,375	4,210,400
Empresa Eléctrica Pehuenche S.A.	7.35%	12,756,939	12,351,472	12,852,583	8,415,147	18,934,978	8,550,930
Compañía Eléctrica Tarapacá S.A. <sup>(1)</sup>	3.79%	14,685,635	-	-	767,739	-	-
Endesa Eco S.A. <sup>(1)</sup>	-	-	-	-	496,749	-	-
Compañía Eléctrica San Isidro S.A. <sup>(1)</sup>	-	-	5,630,530	-	2,344,323	1,676,998	-
Empresa Eléctrica Pangue S.A. <sup>(1)</sup>	-	-	-	6,529,630	-	583,424	3,926,670
Others	-	152,425	153,105	163,334	(50,963)	(60,742)	(101,087)
<b>TOTAL</b>		<b>935,846,143</b>	<b>893,250,930</b>	<b>882,460,010</b>	<b>209,579,458</b>	<b>184,687,599</b>	<b>134,261,358</b>

(1) On May 1, 2012, Empresa Eléctrica Pangue S.A. was merged with Compañía Eléctrica San Isidro S.A. On September 1, 2013, Compañía Eléctrica San Isidro S.A. was merged with Endesa Eco S.A., and on November 1, 2013, Endesa Eco was merged with Compañía Eléctrica Tarapacá S.A. It is the latter company that legally continues to exist.

# Note 23

## Revenues

The detail of revenues presented in the Consolidated Statement of Comprehensive Income as of December 31, 2013, 2012, and 2011 is as follows:

Revenues	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
<b>Energy sales <sup>(1)</sup></b>	<b>1,845,461,249</b>	<b>2,188,395,130</b>	<b>2,225,063,605</b>
<b>Other sales</b>	<b>25,273,582</b>	<b>30,346</b>	<b>35,104</b>
Natural gas sales	25,261,022	-	-
Sales of products and services	12,560	30,346	35,104
<b>Other services rendered</b>	<b>95,169,038</b>	<b>66,719,884</b>	<b>42,740,669</b>
Tolls and transmission	69,856,378	42,372,881	14,607,416
Metering equipment leases	75,660	91,510	83,827
Engineering services	5,054,266	3,800,188	11,896,382
Other services	20,182,734	20,455,305	16,153,044
<b>Total operating revenue</b>	<b>1,965,903,869</b>	<b>2,255,145,360</b>	<b>2,267,839,378</b>

Other Operating Income	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Other revenues <sup>(2)</sup>	61,528,111	65,239,964	16,425,409
<b>Total other income</b>	<b>61,528,111</b>	<b>65,239,964</b>	<b>16,425,409</b>

(1) Includes ThCh\$29,217,154 at December 31, 2012 from agreements corresponding to reconciliation, termination of arbitration, and settling of energy sale prices between Endesa Chile and Compañía de Papeles y Cartones (CMPC).

(2) At December 31, 2013, includes ThCh\$33,846,438 (ThCh\$0 at December 31, 2012) from new availability agreements in effect starting in December 2012 between our subsidiary Central Costanera S.A. and CAMMESA. In addition, in 2012 the Company recognized ThCh\$2,239,336 (ThCh\$7,273,992 in 2011) relating to claims under insurance policies covering the Bocamina I power plant business interruption and lost earnings with respect to the Bocamina II plant due to the plant not being operative, amounting to ThCh\$ 52,817,785, both activated as a result of the February 27, 2010 earthquake that damaged these plants (see Note 14.f.5).

# Note 24

## Raw Materials and Consumables Used

The detail of raw materials and consumables used presented in profit or loss for the periods ended December 31, 2013, 2012, and 2011 is as follows:

Raw Materials and Consumables Used	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Energy purchases	(237,676,926)	(310,584,865)	(213,593,880)
Fuel consumption	(307,849,013)	(732,310,177)	(676,035,672)
Transportation costs	(233,607,121)	(235,207,189)	(197,755,417)
Other raw materials and consumables	(51,740,512)	(40,377,697)	(51,748,050)
<b>Total</b>	<b>(830,873,572)</b>	<b>(1,318,479,928)</b>	<b>(1,139,133,019)</b>

# Note 25

## Employee Benefits Expense

Employee expenses recognized in profit or loss as of December 31, 2013, 2012, and 2011 are as follows:

Employee Benefits Expense	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Wages and salaries	(102,926,806)	(85,279,732)	(67,996,496)
Post-employment benefit obligations expense	(1,678,232)	(1,504,362)	(2,523,715)
Social security and other contributions	(18,619,863)	(15,453,692)	(5,246,235)
Other employee expenses	(224,857)	(218,446)	(148,774)
<b>Total</b>	<b>(123,449,758)</b>	<b>(102,456,232)</b>	<b>(75,915,220)</b>

# Note 26

## Depreciation, Amortization, and Impairment Losses

The detail of depreciation, amortization, and impairment losses recognized in profit or loss as of December 31, 2013, 2012, and 2011 is as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Depreciation	(185,735,330)	(180,930,813)	(167,026,299)
Amortization	(3,960,009)	(3,637,184)	(3,479,052)
<b>Subtotal</b>	<b>(189,695,339)</b>	<b>(184,567,997)</b>	<b>(170,505,351)</b>
Reversal (losses) from impairment (*)	(6,458,953)	(11,117,362)	(9,472,766)
<b>Total</b>	<b>(196,154,292)</b>	<b>(195,685,359)</b>	<b>(179,978,117)</b>

(*) Impairment Losses	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Reversal (loss) from impairment of financial assets (see Note 7)	140,365	1,460,736	(4,024,394)
(Loss) from impairment of goodwill (see Note 13)	-	-	(5,448,372)
(Loss) from impairment of fixed assets (see Note 14.b)	(6,599,318)	(12,578,098)	-
<b>Total</b>	<b>(6,458,953)</b>	<b>(11,117,362)</b>	<b>(9,472,766)</b>

## Note 27

### Other Expenses

Other miscellaneous operating expenses as of December 31, 2013, 2012, and 2011 are as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Other Expenses			
Professional, outsourced, and other services	(28,816,401)	(31,290,097)	(27,745,919)
Other supplies and services	(17,239,304)	(15,298,444)	(16,583,784)
Insurance premiums	(19,417,837)	(16,311,933)	(14,481,652)
Taxes and charges	(16,490,799)	(16,320,126)	(54,252,983)
Repairs and maintenance	(13,504,679)	(12,020,436)	(9,169,020)
Marketing, public relations, and advertising	(602,805)	(718,600)	(1,547,944)
Leases and rental costs	(2,581,257)	(2,519,810)	(2,630,599)
Environmental expenses	(2,414,784)	(3,213,669)	(2,652,610)
Other supplies	(3,883,844)	(3,285,377)	(1,971,253)
Travel expenses	(2,168,389)	(2,492,354)	(1,861,617)
Indemnities and fines	(5,977,302)	(640,344)	(249,257)
<b>Total</b>	<b>(113,097,401)</b>	<b>(104,111,190)</b>	<b>(133,146,638)</b>

## Note 28

### Other Gains (Losses)

Other gains (losses) as of December 31, 2013, 2012, and 2011 are as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Other Gains (Losses)			
Sale of Charrua transmission lines	2,532,438	-	-
Other assets	824,701	1,422,458	2,010,780
<b>Total Otras ganancias (pérdidas)</b>	<b>3,357,139</b>	<b>1,422,458</b>	<b>2,010,780</b>

## Note 29

### Financial Results

Financial income and costs as of December 31, 2013, 2012, and 2011 are as follows:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Financial Income			
Income from cash and cash equivalents	12,174,247	11,981,690	22,658,596
Other financial income	6,118,096	2,648,272	5,605,596
<b>Total Ingresos Financieros</b>	<b>18,292,343</b>	<b>14,629,962</b>	<b>28,264,192</b>

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Financial Costs			
<b>Financial Costs</b>	<b>(142,666,776)</b>	<b>(148,468,667)</b>	<b>(135,257,667)</b>
Bank loans	(18,750,691)	(22,568,037)	(25,828,606)
Secured and unsecured obligations	(103,384,143)	(105,411,446)	(109,225,126)
Valuation of financial derivatives	(4,854,066)	(4,877,219)	(5,941,616)
Post-employment benefit obligations	(2,546,022)	(2,660,042)	(2,544,632)
Capitalized borrowing costs	24,518,935	23,915,042	29,922,494
Other financial costs	(37,650,789)	(36,866,965)	(21,640,181)
<b>Gain (loss) from indexed assets and liabilities (*)</b>	<b>1,001,573</b>	<b>(1,066,291)</b>	<b>(5,447,396)</b>
<b>Foreign currency exchange differences (**)</b>	<b>(13,756,657)</b>	<b>(12,090,438)</b>	<b>(6,649,911)</b>
Positive	39,657,325	15,770,201	15,446,837
Negative	(53,413,982)	(27,860,639)	(22,096,748)
<b>Total Financial Costs</b>	<b>(155,421,860)</b>	<b>(161,625,396)</b>	<b>(147,354,974)</b>
<b>Total Financial Results</b>	<b>(137,129,517)</b>	<b>(146,995,434)</b>	<b>(119,090,782)</b>

The effects on financial results from exchange differences and the application of indexed assets and liabilities originated from the following:

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Results from Indexed Assets and Liabilities (*)			
Other financial assets (derivative instruments)	4,758,858	5,550,723	8,655,896
Other non-financial assets	9,064	-	-
Trade and other accounts receivable	33,883	7,754	39,420
Current tax assets and liabilities	2,640,499	2,383,296	2,100,153
Other financial liabilities (financial debt and derivative instruments)	(6,428,167)	(8,931,305)	(15,980,262)
Other provisions	(12,564)	(74,945)	(281,472)
Other current non-financial liabilities	-	(1,814)	18,869
<b>Total</b>	<b>1,001,573</b>	<b>(1,066,291)</b>	<b>(5,447,396)</b>

	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Exchange Differences (**)			
Cash and cash equivalents	2,429,118	(1,401,939)	2,647,753
Other financial assets (derivative instruments)	27,279,969	6,276,291	2,333,430
Other non-financial assets	37,636	53,373	818,472
Trade and other accounts receivable	(3,518,849)	(420,094)	4,561,537
Current tax assets and liabilities	(3,678)	27	(519)
Other financial liabilities (financial debt and derivative instruments)	(34,837,976)	(14,401,345)	(10,086,072)
Trade and other accounts payable	(2,105,672)	(779,903)	(5,584,114)
Other non-financial liabilities	(3,037,205)	(1,416,848)	(1,340,398)
<b>Total</b>	<b>(13,756,657)</b>	<b>(12,090,438)</b>	<b>(6,649,911)</b>

# Note 30

## Income Tax

The following table reconciles income taxes resulting from applying the general current tax rate to "Net income before taxes" and the income tax expense recorded in the accompanying Consolidated Statement of Comprehensive Income at December 31, 2013, 2012, and 2011:

Income Tax	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Current tax expense	(224,469,325)	(210,787,060)	(213,263,163)
Tax benefit from tax assets not previously recognized (credits and/or benefits on current tax)	30,595,472	39,920,277	20,511,576
Adjustments to current tax from the previous period	(549,020)	(1,181,146)	(301,392)
Other current tax expense	(641,266)	(409,335)	(290,463)
<b>Current tax expense, net</b>	<b>(195,064,139)</b>	<b>(172,457,264)</b>	<b>(193,343,442)</b>
Deferred tax income (expense) from origination and reversal of temporary differences	(9,853,759)	5,410,705	(13,986,454)
Deferred tax (income) or expense from tax rate changes or new taxes (*)	10,451	(15,786,397)	-
<b>Deferred tax income (expense), net</b>	<b>(9,843,308)</b>	<b>(10,375,692)</b>	<b>(13,986,454)</b>
<b>Income tax income (expense)</b>	<b>(204,907,447)</b>	<b>(182,832,956)</b>	<b>(207,329,896)</b>

The principal temporary differences are detailed in Note 15.a.

Reconciliation of Tax Expense	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
<b>INCOME BEFORE TAX</b>	<b>768,413,684</b>	<b>601,855,819</b>	<b>788,465,297</b>
Tax expense using statutory rate	(20.00%) (153,682,737)	(20.00%) (120,371,164)	(20.00%) (157,693,059)
Tax effect of rates in other jurisdictions	(7.61%) (58,441,486)	(7.44%) (44,774,217)	(5.03%) (39,681,126)
Tax effect of non-taxable revenues	8.59% 66,004,129	6.56% 39,485,711	3.74% 29,473,765
Tax effect of non-tax-deductible expenses	(6.31%) (48,467,799)	(10.06%) (60,560,721)	(3.77%) (29,715,812)
Tax effect from change in tax rate (*) (**)	- 10,451	(2.62%) (15,786,397)	- -
Tax effect of over-provided tax in previous periods	(0.07%) (549,020)	(0.20%) (1,181,146)	(0.04%) (301,392)
Current tax effects arising from investments	(1.27%) (9,780,985)	3.38% 20,354,978	(1.19%) (9,412,272)
<b>Total adjustments to the tax rate and tax expense using statutory rate</b>	<b>(6.66%) (51,224,710)</b>	<b>(10.38%) (62,461,792)</b>	<b>(6.30%) (49,636,837)</b>
<b>Total income tax expense using effective rate</b>	<b>(26.66%) (204,907,447)</b>	<b>(30.38%) (182,832,956)</b>	<b>(26.30%) (207,329,896)</b>

(\*) On July 29, 2010, Law No. 20,455 was passed in Chile, "Modifying different laws to obtain funds to finance the reconstruction of the country." This law, which was published in the Diario Oficial (Official Gazette) on July 31, 2010, included a temporary First Category tax increase for the 2011 and 2012 business years (to 20% and 18.5%, respectively), with a return to the 17% tax rate for 2013.

Then, on September 27, 2012, Law No. 20,630, which modifies Chilean tax law to finance education reform, was published in the Diario Oficial (Official Gazette). Among other changes, this law increased the First Category tax rate from 18.5% to 20% starting in the 2012 business year.

(\*\*) Law No. 1607/12 on tax reform was passed in Colombia on December 26, 2012, lowering the income tax rate to 25% (except for foreign companies, whose rate remains at 33%). It also creates a new 8% tax (9% from 2013 to 2015) whose tax base is the same as that used to calculate income tax, but without the inclusion of tax benefits or special deductions.

# Note 31

## Information by Segment

### 31.1 Segmentation criteria

Endesa Chile's activities are organized primarily around its core business, electric energy generation.

In addition, segment information has been organized by the geographical areas in which the Group operates:

- Chile.
- Argentina
- Peru
- Colombia.

Given that Endesa Chile's corporate organization basically matches its business organization and, therefore, the segments organization, the following segment information is based on the financial information of the companies forming each segment.

The following tables present the segment information as of December 31, 2013, December 31, 2012, and January 1, 2012.

## 31.2 Distribución por país

Country ASSETS	Chile			Argentina			Colombia		
	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$
<b>CURRENT ASSETS</b>	<b>512,434,448</b>	<b>384,608,631</b>	<b>530,346,053</b>	<b>46,128,070</b>	<b>42,454,666</b>	<b>90,696,940</b>	<b>321,118,496</b>	<b>285,719,119</b>	<b>239,044,005</b>
Cash and cash equivalents	56,819,763	6,284,099	199,085,264	6,729,682	6,336,505	21,658,298	227,781,003	187,772,861	136,260,140
Other current financial assets	23,956,079	-	47,504	-	-	143,638	59,042	25,067,909	674,506
Other current non-financial assets	2,132,598	5,367,448	2,695,682	2,760,874	217,513	1,189,419	7,825,842	7,515,740	7,964,428
Trade and other current receivables	145,727,616	143,129,548	161,715,297	24,856,149	19,901,491	54,090,162	54,561,960	35,378,529	45,507,596
Accounts receivable from related companies	116,669,764	52,491,021	64,471,072	8,699,310	11,190,308	11,034,528	13,527,398	15,211,112	35,104,241
Inventories	14,662,964	30,054,548	22,853,273	2,907,560	3,158,460	1,783,282	15,841,374	13,257,329	11,993,970
Current tax assets	152,465,664	147,281,967	79,477,961	174,495	1,650,389	797,613	1,521,877	1,515,639	1,539,124
<b>NON-CURRENT ASSETS</b>	<b>4,020,157,839</b>	<b>3,820,876,662</b>	<b>3,875,998,850</b>	<b>252,145,379</b>	<b>274,123,433</b>	<b>309,917,555</b>	<b>1,712,544,281</b>	<b>1,563,308,503</b>	<b>1,393,219,292</b>
Other non-current financial assets	2,759,880	31,436,192	11,908,939	33,548	108,154	161,140	1,260,169	1,236,511	1,205,585
Other non-current non-financial assets	41,505	41,505	76,321	12,151	1,252,852	1,099,011	-	635,776	-
Non-current receivables	-	-	162,797	128,087,762	143,949,453	148,204,236	3,509,648	3,014,698	3,241,735
Non-current accounts receivable from related companies	-	5,712,830	6,179,892	-	-	-	-	-	-
Investments accounted for using the equity method	1,739,823,985	1,523,339,947	1,564,106,793	3,246,688	3,766,317	4,695,872	-	-	-
Intangible assets other than goodwill	21,502,573	22,095,522	22,788,439	-	-	-	24,751,366	23,938,624	22,281,991
Goodwill	-	-	-	1,574,810	1,902,217	2,357,592	5,213,756	5,194,342	5,126,657
Property, plant, and equipment	2,249,977,196	2,209,655,771	2,245,565,003	117,875,481	121,684,051	152,419,707	1,618,190,483	1,469,930,901	1,302,924,129
Investment property	-	-	-	-	-	-	-	-	-
Deferred tax assets	6,052,700	28,594,895	25,210,666	1,314,939	1,460,389	979,997	59,618,859	59,357,651	58,439,195
<b>TOTAL ASSETS</b>	<b>4,532,592,287</b>	<b>4,205,485,293</b>	<b>4,406,344,903</b>	<b>298,273,449</b>	<b>316,578,099</b>	<b>400,614,495</b>	<b>2,033,662,777</b>	<b>1,849,027,622</b>	<b>1,632,263,297</b>
<b>LIABILITIES AND EQUITY</b>									
<b>CURRENT LIABILITIES</b>	<b>660,163,628</b>	<b>598,505,091</b>	<b>351,025,320</b>	<b>183,233,754</b>	<b>211,961,695</b>	<b>181,542,104</b>	<b>229,570,429</b>	<b>179,614,548</b>	<b>220,413,976</b>
Other current financial liabilities	127,262,132	220,356,753	64,466,046	129,629,312	129,148,163	82,987,086	65,753,442	29,534,134	113,869,956
Trade and other current payables	218,291,076	149,991,909	199,156,447	32,015,166	44,981,230	47,669,549	71,066,493	71,999,845	50,897,328
Accounts payable to related companies	244,708,240	180,556,424	26,362,834	13,530,857	27,129,873	41,348,639	28,331,191	23,917,636	14,328,510
Other current provisions	27,762,617	23,580,577	29,595,434	1,301,192	1,564,413	3,901,399	12,139,002	9,808,093	10,860
Current tax liabilities	41,604,289	23,477,747	29,897,084	5,259,200	7,755,869	5,040,483	50,014,588	42,623,796	40,779,406
Current provisions for employee benefits	-	-	-	-	-	-	-	-	-
Other current non-financial liabilities	535,274	541,681	1,547,475	1,498,027	1,382,147	594,948	2,265,713	1,731,044	527,916
<b>NON-CURRENT LIABILITIES</b>	<b>775,944,560</b>	<b>880,599,510</b>	<b>1,180,833,098</b>	<b>54,121,669</b>	<b>62,998,738</b>	<b>130,697,313</b>	<b>864,631,943</b>	<b>757,392,281</b>	<b>530,859,723</b>
Other non-current financial liabilities	579,403,606	656,681,229	984,831,601	12,954,207	20,701,104	87,602,569	828,381,968	711,308,825	486,420,793
Non-current accounts payable to related companies	-	-	-	-	4,479,929	-	-	-	-
Other long-term provisions	17,426,844	16,545,029	10,317,033	-	-	-	738,840	316,755	316,576
Deferred tax liabilities	159,958,130	185,347,510	161,913,523	14,019,574	10,607,958	13,165,920	13,991,943	12,001,108	-
Non-current provisions for employee benefits	15,435,886	14,560,716	11,871,005	3,276,309	2,382,287	2,216,852	21,519,192	22,056,756	21,953,569
Other non-current non-financial liabilities	3,720,094	7,465,026	11,899,936	23,871,579	24,827,460	27,711,972	-	11,708,837	22,168,785
<b>EQUITY</b>	<b>3,096,484,099</b>	<b>2,726,380,692</b>	<b>2,874,486,485</b>	<b>60,918,026</b>	<b>41,617,666</b>	<b>88,375,078</b>	<b>939,460,405</b>	<b>912,020,793</b>	<b>880,989,598</b>
Equity attributable to shareholders of Endesa Chile	3,096,484,099	2,726,380,692	2,874,486,485	60,918,026	41,617,666	88,375,078	939,460,405	912,020,793	880,989,598
Issued capital	1,882,832,128	1,800,828,112	1,929,388,051	56,349,375	54,192,633	84,324,737	165,215,801	164,600,583	142,906,410
Retained earnings	1,445,149,625	1,085,463,341	1,068,812,525	(15,857,261)	(11,005,738)	(6,550,908)	543,834,488	524,280,383	128,464,532
Share premium	206,008,557	206,008,557	206,008,557	-	-	-	-	-	-
Other reserves	(437,506,211)	(365,919,318)	(329,722,648)	20,425,912	(1,569,229)	10,601,249	230,410,116	223,139,827	609,618,656
<b>Non-controlling interests</b>									
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,532,592,287</b>	<b>4,205,485,293</b>	<b>4,406,344,903</b>	<b>298,273,449</b>	<b>316,578,099</b>	<b>400,614,495</b>	<b>2,033,662,777</b>	<b>1,849,027,622</b>	<b>1,632,263,297</b>

Peru			Eliminations			Total		
12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$
104,859,261	80,363,360	75,650,050	(19,108,619)	(11,791,860)	(16,778,408)	965,431,656	781,353,916	918,958,640
32,476,931	35,284,268	32,764,569	-	-	-	323,807,379	235,677,733	389,768,271
121,357	51,876	48,561	-	-	-	24,136,478	25,119,785	914,209
24,546,032	4,241,546	2,458,301	-	-	-	37,265,346	17,342,247	14,307,830
22,584,515	18,439,139	16,985,155	32,682	833,884	491,931	247,762,922	217,682,591	278,790,141
12,154,631	9,221,914	10,509,205	(19,141,301)	(12,625,744)	(17,270,339)	131,909,802	75,488,611	103,848,707
12,743,147	12,892,283	12,645,501	-	-	-	46,155,045	59,362,620	49,276,026
232,648	232,334	238,758	-	-	-	154,394,684	150,680,329	82,053,456
<b>773,833,383</b>	<b>786,613,842</b>	<b>812,558,136</b>	<b>(961,987,702)</b>	<b>(773,045,293)</b>	<b>(803,905,045)</b>	<b>5,796,693,180</b>	<b>5,671,877,147</b>	<b>5,587,788,788</b>
6,692	524,133	216,790	-	-	-	4,060,289	33,304,990	13,492,454
-	-	-	1,342	1,342	-	54,998	1,931,475	1,175,332
-	-	-	-	-	-	131,597,410	146,964,151	151,608,768
-	-	-	-	(5,712,830)	(6,179,892)	-	-	-
49,498,978	51,856,848	49,887,780	(1,031,888,318)	(823,829,955)	(886,264,231)	760,681,333	755,133,157	732,426,214
9,794,606	9,718,479	457,861	-	-	-	56,048,545	55,752,625	45,528,291
8,287,322	8,703,399	10,361,690	85,020,310	85,947,128	88,539,078	100,096,198	101,747,086	106,385,017
706,245,785	713,971,669	750,111,283	-	-	-	4,692,288,945	4,515,242,392	4,451,020,122
-	-	-	-	-	-	-	-	-
-	1,839,314	1,522,732	(15,121,036)	(29,450,978)	-	51,865,462	61,801,271	86,152,590
<b>878,692,644</b>	<b>866,977,202</b>	<b>888,208,186</b>	<b>(981,096,321)</b>	<b>(784,837,153)</b>	<b>(820,683,453)</b>	<b>6,762,124,836</b>	<b>6,453,231,063</b>	<b>6,506,747,428</b>
Peru			Eliminations			Total		
12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$
110,158,339	80,997,179	77,444,300	55,265,285	(5,060,885)	75,595,134	1,238,391,435	1,066,017,628	906,020,834
31,088,635	27,415,986	32,976,929	-	-	-	353,733,521	406,455,036	294,300,017
63,613,836	41,946,210	23,834,560	29,764,436	11,540,194	20,193,205	414,751,007	320,459,388	341,751,089
843,027	914,067	13,875	25,500,849	(16,601,079)	55,401,929	312,914,164	215,916,921	137,455,787
3,481,854	3,471,749	2,840,237	-	-	-	44,684,665	38,424,832	36,347,930
7,681,274	4,516,616	14,748,267	-	-	-	104,559,351	78,374,028	90,465,240
-	-	-	-	-	-	-	-	-
3,449,713	2,732,551	3,030,432	-	-	-	7,748,727	6,387,423	5,700,771
256,342,275	282,137,010	317,338,453	(15,121,036)	(30,407,433)	-	1,935,919,411	1,952,720,106	2,159,728,587
120,022,828	136,960,660	169,238,940	-	-	-	1,540,762,609	1,525,651,818	1,728,093,903
-	-	-	-	(4,479,929)	-	-	-	-
2,841,123	2,732,195	1,668,030	-	-	-	21,006,807	19,593,979	12,301,639
132,840,909	141,771,503	146,431,483	(15,121,036)	(29,450,979)	-	305,689,520	320,277,100	321,510,926
637,415	672,652	-	-	-	-	40,868,802	39,672,411	36,041,426
-	-	-	-	3,523,475	-	27,591,673	47,524,798	61,780,693
512,192,030	503,843,013	493,425,433	(1,021,240,570)	(749,368,835)	(896,278,587)	3,587,813,990	3,434,493,329	3,440,998,007
512,192,030	503,843,013	493,425,433	(1,021,240,570)	(749,368,835)	(896,278,587)	2,651,967,847	2,541,242,399	2,558,537,997
186,325,266	186,073,314	164,297,758	(959,008,485)	(873,980,557)	(989,202,871)	1,331,714,085	1,331,714,085	1,331,714,085
103,895,288	75,744,989	70,760,796	(168,810,285)	34,892,657	375,300,595	1,908,211,855	1,709,375,632	1,636,787,540
-	-	-	-	-	-	206,008,557	206,008,557	206,008,557
221,971,476	242,024,710	258,366,879	106,578,200	89,719,065	(282,376,311)	(793,966,650)	(705,855,875)	(615,972,185)
						935,846,143	893,250,930	882,460,010
<b>878,692,644</b>	<b>866,977,202</b>	<b>888,208,186</b>	<b>(981,096,321)</b>	<b>(784,837,153)</b>	<b>(820,683,453)</b>	<b>6,762,124,836</b>	<b>6,453,231,063</b>	<b>6,506,747,428</b>

The following table presents the segment information for the 2013, 2012, and 2011 fiscal years.

Country STATEMENT OF COMPREHENSIVE INCOME	Chile			Argentina			Colombia		
	12-31-2013 ThCh\$	12-31-2012 ThCh\$	31-12-2011 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	31-12-2011 ThCh\$	12-31-2013 ThCh\$	12-31-2012 ThCh\$	31-12-2011 ThCh\$
<b>REVENUES</b>	<b>973,139,394</b>	<b>1,114,619,933</b>	<b>1,156,468,987</b>	<b>131,443,285</b>	<b>344,177,955</b>	<b>390,135,504</b>	<b>639,503,536</b>	<b>580,125,143</b>	<b>498,543,761</b>
Sales	971,373,808	1,054,379,612	1,143,089,045	97,596,846	341,123,404	389,963,331	634,847,624	579,490,649	496,479,981
Energy sales	860,581,278	995,304,341	1,105,983,558	95,315,523	341,123,404	389,963,331	634,181,459	578,673,437	495,453,014
Other sales	25,273,582	30,347	35,104	-	-	-	-	-	-
Other services rendered	85,518,948	59,044,924	37,070,383	2,281,323	-	-	666,165	817,212	1,026,967
Other operating income	1,765,586	60,240,321	13,379,942	33,846,439	3,054,551	172,173	4,655,912	634,494	2,063,780
<b>SUPPLIES AND SERVICES</b>	<b>(494,895,933)</b>	<b>(754,005,495)</b>	<b>(601,679,840)</b>	<b>(36,478,648)</b>	<b>(282,316,017)</b>	<b>(315,717,397)</b>	<b>(204,419,042)</b>	<b>(171,063,486)</b>	<b>(134,851,692)</b>
Energy purchases	(124,419,095)	(219,329,603)	(156,532,305)	(15,687,976)	(13,485,770)	(13,740,208)	(87,695,910)	(49,214,202)	(29,508,762)
Fuel consumption	(211,612,174)	(385,360,528)	(319,628,442)	(9,173,816)	(255,215,278)	(283,048,981)	(34,870,502)	(36,215,949)	(23,946,682)
Transportation expenses	(149,447,929)	(153,277,779)	(118,743,579)	(4,541,378)	(4,899,429)	(8,165,583)	(59,719,073)	(57,311,261)	(54,452,560)
Other miscellaneous supplies and services	(9,416,735)	3,962,415	(6,775,514)	(7,075,478)	(8,715,540)	(10,762,625)	(22,133,557)	(28,322,074)	(26,943,688)
<b>CONTRIBUTION MARGIN</b>	<b>478,243,461</b>	<b>360,614,438</b>	<b>554,789,147</b>	<b>94,964,637</b>	<b>61,861,938</b>	<b>74,418,107</b>	<b>435,084,494</b>	<b>409,061,657</b>	<b>363,692,069</b>
Infrastructure work	10,625,755	8,472,680	8,391,363	2,994,025	-	-	5,001,430	4,133,486	2,187,900
Employee expenses	(63,696,383)	(51,668,845)	(46,837,103)	(28,253,598)	(22,122,227)	(18,726,175)	(18,284,458)	(15,935,879)	(13,009,393)
Other fixed operating expenses	(60,870,533)	(50,464,597)	(47,939,112)	(13,905,970)	(14,573,635)	(9,461,693)	(20,227,858)	(21,114,679)	(62,046,375)
<b>GROSS OPERATING RESULT</b>	<b>364,302,300</b>	<b>266,953,676</b>	<b>468,404,295</b>	<b>55,799,094</b>	<b>25,166,076</b>	<b>46,230,239</b>	<b>401,573,608</b>	<b>376,144,585</b>	<b>290,824,201</b>
Depreciation and amortization	(92,641,004)	(84,531,488)	(80,330,233)	(20,870,696)	(22,693,512)	(16,076,458)	(37,656,687)	(38,448,802)	(37,374,270)
Impairment reversals (impairment losses)	64,138	(11,027,857)	(4,119,978)	-	-	-	76,227	(44,846)	95,584
<b>OPERATING INCOME</b>	<b>271,725,434</b>	<b>171,394,331</b>	<b>383,954,084</b>	<b>34,928,398</b>	<b>2,472,564</b>	<b>30,153,781</b>	<b>363,993,148</b>	<b>337,650,937</b>	<b>253,545,515</b>
<b>FINANCIAL RESULT</b>	<b>(62,908,296)</b>	<b>(63,481,231)</b>	<b>(45,458,360)</b>	<b>(36,683,640)</b>	<b>(27,319,008)</b>	<b>(18,331,475)</b>	<b>(26,968,562)</b>	<b>(38,994,215)</b>	<b>(44,419,835)</b>
Financial income	3,544,993	5,440,056	14,398,117	2,824,892	2,981,596	6,772,658	11,243,116	5,192,631	6,432,904
Financial expenses	(77,522,891)	(66,781,258)	(55,150,074)	(18,723,405)	(19,897,247)	(18,893,327)	(38,653,807)	(43,919,634)	(50,611,555)
Gain (loss) from indexed assets and liabilities	1,001,573	(1,066,291)	(5,447,396)	-	-	-	-	-	-
Foreign currency exchange differences	10,068,029	(1,073,738)	740,993	(20,785,127)	(10,403,357)	(6,210,806)	442,129	(267,212)	(241,184)
Positive	26,215,267	7,585,430	14,069,358	15,593,040	8,137,994	4,840,354	740,030	407,595	389,810
Negative	(16,147,238)	(8,659,168)	(13,328,365)	(36,378,167)	(18,541,351)	(11,051,160)	(297,901)	(674,807)	(630,994)
Share of profit (loss) from associates accounted for using the equity method	109,165,914	123,917,501	126,673,587	144,312	(24,718)	249,673	-	-	-
Negative consolidation difference	-	-	-	-	-	-	-	-	-
Gain (loss) from other investments	67,385	78,184	539,283	725,672	579,029	498,877	-	-	-
Gain (loss) from the sale of property, plant, and equipment	2,446,539	13,828	475,662	-	2,032	-	310,238	187,055	70,187
<b>NET INCOME BEFORE TAX</b>	<b>320,496,976</b>	<b>231,922,613</b>	<b>466,184,256</b>	<b>(885,258)</b>	<b>(24,290,101)</b>	<b>12,570,856</b>	<b>337,334,824</b>	<b>298,843,777</b>	<b>209,195,867</b>
Income tax	(58,646,152)	(46,417,608)	(76,527,928)	(8,988,962)	(7,526,935)	(22,295,809)	(106,510,265)	(97,613,166)	(80,757,113)
<b>NET INCOME AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>261,850,824</b>	<b>185,505,005</b>	<b>389,656,328</b>	<b>(9,874,220)</b>	<b>(31,817,036)</b>	<b>(9,724,953)</b>	<b>230,824,559</b>	<b>201,230,611</b>	<b>128,438,754</b>
Net income from discontinued operations	-	-	-	-	-	-	-	-	-
<b>NET INCOME</b>	<b>261,850,824</b>	<b>185,505,005</b>	<b>389,656,328</b>	<b>(9,874,220)</b>	<b>(31,817,036)</b>	<b>(9,724,953)</b>	<b>230,824,559</b>	<b>201,230,611</b>	<b>128,438,754</b>
<b>NET INCOME ATTRIBUTABLE TO</b>	<b>261,850,824</b>	<b>185,505,005</b>	<b>389,656,328</b>	<b>(9,874,220)</b>	<b>(31,817,036)</b>	<b>(9,724,953)</b>	<b>230,824,559</b>	<b>201,230,611</b>	<b>128,438,754</b>
Shareholders of Endesa Chile									
Non-controlling interests									

## Note 32

### Third Party Guarantees, other Contingent Assets and Liabilities, and other Commitments

#### 32.1 Direct guarantees

Creditor of Guarantee	Debtor			Assets Committed		
	Name	Relationship	Type of Guarantee	Type	Currency	Accounting Value
Mitsubishi	Endesa Costanera	Creditor	Pledge	Combined cycle	ThCh\$	24,374,559
Credit Suisse First Boston	Endesa Costanera	Creditor	Pledge	Combined cycle	ThCh\$	10,725,737
Banco de la Nación Argentina	Endesa Costanera	Creditor	Pledge on collection and others	Collection CAMMESA accounts	ThCh\$	521,832
Citibank N.A.	Endesa Chile	Creditor	Pledge	Current acct. deposit	ThCh\$	1,049,220
Various creditors	Edegel	Creditor	Pledge	Real estate and equipment	ThCh\$	-
Scotiabank	Chinango	Creditor	Pledge	Collections	ThCh\$	-
Banco Santander (security agent)	G.N.L. Quintero	Associate	Pledge	Shares	ThCh\$	4,789,060

As of December 31, 2013, December 31, 2012, and January 1, 2012, the amount of the Group's property, plant, and equipment pledged as collateral for liabilities amounted to ThCh\$35,100,296, ThCh\$ 57,129,918, and ThCh\$154,141,593, respectively.

As of December 31, 2013, Endesa Chile had future energy purchase commitments totaling ThCh\$657,570,340 (there were none at December 31, 2012).

Peru			Eliminations			Total		
12-31-2013	12-31-2012	31-12-2011	12-31-2013	12-31-2012	31-12-2011	12-31-2013	12-31-2012	31-12-2011
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
283,806,401	282,124,274	239,841,441	(460,636)	(661,981)	(724,906)	2,027,431,980	2,320,385,324	2,284,264,787
262,546,227	280,813,676	239,031,927	(460,636)	(661,981)	(724,906)	1,965,903,869	2,255,145,360	2,267,839,378
255,382,989	273,293,947	233,663,702	-	-	-	1,845,461,249	2,188,395,129	2,225,063,605
-	-	-	-	-	-	25,273,582	30,347	35,104
7,163,238	7,519,729	5,368,225	(460,636)	(661,981)	(724,906)	95,169,038	66,719,884	42,740,669
21,260,174	1,310,598	809,514	-	-	-	61,528,111	65,239,964	16,425,409
(95,079,949)	(111,094,930)	(86,884,090)	-	-	-	(830,873,572)	(1,318,479,928)	(1,139,133,019)
(9,873,945)	(28,555,290)	(13,812,605)	-	-	-	(237,676,926)	(310,584,865)	(213,593,880)
(52,192,521)	(55,518,422)	(49,411,567)	-	-	-	(307,849,013)	(732,310,177)	(676,035,672)
(19,898,741)	(19,718,720)	(16,393,695)	-	-	-	(233,607,121)	(235,207,189)	(197,755,417)
(13,114,742)	(7,302,498)	(7,266,223)	-	-	-	(51,740,512)	(40,377,697)	(51,748,050)
188,726,452	171,029,344	152,957,351	(460,636)	(661,981)	(724,906)	1,196,558,408	1,001,905,396	1,145,131,768
360,712	157,020	18,593	-	-	-	18,981,922	12,763,186	10,597,856
(13,215,319)	(12,729,281)	2,657,451	-	-	-	(123,449,758)	(102,456,232)	(75,915,220)
(18,553,676)	(18,620,260)	(14,424,364)	460,636	661,981	724,906	(113,097,401)	(104,111,190)	(133,146,638)
157,318,169	139,836,823	141,209,031	-	-	-	978,993,171	808,101,160	946,667,766
(38,526,952)	(38,894,195)	(36,724,390)	-	-	-	(189,695,339)	(184,567,997)	(170,505,351)
(6,599,318)	(44,659)	-	-	-	(5,448,372)	(6,458,953)	(11,117,362)	(9,472,766)
112,191,899	100,897,969	104,484,641	-	-	(5,448,372)	782,838,879	612,415,801	766,689,649
(8,116,368)	(16,900,095)	(10,606,999)	(2,452,651)	(300,885)	(274,113)	(137,129,517)	(146,995,434)	(119,090,782)
909,512	1,235,495	863,365	(230,170)	(219,816)	(202,852)	18,292,343	14,629,962	28,264,192
(7,996,843)	(18,090,344)	(10,805,563)	230,170	219,816	202,852	(142,666,776)	(148,468,667)	(135,257,667)
-	-	-	-	-	-	1,001,573	(1,066,291)	(5,447,396)
(1,029,037)	(45,246)	(664,801)	(2,452,651)	(300,885)	(274,113)	(13,756,657)	(12,090,438)	(6,649,911)
618	3,196	19,821	(2,891,630)	(364,014)	(397,714)	39,657,325	15,770,201	18,921,629
(1,029,655)	(48,442)	(684,622)	438,979	63,129	123,601	(53,413,982)	(27,860,639)	(25,571,540)
10,036,957	11,120,211	11,932,390	-	-	-	119,347,183	135,012,994	138,855,650
-	-	-	-	-	-	793,057	657,213	1,038,160
(192,695)	562,330	426,771	-	-	-	2,564,082	765,245	972,620
113,919,793	95,680,415	106,236,803	(2,452,651)	(300,885)	(5,722,485)	768,413,684	601,855,819	788,465,297
(30,762,068)	(31,275,247)	(27,749,046)	-	-	-	(204,907,447)	(182,832,956)	(207,329,896)
83,157,725	64,405,168	78,487,757	(2,452,651)	(300,885)	(5,722,485)	563,506,237	419,022,863	581,135,401
-	-	-	-	-	-	-	-	-
83,157,725	64,405,168	78,487,757	(2,452,651)	(300,885)	(5,722,485)	563,506,237	419,022,863	581,135,401
83,157,725	64,405,168	78,487,757	(2,452,651)	(300,885)	(5,722,485)	563,506,237	419,022,863	581,135,401
-	-	-	-	-	-	353,926,779	234,335,264	446,874,043
-	-	-	-	-	-	209,579,458	184,687,599	134,261,358

Currency	Balance Pending at				Guarantees Released				
	12-31-2013	12-31-2012	01-01-2012	2013	Assets	2014	Assets	2015	Assets
ThCh\$	73,830,430	67,546,660	73,262,031	-	-	-	-	-	-
ThCh\$	3,147,660	4,799,600	5,192,000	-	-	-	-	-	-
ThCh\$	521,832	2,902,660	-	-	-	-	-	-	-
ThCh\$	796,448	-	-	-	-	-	-	-	-
ThCh\$	-	-	7,127,904	-	-	-	-	-	-
ThCh\$	-	-	16,095,200	-	-	-	-	-	-
ThCh\$	102,302,517	97,034,059	109,265,974	-	-	-	-	-	-

## 32.2 Indirect guarantees

Creditor of Guarantee	Debtor		Assets Committed				Balance Pending at		
	Name	Relationship	Type of	Accounting		12-31-2013	12-31-2012	01-01-2012	
			Guarantee	Currency	Value				Currency
Bonds and bank loans	Chinango	Subsidiary	Guarantee	ThCh\$	9,061,826	ThCh\$	4,692,397	15,245,788	21,533,733

## 32.3 Lawsuits and Arbitrations Proceedings

As of the date of these consolidated financial statements, the most relevant litigation involving the Group companies are as follows::

### a) Pending lawsuits of Endesa Chile and Subsidiaries

1. In 2005, three lawsuits were filed against Endesa Chile, the Government of Chile and the Chilean General Water Affairs Bureau (the "DGA"), currently being treated as a single proceeding, requesting that DGA Resolution 134, which established non-consumptive water rights in favor of Endesa Chile to build the Neltume hydroelectric station project be declared null as a matter of public policy, with compensation for damages. Alternatively, damages were sought for the detriment allegedly sustained by the plaintiffs due to the loss of their status as riparian owners along Pirehueico Lake, as well as due to the devaluation of their properties. The defendants have rejected these allegations, contending that the resolution complies with all legal requirements, and that the exercise of this right does not cause any detriment to the plaintiffs, among other arguments. The sums involved in these suits are undetermined. This case was joined with two other cases: the first one is captioned "Arrieta v. the State and Others" in the 9th Civil Court, docket 15279-2005 and the second is captioned "Jordán v. the State and Others", in the 10th Civil Court, docket 1608-2005. With regard to these cases, an injunction has been ordered against entering into any acts and contracts concerning Endesa Chile's water rights related to the Neltume project. In terms of the status of this proceeding, the regular evidence period has ended and the parties have been summoned to hear the judgment. The resolution that summons the parties to hear the judgment is currently challenged by the State Defense Council, which seeks to leave without effect and in turn resolve the incident of accumulation of proceedings, which is pending to date.
2. During 2010, three lawsuits for damages were filed against Endesa Chile by plaintiffs alleging that they were affected by the flooding of the Bio-Bio River in Region VIII. The plaintiffs sued Endesa Chile for losses caused by its deficient operation of the Ralco hydroelectric station during the flood. These three cases were joined, and a first instance ruling has been issued which denies the claim filed in all its parts. The ruling was appealed and such appeal has not yet been reviewed by the court. The plaintiffs are required to produce legal evidence proving the causal link between the operation of the Ralco hydroelectric station during the floods and the damages that the plaintiffs claim they sustained as a result of deficient facility operation. Regarding the status of the proceedings, on March 27, 2012, there was a first instance judgment filed, which rejects the claim filed in all its parts. The plaintiff filed an appeal on March 12, 2013, where the Court of Appeals ordered proceedings to supplement the judgment, since there were exceptions and defenses that were not resolved in the first instance judgment. On May 2, 2013, the first instance Court of Law filed a supplementary judgment, referring to the exceptions and defenses that were not resolved in the first initial judgment. To date the proceeding is once again in the Court of Appeals of Concepción to be heard and in order to rule on the appeals filed.  
The amount involved in the three lawsuits currently pending against Endesa Chile is Ch\$ 14,610 million. It is worth noting that the total risk of these proceedings is covered by an insurance policy.
3. In July and September of 2010, Ingeniería y Construcción Madrid S.A. and Transportes Silva y Silva Limitada, respectively, filed separate lawsuits against Endesa Chile and the Chilean General Water Affairs Bureau (the "DGA"), seeking to declare the annulment of DGA's administrative resolution 134 that granted Endesa Chile's water rights for the Neltume hydroelectric station. Similarly, Ingeniería y Construcción Madrid S.A. and Transportes Silva y Silva Limitada, respectively, each filed suits against DGA's administrative resolution 732 that authorized the relocation of the collection point of such rights null as a matter of public policy. Ultimately, the plaintiffs attempted to demand payment for their water rights located in the area of influence of the hydraulic works for the future Neltume station. Endesa Chile has rejected these claims, contending that the plaintiffs are engaging in wrongful prosecution to prevent the construction of the station in order to obtain monetary compensation. As to the status of the two lawsuits, it is worth noting that in the complaint filed by Ingeniería y Construcción Madrid S.A. (Case No. 7036-2010), the discovery period has expired, and the parties have been summoned to hear judgment. Regarding the other lawsuit (Case No. 6705-2010), requesting the annulment

Guarantees Released

2013	Assets	2014	Assets	2015	2016
-	-	-	-	-	-

of DGA resolution 732, on March 12, 2012 a ruling was issued that declared the proceeding as abandoned. Afterwards, on June 27, 2012, Ingeniería y Construcción Madrid, filed a similar claim before another Court of Law (Role C-15156-2012), proceeding in which the discussion period and the regular evidence period have ended. To date, the testimony obstruction alleged by Endesa Chile is still pending resolution, in order to obtain an extraordinary evidence stage, that allows rendering evidence of the witnesses that are still pending.

On the other hand, in the legal suit filed by Transportes Silva y Silva Ltda, (Case No. 16025-2012), which contests DGA resolution 134, the proceeding was declared as abandoned. In another suit filed (Case No. 17916-2010), a similar request was made for the action to be declared as abandoned, however this request was denied. The plaintiff has filed an appeal against such sentence, which was accepted on May 10, 2013, declaring the proceeding as abandoned. The resolution is firm and executed. The amount of this proceeding is indeterminate.

4. On May 24, 2011, Endesa Chile was served with a lawsuit filed by 19 riparian owners along the Pirihueico Lake, seeking to declare null DGA Resolution 732, which authorized the relocation of water catchment rights for the Neltume station, from the Pirihueico Lake 900 meters downstream along Fui River. The plaintiffs seek to have this annulment annotated at the margin of the notarized instrument that memorialized DGA Resolution 732, which approved the transfer of the catchment. The plaintiffs also seek to have the recordation of said instrument struck from the waters registry, if entered, and to require the Chilean Government, the DGA and Endesa Chile to pay damages to the plaintiffs as a result of the challenged DGA resolution, seeking to reserve their right to indicate the type and amount of damages in subsequent legal proceeding. The claim is for an undetermined amount since the plaintiffs have requested that damages be determined in another suit, once the DGA's administrative resolution is declared null and void. To date, the discussion period has ended and the evidence writ has been issued, which when received by the parties was the object of a replacement appeal filed by the plaintiff and an annulment petition filed by Endesa Chile, which were both rejected. The proceeding was suspended by mutual agreement until March 9, 2013, after which the proceeding began again. On August 20, 2013 the conciliation hearing that was pending happened, without arriving to a conciliation. To date, the regular evidence period has expired. The expert examination process is still pending.
5. On October 24, 2012, Endesa Chile filed suit against Minera Lumina Copper Chile (hereinafter MLCC) before an arbitration court of law so that it can declare electric power and energy purchase - sale contract entered into by and between Endesa Chile and MLCC, on June 22, 2010 terminated, grounded on the fact that complying with the supplying and selling electric power and energy to MLCC had become highly onerous for Endesa Chile breaking the economic balance of economic services for both parties. In subsidy, the arbitration court of law is requested to review and/or adjust MLCC's supply service, in subsidy of the latter, to declare the MLCC's obligation to pay for Endesa Chile's energy and electric power supply at the cost that the latter bears for serving the contract. Finally, it is requested that the court order the defendant to pay for all of Endesa Chile's detriment on executing the contract. The arbitration proceeding is seen before the Arbitrating Judge Arturo Yrarrázabal. Regarding the proceeding status, on August 13, 2013, the case enters into the evidence period. The parties by mutual agreement decided to suspend the proceeding from August 23 to September 27, 2013, both dates inclusive. The evidence term expired on November 29, 2013, pending performing the expert review that the arbitrator judge decreed.
6. The arbitration proceeding will be heard by the International Chamber of Commerce (ICC), hereinafter the Chamber, under the framework of the Bocamina Thermal Power Plant Extension Project Contract for the turnkey supply of a coal thermal generation plant, located in Coronel, Eighth Region of Chile, signed in July 2007 between Endesa Chile and the Consortium formed by Ingeniería y Construcción Tecnimont Chile Compañía Limitada, Tecnimont SpA, Tecnimont do Brasil Construção e Administração de Projetos Ltda., Slovenske Energeticke Strojarnje a.s. (SES) and Ingeniería y Construcción SES Chile Limitada.

As a result of material breaches of the Consortium, for not finishing the works according to the terms and conditions agreed and within the time period stipulated in the Contract and its supplementary documents, on October 16, 2012 Endesa Chile went on, strictly complying with the conditions authorized in the Contract for such purpose, to collect the performance bonds, and in particular, those issued by Banco Santander Chile for US\$ 93,992,554 (approximately Ch\$ 49,309 million) and the one from Credit Agricole for US\$ 18,940,294.84 (approximately Ch\$ 9,936 million). To date Endesa Chile has only been able to collect the performance bonds issued by Banco Santander Chile.

Upon collection of the aforementioned performance bonds, Endesa Chile filed before the Chamber (Role 19015/CA)

a request for arbitration to obtain the forced compliance of the Contract plus compensation for damages, and, as a subsidiary request, termination of the Contract with compensation for damages. In both cases, Endesa Chile reserved the right to file litigation regarding the amount and sum of the damages at a later stage. Endesa Chile based its claim on the serious non-compliance of the Consortium, among which are the following: Material breach of the contractual date of the end of the works, the lack of payment to subcontractors and suppliers, which has forced Endesa Chile to take on part of their commitments, all of the above in order to avoid a situation of total stoppage of the works; material breach of the schedule of intermediate control stages agreed to; breach of the "Open Book" delivery time period of the works; as well as a lack of compliance with safety and environmental standards agreed to and the administrative standards proscribed for managing the Contract, among other material breaches by the Consortium.

In turn, SES filed legal actions before the Chamber (Role 1924/CA) requesting that the collection of the performance bonds that Endesa Chile carried out be declared illegal.

On January 4, 2013, Endesa Chile notified the Consortium of the anticipatory termination of the Contract due to material breach of its obligations, all of the above according to the norms prescribed in the Contract.

In terms of the status of the proceedings, in January 2013, the members of the Consortium SES- TECNIMONT, separately, have contested the request for arbitration filed by Endesa Chile and along with that, have filed a suit against Endesa Chile for US\$ 1,294 million (approximately Ch\$ 678,845 million), in Tecnimont's case, and for US\$ 15 million (approximately Ch\$ 7,869 million), in SES's case. On March 26, 2013, Endesa Chile answered the counterclaims filed against the company, requesting their rejection since they are inadmissible and inappropriate.

The proceeding filed by SES (Role 1924/CA) was consolidated with the arbitration proceeding described herein above. On June 21, 2013, upon request of the arbitration court, the bases of the procedural proposals or simultaneous procedure were filed in a clear and precise manner as well as their respective proposed schedules. On July 2, 2013, the procedural order that established the procedural rules whereby the proceeding will be conducted was approved. Dated December 2, 2013 the parties exchanged legal suit briefs. In turn, Endesa Chile requested in its Suit Brief that the arbitral court declare the contractual non-compliance of the defendants, attributable to serious fraud or negligence by them or, subsidiary, to culpa grave, and that the contract term be recognized due to the cause of the "Contractor's Non-Compliance". Grounded on the above, it requests that the presentation of collecting the bond performance bonds given by Endesa Chile is according to the law and requests sentencing the defendants to fines and detriment, amounting in total to US\$ 373,269,376 (approximately Ch\$ 195,821 million). After filing their claim briefs, the parties will be able to file their contest records. Taking into consideration the extension requested by Tecnimont the term to object the documents is pending to date.

7. On August 22, 2013, the companies Endesa Chile, Pehuenche and San Isidro filed before the Court of Appeals of Santiago an electrical illegality claim against the Chilean Superintendency of Electricity and Fuels (SEF), due to the decree of legal writ ORD No. 7230, dated August 7, 2013, which, relying on its interpretative and supervisory faculties, decreed that the consumption surpluses over the contracted supply that the distributing companies incur, in regards to the generators that are forced by means of a bid to carry out supply, must be covered with the surpluses in the bids of the other generating companies in reference to its distributors, for whose effect the distributors with surpluses can assign their surpluses to the distributors which have deficits, irrespective of the will of the respective generator, which is contrary to the Law and exceeds SEF's faculties and authorities, resulting in an illegal resolution.

In terms of the status of this proceeding, in the three illegality claims it was requested that an injunction be declared, which was denied in the San Isidro and Pehuenche suits and instead was granted in the Endesa Chile suit. With the aforementioned, the aggravated effects are suspended of the challenged SEF order. Finally, it was resolved in an effort to achieve the objective, that the effects of the injunction are communicated to all the companies. To date, it has been heard and is in agreement for sentencing.

8. In August 2013 the Superintendence of the Environment filed charges against Endesa Chile, due to a serious of violations to Exempt Resolution No. 206, dated August 2, 2007 and its supplementary and clarifying resolutions that environmentally qualify the "Bocamina Thermal Power Plant Extension Project ("Proyecto Ampliación Central Térmica Bocamina"). These violations are related to the cooling system discharge channel, not having operational the Bocamina I Desulphurizer, the non-forwarding of information, surpassing the CO limit for Bocamina I imposed for Bocamina II during January 2013, failures in the perimeter acoustic closing of Bocamina I, emitting noise, and not having technological barriers that impede massive entrance of Bio-mass in the power plant intake. Endesa Chile submitted a compliance program that was rejected. On November 27, 2013, the Superintendence of the Environment reformulated the charges filed adding two new ones to those already filed. Endesa Chile has presented its defense in December 2013, which partially recognizes some of these violations (in order to reduce the fine 25%, in case they are recognized) and contesting the rest. Endesa is waiting to hear the decision of the Superintendence of the Environment.

On the other hand, in December 2013, fishermen's and algae collectors' trade unions and related activities of Coronel, among others, filed two protection recourses against Endesa Chile before the Court of Appeals of Concepcion. The first

is grounded on the fact that Endesa Chile would be operating Unit II of the Bocamina Thermal Power Plant, without having, in the opinion of the parties filing the claim, the environmental qualification for its operation, and second, that it would not have the Desulphurizing Plant operational for the operation of Unit I of the Bocamina Power Plant, according to what is demanded by the Environmental Qualification Resolution. The parties filing the claim attached a copy of the penalizing procedure pursued before the Superintendence of the Environment. The plaintiffs obtained in the first of these recourses a cautionary measure (temporary injunction against further process), which orders stopping the operation of the Generating Unit II of the Bocamina Power Plant. Endesa Chile, in turn, requested releasing this temporary injunction against further process, petition that was rejected by the Court. Similarly, it filed its response to both recourses, contributing background information for their rejection. Both recourses to date are accumulated pending their processing and pending there being heard by the Court of Appeals of Concepción and, therefore, Unit II continues to be detained.

9. In January and February, 2013, the Municipality of Huasco, and others, filed 4 protection recourses, against Agreement No. 17/2012, of the Honorable Ministers Committee that is referred to in Article No. 20 of Law 19,300, of the Terms and Conditions of the Environment, which based on a claim filed by Endesa Chile, against the Service Resolution of the Environmental Assessment that rejects the environmental authorization of the Punta Alcalde Thermal Project, accepts the claim ordering the project's favorable environmental qualification. Such agreement was published on January 17, 2013, and in the opinion of the claimants violates the constitutional guarantee of living in an environment free from pollution. The four protection recourses correspond to Roles 59-2013, 7947-2013, 8413-2013 and 8795-2013, in terms of which their joint view was ordered one after the other. Once their view has been done, dated August 1, 2013 a resolution was sentenced that accepts the protection recourses and orders the Ministers' Committee to hold a new hearing, in order to ground according to law, which is why the functioning of the Central Pta. Alcalde (Alcalde Power Plant) is authorized. Against such resolution, both the Government of Chile as well as Endesa Chile filed an appeal recourse, which to date is still pending sentencing before the Supreme Court. The amount of these prudential procedures is undetermined.
10. In 2001, a lawsuit was filed against the Colombian generation subsidiary Emgesa S.A. E.S.P., Empresa de Energía de Bogotá S.A. E.S.P. ("EEB") and Corporación Autónoma Regional, by the inhabitants of Sibaté, Department of Cundinamarca. The lawsuit seeks to make the defendants jointly and severally liable for the damages arising from the pollution of the El Muña reservoir, as a result of Emgesa's pumping of polluted waters from the Bogotá River. Emgesa has challenged these allegations, establishing that it is not liable for these damages, arguing, among other things, that it receives already polluted waters, among other arguments. The initial demand of the plaintiffs was for approximately 3 trillion Colombian pesos, which is equal to approximately Ch\$ 816,798 million. Emgesa petitioned for the joinder of numerous public and private entities that dump into the waters of the Bogotá River or that in any way or another have responsibility for the environmental management of this river's basin, with respect to which petition the Third Section of the State Council resolved to have some of these companies joined as defendants. In January 2013 answers that were filed by several of the defendants against the complaint and in June 2013 the petition for annulment of what was done in the proceeding was resolved to be denied as out-of-order. Currently the prior exceptions resolution and call to the conciliation hearing are still pending in the proceedings.
11. The fiscal authority in Peru SUNAT questioned a EDEGEL in 2001, through Taxes and Fine Resolutions, on the way of depreciating assets valuation. SUNAT did not take into account the depreciation deduction corresponding to a greater part of the superior value allocated to assets in the voluntary re-evaluation performed in 1996, as an expense in the calculation of the company's income tax. The amount of the appraisal rejected by SUNAT is related with financial interests paid by the company during the energy plants construction phase. The position of the taxing administration is that Edegel has not shown the following in a concluding manner: ( i ) that it is necessary to obtain financing for building power plants that were later re-evaluated or ( ii ) that such financing has effectively been incurred upon. The company's position is that SUNAT cannot demand such evidence in order to question the company re-evaluation performed, and that it corresponds to when such re-evaluation has been performed and not the historical value of goods. In this case, the valuation method considers that power plants of such magnitude are built with financing. If SUNAT did not agree with the valuation, it should have opposed its own appraisal, which it did not do. In February 2012, the Fiscal Court of Law (TF, as per its acronym in Spanish) sentenced in the case of the of the 1999 Income Tax accounting period, in favor of the company regarding two of its power plants and against the company in regards to four of them, based on the argument that only in the case of the first two, it was verified that there was financing. Thus the TF ordered SUNAT to calculate debt again according to the established criteria. In June 2012, Edegel paid the debt calculated by SUNAT (11 mm €); the amount will be recovered if there are favorable sentences in the following litigations Edegel has filed: (i) Administrative Contentious Claim to the Judicial Power against TF's sentence, filed in May 2012 (it would correspond to a total return) ii) Partial appeal against the calculation that SUNAT has performed in order to comply with TF's sentence, based on the fact that the recalculation that SUNAT has performed is incorrect, filed in July 2012 (it would correspond

to a partial return). In reference to the Administrative Contentious Claim: In August 2013, the Judicial Power notified Edegel on the correction of procedure errors (Procedural Remediation Resolution). In this Resolution, the Judicial Power denied some of Edegel's petitions regarding the grounds of its legal inadmissibility. Edegel filed an appeal to annul this Resolution, for being inappropriate (there is a lack of adequate motivation) and because it was issued out of time. In conclusion, the proceedings status is the following: For the 1999 accounting period, the annulment recourse that Edegel filed is pending resolution by the TF. For the 2000-2001 accounting periods, the company will file new evidence found in order to reduce the "part that would be lost" from 6 mm € to 1.3 mm €. The TF can declare that the evidence is inadmissible since it is out of time. The sum of these claims amounts to S/. 116,388,902 (approx. M\$ 21,845,718).

12. A Class Action has been filed by the people of the Municipality of Garzón, based on the fact that due to the construction of the hydroelectric project El Quimbo, their income from handicraft or entrepreneurial activities have been decreased by an average of 30%, which decrease was not considered when the project's social-economic impact report was drafted. Currently, the number of plaintiffs amounts to 1,900 persons. Emgesa rejects these allegations based on: its allegation that the social-economic impact report complied with all the methodological criteria, including giving all interested parties the opportunity to comment on the report; the fact that the plaintiffs are not residents and for this type of people, compensation are only allowed for those whose income are mainly derived from their activity in the El Quimbo project's direct area of influence; and that compensation must not be beyond the "first link" of the production chain and must be based on the status of the income indicators of each affected person. In terms of the proceeding status, the conciliation hearing has been held, ending in failure. Afterwards, a resolution was sentenced decreeing the evidences requested by the parties, against which reconsideration recourses were filed, currently pending. It is equally worth mentioning that on August 24, 2013 a document was signed by the Colombian State, Emgesa and the population of the area for the creation of a Governance Structure, a forum for dialogue and coordination that has the purpose of dealing in an efficient manner with the social and environmental conflicts generated in the development of the El Quimbo hydroelectric project and preventing any others that could arise. The amount involved in this proceeding is estimated to be approximately 93 thousand million Colombian pesos (approximately Ch\$ 25,321 million).

## **b) Pending lawsuits in associates and joint ventures**

### **Endesa Brasil and Subsidiaries:**

1. In Brazil, Basilus S/A Serviços, Empreendimentos e Participações (successor of Meridional S/A Serviços, Empreendimentos e Participações starting 2008) is the title holder of the rights it acquired from the construction companies Mistral and CIVEL, which had a civil works contract with Centrais Elétricas Fluminense S.A. (CELFL). This contract was terminated before CELFL's privatization process. Since CELFL's assets were transferred to Ampla during the privatization process, Basilus (previously Meridional) sued Ampla in 1998, contending that the referred to assets had been transferred in detriment of its rights. Ampla only acquired assets from CELFL, but is not its successor-in-interest since CELFL, a state-owned company, still exists and maintains its legal capacity. The plaintiff demanded payment of pending invoices and contractual penalties for termination of the civil works contract. In March 2009, the court decided in favor of Meridional, and Ampla and the State of Rio de Janeiro filed the corresponding appeals. On December 15, 2009, the State Court accepted the appeal and overturned the lower court's decision obtained by the plaintiff, in Ampla's favor. Basilus filed an appeal against the resolution, which was denied. In July 2010, the plaintiff filed a new Appeal under Specific Court Regulations ("Agravo Regimental") with the Superior Court of Justice of Brazil, which the court also denied in late August 2010, ruling it was groundless. In order to overturn such decision, Meridional filed a Petition for Writ of Mandamus (Mandado de Segurança), which was also denied. In June 2011, Meridional filed an Appeal to Petition Clarification of the Decision (Embargos de Declaração) in order to clarify an omission by the Superior Court of Justice in the decision on the Petition of Writ of Mandamus, which was not accepted by the court. Against this decision, Meridional filed a Regular Appeal (Recurso Ordinário) before the Superior Court of Justice (in Brasília). On March 28, 2012 the Reporting Justice decided the Regular Appeal in favor of Meridional.

Ampla and the State of Rio de Janeiro filed an Appeal under Specific Court Regulations against the Reporting Justice's decision, which was accepted by the First Court Room of the Superior Court of Justice on August 28, 2012, determining that the Regular Appeal of the Petition of Writ of Mandamus must be submitted to the full Court and not only by one single Justice. The plaintiff (Meridional) challenged the decision. The sentence of August 28, 2012 was published on December 10, 2012, once the Amendment of Judgment (Embargos de Declaração) had been filed by Ampla and the State of Rio de Janeiro to remedy the existing error in its publication, in order to avoid future divergence. The plaintiff filed its response to the embargoes and on May 27, 2013 the Embargos de Declaração filed by Ampla and the State of Rio de Janeiro were accepted and the error corrected. Consequently, the proceeding is in its second legal instance with a

sentence favorable to Ampla and there are pending proceedings before the Superior Court of Law. The amount involved in this trial is estimated to be approximately R\$ 1,052 million (approximately Ch\$ 235,589 million).

2. In 1996, 45 workers filed a suit requesting reinstatement to their employment positions with Enersis's Brazilian distribution company, Ampla. Ampla obtained a favorable ruling in 2003. The Higher Labor Court of Law acknowledged that the early retirement terminated the work contracts. Later based on some rulings that recognized that inclusion in voluntary advanced retirement programs do not terminate the associated work contract, the workers filed a "rescissory suit" before the Higher Labor Court of Law grounded on the aforementioned rulings. The plaintiffs dismissed from Ampla are attempting to be reinstated by the company and that the stability guarantee based on the regulatory resolution of the old Energy Secretary of the State of Rio de Janeiro be applied. Ampla's defense, in the course of this proceeding, is attempting to uphold the unconstitutionality of the legislative resolution and the consequent non-existence of the stability right, regardless of whether the voluntary early retirement cancels the work contract or not. In terms of the proceedings Ampla alleged that the right of the plaintiffs to file a rescissory suit had expired, which allegation was accepted and the resolution that had caused the reinstatement of the plaintiffs in Ampla was revoked. Against the aforementioned allegations, the plaintiffs filed an extraordinary appeal before the Supreme Federal Court, which was rejected. Such rejection was appealed by the plaintiffs in August 2013 and the decision of these appeals is currently pending. The amount involved in this proceeding is estimated to be R\$ 125 million (approximately Ch\$ 27,993 million).
3. Companhia Brasileira de Antibióticos ("Cibran") filed suit against Enersis's Brazilian distribution subsidiary, Ampla, for damages for the loss of products and raw materials, machinery breakdown, among other things, which allegedly occurred as a result of poor service provided by Ampla between 1987 and May 1994. Cibran is also seeking payment of punitive damages. This litigation is in the trial stage and has been joined with various other claims filed by Cibran against Ampla, including five other actions for smaller amounts based on power outages allegedly caused by Ampla, in the period from 1987 to 1994, 1994 to 1999 and part of 2002. These proceedings are in the first instance. The judge decided to conduct a single expert assessment for these various claims, which was in part adverse to Ampla. Ampla challenged such assessment, and requested a new expert assessment. On September 5, 2013 the judge rejected the prior petition, against which Ampla filed Appeals to Petition Clarification of the Decision, which are pending review by the court. The amount involved for all these cases is estimated to be approximately R\$ 150 million (approximately Ch\$ 33,591 million).
4. In December 2001, the article of the Brazilian Federal Constitution used by Ampla to claim an exemption from the COFINS (Contribuicao para o Financiamento da Seguridade Social, a tax levied on revenues) tax was amended. Ampla only started to pay the COFINS tax beginning in April 2002 because it believed that the changes in law are effective 90 days after they are published. However, the Federal Revenue (Receita Federal) argued that this constitutional norm applies only to amendments at the level of statutes, but not to those made to the Federal Constitution itself, which would apply immediately. In November 2007, the appeal was decided at the administrative appeals level (Consejo de Contribuyentes, Taxpayers Council), against Ampla. In October 2008, Ampla filed a special appeal that was denied. On December 30, 2013, Ampla was notified on the decision that Ampla's argument that the COFINS payment was undue in the December 2001 to March 2002 period was not accepted since there is a provision in the Constitution that legislation changes are effective 90 days after they are published. Ampla will continue to recur before the courts of law, which is why it will have to previously guarantee the taxing debt (depending on the formula adopted, the guarantee will increase to 30%, totaling €45.5 thousand). The sum amounts to R\$114 million (approximately Ch\$ 25,529 million).
5. After the definite sentence in favor of Enersis was decreed in 2010 regarding COFINS immunity, in which the Public Treasury tried to revoke through a "rescission action" a firm and executed sentence in August 1996 in favor of Ampla protecting it from paying COFINS (until 2001 when the constitution was amended to expressly levy electric power operations with this tax), Ampla has resumed a proceeding filed in 1996 that had been suspended while the first litigation was processed, requesting refund of COFINS' payments from April 1992 to June 1996, based on the firm sentence in its favor regarding that immunity is applicable to prior accounting periods and therefore that they have the right to get refund of what was paid in an undue manner. In June 2013, there was a first sentence in Ampla's favor declaring the right to receive refund of the amounts COFINS paid for all the accounting periods requested. The Public Treasury filed an appeal against the sentence before the Court of Río de Janeiro. The sum Ampla requests refund amounts to R\$ 157 million (approximately Ch\$ 35,159 million).
6. In order to fund its investment in Coelce in 1998, Ampla issued long-term debt abroad through securities called Fixed Rate Notes (FRNs) which were governed by a special tax regime whereby interest payments received by non-resident holders were exempt from taxation in Brazil, so long as the debt was issued with a minimum maturity of 8 years. In 2005 the Brazilian Taxing Administration notified Ampla through a tax resolution that it had declared the non-applicability of the special tax regime based on its understanding that it had implicitly caused advanced amortization payments before the required maturity, because Ampla had received financing in Brazil which it allocated to the FRN holders. In Ampla's opinion,

they are two independent legally valid transactions. The non-applicability of the regime assumes that Ampla would have failed to comply with its obligation to retain the tax and deposit it in respect of interest payments made to non-resident holders. The tax resolution was appealed and in 2007 the Consejo de Contribuyentes (Taxpayers Council) annulled it. However, the Brazilian Taxing Administration contested this decision before the Superior Chamber of Fiscal Resources (Câmara Superior de Recursos Fiscales), the final administrative tribunal, and on November 6, 2012 it issued a judgment against Ampla. The decision was notified to Ampla on December 21 and on December 28, 2012; Ampla filed an Appeal to Petition Clarification of the Decision before the Chamber in order to clarify a final resolution regarding contradictory points of the judgment and that the relevant defense arguments that were omitted be incorporated. On October 15, 2013 Ampla was summoned to hear the decision that rejected the clarification recourse ("Embargo de Declaración") filed on December 28, 2012. With the above, Ampla filed a cautionary legal action in order to assure obtaining certification of fiscal regularity allowing Ampla to continue receiving public funds, which is why the taxing debt had to be previously guaranteed (guarantee insurance, where the guarantee is increased 30%, totaling €338 million).

The judge rejected Ampla's provisional decision request to accept the guarantee insurance. Ampla will file recourse before the Court of Law of Río de Janeiro to try to change the decision. It is important to state that the final negative resolution of the Superior Court will imply opening a criminal proceeding against certain Ampla employees and administrators (since the Council ratified the existence of simulation). The sum amounts to R\$847 million (approximately Ch\$ 189,680 million).

7. In 2002, the State of Rio de Janeiro issued a decree establishing that the ICMS (an equivalent of the Chilean Value Added Tax) should be paid on the 10th, 20th and 30th days of the same month of the accrual. Ampla continued paying ICMS in accordance with the previous system (on the 5th day of the month following its accrual) and did not adopt this system between September 2002 and February 2005 due to cash flow problems. Additionally, Ampla filed a legal suit to dispute the constitutionality of the demand of the anticipatory tax payments. Ampla was not successful in this legal suit in any of the proceeding phases, now pending sentence of the recourse filed before STF (Brasilia Court of Law, which judges constitutional issues). Ampla, starting from March 2005, has paid the ICMS according to the new system. In September 2005 the State of Rio de Janeiro issued a resolution against Ampla to collect the fine and interest on late payments set in the aforementioned Decree of 2002. Ampla appealed the resolution before the Administrative Courts of Law, based on the tax Amnesty Laws of the State of Río de Janeiro published in 2004 and 2005 (forgiving interest and penalties if the taxpayer paid the pending taxes). Ampla alleges that if the aforementioned tax amnesties for Ampla do not turn out to be applicable, the law would mistreat taxpayers that are delayed only a few days in the payment of taxes (Ampla's case) in a worse manner in comparison to those who, formally, later relied on the various tax amnesties to regulate their tax situation through paying taxes that were not paid in the past.

The "En Banc Council" (a special body within the Taxpayers Council, representing the last administrative instance) on May 9, 2012 issued judgment against Ampla. The sentence was notified on August 29, 2012. Ampla requested the State Public Treasury (Hacienda Pública Estadual) to review the decision through a special review procedure based on the equity principle, before the Governor of the Estado de Río de Janeiro. The recourse has still not been solved, which is why the taxing debt should be suspended. However, the Estado de Rio de Janeiro has registered the debt in the public registry as if it is demandable, which has forced contributing a guarantee of €101 million (R\$293 ) on November 12, 2012, in order to suspend the legal action and continue receiving public funds. On June 4, 2013, a sentence in second instance accepted the recourse filed by the Public Treasury of the State of Río de Janeiro against the guarantee Ampla filed. In September 2013, Ampla filed a letter of guarantee to substitute the "guarantee insurance" rejected by the court of law. However, Ampla reiterated to the attorney of the State, the petition for review is still pending a decision. The amount involved in this proceeding is R\$ 232 million (approximately Ch\$ 51,954 million).

8. In October 2009, Tractebel Energía S.A. sued CIEN claiming an alleged breach of the "Purchase & Sale Agreement for 300 MW of Firm Capacity with related energy originating from Argentina" entered into in 1999 by and between CIEN and Centrais Geradoras do Sul do Brasil S.A (Gerasul — presently Tractebel Energía). Tractebel asked the court to order that CIEN pay a rescission penalty of R\$ 117,666,976 (approximately Ch\$ 26,350 million) plus other fines due to the non-availability of "firm capacity and related energy," and asked the court to determine those other fines in its ruling. The breach allegedly occurred due to a failure by CIEN to assure the availability of capacity contractually agreed with Tractebel over the 20-year period, which allegedly took place beginning in March 2005. In May 2010, Tractebel notified CIEN via a written statement, but not judicially, that it intended to exercise its step-in rights in Line I (30%). The proceeding is currently at the trial stage. CIEN petitioned to join this proceeding with the lawsuit filed by CIEN against Tractebel in 2001, in which the collection of values relative to the rate of exchange and taxing issues is under dispute, which petition for joinder was rejected by the court of law. In May 2013, CIEN requested the suspension of the proceeding for 180 days in order to avoid divergent decisions, which petition was transferred to Tractebel to file its briefs regarding the matter.

9. In 2010 Furnas Centrais Elétricas S.A. filed a suit against CIEN, based on CIEN's alleged breach of Firm Capacity Purchase Agreement for the purchase of 700 MW of firm capacity with related energy originating from Argentina, which was signed in 1998 with a term of 20 years starting from June 2000. In its claim, Furnas requests that CIEN be ordered to pay R\$ 520,800,659 (approximately Ch\$ 116,630 million), as a rescission penalty according to what is provided for in the agreement, as adjusted according to the terms of such agreement, plus interest from the date of filing of the claim until actual payment, as well as other penalties based on the lack of availability of the "firm power and associated energy" (contracted capacity), and other damages to be determined upon the final decision. The proceeding is in its first instance, and the passing of the first trial judgment is pending. In respect of the foreign language documents presented by CIEN, the trial judge of first instance determined that those documents would be excluded from the lawsuit, which decision was affirmed by the 12th Civil Section of the State Court. CIEN has filed a Regular Appeal (Recurso Especial) against this decision, which will be decided by the Superior Court of Justice. In addition, CIEN received a communication from Furnas, not at the judicial seat, indicating that in case of termination due to CIEN's non-compliance, it has the right to acquire 70% of Line I.
10. At the end of 2002 Endesa Fortaleza filed a legal action against the Federal Union, in order to get recognition that imported goods for the turbo-generating units corresponded to the item "Other Power Generating Units" to thus get access to 0% rate for the Import Tax (II) and the Tax on Industrialized Products (IPI, Impuesto de Productos Industrializados, as per its acronym in Spanish). Endesa Fortaleza got an incidental sentence in its favor in the main legal action that allows importing goods at customs with a 0% rate, but prior to a judicial support of the sum of taxes. Endesa Fortaleza has obtained favorable sentences in the administrative legal instance and in the Superior Court of Law of Justice (Brasilia) (in the main legal suit). In 2002 Endesa Fortaleza filed a judicial action (incidental) that treats the type of import tax applicable to the power generating unit (from 0% to 14%). In this legal action CGTF was also successful in the first and second instances. The Public Treasury has filed a new recourse. The parties are waiting for the recourse sentencing. The judicial deposit must be kept as guarantee of the proceedings until its final sentencing. The sum amounts to R\$81 million (Ch\$ 18,139 million).
11. In February 2007, the Brazilian Tax Authorities drew up a minute to Endesa Fortaleza for PIS/COFINS for the accounting periods of December 2003 and from February 2004 to November 2004, referring to the alleged differences produced between the amounts declared in the annual declaration (where the PIS/COFINS amounts were reported under the new non-accrued regime) and the amounts declared in the monthly declaration (where the amounts due were reported under the old accrual system). The company filed an appeal before the Taxpayers' Council and is currently awaiting decision. The sum is of approximately R\$68 million (Ch\$ 15,228 million).  
The Endesa Chile management considers that the provisions registered in the Consolidated Financial Statements, attached hereto, adequately cover the risks resulting from litigation and other operations described in this Note, which is why it does not consider that there are additional liabilities than those specified herein.  
Given the characteristics of the risks covered by these provisions, it is impossible to determine a reasonable schedule of payment dates, in case there are any.

## 32.4 Financial restrictions

Various of the company's loan agreements, and those of some of its subsidiaries, include the obligation to comply with certain financial covenants, which is normal in contracts of this nature. There are also affirmative and negative covenants requiring the monitoring of these commitments. In addition, there are restrictions in the agreements' events-of-default clauses.

### 1. Cross Default

Some of the financial debt contracts of Endesa Chile contain cross default clauses. The syndicated loan of Endesa Chile under New York law signed in 2008 and which expires in 2014, with an amount disbursed of US\$200 million at the present time, makes no reference to its subsidiaries, so a cross default can only arise with respect to another own debt. In order to accelerate payment of the debt of this loan due to cross default with respect to another debt, the amount overdue of a debt must exceed US\$50 million, or the equivalent in other currencies, and other additional conditions should be met including the expiry of grace periods (if any) and formal notification of the intention to accelerate the debt by creditors representing over 50% of the amount due under the agreement. In addition, in February 2013 Endesa Chile signed credit line agreements under Chilean law that stipulate that cross default is triggered only upon default by the Debtor itself, that is, Endesa Chile, on amounts of over US\$50 million or its equivalent in other currencies. Amounts drawn against these credit lines have not yet been disbursed, and they mature in February 2016.

Regarding the bond issues of Endesa Chile registered with the United States Securities and Exchange Commission (the SEC), commonly called "Yankee Bonds", a cross default can be triggered by another of Endesa Chile's debt amount or by that of any of its Chilean subsidiaries, for any amount overdue provided that the principal of the debt giving rise to the cross default exceeds US\$30 million or its equivalent in other currencies. Debt acceleration due to cross default does not occur automatically but has to be demanded by the holders of at least 25% of the bonds of a certain series of Yankee Bonds. In addition, events of bankruptcy or insolvency of foreign subsidiaries have no contractual effects on Endesa Chile's Yankee Bonds, which mature in February 2097.

The domestic bonds of Endesa Chile state that cross default can be triggered only by the default of the issuer in cases where the amount overdue exceeds US\$ 50 million or its equivalent in other currencies. Debt acceleration requires the agreement of at least 50% of the holders of the bonds of a certain series at a bond-holders' meeting.

## 2. Financial Covenants

Financial covenants are contractual commitments with respect to minimum or maximum financial ratios that the company is obliged to meet at certain periods of time (quarterly, annually, etc.). Most of the Endesa Chile Group's financial covenants limit the level of indebtedness and evaluate the ability to generate cash flows in order to service the companies' debts. Various companies are also required to certify these covenants periodically. The types of covenants and their respective limits vary according to the type of debt.

The Endesa Chile bonds issued in Chile include the following financial covenants whose definitions and calculation formulas are established in the respective indentures:

### Series H

- **Consolidated Debt Ratio:** The consolidated debt ratio, which is Financial debt to Capitalization, must be no more than 0.64. Financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; Other financial liabilities, current; Other financial liabilities, non-current; and Other obligations guaranteed by the issuer or its subsidiaries; while Capitalization is the sum of Financial liabilities, Equity attributable to the shareholders of Endesa Chile, and Non-controlling interests. As of December 31, 2013, the ratio was 0.36.
- **Equity:** A minimum Equity of Ch\$760,468 million must be maintained; this limit is adjusted at the end of each year as established in the indenture. Equity corresponds to Equity attributable to the shareholders of Endesa. As of December 31, 2013, the equity of Endesa Chile was Ch\$2,651,968 million.
- **Financial Expense Coverage:** A financial expense coverage ratio of at least 1.85 must be maintained. Financial expense coverage is the quotient between i) the Gross margin plus Financial income and Dividends received from associated companies, and ii) Financial expenses; both items refer to the period of four consecutive quarters ending on the quarter being reported. In the period ended December 31, 2013, this ratio was 7.35.
- **Net Asset Position with Related Companies:** A Net asset position must be maintained with related companies of no more than a hundred million dollars. The Net asset position with related companies is the difference between i) the sum of Accounts receivable from related entities, current, Accounts receivable from related entities, non-current, less transactions in the ordinary course of business at less than 180 days term, short-term transactions of associates of Endesa Chile in which Enersis S.A. has no participation, and long-term transactions of associates of Endesa Chile in which Enersis S.A. has no participation, and ii) the sum of Accounts payable to related entities, current, Accounts payable to related entities, non-current, less transactions in the ordinary course of business at less than 180 days term, short-term transactions of associates of Endesa Chile in which Enersis S.A. has no participation, and long-term transactions of associates of Endesa Chile in which Enersis S.A. has no participation. As of December 31, 2013, using the exchange rate prevailing on that date, the Net asset position with related companies was a negative US\$444.0 million, indicating that Enersis S.A. is a net creditor of Endesa Chile rather than a net debtor.

### Series M

- **The consolidated debt ratio,** which is Financial debt to Capitalization, must be no more than 0.64. Financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; Other financial liabilities, current; and Other financial liabilities, non-current; while Capitalization is the sum of Financial liabilities and Equity. As of December 31, 2013, the debt ratio was 0.35.
- **Equity:** Same as for Series H.
- **Financial Expense Coverage Ratio:** Same as for Series H.

The rest of Endesa Chile's debt and the undisbursed credit lines include other covenants such as leverage and debt coverage ratios (Debt Ratio/EBITDA ratio), while the Yankee Bonds are not subject to financial covenants.

In the case of Endesa Chile, the most restrictive financial covenant as of December 31, 2013 was the debt ratio requirement in the syndicated loan under New York law, which expires in June 2014.

In Peru, the debt of Edegel includes the following covenants: debt ratio, leverage ratio, and debt to equity and debt coverage (Debt Ratio/EBITDA) ratios. As of December 31, 2013, the most restrictive financial covenant for Edegel was the level of indebtedness corresponding to the second program of locally issued bonds, expiring in January 2014.

In Argentina, Endesa Costanera has just one covenant, the maximum debt, corresponding to a loan from Credit Suisse First Boston International which matures in May 2014. The debt of El Chocón includes covenants related to maximum debt, net consolidated equity, interest coverage, debt coverage (Debt Ratio/EBITDA) and a leverage ratio. In the case of El Chocón, as of December 31, 2013, the most restrictive financial covenant was the Debt/EBITDA ratio, corresponding to the syndicated loan which matures in September 2016.

In Colombia, the debt of Emgesa is not subject to compliance with financial covenants, a situation that also applies to the debt of the rest of the Group's companies not mentioned in this Note.

Lastly, in most of the contracts, debt acceleration for non-compliance with these covenants does not occur automatically but is subject to certain conditions, such as a cure period.

As of December 31, 2013, December 31, 2012, and January 1, 2012, neither Endesa Chile nor any of its subsidiaries were in default under their financial obligations summarized here or other financial obligations whose defaults might trigger the acceleration of their financial commitments, with the exception of our Argentine subsidiary Endesa Costanera at December 31, 2013, December 31, 2012, and January 1, 2012.

To date, Endesa Costanera has not made the last four payments on a supplier loan with Mitsubishi Corporation, which has a grace period of 180 days for each installment. The past-due payments fell due on March 30, 2012, September 30, 2012, March 31, 2013, and September 30, 2013 for a total of US\$68 million, including principal and interest. Under the terms of the agreement, should Mitsubishi Corporation wish to accelerate the debt from this loan for a principal amount of US\$141 million, it would have to give formal notification ten days prior to such acceleration. To date, Endesa Costanera has not received such notification from Mitsubishi Corporation. If Mitsubishi Corporation were to issue an official acceleration announcement, a total repayment of US\$174 million from the loan would be enforceable under cross default and bankruptcy clauses, including the debt with Mitsubishi Corporation. It is important to note that negotiations on the terms of this loan have been ongoing throughout this time.

As of December 31, 2013, El Chocón would have been in breach of its covenant on the EBITDA/Financial expenses ratio for its US\$19 million loan with Standard Bank/Deutsche/Itaú if it had not obtained a waiver in November 2013 allowing it to reduce the limit of the covenant from 3.5 to 2.5 for September and December 2013. A waiver was also signed on December 16, 2013 postponing the US\$3 million payment due Standard Bank/Deutsche/Itaú on December 15, 2013 to January 14, 2014. At that time, another waiver was obtained postponing the obligation until February 15, 2014 when the terms of the loan are expected to be renegotiated.

None of this represents a risk of cross default or of another breach for Endesa Chile.

## 32.5 Other information

Resolution 95/13 from the Argentine Energy Secretariat was published on March 26, 2013 making significant changes to the remunerations system for generating companies and other aspects of operations in the wholesale electricity market. Nevertheless, our Argentine subsidiary Endesa Costanera insisted on the need to consider in the short term adjustments in the values of tariffs. These tariffs reflect 2011 costs and need to be adjusted for 2013, and a methodology for updates that will allow for cost variations needs to be defined. Our Company shows a deficit in working capital until a response to these requests has been obtained, leading to problems in its short-term financial equilibrium. Endesa Costanera expects to correct the present situation depending on a favorable resolution of requests made to the Argentine government.

# Note 33

## Personnel Figures

Endesa Chile personnel, including that of subsidiaries and jointly-controlled companies in the five Latin American countries where the Group is present, is distributed as follows as of December 31, 2013, December 31, 2012, and January 1, 2012:

Country	12-31-2013			Total	Average for the Year
	Managers and Main Executives	Professionals and Technicians	Workers and Others		
Chile	38	1,033	86	1,157	1,171
Argentina	5	505	19	529	513
Brazil	-	-	-	-	-
Peru	7	237	16	260	262
Colombia	6	543	14	563	551
<b>Total</b>	<b>56</b>	<b>2,318</b>	<b>135</b>	<b>2,509</b>	<b>2,497</b>

Country	12-31-2012			Total	Average for the Year
	Managers and Main Executives	Professionals and Technicians	Workers and Others		
Chile	31	1,010	81	1,122	1,122
Argentina	5	479	17	501	497
Brazil	-	1	-	1	2
Peru	9	238	16	263	257
Colombia	6	496	15	517	510
<b>Total</b>	<b>51</b>	<b>2,224</b>	<b>129</b>	<b>2,404</b>	<b>2,388</b>

Country	01-01-2012			Total	Average for the Year
	Managers and Main Executives	Professionals and Technicians	Workers and Others		
Chile	31	971	95	1,097	1,109
Argentina	6	449	18	473	438
Brazil	-	2	1	3	4
Peru	7	223	17	247	245
Colombia	6	477	15	498	472
<b>Total</b>	<b>50</b>	<b>2,122</b>	<b>146</b>	<b>2,318</b>	<b>2,268</b>

# Note 34

## Sanctions

The following companies belonging to the Group have received sanctions from the administrative authorities:

### a) Endesa Chile and subsidiaries

#### Endesa Chile

- During the 2011 fiscal year, the Company was fined 1,380 UTA (Annual Tax Units), equivalent to ThCh\$675,184 by the Superintendency of Electricity and Fuels (SEF) for the blackout that occurred on March 14, 2010. Endesa Chile filed an appeal against the measure with the Santiago Court of Appeals, which rejected the appeal on January 18, 2013 and upheld the fine. Endesa Chile then filed an appeal against this ruling with the Supreme Court who, on November 20, 2013, rejected the second appeal and once again upheld the fine, but reduced its amount to 1,246 UTA, equivalent to ThCh\$609,623.  
Closed.
- In the 2012 fiscal year, the Company was issued a fine, plus interest, totaling ThCh\$13,151 by the Chilean Tax Service (SII) for the excessive use of tax credits for the 2010 tax year. The amount was paid on March 28, 2013.  
Closed.

- During the 2012 fiscal year, the Company was fined 1,200 UTA (Annual Tax Units), the equivalent of ThCh\$587,117 by the Electricity and Fuels Superintendency (SEF) for the blackout that occurred on September 24, 2011. Endesa Chile filed a request for reconsideration with the SEF, which was denied in Exempt Resolution 703 of March 25, 2013, which also upheld the fine. The Company later filed an appeal challenging the ruling with the Santiago Court of Appeals, which has not yet viewed the appeal.
- In January 2013, Endesa Chile was notified of SEF Exempt Resolution 2496 fining the Company 10 UTA for violating Article 123 of Decree Law (DFL) 4/20,018 of 2006 due to its failure to report to the SEF the commissioning of its electricity facilities by the deadline provided for in that law. To clear the charges, Endesa Chile paid the fine in full. Closed.
- In the first quarter of 2013, Endesa Chile was notified of three resolutions issued by the Health SEREMI (Regional Ministerial Office) of the Maule Region, Resolutions 1057, 085, and 970, which ruled on health summary proceedings RIT Nos. 355/2011, 354/2011, and 256/2011, respectively, imposing a 20 UTM fine for each of the proceedings. The fines were imposed for the following violations: Resolution 1057 penalizes a health violation of Decree 594 of 1999, Regulations on Basic Health and Environmental Conditions in the Workplace, specifically, at the Cipreses Plant facilities; this fine has been paid in full. Resolution 085 penalizes a violation of Executive Decree 90/2011, which requires a statement of the emissions made in 2009 and 2010 by a 20.8-kW-capacity Siemens-Schukertwerke A6 power generator located at the Bocatoma Maule Isla facility. This resolution is currently being challenged. Resolution 970 penalizes a violation of Executive Decree 90/2011, which requires a statement of the emissions made in 2009 and 2010 by a 34 kW Conex generator located at the Bocatoma Maule Isla facility. This resolution is currently being challenged. Total 60 UTM, equivalent to ThCh\$2,446.
- Endesa received notification in September 2013 of ORD No. 603 issued by the Superintendency of the Environment (SMA) initiating sanction proceedings and filing charges against Endesa as Holder of the Expansion Project for Unit Two of the Bocamina Plant for a number of violations against environmental regulations and the RCA environmental regulation instrument. The sanction proceedings are the result of inspections conducted by SMA personnel on February 13 and 14 and on March 19, 26, and 27, 2013, at the Bocamina thermoelectric facilities. The inspections found a number of violations of Exempt Resolution 206 of August 2, 2007 (RCA 206/2007), which was clarified by Exempt Resolutions 229 of August 21, 2007 (RCA 229/2007) and 285 of October 8, 2007 (RCA 285/2007) giving environmental approval to this expansion project. The infractions consist primarily of (i) not having a discharge channel for the cooling system that extends 30 meters into the ocean from the edge of the beach; (ii) not having the Bocamina I Desulfurization unit in operation; (iii) not submitting the information requested by the Superintendency's official on past records of on-line emissions reports (CEM reports) since the startup of operations until the present time; (iv) exceeding the CO limit for Bocamina I set in the RCA for Bocamina II in January 2013; (v) the defects and gaps between panels in the Bocamina I permiter acoustic enclosure; (vi) noise emissions that exceed regulatory limits; and (vii) not having technological barriers that prevent biomass from pouring into the plant's intake.
- Endesa, within the time frame allotted, submitted a compliance schedule that was rejected. On November 27, 2013, the SMA reformulated the charges filed, adding two new charges (failure to comply with RCA 206/2007, considered a grave violation, and failure to comply with the information requirement issued in Ord. UIPS 603, which files charges, also considered a grave violation). Resolution of this sanction process is pending at this time.

## **Pehuenche S.A.**

- On October 6, 2011, the Securities and Insurance Superintendency (SVS) issued Exempt Resolution 545 fining the Pehuenche Directors that were involved in approving the Energy and Capacity agreement signed between the company and its parent Empresa Nacional de Electricidad S.A. (Endesa) on November 19, 2007.
- The following fines were applied:
  - i) The Directors who were not members of the Directors' Committee were fined for not having verified, according to the SVS resolution, that the Energy and Capacity sales agreement signed between Empresa Eléctrica Pehuenche S.A. and its parent Endesa on November 19, 2007 was signed under fair conditions normally prevailing on the market, and for having approved the Minutes of the Board Meeting stating that the Directors' Committee Report had been read, when actually only the Minutes of that meeting had been read. Each Director received a fine of 300 UF (approximately ThCh\$6,993).
  - ii) Directors who were members of the company's Directors' Committee at the time the aforementioned agreement was signed were fined for not having prepared, according to the SVS resolution, the Report required under the regulation. Each Director received a fine of 400 UF (approximately ThCh\$9,324).

The Directors have filed an appeal with the competent civil court after depositing 25% of the total amount of the fine with the General Treasury of the Republic. Therefore, the allegations and the fines are being studied by the ordinary courts of law, which have been informed of the Directors' appeal and request for absolution in a summary proceeding.

- On August 22, 2012, Endesa, as the first party, and Inversiones Tricahue and other minority shareholders as the second party, entered into a transactional agreement by which the minority shareholders withdrew all of their arbitrational, administrative, and criminal actions filed against Endesa and Pehuenche and their Directors on November 19, 2007. In return, Endesa agreed to rescind the November 19, 2007 capacity and energy agreement and to execute a new one under the same conditions, but with a price at marginal cost. The new agreement would be in effect from the date of its signing until December 31, 2021. Both parties also agreed to vote at the Pehuenche Extraordinary Shareholders' Meeting to approve the rescinding of the former and the execution of the new agreement. Endesa agreed to pay Pehuenche the resulting price difference between the November 19, 2007 agreement price, which was in effect from January 1, 2008 to July 31, 2012, and the price difference between that paid from August 1, 2012, until the signing date of the new energy and capacity agreement, in accordance with the calculation methods and conditions set forth in the new agreement. On October 4, 2012, the Pehuenche Extraordinary Shareholders' Meeting unanimously voted to rescind the former and execute a new agreement. On October 19, the Pehuenche Board of Directors voted to pay an interim dividend for the amount of the price differences it would receive from Endesa, which would take place on November 5, 2012. Nevertheless, the Directors had to pay the fine imposed by the SVS. The respective insurance policy covered these fines, and the sanctions were declared and paid into the Treasury.
- During the 2011 fiscal year, the Company was fined 602 UTA (Annual Tax Units), or approximately ThCh\$294,537 by the Electricity and Fuels Superintendency (SEF) for the blackout that occurred on March 14, 2010. Pehuenche filed an appeal against the measure with the Santiago Court of Appeals, which rejected the appeal on January 18, 2013 and upheld the fine. Pehuenche filed an appeal against this ruling with the Supreme Court, which, on November 20, 2013, rejected the appeal and upheld the fine but reducing the amount to 421 UTA, equivalent to ThCh\$205,890.  
Closed.
- On October 2, 2013, the Securities and Insurance Superintendency (SVS) fined Empresa Eléctrica Pehuenche S.A. and its CEO UF 150 (approximately ThCh\$3,496) for alleged violations of Article 54 of Law 18,046 "over the right of all shareholders to examine the annual report, balance sheet, inventory, minutes, ledgers, and external auditors' reports during the 15 days prior to a company's ordinary shareholders' meeting."  
The company and its CEO filed an appeal with the courts against the resolution imposing the fine; a ruling on the appeal is pending.

## Hidroeléctrica El Chocón S.A.

- For the year ended December 31, 2012, Hidroeléctrica El Chocón (HECSA) was fined Th\$3,069 Argentine pesos (approximately ThCh\$246,899) by the Jurisdictional Authority of the Limay, Neuquén, and Negro River Basins ( Autoridad Jurisdiccional de las Cuencas de los Ríos Limay, Neuquén Negro, AIC) for failure to comply with certain obligations contained in the Concession Agreement. The company has filed the respective appeal, so the ruling is not yet final.
- The above agency also imposed a fine of Th\$43 Argentine pesos (approximately ThCh\$3,459) on HECSA for violation of a duty to report.
- Finally, the Energy Regulatory Body (ENRE) imposed a fine of Th\$20 Argentine pesos (approximately ThCh\$1,609) on the company. HECSA has filed an appeal.

## Endesa Costanera S.A.

- During the 2012 fiscal year and until June 30, 2013, the company was issued two fines for a total amount of Th\$47,949 Argentine pesos (approximately ThCh\$3,857,464) by the General Customs Authority (Dirección General de Aduanas). Possible liability on the part of Mitsubishi is being assessed, in which case that amount could be claimed from this supplier. The ENRE also imposed two fines totaling Th\$51 Argentine pesos (approximately ThCh\$4,103). The company has filed a protest.

## Edegel S.A.A.

- In April 2011, Edegel S.A.A. was fined by the SUNAT (the Peruvian Tax Administration) for issues with the determination of its 2006 income tax. The amount of the fines, restated at December 31, 2013, was S/. 9,502,978 (approximately ThCh\$1,783,670). The company has filed an appeal, which is pending resolution by the Tax Court.
- In February 2012, the SUNAT ordered Edegel S.A.A. to pay S/. 38,433,190.24 (ThCh\$7,213,752) for omitted taxes plus interest and penalties in connection with an audit of its 1999 income tax that began in January of 2006. Edegel S.A.A.

paid the penalty imposed by the SUNAT and filed an administrative claim disputing the assessment; a decision on the claim is pending.

- In August 2012, Edegel S.A.A. received a fine for a total of S/. 18,250 (5 Tax Units, UIT, or approximately ThCh\$3,425) from the Agency for the Supervision of Investment in Energy and Mining (OSINERGMIN) for the following violations: (i) CCIT violations: incorrectly calculating indicators and the compensation amount for voltage quality in the first half of 2011; (ii) not having met the deadline for submitting information on product quality for the same fiscal year; and (iii) having submitted empty RDI and RIN extension files.
- In April 2013, Edegel S.A.A. received the following fines by the OSINERGMIN (the Supervisory Agency for Investments in Energy and Mines): (i) S/. 7,604.57 (approximately ThCh\$1,427) for failure to perform maintenance in a timely fashion on its thermal generation units for the last quarter of 2008; (ii) S/. 200,941.48 (approximately ThCh\$37,716) for failure to perform maintenance in a timely fashion on its hydraulic generation units for the last quarter of 2008; (iii) S/. 40,700 (approximately ThCh\$7,639) (11 Tax Units, UIT) for failure to submit technical justification in a timely fashion for the second quarter of 2008; and (iv) S/. 106,073.17 (approximately ThCh\$19,909) for failure to have its generation unit available after having been notified that it was required by the SEIN for the fourth quarter of 2008. Edegel S.A.A. has not protested fines (i) and (iv), and it will pay them to take advantage of early payment benefits. It has, however, appealed sanctions (ii) and (iii), and a ruling by OSINERGMIN is pending.
- In May 2013, Edegel S.A.A. was fined by the SUNAT for issues with the determination of its 2007 tax payments. The amount of the fine, restated at December 31, 2013, was S/. 8,751,959 (approximately ThCh\$1,642,707). An appeal filed with the Tax Court is pending.
- In June 2013, Edegel S.A.A. was notified by Electroperú S.A. of a penalty applied under contract no. 132991, "Additional Generation Capacity Service through Conversion of Equipment to the Dual Generation System." The penalty, amounting to S/. 481,104.53 (ThCh\$90,301), was applied for breach of the conditions for executing the service offered under that contract.
- In July 2013, Edegel S.A.A. was fined S/. 453.86 (approximately ThCh\$85) by the Supervisory Agency for Investments in Energy and Mines (OSINERGMIN) for failure to perform maintenance on its hydraulic generation units in a timely fashion as required under number 6, "Procedure for Overseeing Availability and the Operating Conditions of SEIN Generating Units." As the company paid the fine prior to the 15-day deadline, the fine was reduced to S/. 340.40 (approximately ThCh\$64).
- In July 2013, Edegel S.A.A. was fined S/. 4,070 (approximately ThCh\$764) by the Supervisory Agency for Investments in Energy and Mines (OSINERGMIN) for failure to submit the pertinent technical justification in a timely fashion as required under number 6 of the "Procedures for Overseeing Availability and the Operating Conditions of SEIN Generating Units." As the company paid the fine prior to the 15-day deadline, the fine was reduced to S/. 3,052.50 (approximately ThCh\$573).
- In November 2013, Edegel S.A.A. was fined S/. 37,000 (approximately ThCh\$6,945 or 10 Tax Units – UIT) by the Callahuanca District Municipality (MDC) in Municipal Resolution 060-2013. The MDC imposed the sanction for failure to submit the technical inspection report on multidisciplinary civil defense safety as required under Law 29664 and its regulations.
- In November 2013, Edegel S.A.A. was fined by the SUNAT for issues with the determination of its 2008 tax payments. The amount of the fine, restated at December 31, 2013, was S/. 1,573,170 (approximately ThCh\$295,278). The appeal filed is pending resolution by the SUNAT.
- In December 2013, Scotiabank Perú S.A.A., which whom Edegel S.A.A. has signed a lease agreement for the Santa Rosa Project, was fined by the SUNAT for duties allegedly unpaid in an import operation. The amount of the fine, restated at December 31, 2013, was S/. 12,701,508 (approximately ThCh\$2,384). Scotiabank Perú S.A.A. will file the respective appeal in January 2014.

## Chinango S.A.C.

- In October 2010, Chinango was fined by the District Municipality of San Ramón regarding the Alcabala tax imposed on the transfer of certain assets in the Simple Reorganization that took place between Edegel S.A.A. and Chinango S.A.C. and which went into effect on May 31, 2009. The amount of the fine, restated at December 31, 2013, was S/. 1,643,868 (approximately ThCh\$308,547). The appeal filed is pending resolution.
- In May 2012, Chinango S.A.C. received a fine totaling S/. 40,150 (approximately ThCh\$7,536 or 11 Tax Units, UIT) from the Supervisory Agency for Investments in Energy and Mining (OSINERGMIN) for the following violations: (i) failure to meet the deadline for submitting information on product quality in NTCSE source files; and (ii) having submitted RIN and CI1 files with errors (incorrect information) in accordance with the Electricity Concessions Law. The fine was paid.

- In August 2012, Chinango S.A.C. received a fine totaling S/. 18,250 (approximately ThCh\$3,425 or five Tax Units, UIT) from the Supervisory Agency for Investments in Energy and Mining (OSINERGMIN) for the following violations: (i) CCIT indicator violations; (ii) failure to submit information in a timely fashion; and (iii) having submitted two empty RIN and RD files. The fine was paid.
- In August 2012, Chinango S.A.C. received a fine totaling S/. 29,200 (approximately ThCh\$5,481 or eight Tax Units, UIT) from the Appeals and Sanctions Court of the Agency for the Supervision of Investment in Energy and Mining (OSINERGMIN) when it ruled as groundless the appeal filed by Chinango S.A.C. against Executive Management Resolution No. 014801 penalizing the failure to comply with the "Procedure for Overseeing the Technical Quality Standard for Electricity Services and its Base Methodology" (NTCSE) in the first half of 2010 and confirmed the Resolution in all of its details. The fine was paid.
- In January 2013, Chinango S.A.C. received a fine totaling S/. 367,915 (approximately ThCh\$69,056) from the SUNAT for issues with the determination of its 2010 income tax. The company challenged the measure despite paying a reduced fine in February 2013. The appeal filed is pending resolution by the Tax Court.
- In June 2013, Chinango S.A.C. was notified through Coactive Execution Resolution 0398-2012 of a fine of S/. 3,800 (approximately ThCh\$713) imposed by the Supervisory Agency for Investments in Energy and Mines (OSINERGMIN) for the following infractions: (i) failure to comply with the CCI indicator in the first half of 2010 as required under paragraph A of number 5.2.2 of the "Procedure for Overseeing the Technical Quality Standard for Electrical Services and its Base Methodology"; (ii) failure to comply with the CPI indicator in the first half of 2010 as required under paragraph C) of number 5.2.2 of the "Procedure for Overseeing the Technical Quality Standard for Electrical Services and its Base Methodology"; and (iii) submitting empty service interruption reports (RIN and RDI files) for the first half of 2010 despite the interruptions affecting its customers, as required under Article 31 of the Electricity Concession Law.
- In September 2013, Chinango S.A.C. was notified through Managerial Electrical Oversight Resolution No. 19693 issued by the Supervisory Agency for Investments in Energy and Mining (OSINERGMIN) of a fine of S/. 1,850 (approximately ThCh\$347 or 0.50 Tax Units – UIT) for: (i) failure to submit voltage quality information in a timely fashion in the first half of 2012. As the fine was paid within fifteen (15) days of notification, it was reduced by 25%.

## Emgesa

- In Resolution 110 of August 2012, the Colombian Institute of Anthropology and History—ICANH—imposed a fine of approximately US\$55,000 (approximately ThCh\$28,854) on the company for not complying with standards and established procedures in cases of archaeological findings, as occurred between April 3 and April 6, 2011 in the area of the El Quimbo Hydroelectric Project. Emgesa filed an appeal against the resolution, but ICANH confirmed the fine in Resolution 149 of October 22, 2012.

## b) Associated companies and joint ventures

### Transquillota

During the 2012 fiscal year, the company Transquillota, in which Endesa Chile and Colbún each hold a 50% stake, was audited by the Chilean tax service (SII) under an expense verification program, as the SII considers that certain entries such as depreciation of fixed assets were not properly handled. An administrative reconsideration for the Supervisory Review (RAF) was submitted explaining the differences. The SII accepted the company's explanations and reduced the interest and fines payable to ThCh\$19,208, which the company paid on March 27, 2013. Endesa paid only 50% of the amount, or ThCh\$9,604.

Closed.

## Endesa Brasil and subsidiaries

### Ampla Energía S.A.

- For the period ended December 31, 2012, the company received one fine for Th\$2,863 Brazilian reais (approximately ThCh\$641,150) from the National Electrical Energy Agency (Agencia Nacional de Energía Eléctrica, ANEEL) for power consumption metering. In 2011, it received three fines totaling Th\$7,079 Brazilian reais (approximately ThCh\$1,585,296) for violation of telemarketing and energy sale tariff indicators. For the period ended December 31, 2012, Ampla was also fined

Th\$7,478 Brazilian reais (approximately ThCh\$1,674,649) by the Federal Revenue Office (Secretaria de Receita Federal) for failure to meet tax obligations. The company has filed the respective appeals.

- The company received seven fines in 2013 totaling \$29,810,687 Brazilian reais (approximately ThCh\$6,675,979) from the National Electrical Energy Agency (ANEEL) due to problems with technical quality, erroneous evidence presented in inspections, and for other reasons. The company appealed, and four fines are still awaiting final rulings. The other fines were either revoked or paid, for a total of \$143,601 Brazilian reais. Only two fines were received in 2012 totaling \$3,557,786 Brazilian reais (approximately ThCh\$796,743), for which we have paid \$2,112,600 Brazilian reais.
- In 2013, the company received 19 fines totaling \$120,204 Brazilian reais\* (approximately ThCh\$26,919) from the environmental agencies (IBAMA, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, ICM-Bio - Instituto Chico Mendes de Conservação da Biodiversidade, INEA – Instituto Estadual de Ambiente and others) for unauthorized removal of vegetation, the death of animals through contact with our energy network, and construction in prohibited areas or without permission. The company filed appeals against almost all of the fines assessed, but no ruling has yet been given. Ampla paid three fines for \$66,310 Brazilian reais. (\* Clarification: The amount of some of the fines has not yet been determined; the amounts will be set after Ampla submits certain data.) The company had received 14 fines in 2012 for a total of \$76,426 Brazilian reais (approximately ThCh\$17,115).
- In 2013, the company received four fines totaling \$24,234 Brazilian reais (approximately ThCh\$5,427) from the Consumer Defense and Protection Agency (PROCON/RJ) due to problems in reimbursing improper charges and other irregularities. The company has filed appeals against all of the fines, and rulings are pending. Ampla had received three fines in 2012 for a total of \$20,840 Brazilian reais (approximately ThCh\$4,667); rulings on the appeals filed against these sanctions are also pending.
- The company received one fine in 2013 from the employee defense agencies (SRTE) due to problems with formalities. The company filed an appeal, and the ruling is pending. The labor agencies have not specified the amount of the fine, which it does only after analyzing the appeal. Ampla had received five fines in 2012, for which rulings are also pending after appeals filed by the company.

## Coelce

- The Company received three fines in 2011 totaling Th\$1,397 Brazilian reais (approximately ThCh\$312,849) from the National Electrical Energy Agency (ANEEL) for the same reasons it was fined in 2012.
- For the period ended December 31, 2012, the company received two fines totaling Th\$689 Brazilian reais (approximately ThCh\$154,297) from the National Electrical Energy Agency (ANEEL) for failure to comply with technical regulations.
- In 2013, the company received 32 fines totaling \$34,877,282 Brazilian reais (approximately ThCh\$7,810,540) from the National Electrical Energy Agency (ANEEL) or its local representative (ARCE) for accidents with third parties (there were seven), problems with technical quality, erroneous evidence submitted in inspections, irregularities with the Coelce Plus project, and other reasons. The company has filed appeals, and final decisions are pending on 26 sanctions. The other fines were either revoked or paid, for a total of \$395,125 Brazilian reais. Coelce had received 24 fines totaling \$53,810,352 in 2012 (approximately ThCh\$12,050,478), for which we have paid \$707,423 Brazilian reais; we are awaiting the final decision on 16 of the sanctions.
- The company was not fined by the environmental agencies in 2012 and 2013 (IBAMA, the Brazilian Institute for the Environment and Renewable Resources, and ICMBio, the Chico Mendes Institute for Conservation of Biodiversity).
- Coelce received four fines in 2013 totaling \$21,837 Brazilian reais (approximately ThCh\$4,890) from the Consumer Defense and Protection Agency (PROCON/CE) for alleged violations of consumer rights. The company filed appeals against the fines, and one has yet to be resolved. The other appeals were rejected, and Coelce paid \$15,901 Brazilian reais in fines. Two fines for a total of \$12,953 Brazilian reais were received in 2012, which we have paid.
- The company received two fines in 2013 from the employee defense agencies (SRTE) due to problems with formalities. The appeal filed by the company was unsuccessful, and we paid the amount of \$9,694 reais. The company was not fined by these agencies in 2012.

## Cien

- The company received one fine in 2013 for \$32,136 Brazilian reais (approximately ThCh\$7,197) from the National Electrical Energy Agency (ANEEL) for a formality (a failure to submit documentation). The company appealed, and the decision is pending. The company was not fined by this agency in 2012.
- In 2012 and 2013, Cien was not fined for other matters (environmental, consumer, or labor). The company and its Board of Directors have not been subject to other sanctions from the SVS or from other administrative authorities.

# Note 35

## Subsequent Events

### Endesa Chile

- On January 29, 2014, as stipulated in Articles 9 and 10, Paragraph 2 of Law 18,045 and the provisions of General Regulation 30 of the Securities and Insurance Superintendency, the company reported as an essential fact that the Environmental Superintendency, in Exempt Resolution 39 of January 28, 2014, ordered Empresa Nacional de Electricidad S.A., among other provisional measures indicated in that resolution, to shut down, totally and temporarily, the Bocamina Thermoelectric Plant Unit One project for 15 consecutive days. This provisional measure could be renewed or lifted before the completion of the 15 days should new information so warrant, as authorized by the Third Environmental Court on that date and as stipulated in Letter c) of Article 48 of the Organic Law of the Environmental Superintendency.

The financial effects of the shutdown of the Bocamina I Thermal Plant will depend on how long the measure is in effect. The extent of the effects is currently being assessed by the company.

- On January 31, 2014, the company reported the following essential fact:  
Regarding the essential fact reported on December 17, 2013, in which, in addition to reporting the shutdown of the Bocamina II Thermal Plant due to the reasons stated in the report, we announced that the financial effects of the shutdown would be assessed by the company, we hereby report as an essential fact that the effects of the beginning of the shutdown period, from December 17, 2013 to January 30, 2014, are assessed as a total loss of US\$31 million in the company's contribution margin.

In addition, the company will continue to evaluate and report on the financial effects of the shutdown of the Bocamina II Thermal Plant throughout its duration.

- On February 6, 2014, the company reported the following essential event:  
Regarding the essential event of January 29, 2014, the Environmental Superintendency, in Exempt Resolution 59 of February 6, 2014, has lifted the provisional measures ordered in Exempt Resolution 39 of January 28, 2014, including both the total temporary shutdown of the Bocamina Thermoelectric Plant Unit One project and the other corrective, safety, and control measures decreed, as stipulated in Letter c) of Article 48 of the Organic Law of the Environmental Superintendency.

The company will proceed to implement the provisional measures ordered by the authorities and will restart operations at Unit One of the Bocamina Thermoelectric Plant as soon as possible, in coordination with the CDEC.

No other subsequent events of significance have occurred between January 1, 2014 and the date these financial statements were issued.

# Not 36

## Environment

Environmental expenses as of December 31, 2013, 2012, and 2011 are as follows:

Company Incurring the Cost	Project	Saldo al		
		12-31-2013 ThCh\$	12-31-2012 ThCh\$	12-31-2011 ThCh\$
Endesa Chile S.A.	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste at hydroelectric power stations (HPS) and thermoelectric power stations.	1,996,818	2,298,344	2,104,631
Edegel S.A.	Environmental monitoring, waste management, mitigation, research and development, protection from radiation, vibration reduction, and restoration	417,966	915,325	547,979
<b>Total</b>		<b>2,414,784</b>	<b>3,213,669</b>	<b>2,652,610</b>

# Note 37

## Financial Information on Subsidiaries, Summarized

As of December 31, 2013 and 2012, the summarized financial information of our principal subsidiaries under IFRS is as follows:

### SUMMARY OF THE ENDESA GROUP CONSOLIDATION, BY SUBSIDIARY

	December 31, 2013									
	Current Assets ThCh\$	Non-current Assets ThCh\$	Total Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Total Liabilities ThCh\$	Revenues ThCh\$	Costs ThCh\$	Profit (Loss) ThCh\$	
Endesa Eco S.A.	-	-	-	-	-	-	48,938,968	(24,522,864)	24,416,104	
Empresa Eléctrica Pehuenche S.A.	33,988,505	217,379,509	251,368,014	(35,867,416)	(41,936,800)	(77,804,216)	192,839,780	(78,347,987)	114,491,793	
Compañía Eléctrica San Isidro S.A.	-	-	-	-	-	-	211,140,517	(157,918,033)	53,222,484	
Compañía Eléctrica Tarapacá S.A.	74,282,837	428,366,270	502,649,107	(173,508,052)	(25,716,898)	(199,224,950)	74,083,557	(66,581,674)	7,501,883	
Soc. Concesionaria Túnel El Melón S.A.	12,248,481	10,007,003	22,255,484	(3,182,462)	(4,599,826)	(7,782,288)	10,301,994	(4,155,242)	6,146,752	
Endesa Argentina S.A.	1,796,454	47,229,472	49,025,926	(811,271)	-	(811,271)	2,541,610	-	2,541,610	
Endesa Costanera S.A.	30,153,983	112,614,109	142,768,092	(162,244,700)	(9,452,339)	(171,697,039)	94,887,720	(118,255,734)	(23,368,014)	
Hidroinvest S.A.	528,995	16,812,785	17,341,780	(369,837)	-	(369,837)	20,354	-	20,354	
Hidroeléctrica El Chocón S.A.	14,903,801	132,833,440	147,737,241	(21,069,801)	(45,717,551)	(66,787,352)	36,686,734	(25,681,727)	11,005,007	
Southern Cone Power Argentina S.A.	7,901	846,585	854,486	(1,209)	-	(1,209)	-	(14,112)	(14,112)	
Emgesa S.A. E.S.P.	321,051,970	1,707,315,179	2,028,367,149	(229,533,581)	(864,631,943)	(1,094,165,524)	639,770,439	(408,981,567)	230,788,872	
Generandes Perú S.A.	214,375	202,971,423	203,185,798	(10,853)	-	(10,853)	33,470,743	-	33,470,743	
Edegel S.A.A.	97,736,569	678,847,872	776,584,441	(98,497,242)	(220,222,435)	(318,719,677)	256,345,889	(175,933,003)	80,412,886	
Chinango S.A.C.	7,048,693	104,913,829	111,962,522	(11,790,622)	(36,119,840)	(47,910,462)	27,707,823	(17,541,290)	10,166,533	

### SUMMARY OF THE ENDESA GROUP CONSOLIDATION, BY SUBSIDIARY

	December 31, 2012									
	Current Assets ThCh\$	Non-current Assets ThCh\$	Total Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Total Liabilities ThCh\$	Revenues ThCh\$	Costs ThCh\$	Profit (Loss) ThCh\$	
Endesa Eco S.A.	96,858,959	69,458,787	166,317,746	(146,333,479)	(2,483,081)	(148,816,560)	8,847,825	(15,201,240)	(6,353,415)	
Empresa Eléctrica Pehuenche S.A.	53,256,062	226,690,237	279,946,299	(67,804,287)	(44,094,780)	(111,899,067)	374,992,088	(117,294,279)	257,697,809	
Compañía Eléctrica San Isidro S.A.	51,106,086	201,289,793	252,395,879	(106,039,552)	(21,730,290)	(127,769,842)	279,024,743	(223,910,404)	55,114,339	
Empresa Eléctrica Panque S.A.	-	-	-	-	-	-	21,743,845	(10,100,977)	11,642,868	
Compañía Eléctrica Tarapacá S.A.	18,675,677	72,323,119	90,998,796	(10,274,500)	(4,390,710)	(14,665,210)	38,465,781	(53,695,291)	(15,229,510)	
Endesa Inversiones Generales S.A.	-	-	-	-	-	-	2,255,987	(1,415,630)	840,357	
Empresa de Ingeniería Ingendesa S.A.	-	-	-	-	-	-	390,336	(719,190)	(328,854)	
Inversiones Endesa Norte S.A.	-	-	-	-	-	-	755,617	(543,185)	212,432	
Soc. Concesionaria Túnel El Melón S.A.	5,671,843	14,638,326	20,310,169	(2,924,404)	(9,068,755)	(11,993,159)	9,553,607	(1,237,412)	8,316,195	
Endesa Argentina S.A.	13,909,791	30,612,330	44,522,121	(456,855)	(4,479,929)	(4,936,784)	3,123,830	-	3,123,830	
Endesa Costanera S.A.	26,248,574	116,505,733	142,754,307	(195,463,171)	(10,460,347)	(205,923,518)	295,139,838	(343,984,979)	(48,845,141)	
Hidroinvest S.A.	527,463	20,308,201	20,835,664	(357,128)	-	(357,128)	2,689,410	-	2,689,410	
Hidroeléctrica El Chocón S.A.	15,500,507	148,052,530	163,553,037	(29,439,486)	(48,058,461)	(77,497,947)	49,195,031	(34,796,083)	14,398,948	
Southern Cone Power Argentina S.A.	24,347	1,022,593	1,046,940	(1,071)	-	(1,071)	-	(8,556)	(8,556)	
Emgesa S.A. E.S.P.	285,737,507	1,558,061,492	1,843,798,999	(179,589,763)	(757,392,282)	(936,982,045)	580,343,060	(379,082,030)	201,261,030	
Generandes Perú S.A.	190,469	202,696,962	202,887,431	(8,235)	-	(8,235)	18,720,477	-	18,720,477	
Edegel S.A.A.	73,195,465	686,321,901	759,517,366	(71,852,384)	(241,375,405)	(313,227,789)	250,100,131	(204,017,304)	46,082,827	
Chinango S.A.C.	6,997,326	107,354,750	114,352,076	(9,156,459)	(40,761,605)	(49,918,064)	30,172,752	(18,065,793)	12,106,959	

# Appendix 1

## Endesa Chile Group Companies

This appendix is part of Note 2.4, "Subsidiaries."

It presents the Group's ownership interest in each company.

Taxpayer ID No. (RUT)	Company (in alphabetical order)	Currency	Ownership Interest at 12/31/2013			Ownership Interest at 12/31/2012			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total			
76,003,204-2	Central Eólica Canela S.A.	Chilean peso	0.00%	75.00%	75.00%	0.00%	75.00%	75.00%	Subsidiary	Chile	Promotion and development of renewable energy projects
Foreign	Chinango S.A.C.	Peruvian nuevo sol	0.00%	80.00%	80.00%	0.00%	80.00%	80.00%	Subsidiary	Peru	Electric energy generation, sales, and distribution
96,783,220-0	Compañía Eléctrica San Isidro S.A. (1) (3)	Chilean peso	0.00%	0.00%	0.00%	95.61%	0.00%	95.61%	Subsidiary	Chile	Complete electric energy cycle
96,770,940-9	Compañía Eléctrica Tarapacá S.A. (4)	Chilean peso	96.21%	0.00%	96.21%	99.94%	0.06%	100.00%	Subsidiary	Chile	Complete electric energy cycle
Foreign	Distrilec Inversora S.A.	Argentine peso	0.89%	0.00%	0.89%	0.89%	0.00%	0.89%	Subsidiary	Argentina	Portfolio company
Foreign	Edegel S.A.A	Peruvian nuevo sol	29.40%	54.20%	83.60%	29.40%	54.20%	83.60%	Subsidiary	Peru	Electric energy generation, sales, and distribution
Foreign	Emgesa S.A. E.S.P.	Colombian peso	26.87%	0.00%	26.87%	26.87%	0.00%	26.87%	Subsidiary	Colombia	Electric energy generation
Foreign	Emgesa Panama S.A.	Dólar	0.00%	26.87%	26.87%	0.00%	26.87%	26.87%	Subsidiary	Colombia	Purchase/sale of electric energy
96,504,980-0	Empresa Eléctrica Pehuenche S.A.	Chilean peso	92.65%	0.00%	92.65%	92.65%	0.00%	92.65%	Subsidiary	Chile	Complete electric energy cycle
Foreign	Endesa Argentina S.A.	Argentine peso	99.66%	0.34%	100.00%	99.66%	0.34%	100.00%	Subsidiary	Argentina	Portfolio company
Foreign	Endesa Costanera S.A.	Argentine peso	24.85%	50.82%	75.67%	12.33%	57.43%	69.76%	Subsidiary	Argentina	Electric energy generation and sales
96,827,970-K	Endesa Eco S.A. (2) (3) (4)	Chilean peso	0.00%	0.00%	0.00%	99.99%	0.01%	100.00%	Subsidiary	Chile	Renewable energy projects
Foreign	Generandes Perú S.A.	Peruvian nuevo sol	61.00%	0.00%	61.00%	61.00%	0.00%	61.00%	Subsidiary	Peru	Portfolio company
Foreign	Hidroeléctrica El Chocón S.A.	Argentine peso	2.48%	65.19%	67.67%	2.48%	65.19%	67.67%	Subsidiary	Argentina	Electric energy production and sales
Foreign	Hidroinvest S.A.	Argentine peso	41.94%	54.15%	96.09%	41.94%	54.15%	96.09%	Subsidiary	Argentina	Portfolio company
Foreign	Ingendesa do Brasil Ltda.	Real	1.00%	99.00%	100.00%	1.00%	99.00%	100.00%	Subsidiary	Brasil	Project engineering consulting
96,887,060-2	Inversiones Endesa Norte S.A. (2)	Chilean peso	0.00%	0.00%	0.00%	99.99%	0.01%	100.00%	Subsidiary	Chile	Investment in energy projects in northern Chile
96,671,360-7	Sociedad Concesionaria Túnel El Melón S.A.	Chilean peso	99.99%	0.01%	100.00%	99.99%	0.01%	100.00%	Subsidiary	Chile	Execution, construction, and operation of the El Melón tunnel
Foreign	Sociedad Portuaria Central Cartagena S.A.	Colombian peso	0.00%	94.95%	94.95%	0.00%	94.95%	94.95%	Subsidiary	Colombia	Port administration
Foreign	Southern Cone Power Argentina S.A.	Argentine peso	98.00%	2.00%	100.00%	98.00%	2.00%	100.00%	Subsidiary	Argentina	Portfolio company
Foreign	Termoeléctrica José de San Martín S.A.	Argentine peso	0.00%	20.86%	20.86%	0.00%	20.86%	20.86%	Subsidiary	Argentina	Construction and operation of combined cycle plant
Foreign	Termoeléctrica Manuel Belgrano S.A.	Argentine peso	0.00%	20.86%	20.86%	0.00%	20.86%	20.86%	Subsidiary	Argentina	Electric energy production, transportation, and distribution

1 On May 1, 2012, Empresa Eléctrica Pangue S.A. was merged with Compañía Eléctrica San Isidro S.A.; the latter is the company which legally continues to exist.

2 On May 1, 2012, Empresa de Ingeniería Ingendesa S.A. and Endesa Inversiones Generales S.A. were merged with Inversiones Endesa Norte S.A., and on July 1, 2012, Endesa Norte S.A. was merged with Endesa Eco S.A.; the latter is the company which legally continues to exist.

3 On September 1, 2013, Compañía Eléctrica San Isidro S.A. was merged with Endesa Eco S.A.; the latter is the company which legally continues to exist.

4 On November 1, 2013, Endesa Eco S.A. was merged with Compañía Eléctrica de Tarapacá; the latter is the company which legally continues to exist.

## Appendix 2

### Changes in the Scope of Consolidation

This appendix is part of Note 2.4.1 "Changes in the scope of consolidation."

Incorporation into the scope of consolidation during the 2013 and 2012 fiscal years:

Taxpayer ID No. (RUT)	Company (in alphabetical order)	Currency	Ownership Interest at 12/31/2013			Ownership Interest at 12/31/2012			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total			
Foreign	Emgesa Panama S.A.	U.S. dollar	0.00%	26.87%	26.87%	0.00%	26.87%	26.87%	Subsidiary	Panama	Purchase/sale of electric energy

## Appendix 3

### Associated Companies and Joint Ventures

This appendix is part of Note 3.g, "Investments accounted for using the equity method."

Taxpayer ID No. (RUT)	Company (in alphabetical order)	Currency	Ownership Interest at 12/31/2013			Ownership Interest at 12/31/2013			Ownership Interest at 1/1/2012			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total			
Foreign	Distrilec Inversora S.A.	Argentine peso	0.89%	0.00%	0.89%	0.89%	0.00%	0.89%	0.89%	0.00%	0.89%	Associate	Argentina	Portfolio company
96,806,130-5	Electrogas S.A.	U.S. dollar	42.50%	0.00%	42.50%	42.50%	0.00%	42.50%	42.50%	0.00%	42.50%	Associate	Chile	Portfolio company
Foreign	Endesa Brasil S.A.	Brazilian real	34.64%	4.00%	38.64%	36.27%	4.18%	40.45%	36.27%	4.18%	40.45%	Associate	Brasil	Portfolio company
Foreign	Endesa Cemsa S.A.	Argentine peso	0.00%	45.00%	45.00%	0.00%	45.00%	45.00%	0.00%	45.00%	45.00%	Associate	Argentina	Wholesale purchase and sale of electric energy
76,418,940-K	GNL Chile S.A.	U.S. dollar	33.33%	0.00%	33.33%	33.33%	0.00%	33.33%	33.33%	0.00%	33.33%	Associate	Chile	Promotion of liquefied natural gas supply project
76,788,080-4	GNL Quintero S.A.	U.S. dollar	20.00%	0.00%	20.00%	20.00%	0.00%	20.00%	20.00%	0.00%	20.00%	Associate	Chile	Development, design, and supply of liquid natural gas regasifying terminal
76,652,400-1	Centrales Hidroeléctricas de Aysén S.A.	Chilean peso	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%	Joint venture	Chile	Development and operation of a hydroelectric project
76,014,570-K	Inversiones Gas Atacama Holding Ltda.	U.S. dollar	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%	Joint venture	Chile	Natural gas transportation
77,017,930-0	Transmisora Eléctrica de Quillota Ltda.	Chilean peso	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%	Joint venture	Chile	Electric energy transportation and distribution

# Appendix 4

## Additional Information on Financial Debt

This appendix is part of Note 16, "Other financial liabilities."

The following tables present the contractual undiscounted cash flows by type of financial debt:

### a) Bank borrowings

#### - Summary of bank borrowing by currency and maturity:

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current				Current			
					Maturity		Total current at 12/31/2013 ThCh\$	Maturity			Maturity		Total Non-current at 12/31/2013 ThCh\$	Total current at 12/31/2012 ThCh\$	
					One to three months ThCh\$	Three to twelve months ThCh\$		One to three years ThCh\$	Three to five years ThCh\$	Five to ten years ThCh\$	More than ten years ThCh\$	One to three months ThCh\$			Three to twelve months ThCh\$
Chile	US\$	2.33%	1.77%	No	842,850	106,843,174	107,686,024	892,825	-	-	-	892,825	818,386	2,531,449	3,349,835
Chile	Ch\$	6.00%	6.00%	No	7	-	7	-	-	-	-	-	272	-	-
Peru	US\$	2.81%	2.78%	No	3,055,656	4,146,020	7,201,676	25,010,727	28,623,011	-	-	53,633,738	2,214,895	1,865,048	4,079,943
Peru	Soles	-	-	No	-	-	-	-	-	-	-	-	-	-	-
Argentina	US\$	9.59%	9.31%	No	3,542,419	8,408,627	11,951,046	1,641,372	-	-	-	1,641,372	6,645,902	5,093,612	11,739,514
Argentina	\$ Arg	31.73%	28.22%	No	14,276,066	4,487,398	18,763,464	11,751,169	-	-	-	11,751,169	19,209,089	10,912,241	30,121,330
Colombia	\$ Col	6.95%	6.84%	No	1,431,306	4,293,917	5,725,223	16,996,306	31,725,477	65,954,840	-	114,676,623	1,900,127	5,700,379	7,600,506
<b>Total</b>					<b>23,148,304</b>	<b>128,179,136</b>	<b>151,327,440</b>	<b>56,292,399</b>	<b>60,348,488</b>	<b>65,954,840</b>	<b>-</b>	<b>182,595,727</b>	<b>30,788,671</b>	<b>26,102,729</b>	<b>56,891,400</b>

#### - Identification of bank borrowings by company

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	12-2013						
									Current			Non-current			
									Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Continental	Peru	Sol	3.85%	3.80%	-	-	-	-	-	-	-
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Scotiabank	Peru	US\$	4.02%	3.96%	316,892	941,120	1,258,012	2,439,568	14,463,816	-	16,903,384
Foreign	Chinango S.A.C.	Peru	Foreign	Bank Of Nova Scotia	Peru	US\$	3.05%	3.01%	366,751	1,085,588	1,452,339	2,787,364	1,335,025	-	4,122,389
Foreign	Chinango S.A.C.	Peru	Foreign	Banco Scotiabank	Peru	US\$	0.76%	0.78%	2,103,523	-	2,103,523	-	-	-	-
Foreign	Edegel	Peru	Foreign	Banco de Crédito	Peru	US\$	1.65%	1.65%	-	-	-	-	-	-	-
Foreign	Edegel	Peru	Foreign	Banco Continental	Peru	US\$	3.42%	3.38%	268,490	2,119,312	2,387,802	19,783,795	12,824,170	-	32,607,965
Foreign	Edegel	Peru	Foreign	Banco Continental	Peru	US\$	3.46%	3.41%	-	-	-	-	-	-	-
Foreign	Edegel	Peru	Foreign	Banco Scotiabank	Peru	US\$	3.45%	3.41%	-	-	-	-	-	-	-
Foreign	Edegel	Peru	Foreign	Banco Continental	Peru	US\$	3.00%	3.00%	-	-	-	-	-	-	-
Foreign	Emgesa	Colombia	Foreign	Bancolombia	Colombia	CP	8.44%	8.27%	-	-	-	-	-	-	-
Foreign	Emgesa	Colombia	Foreign	Bancolombia	Colombia	CP	8.44%	8.27%	-	-	-	-	-	-	-
Foreign	Emgesa	Colombia	Foreign	BBVA Colombia	Colombia	CP	6.89%	6.78%	1,051,003	3,153,008	4,204,011	12,499,230	23,371,517	48,619,434	84,490,181
Foreign	Emgesa	Colombia	Foreign	AV VILLAS	Colombia	CP	8.44%	8.27%	-	-	-	-	-	-	-
Foreign	Emgesa	Colombia	Foreign	Banco Santander	Colombia	CP	8.15%	7.91%	-	-	-	-	-	-	-
Foreign	Emgesa	Colombia	Foreign	Banco Davivienda	Colombia	CP	8.15%	7.91%	-	-	-	-	-	-	-
Foreign	Emgesa	Colombia	Foreign	Banco Corpbanca	Colombia	CP	7.01%	6.90%	380,303	1,140,909	1,521,212	4,497,076	8,353,960	17,335,406	30,186,442
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Supervielle	Argentina	Ar\$	31.89%	28.00%	1,028,903	-	1,028,903	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Santander Río	Argentina	Ar\$	34.49%	30.00%	656,552	-	656,552	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Nación Argentina	Argentina	Ar\$	20.57%	18.85%	533,563	-	533,563	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Citibank	Argentina	Ar\$	39.84%	34.00%	3,391,799	-	3,391,799	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Ciudad	Argentina	Ar\$	25.59%	23.00%	98,467	-	98,467	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Standard Bank	Argentina	Ar\$	30.61%	27.00%	1,150,992	-	1,150,992	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Itau	Argentina	Ar\$	35.15%	30.50%	1,071,559	-	1,071,559	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Galicia	Argentina	Ar\$	32.54%	28.50%	2,514,705	-	2,514,705	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Banco Provincia de Buenos Aires	Argentina	Ar\$	20.20%	18.09%	-	-	-	-	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Credit Suisse International	Argentina	US\$	13.67%	13.25%	113,672	3,229,006	3,342,678	-	-	-	-
Foreign	Endesa Argentina S.A.	Argentina	Foreign	Citibank	Argentina	Ar\$	21.50%	21.50%	809,763	-	809,763	-	-	-	-
91.081.000-6	Endesa S.A. (Chile)	Chile	Foreign	B.N.P. Paribas	USA	US\$	1.72%	1.12%	28,293	921,118	949,411	892,825	-	-	892,825
91.081.000-6	Endesa S.A. (Chile)	Chile	Foreign	Export Development Corporation Loan	USA	US\$	1.57%	1.40%	378,291	378,290	756,581	-	-	-	-
91.081.000-6	Endesa S.A. (Chile)	Chile	Foreign	Banco Bilbao Vizcaya Argentaria S.A.NY	USA	US\$	1.72%	1.12%	436,266	105,543,766	105,980,032	-	-	-	-
91.081.000-6	Endesa S.A. (Chile)	Chile	97.004.000-5	Banco Santander Chile (Linea Crédito)	Chile	Ch\$	6.00%	6.00%	7	-	7	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Deutsche Bank	Argentina	US\$	8.24%	7.99%	1,712,808	2,587,169	4,299,977	820,490	-	-	820,490
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Standard Bank	Argentina	US\$	8.24%	7.99%	857,292	1,295,083	2,152,375	410,356	-	-	410,356
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Itau	Argentina	US\$	8.24%	7.99%	858,647	1,297,369	2,156,016	410,526	-	-	410,526
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Itau	Argentina	Ar\$	33.70%	29.25%	163,618	-	163,618	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Standard Bank - Sindicato I	Argentina	Ar\$	25.42%	23.31%	-	-	-	-	-	-	-

Non-current				Current				Non-current				
Maturity				Maturity				Maturity				
One to three years ThCh\$	Three to five years ThCh\$	Five to ten years ThCh\$	More than ten years ThCh\$	Total Non-current at 12/31/2012 ThCh\$	One to three months ThCh\$	Tres a Doce Meses M\$	Total current at 01-01-2012 M\$	One to three years ThCh\$	Three to five years ThCh\$	Five to ten years ThCh\$	More than ten years ThCh\$	Total Non-current at 01-01-2012 M\$
98,982,459	-	-	-	98,982,459	906,389	3,359,497	4,265,886	109,631,899	876,746	-	-	110,508,645
14,173,501	27,830,814	12,109,598	-	54,113,913	2,810,297	10,519,166	13,329,463	7,864,024	25,087,748	26,158,087	-	59,109,859
-	-	-	-	-	14,857	1,585,500	1,600,357	-	-	-	-	-
7,836,715	-	-	-	7,836,715	2,662,019	9,436,481	12,098,500	17,142,594	1,612,063	-	-	18,754,657
8,750,625	-	-	-	8,750,625	27,019,763	15,322,805	42,342,568	18,975,861	2,458,440	-	-	21,434,301
25,790,155	33,339,101	60,191,993	-	119,321,249	1,338,154	82,134,906	83,473,060	-	-	-	-	-
<b>155,533,455</b>	<b>61,169,915</b>	<b>72,301,591</b>	-	<b>289,004,961</b>	<b>34,751,479</b>	<b>122,358,355</b>	<b>157,109,834</b>	<b>153,614,378</b>	<b>30,034,997</b>	<b>26,158,087</b>	-	<b>209,807,462</b>

12-2012							01-2012						
Current			Non-current				Current			Non-current			
Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current
-	-	-	-	-	-	-	14,597	1,585,500	1,600,097	-	-	-	-
161,573	923,528	1,085,101	2,391,649	2,288,243	12,109,598	16,789,490	166,062	558,407	724,469	2,423,556	17,774,668	-	20,198,224
37,359	112,077	149,436	2,621,204	2,471,768	-	5,092,972	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,739,482	-	1,739,482	-	-	-	-	1,949,762	5,760,203	7,709,965	1,880,534	-	-	1,880,534
-	-	-	-	-	-	-	405,477	1,378,129	1,783,606	-	-	-	-
276,481	829,443	1,105,924	9,160,648	23,070,803	-	32,231,451	280,841	944,367	1,225,208	3,559,934	7,313,080	26,158,087	37,031,101
-	-	-	-	-	-	-	8,155	1,878,060	1,886,215	-	-	-	-
-	-	-	-	-	-	-	260	-	260	-	-	-	-
428,684	1,286,051	1,714,735	5,805,307	7,495,253	13,520,587	26,821,147	326,504	20,008,140	20,334,644	-	-	-	-
131,424	394,271	525,695	1,838,073	2,414,481	4,407,478	8,660,032	99,148	6,208,686	6,307,834	-	-	-	-
1,158,673	3,476,018	4,634,691	15,690,942	20,258,627	36,544,265	72,493,834	361,976	22,181,880	22,543,856	-	-	-	-
181,346	544,039	725,385	2,455,833	3,170,740	5,719,663	11,346,236	-	-	-	-	-	-	-
-	-	-	-	-	-	-	412,115	25,254,372	25,666,487	-	-	-	-
-	-	-	-	-	-	-	138,411	8,481,828	8,620,239	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,483,661	-	1,483,661	-	-	-	-	123,454	-	123,454	-	-	-	-
879,133	-	879,133	-	-	-	-	10,746,076	1,949,571	12,695,647	-	-	-	-
946,327	1,855,665	2,801,992	411,921	-	-	411,921	1,382,931	1,533,096	2,916,027	-	-	-	-
4,349,740	-	4,349,740	-	-	-	-	1,844,142	-	1,844,142	-	-	-	-
395,870	-	395,870	-	-	-	-	4,670,705	-	4,670,705	-	-	-	-
1,388,486	-	1,388,486	-	-	-	-	832,611	-	832,611	-	-	-	-
2,459,388	-	2,459,388	-	-	-	-	3,503,302	-	3,503,302	-	-	-	-
2,031,944	-	2,031,944	-	-	-	-	1,105,942	-	1,105,942	-	-	-	-
96,871	122,911	219,782	-	-	-	-	-	-	-	-	-	-	-
4,883,837	-	4,883,837	-	-	-	-	166,419	3,156,573	3,322,992	2,652,744	-	-	2,652,744
31,301	859,843	891,144	1,657,085	-	-	1,657,085	53,521	1,002,756	1,056,277	1,915,379	876,746	-	2,792,125
347,952	354,206	702,158	689,651	-	-	689,651	379,501	764,980	1,144,481	1,132,904	-	-	1,132,904
439,133	1,317,400	1,756,533	96,635,723	-	-	96,635,723	473,367	1,591,761	2,065,128	106,583,616	-	-	106,583,616
272	-	272	-	-	-	-	-	-	-	-	-	-	-
881,121	2,547,013	3,428,134	3,918,502	-	-	3,918,502	518,208	1,530,246	2,048,454	3,576,867	402,643	-	3,979,510
440,417	1,273,172	1,713,589	1,959,017	-	-	1,959,017	1,611,491	4,749,662	6,361,153	10,912,983	1,209,420	-	12,122,403
440,527	1,273,427	1,713,954	1,959,196	-	-	1,959,196	1,791,907	-	1,791,907	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	64,001	1,336,177	1,400,178	-	-	-	-

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Current		Non-current				
									Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	Total Non-current
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Santander - Sindicado I	Argentina	Ar\$	25.42%	23.31%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Hipotecario - Sindicado I	Argentina	Ar\$	26.68%	23.89%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Galicia - Sindicado I	Argentina	Ar\$	25.42%	23.31%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Itau - Sindicado II	Argentina	Ar\$	26.62%	23.84%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Standard Bank -Sindicado II	Argentina	Ar\$	26.62%	23.84%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Santander -Sindicado II	Argentina	Ar\$	26.62%	23.84%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Hipotecario - Sindicado II	Argentina	Ar\$	26.96%	24.11%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Galicia - Sindicado II	Argentina	Ar\$	26.62%	23.84%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Ciudad -Sindicado II	Argentina	Ar\$	26.62%	23.84%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Galicia - Sindicado III	Argentina	Ar\$	26.44%	23.69%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Itau - Sindicado III	Argentina	Ar\$	26.44%	23.69%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Standard Bank - Sindicado III	Argentina	Ar\$	26.44%	23.69%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Santander -Sindicado III	Argentina	Ar\$	26.44%	23.69%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Macro	Argentina	Ar\$	30.42%	27.75%	1,511,204	-	1,511,204	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Macro I	Argentina	Ar\$	23.14%	21.00%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Standard Bank	Argentina	Ar\$	25.59%	23.00%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Santander Río	Argentina	Ar\$	25.59%	23.00%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Citibank	Argentina	Ar\$	19.84%	BPC + 5.10%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	BBVA	Argentina	Ar\$	19.84%	BPC + 5.10%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón	Argentina	Foreign	Banco Industrial de Azul	Argentina	Ar\$	19.84%	BPC + 5.10%	-	-	-	-	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Santander -Sindicado IV	Argentina	Ar\$	33.84%	30.22%	316,184	1,054,829	1,371,013	2,761,603	-	-	2,761,603
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Itau -Sindicado IV	Argentina	Ar\$	33.84%	30.22%	282,011	940,860	1,222,871	2,463,429	-	-	2,463,429
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Galicia -Sindicado IV	Argentina	Ar\$	33.84%	30.22%	270,612	902,848	1,173,460	2,364,010	-	-	2,364,010
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Hipotecario -Sindicado IV	Argentina	Ar\$	33.84%	30.22%	89,772	299,691	389,463	785,764	-	-	785,764
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Banco Ciudad -Sindicado IV	Argentina	Ar\$	33.84%	30.22%	36,008	120,377	156,385	316,594	-	-	316,594
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Industrial and Commercial Bank of China Argentina	Argentina	Ar\$	33.84%	30.22%	350,354	1,168,793	1,519,147	3,059,769	-	-	3,059,769
<b>Total ThCh\$</b>											<b>151,327,440</b>				<b>182,595,727</b>

## b) Secured and unsecured liabilities

### - Summary of secured and unsecured liabilities by currency and maturity

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	Current			Non-current					Current		
					Maturity			Maturity					Maturity		
					One to three months	Three to twelve months	Total current at 12/31/2013	One to three years	Three to five years	Five to ten years	More than ten years	Total Non-current at 12/31/2013	One to three months	Three to twelve months	Total current at 12/31/2012
Chile	US\$	8.11%	7.99%	Unsecured	5,738,678	17,216,036	22,954,714	138,418,071	27,011,140	67,527,851	331,997,188	564,954,250	9,265,672	213,808,862	223,074,534
Chile	U.F.	6.00%	5.48%	Unsecured	5,444,098	21,021,997	26,466,095	51,727,943	50,122,280	208,402,305	186,171,543	5,802,114	21,972,628	27,774,742	
Peru	US\$	7.01%	6.89%	Unsecured	649,265	7,018,782	7,668,047	17,490,149	7,500,859	11,710,646	6,578,353	43,280,007	628,048	1,884,143	2,512,191
Peru	Sol	6.42%	6.32%	Unsecured	10,345,168	4,310,315	14,655,483	1,183,988	1,183,988	10,612,183	-	12,980,159	5,368,613	15,496,309	20,864,922
Colombia	CP	7.32%	7.19%	Unsecured	28,242,856	68,060,813	96,303,669	172,336,521	201,975,233	528,141,019	192,489,114	1,094,941,887	13,359,451	40,078,353	53,437,804
<b>Total</b>					<b>50,420,065</b>	<b>117,627,943</b>	<b>168,048,008</b>	<b>381,156,672</b>	<b>287,793,500</b>	<b>826,394,004</b>	<b>717,236,198</b>	<b>2,212,580,374</b>	<b>34,423,898</b>	<b>293,240,295</b>	<b>327,664,193</b>



## - Secured and unsecured liabilities by company

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured/Unsecured	12-2013							
										Current			Non-current			Total Non-current	
										Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years		More than ten years
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - Primera Emisión S-1	USA	US\$	7.96%	7.88%	Unsecured	2,217,451	6,652,353	8,869,804	17,739,609	17,739,609	44,349,022	136,285,900	216,114,140
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - Primera Emisión S-2	USA	US\$	7.40%	7.33%	Unsecured	708,960	2,126,881	2,835,841	5,671,683	5,671,683	14,179,208	54,236,226	79,758,800
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - Primera Emisión S-3	USA	US\$	8.26%	8.13%	Unsecured	449,981	1,349,943	1,799,924	3,599,848	3,599,848	8,999,621	141,475,062	157,674,379
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - 144 - A	USA	US\$	8.50%	8.35%	Unsecured	-	-	-	-	-	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	Foreign	The Bank of New York Mellon - 144 - A	USA	US\$	8.83%	8.63%	Unsecured	2,362,286	7,086,859	9,449,145	111,406,931	-	-	-	111,406,931
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 317 Serie-H	Chile	U.F.	7.17%	6.20%	Unsecured	1,528,468	9,275,107	10,803,575	20,402,902	18,797,239	39,968,321	31,038,325	110,206,787
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 522 Serie-M	Chile	U.F.	4.82%	4.75%	Unsecured	3,915,630	11,746,890	15,662,520	31,325,041	31,325,041	168,433,984	155,133,218	386,217,284
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 318 Serie-K	Chile	U.F.	3.86%	3.86%	Unsecured	-	-	-	-	-	-	-	-
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	97,004,000-5	Banco Santander Chile - 264 Serie-F	Chile	U.F.	6.44%	6.44%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos A-10	Colombia	\$ Col	6.89%	6.72%	Unsecured	939,183	2,817,550	3,756,733	57,903,035	-	-	-	57,903,035
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos A102	Colombia	\$ Col	6.89%	6.72%	Unsecured	178,890	536,671	715,561	11,029,149	-	-	-	11,029,149
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B-103	Colombia	\$ Col	7.00%	7.00%	Unsecured	734,499	2,203,498	2,937,997	5,875,994	46,856,691	-	-	52,732,685
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos A5	Colombia	\$ Col	5.54%	5.43%	Unsecured	13,616,326	-	13,616,326	-	-	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B10	Colombia	\$ Col	7.64%	7.43%	Unsecured	824,131	2,472,393	3,296,524	6,593,049	6,593,049	44,205,339	-	57,391,437
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B15	Colombia	\$ Col	7.96%	7.73%	Unsecured	297,055	891,166	1,188,221	2,376,444	2,376,444	5,941,109	15,335,507	26,029,504
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos E5-09	Colombia	\$ Col	9.27%	9.27%	Unsecured	582,915	25,929,967	26,512,882	-	-	-	-	-
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B09-09	Colombia	\$ Col	7.76%	7.55%	Unsecured	1,153,945	3,461,835	4,615,780	9,231,559	66,821,758	-	-	76,053,317
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B12	Colombia	\$ Col	7.97%	7.74%	Unsecured	485,500	1,456,499	1,941,999	3,883,998	3,883,998	29,449,526	-	37,217,522
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos exterior	Colombia	\$ Col	10.17%	10.17%	Unsecured	4,486,961	13,460,883	17,947,844	35,895,687	35,895,687	213,793,324	-	285,584,698
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos quimbo	Colombia	\$ Col	10.17%	10.17%	Unsecured	624,384	1,873,151	2,497,535	4,995,071	4,995,071	29,750,447	-	39,740,589
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B10	Colombia	\$ Col	5.34%	5.24%	Unsecured	1,100,769	3,302,308	4,403,077	8,806,155	8,806,155	99,436,473	-	117,048,783
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B15	Colombia	\$ Col	5.46%	5.36%	Unsecured	753,246	2,259,737	3,012,983	6,025,966	6,025,966	15,064,915	66,601,374	93,718,221
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B12-13	Colombia	\$ Col	6.85%	6.68%	Unsecured	1,648,116	4,944,349	6,592,465	13,184,931	13,184,931	32,962,327	110,552,233	169,884,422
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos Quimbo B6-13	Colombia	\$ Col	6.08%	5.95%	Unsecured	616,960	1,850,879	2,467,839	4,935,677	4,935,677	43,453,010	-	53,324,364
Foreign	Emgesa S.A. E.S.P.	Colombia	Foreign	Bonos B6-13	Colombia	\$ Col	6.08%	5.95%	Unsecured	199,976	599,927	799,903	1,599,806	1,599,806	14,084,549	-	17,284,161
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	6.57%	6.47%	Unsecured	82,595	247,784	330,379	660,757	5,613,285	-	-	6,274,042
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.41%	6.31%	Unsecured	74,183	222,548	296,731	593,463	593,463	5,739,253	-	6,926,179
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.38%	6.28%	Unsecured	73,816	221,447	295,263	590,525	590,525	4,872,930	-	6,053,980
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.86%	6.75%	Unsecured	63,459	3,866,320	3,929,779	-	-	-	-	-
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.61%	6.50%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.54%	6.44%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.74%	6.63%	Unsecured	-	-	-	-	-	-	-	-
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	Soles	6.70%	6.59%	Unsecured	5,408,901	-	5,408,901	-	-	-	-	-
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	6.44%	6.34%	Unsecured	80,999	242,996	323,995	647,989	647,989	1,619,973	6,578,353	9,494,304
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	9.20%	9.00%	Unsecured	111,697	5,406,082	5,517,779	-	-	-	-	-
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	7.93%	7.78%	Unsecured	81,132	243,395	324,527	649,053	649,053	4,318,583	-	5,616,689
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Continental	Peru	US\$	7.25%	7.13%	Unsecured	57,826	173,478	231,304	3,359,066	-	-	-	3,359,066
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Scotiabank	Peru	US\$	6.74%	6.63%	Unsecured	84,590	253,769	338,359	5,791,110	-	-	-	5,791,110
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Scotiabank	Peru	US\$	6.09%	6.00%	Unsecured	76,610	229,829	306,439	5,791,642	-	-	-	5,791,642
Foreign	Edeqel S.A.A	Peru	Foreign	Banco Scotiabank	Peru	US\$	5.87%	5.78%	Unsecured	73,816	221,449	295,265	590,532	590,532	5,772,090	-	6,953,154
Foreign	Chinango S.A.C	Peru	Foreign	Banco Continental	Peru	US\$	6.15%	6.06%	Secured	-	-	-	-	-	-	-	-
Foreign	Chinango S.A.C	Peru	Foreign	Banco Continental	Peru	Soles	6.57%	6.47%	Secured	-	-	-	-	-	-	-	-
Foreign	Chinango S.A.C	Peru	Foreign	Banco Continental	Peru	Soles	6.25%	6.16%	Secured	4,724,809	-	4,724,809	-	-	-	-	-
<b>Total ThCh\$</b>												<b>168,048,008</b>					<b>2,212,580,374</b>

## c) Finance Lease Obligations

### - Finance lease obligations by company

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	12-2013								
								Current			Non-current			Total Non-current		
								Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years		More than ten years	
91,081,000-6	Empresa Nacional de Electricidad S.A.	Chile	87,509,100-K	Leasing Abengoa	Chile	US\$	6.50%	581,073	1,742,183	2,323,256	4,637,718	4,624,689	13,024,032	-	-	22,286,439
Foreign	Edeqel S.A.A.	Peru	Foreign	Scotiabank	Peru	US\$	2.00%	1,486,952	4,421,036	5,907,988	15,369,699	11,585,284	-	-	26,954,983	
<b>Total ThCh\$</b>												<b>8,231,244</b>				<b>49,241,422</b>

12-2012									01-2012							
Current			Non-current						Current			Non-current				
Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	More than ten years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	More than ten years	Total Non-current	
1,975,290	5,925,870	7,901,160	15,802,321	15,802,321	39,505,801	132,153,136	203,263,579	703,310	2,364,976	3,068,286	5,672,852	16,469,819	14,104,843	70,869,328	107,116,842	
630,588	1,891,764	2,522,352	5,044,703	5,044,703	12,611,757	65,754,271	88,455,434	2,204,773	7,413,852	9,618,625	17,783,553	51,630,453	44,216,601	133,463,176	247,093,783	
406,804	1,220,413	1,627,217	3,254,435	3,254,435	8,136,089	138,829,128	153,474,087	2,384,734	8,018,994	10,403,728	19,235,104	109,486,718	-	-	128,721,822	
4,127,302	198,393,750	202,521,052	-	-	-	-	-	4,635,971	15,589,088	20,225,059	218,659,499	-	-	-	218,659,499	
2,125,688	6,377,065	8,502,753	109,928,712	-	-	-	109,928,712	457,603	1,538,753	1,996,356	3,690,997	10,715,959	9,177,206	153,384,935	176,969,097	
1,684,588	9,620,049	11,304,637	21,363,797	19,703,160	41,992,615	37,768,596	120,828,168	2,124,125	11,532,964	13,657,089	24,422,163	58,670,925	41,070,877	25,027,022	149,190,987	
4,117,526	12,352,579	16,470,105	32,940,209	32,940,209	154,723,881	184,298,742	404,903,041	4,973,783	16,725,028	21,698,811	40,118,205	136,748,818	165,216,094	140,001,737	482,084,854	
-	-	-	-	-	-	-	-	1,746,368	5,872,402	7,618,770	14,086,088	40,895,714	35,023,312	110,223,311	200,228,425	
-	-	-	-	-	-	-	-	31,321,953	-	31,321,953	-	-	-	-	-	
1,102,280	3,306,839	4,409,119	62,006,104	-	-	-	62,006,104	1,150,327	3,868,134	5,018,461	9,278,465	-	-	56,536,718	65,815,183	
209,956	629,869	839,825	11,810,678	-	-	-	11,810,678	216,825	729,104	945,929	1,748,896	10,768,120	-	-	12,517,016	
894,296	2,682,888	3,577,184	7,154,367	50,204,631	-	-	57,358,998	1,129,556	3,798,288	4,927,844	9,110,927	-	-	62,840,794	71,951,721	
223,748	671,245	894,993	13,536,136	-	-	-	13,536,136	179,093	602,226	781,319	14,001,389	-	-	-	14,001,389	
946,998	2,840,995	3,787,993	7,575,987	7,575,987	47,759,102	-	62,911,076	989,794	3,328,320	4,318,114	7,983,617	-	-	65,971,663	73,955,280	
339,573	1,018,719	1,358,292	2,716,583	2,716,583	6,791,458	16,612,523	28,837,147	354,285	1,191,331	1,545,616	2,857,637	8,296,492	21,943,442	33,097,571		
577,113	1,731,338	2,308,451	26,317,195	-	-	-	26,317,195	569,828	1,916,126	2,485,954	28,105,888	-	-	-	28,105,888	
1,325,639	3,976,917	5,302,556	10,605,111	10,605,111	62,175,621	-	83,385,843	1,328,332	4,466,698	5,795,030	10,714,236	84,115,563	-	-	94,829,799	
555,900	1,667,701	2,223,601	4,447,203	4,447,203	32,223,666	-	41,118,072	556,858	1,872,513	2,429,371	4,491,583	13,040,277	28,416,894	-	45,948,754	
618,169	1,854,506	2,472,675	4,945,349	4,945,349	31,993,565	-	41,884,263	610,366	2,052,440	2,662,806	4,923,173	-	-	28,958,422	48,174,895	
4,442,297	13,326,891	17,769,188	35,538,377	35,538,377	229,912,869	-	300,989,623	4,386,227	14,749,291	19,135,518	35,379,018	-	-	208,101,654	346,195,504	
1,264,032	3,792,096	5,056,128	10,112,255	10,112,255	106,512,256	-	126,736,766	-	-	-	-	-	-	-	-	
859,450	2,578,349	3,437,799	6,875,596	6,875,596	17,188,990	71,343,402	102,283,584	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
79,897	239,692	319,589	639,178	639,178	4,814,505	-	6,092,861	97,652	235,722	333,374	616,363	1,789,469	5,500,435	-	7,906,267	
73,875	221,624	295,499	590,997	590,997	6,023,737	-	7,205,731	160,276	-	160,276	-	-	10,819,378	-	10,819,378	
73,509	220,527	294,036	588,072	588,072	5,159,550	-	6,335,694	79,552	267,504	347,056	4,950,085	-	-	-	4,950,085	
63,196	189,587	252,783	3,923,716	-	-	-	3,923,716	78,051	262,457	340,508	4,868,653	-	-	-	4,868,653	
4,770,062	-	4,770,062	-	-	-	-	-	77,676	261,195	338,871	5,051,067	-	-	-	5,051,067	
75,338	4,744,218	4,819,556	-	-	-	-	-	73,923	248,577	322,500	5,114,463	-	-	-	5,114,463	
77,532	4,771,525	4,849,057	-	-	-	-	-	89,628	301,387	391,015	5,873,636	-	-	-	5,873,636	
87,352	262,056	349,408	5,400,952	-	-	-	5,400,952	77,300	259,934	337,234	4,919,966	-	-	-	4,919,966	
78,353	235,060	313,413	626,827	626,827	1,567,066	6,381,057	9,201,777	83,851	281,959	365,810	2,639,913	-	1,681,620	6,539,229	10,860,762	
108,049	324,147	432,196	5,049,991	-	-	-	5,049,991	115,630	388,820	504,450	5,903,654	-	-	-	5,903,654	
78,482	235,446	313,928	627,856	627,856	4,249,866	-	5,505,578	83,988	282,422	366,410	677,444	6,208,170	-	-	6,885,614	
55,926	167,777	223,703	3,285,038	-	-	-	3,285,038	59,850	201,252	261,102	3,783,487	-	-	-	3,783,487	
81,827	245,481	327,308	654,617	4,978,803	-	-	5,633,420	87,568	294,460	382,028	706,319	6,190,863	-	-	6,897,182	
74,108	222,323	296,431	592,861	5,010,196	-	-	5,603,057	79,307	266,681	345,988	639,685	6,096,813	-	-	6,736,498	
71,406	214,217	285,623	571,246	5,573,336	-	-	6,715,828	85,503	287,515	373,018	689,660	6,853,252	-	-	7,542,912	
-	-	-	-	-	-	-	-	75,800	254,886	330,686	611,394	1,775,041	5,728,426	-	8,114,861	
75,703	4,870,634	4,946,337	-	-	-	-	-	75,424	253,624	329,048	608,367	6,582,587	-	-	7,190,954	
72,046	216,138	288,184	4,718,008	-	-	-	4,718,008	64,842	218,041	282,883	4,267,060	-	-	-	4,267,060	
-	-	327,664,193	-	-	-	-	2,114,700,157	-	-	175,766,896	-	-	-	-	2,662,344,808	

12-2012								01-2012							
Current			Non-current					Current			Non-current				
Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	More than ten years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	More than five years	More than ten years	Total Non-current
517,486	1,552,682	2,070,168	4,142,238	4,145,057	10,377,586	3,477,319	22,142,200	567,586	1,900,568	2,468,154	4,556,135	6,273,409	10,867,880	5,946,866	27,644,290
1,406,430	4,177,025	5,583,455	12,608,401	17,546,542	-	-	30,154,943	2,137,134	6,953,795	9,090,929	11,858,222	14,046,200	13,246,071	-	39,150,493
-	-	7,653,623	-	-	-	-	52,297,143	-	-	11,559,083	-	-	-	-	66,794,783

## d) Other liabilities

### - Other liabilities by company

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. Financial Institution	Financial Institution	Country	Currency	Effective Interest Rate	12-2013					
								Current		Total Current	Non-current		Total Non-current
								Less than 90 days	More than 90 days		One to three years	Three to five years	
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Mitsubishi (secured debt)	Argentina	US\$	7.42%	70,430,612	-	70,430,612	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Mitsubishi (unsecured debt)	Argentina	US\$	7.42%	1,092,665	-	1,092,665	-	-	-
Foreign	Endesa Costanera S.A.	Argentina	Foreign	Other	Argentina	Ar\$	17.29%	605,116	3,546,685	4,151,801	2,802,590	-	2,802,590
Foreign	Hidroinvest S.A.	Argentina	Foreign	Other	Argentina	US\$	2.67%	-	138,707	138,707	-	-	-
Foreign	Hidroeléctrica El Chocón S.A.	Argentina	Foreign	Other	Argentina	Ar\$	19.79%	48,246	144,738	192,984	1,127,937	-	1,127,937
96.827.970-K	Endesa Eco S.A.	Chile	96.601.250-1	Inversiones Centinela S.A.	Chile	US\$	6.10%	2,025,842	-	2,025,842	-	-	-
<b>Total ThCh\$</b>									<b>78,032,611</b>		<b>3,930,527</b>		

## Appendix 5 Details of Assets and Liabilities in Foreign Currency

This appendix forms an integral part of the Endesa Chile financial statements.

The detail of assets denominated in foreign currencies is the following:

ASSETS	Foreign Currency	Functional Currency	12-31-2013 ThCh\$	12-31-2012 ThCh\$	01-01-2012 ThCh\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents			<b>14,961,313</b>	<b>4,129,928</b>	<b>6,054,467</b>
	U.S. dollar	Colombian peso	13,145	5,413	5,634
	U.S. dollar	Chilean peso	2,627,445	-	-
	U.S. dollar	Peruvian nuevo sol	11,839,569	3,690,418	2,886,536
	U.S. dollar	Argentine peso	481,154	434,097	3,162,297
Accounts receivable from related companies			<b>28,384,147</b>	<b>14,361,204</b>	<b>20,299,704</b>
	U.S. dollar	Chilean peso	28,384,147	14,361,204	20,299,704
<b>TOTAL CURRENT ASSETS</b>			<b>43,345,460</b>	<b>18,491,132</b>	<b>26,354,171</b>
<b>NON-CURRENT ASSETS</b>					
Investments accounted for using the equity method			<b>684,153,175</b>	<b>682,114,350</b>	<b>666,985,595</b>
	U.S. dollar	Chilean peso	133,869,906	105,238,196	94,544,356
	Argentine peso	Chilean peso	2,400,103	2,743,725	3,428,480
	Brazilian real	Peruvian nuevo sol	57,778,968	60,504,917	60,249,470
	Brazilian real	Chilean peso	490,104,198	513,627,512	508,763,289
Goodwill			<b>88,651,527</b>	<b>89,481,949</b>	<b>86,830,663</b>
	Peruvian nuevo sol	Chilean peso	81,661,135	81,038,239	76,365,596
	Argentine peso	Chilean peso	6,990,392	8,443,710	10,465,067
<b>TOTAL NON-CURRENT ASSETS</b>			<b>772,804,702</b>	<b>771,596,299</b>	<b>753,816,258</b>
<b>TOTAL ASSETS</b>			<b>816,150,162</b>	<b>790,087,431</b>	<b>780,170,429</b>

The detail of liabilities denominated in foreign currencies is the following:

LIABILITIES	Foreign Currency	Functional Currency	12-31-2013						12-31-2012				
			Current Liabilities			Non-current Liabilities			Current Liabilities				
			90 days or less ThCh\$	91 days to one year ThCh\$	Total Current	More than 1 year upto 3 years ThCh\$	More than 3 years up to 5 years ThCh\$	More than 5 years upto 10 years ThCh\$	More than 10 years ThCh\$	Total Non-current	90 days or less ThCh\$	91 days to one year ThCh\$	Total Current
Other financial liabilities	U.S. dollar		88,212,425	149,941,202	238,153,627	203,460,561	79,344,983	92,262,529	338,575,541	713,643,614	91,312,402	231,044,304	322,356,706
	U.S. dollar	Chilean peso	7,162,601	125,801,393	132,963,994	143,948,614	31,635,829	80,551,883	331,997,188	588,133,514	12,618,863	217,892,993	230,511,856
	U.S. dollar	Peruvian nuevo sol	3,088,350	15,585,838	18,674,188	57,870,575	47,709,154	11,710,646	6,578,353	123,868,728	4,249,373	7,926,216	12,175,589
	U.S. dollar	Argentine peso	77,961,474	8,553,971	86,515,445	1,641,372	-	-	-	1,641,372	74,444,166	5,225,095	79,669,261
<b>TOTAL LIABILITIES</b>			<b>88,212,425</b>	<b>149,941,202</b>	<b>238,153,627</b>	<b>203,460,561</b>	<b>79,344,983</b>	<b>92,262,529</b>	<b>338,575,541</b>	<b>713,643,614</b>	<b>91,312,402</b>	<b>231,044,304</b>	<b>322,356,706</b>

12-2012						01-2012					
Current			Non-current			Current			Non-current		
Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	Total Non-current	Less than 90 days	More than 90 days	Total Current	One to three years	Three to five years	Total Non-current
56,264,078	-	56,264,078	-	-	-	14,958,554	10,030,787	24,989,341	32,747,272	24,243,194	56,990,466
11,534,186	-	11,534,186	-	-	-	2,296,618	67,527	2,364,145	161,976	1,139,597	1,301,573
799,346	5,846,518	6,645,864	6,019,282	-	6,019,282	547,198	884,765	1,431,963	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
2,017,319	-	2,017,319	-	-	-	-	3,930,734	3,930,734	-	-	-
<b>76,461,447</b>			<b>6,019,282</b>			<b>32,716,183</b>			<b>58,292,039</b>		

12-31-2012						01-01-2012						
Non-current Liabilities					Current Liabilities			Non-current Liabilities				
More than 1 year up to 3 years ThCh\$	More than 3 years up to 5 years ThCh\$	More than 5 years ThCh\$	More than 10 years ThCh\$	Total Non-current	90 days or less ThCh\$	91 days to one year ThCh\$	Total Current	More than 1 year up to 3 years ThCh\$	More than 3 years up to 5 years ThCh\$	More than 5 years ThCh\$	More than 10 years ThCh\$	Total Non-current
283,821,099	86,077,978	98,945,604	346,594,911	815,439,592	33,973,247	86,968,415	120,941,662	464,660,652	288,720,473	135,772,121	370,203,534	1,259,356,780
237,154,868	28,246,516	70,631,233	340,213,854	676,246,471	11,860,366	44,116,462	55,976,828	379,230,039	195,453,104	78,366,530	363,664,305	1,016,713,978
38,829,516	57,831,462	28,314,371	6,381,057	131,356,406	5,801,056	19,711,792	25,512,848	35,378,771	66,272,515	57,405,591	6,539,229	165,596,106
7,836,715	-	-	-	7,836,715	16,311,825	23,140,161	39,451,986	50,051,842	26,994,854	-	-	77,046,696
<b>283,821,099</b>	<b>86,077,978</b>	<b>98,945,604</b>	<b>346,594,911</b>	<b>815,439,592</b>	<b>33,973,247</b>	<b>86,968,415</b>	<b>120,941,662</b>	<b>464,660,652</b>	<b>288,720,473</b>	<b>135,772,121</b>	<b>370,203,534</b>	<b>1,259,356,780</b>

# Appendix 6

## Additional Information Oficio Circular (Official Bulletin) No. 715 Of February 3, 2012

This appendix forms an integral part of the Endesa Chile financial statements.

### a) Portfolio stratification

#### - Trade and other accounts receivable by time in arrears:

Trade and Other Accounts Receivable	Balance at 31-12-2013				
	Up-to-date portfolio ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$
Trade receivables, gross	203,773,215	751,245	157,913	69,022	70,393
Impairment provision	(215,507)	-	-	-	-
Other accounts receivable, gross	22,612,038	-	-	-	-
Impairment provision	(1,297,252)	-	-	-	-
<b>Total</b>	<b>224,872,494</b>	<b>751,245</b>	<b>157,913</b>	<b>69,022</b>	<b>70,393</b>

Trade and Other Accounts Receivable	Balance at 31-12-2012				
	Up-to-date portfolio ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-12 days in arrears ThCh\$
Trade receivables, gross	134,030,314	742,503	47,700	61,797	308,432
Impairment provision	(260,311)	-	-	-	-
Other accounts receivable, gross	82,340,304	-	-	-	-
Impairment provision	(1,262,108)	-	-	-	-
<b>Total</b>	<b>214,848,199</b>	<b>742,503</b>	<b>47,700</b>	<b>61,797</b>	<b>308,432</b>

Trade and Other Accounts Receivable	Balance at 01-01-2012				
	Up-to-date portfolio ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-12 days in arrears ThCh\$
Trade receivables, gross	241,535,134	1,794,517	84,972	6,637,238	493,005
Impairment provision	(983,105)	-	-	(4,110,640)	(55,494)
Other accounts receivable, gross	34,463,899	-	-	39,056	2,791
Impairment provision	(1,326,090)	-	-	-	-
<b>Total</b>	<b>273,689,838</b>	<b>1,794,517</b>	<b>84,972</b>	<b>2,565,654</b>	<b>440,302</b>

#### - By type of portfolio:

Time in Arrears	Balance at 31-12-2013				Balance at 31-12-2012					
	Non-renegotiated portfolio		Renegotiated portfolio		Total gross portfolio		Non-renegotiated portfolio		Renegotiated portfolio	
	Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$
Up-to-date	310	203,773,215	-	-	310	203,773,215	307	134,030,314	-	-
1 to 30 days	50	751,245	-	-	50	751,245	37	742,503	-	-
31 to 60 days	16	157,913	-	-	16	157,913	15	47,700	-	-
61 to 90 days	14	69,022	-	-	14	69,022	18	61,797	-	-
91 to 120 days	9	70,393	-	-	9	70,393	16	308,432	-	-
121 to 150 days	12	21,226,096	-	-	12	21,226,096	17	274,643	-	-
151 to 180 days	4	1,050	-	-	4	1,050	16	4,577	-	-
181 to 210 days	5	118	-	-	5	118	1	-	-	-
211 to 250 days	4	845	-	-	4	845	4	311	-	-
More than 251 days	52	3,093,213	-	-	52	3,093,213	37	4,459,462	-	-
<b>Total</b>	<b>476</b>	<b>229,143,110</b>	<b>-</b>	<b>-</b>	<b>476</b>	<b>229,143,110</b>	<b>468</b>	<b>139,929,739</b>	<b>-</b>	<b>-</b>

Balance at 31-12-2013

121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current ThCh\$	Total Non- current ThCh\$
21,226,096	1,050	118	845	3,093,213	229,143,110	125,349,056
(55,494)	-	-	-	(2,423,973)	(2,694,974)	-
-	-	-	-	-	22,612,038	6,248,354
-	-	-	-	-	(1,297,252)	-
<b>21,170,602</b>	<b>1,050</b>	<b>118</b>	<b>845</b>	<b>669,240</b>	<b>247,762,922</b>	<b>131,597,410</b>

Balance at 31-12-2012

121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current ThCh\$	Total Non- current ThCh\$
274,643	4,577	-	311	4,459,462	139,929,739	140,323,852
-	-	-	-	(3,065,033)	(3,325,344)	-
-	-	-	-	-	82,340,304	6,640,299
-	-	-	-	-	(1,262,108)	-
<b>274,643</b>	<b>4,577</b>	<b>-</b>	<b>311</b>	<b>1,394,429</b>	<b>217,682,591</b>	<b>146,964,151</b>

Balance at 01-01-2012

121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current ThCh\$	Total Non- current ThCh\$
138,523	-	-	-	76,250	250,759,639	148,367,033
-	-	-	-	-	(5,149,239)	-
-	-	-	-	85	34,505,831	3,241,735
-	-	-	-	-	(1,326,090)	-
<b>138,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,335</b>	<b>278,790,141</b>	<b>151,608,768</b>

Balance at 31-12-2012

Balance at 01-01-2012

Total gross portfolio		Non-renegotiated portfolio		Renegotiated portfolio		Total gross portfolio	
Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$	Number of clients	Gross amount ThCh\$
307	134,030,314	93	241,535,134	-	-	93	241,535,134
37	742,503	10	1,794,517	-	-	10	1,794,517
15	47,700	16	84,972	-	-	16	84,972
18	61,797	1	6,637,238	-	-	1	6,637,238
16	308,432	12	493,005	-	-	12	493,005
17	274,643	-	138,523	-	-	-	138,523
16	4,577	-	-	-	-	-	-
1	-	-	-	-	-	-	-
4	311	-	-	-	-	-	-
37	4,459,462	5	76,250	-	-	5	76,250
<b>468</b>	<b>139,929,739</b>	<b>137</b>	<b>250,759,639</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>250,759,639</b>

## b) Portfolio in default and in legal collection process.

Portfolio in Default and in Legal Collection Process	Balance at 31-12-2013		Balance at 31-12-2012		Balance at 01-01-2012	
	Number of clients	Amount ThCh\$	Number of clients	Amount ThCh\$	Number of clients	Amount ThCh\$
Notes receivable in legal collection process (*)	5	223,563	6	298,950	-	-
<b>Total</b>	<b>5</b>	<b>223,563</b>	<b>6</b>	<b>298,950</b>	<b>-</b>	<b>-</b>

(\*) Legal collections are included in the portfolio in arrears.

## c) Provisions and write-offs

Provisions and Write-offs	Balance at		
	31-12-2013 ThCh\$	31-12-2012 ThCh\$	31-12-2011 ThCh\$
Provision for non-renegotiated portfolio	(140,365)	(1,460,736)	4,024,394
Write-offs during the period	(411,830)	(271,908)	(74,259)
<b>Total</b>	<b>(552,195)</b>	<b>(1,732,644)</b>	<b>3,950,135</b>

## d) Number and amount of operations

Number and Amount of Operations	Balance at					
	31-12-2013		31-12-2012		31-12-2011	
	Total detail by type of operation Last Quarter	Total detail by type of operation Annual Accumulation	Total detail by type of operation Last Quarter	Total detail by type of operation Annual Accumulation	Total detail by type of operation Last Quarter	Total detail by type of operation Annual Accumulation
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Impairment provision and recoveries</b>						
Number of operations	24	124	10	26	12	12
Amount of operations, in ThCh\$	(159,544)	(140,365)	(815,265)	(1,460,736)	4,236,635	4,024,394

# Appendix 6.1

## Complementary Information on Trade Receivables:

This appendix forms an integral part of the Endesa Chile financial statements.

### a) Portfolio stratification

#### - Trade receivables by time in arrears:

Saldo al 31-12-2013												
Trade Receivables	Up to date ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current ThCh\$	Total Non- current ThCh\$
Generation and transmission receivables	203,773,215	751,245	157,913	69,022	70,393	21,226,096	1,050	118	845	3,093,213	229,143,110	125,349,056
-Large clients	178,104,188	751,245	157,913	69,022	70,393	21,226,096	1,050	118	845	3,093,213	203,474,083	-
-Institutional clients	22,542,434	-	-	-	-	-	-	-	-	-	22,542,434	125,349,056
-Others	3,126,593	-	-	-	-	-	-	-	-	-	3,126,593	-
Impairment provision	(215,507)	-	-	-	-	(55,494)	-	-	-	(2,423,973)	(2,694,974)	-
Non-invoiced services	146,445,453	-	-	-	-	-	-	-	-	-	146,445,453	1,510,879
Invoiced services	57,327,762	751,245	157,913	69,022	70,393	21,226,096	1,050	118	845	3,093,213	82,697,657	123,838,177
<b>Total Trade Receivables, Gross</b>	<b>203,773,215</b>	<b>751,245</b>	<b>157,913</b>	<b>69,022</b>	<b>70,393</b>	<b>21,226,096</b>	<b>1,050</b>	<b>118</b>	<b>845</b>	<b>3,093,213</b>	<b>229,143,110</b>	<b>125,349,056</b>
<b>Total Impairment Provision</b>	<b>(215,507)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,494)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,423,973)</b>	<b>(2,694,974)</b>	<b>-</b>
<b>Total Trade Receivables, Net</b>	<b>203,557,708</b>	<b>751,245</b>	<b>157,913</b>	<b>69,022</b>	<b>70,393</b>	<b>21,170,602</b>	<b>1,050</b>	<b>118</b>	<b>845</b>	<b>669,240</b>	<b>226,448,136</b>	<b>125,349,056</b>

Saldo al 31-12-2012												
Trade Receivables	Up to date ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	151-180 days in arrears ThCh\$	151-180 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current ThCh\$	Total Non- current ThCh\$
Generation and transmission receivables	134,030,314	742,503	47,700	61,797	308,432	274,643	4,577	-	311	4,459,462	139,929,739	140,323,852
-Large clients	108,571,367	129,281	635	6,290	82,886	272,789	2	-	311	4,457,801	113,521,362	-
-Institutional clients	18,748,525	-	-	-	-	-	-	-	-	-	18,748,525	140,323,852
-Others	6,710,422	613,222	47,065	55,507	225,546	1,854	4,575	-	-	1,661	7,659,852	-
Impairment provision	(260,311)	-	-	-	-	-	-	-	-	(3,065,033)	(3,325,344)	-
Non-invoiced services	65,705,343	-	-	-	-	-	-	-	-	-	65,705,343	-
Invoiced services	68,324,972	742,503	47,700	61,797	308,432	274,643	4,577	-	311	4,459,461	74,224,395	140,323,852
<b>Total Trade Receivables, Gross</b>	<b>134,030,314</b>	<b>742,503</b>	<b>47,700</b>	<b>61,797</b>	<b>308,432</b>	<b>274,643</b>	<b>4,577</b>	<b>-</b>	<b>311</b>	<b>4,459,462</b>	<b>139,929,739</b>	<b>140,323,852</b>
<b>Total Impairment Provision</b>	<b>(260,311)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,065,033)</b>	<b>(3,325,344)</b>	<b>-</b>
<b>Total Trade Receivables, Net</b>	<b>133,770,003</b>	<b>742,503</b>	<b>47,700</b>	<b>61,797</b>	<b>308,432</b>	<b>274,643</b>	<b>4,577</b>	<b>-</b>	<b>311</b>	<b>1,394,429</b>	<b>136,604,395</b>	<b>140,323,852</b>

Saldo al 01-01-2012												
Trade Receivables	Up to date ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	151-180 days in arrears ThCh\$	151-180 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current ThCh\$	Total Non- current ThCh\$
Generation and transmission receivables	241,535,134	1,794,517	84,972	6,637,238	493,005	138,523	-	-	-	76,250	250,759,639	148,367,033
-Large clients	185,245,453	1,794,517	84,972	6,637,238	493,005	138,523	-	-	-	76,250	194,469,958	-
-Institutional clients	56,289,681	-	-	-	-	-	-	-	-	-	56,289,681	148,367,033
Impairment provision	(983,105)	-	-	(4,110,640)	(55,494)	-	-	-	-	-	(5,149,239)	-
Non-invoiced services	154,040,301	-	-	-	-	-	-	-	-	-	154,040,301	-
Invoiced services	87,494,833	1,794,517	84,972	6,637,238	493,005	138,523	-	-	-	76,250	96,719,338	148,367,033
<b>Total Trade Receivables, Gross</b>	<b>241,535,134</b>	<b>1,794,517</b>	<b>84,972</b>	<b>6,637,238</b>	<b>493,005</b>	<b>138,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,250</b>	<b>250,759,639</b>	<b>148,367,033</b>
<b>Total Impairment Provision</b>	<b>(983,105)</b>	<b>-</b>	<b>-</b>	<b>(4,110,640)</b>	<b>(55,494)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,149,239)</b>	<b>-</b>
<b>Total Trade Receivables, Net</b>	<b>240,552,029</b>	<b>1,794,517</b>	<b>84,972</b>	<b>2,526,598</b>	<b>437,511</b>	<b>138,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,250</b>	<b>245,610,400</b>	<b>148,367,033</b>

## - By type of portfolio:

Balance at 31-12-2013

Trade Receivables	Up to date ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total gross portfolio ThCh\$
<b>Generation and Transmission</b>											
Non-renegotiated portfolio	203,773,215	751,245	157,913	69,022	70,393	21,226,096	1,050	118	845	3,093,213	229,143,110
-Large clients	178,104,188	751,245	157,913	69,022	70,393	21,226,096	1,050	118	845	3,093,213	203,474,083
-Institutional clients	22,542,434	-	-	-	-	-	-	-	-	-	22,542,434
-Others	3,126,593	-	-	-	-	-	-	-	-	-	3,126,593
<b>Total gross portfolio</b>	<b>203,773,215</b>	<b>751,245</b>	<b>157,913</b>	<b>69,022</b>	<b>70,393</b>	<b>21,226,096</b>	<b>1,050</b>	<b>118</b>	<b>845</b>	<b>3,093,213</b>	<b>229,143,110</b>

Balance at 31-12-2012

Trade Receivables	Up to date ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total cartera bruta M\$
<b>Generation and Transmission</b>											
Non-renegotiated portfolio	134,030,314	742,503	47,700	61,797	308,432	274,643	4,577	-	311	4,459,462	139,929,739
-Large clients	108,571,367	129,281	635	6,290	82,886	272,789	2	-	311	4,457,801	113,521,362
-Institutional clients	18,748,525	-	-	-	-	-	-	-	-	-	18,748,525
-Others	6,710,422	613,222	47,065	55,507	225,546	1,854	4,575	-	-	1,661	7,659,852
<b>Total gross portfolio</b>	<b>134,030,314</b>	<b>742,503</b>	<b>47,700</b>	<b>61,797</b>	<b>308,432</b>	<b>274,643</b>	<b>4,577</b>	<b>-</b>	<b>311</b>	<b>4,459,462</b>	<b>139,929,739</b>

Balance at 01-01-2012

Trade Receivables	Up to date ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total gross portfolio ThCh\$
<b>Generation and Transmission</b>											
Non-renegotiated portfolio	241,535,134	1,794,517	84,972	6,637,238	493,005	138,523	-	-	-	76,250	250,759,639
-Large clients	192,140,087	1,794,517	84,972	6,637,238	493,005	138,523	-	-	-	76,250	201,364,592
-Institutional clients	49,395,047	-	-	-	-	-	-	-	-	-	49,395,047
<b>Total gross portfolio</b>	<b>241,535,134</b>	<b>1,794,517</b>	<b>84,972</b>	<b>6,637,238</b>	<b>493,005</b>	<b>138,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,250</b>	<b>250,759,639</b>

# Appendix 7

## Financial Statements, Restated

This appendix forms an integral part of the Endesa Chile financial statements.

### a) Consolidated statements of financial position

Assets	31-12-2012 (Restated) M\$	31-12-2012 (Issued) ThCh\$	Variation at 31-12-2012 ThCh\$	01-01-2012 (Restated) ThCh\$	01-01-2012 (Issued) ThCh\$	Variation at 01-01-2012 ThCh\$
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	235,677,733	276,794,675	(41,116,942)	389,768,271	421,282,284	(31,514,013)
Other current financial assets	25,119,785	25,119,785	-	914,209	914,209	-
Other current non-financial assets	17,342,247	20,066,719	(2,724,472)	14,307,830	17,191,861	(2,884,031)
Trade and other current receivables	217,682,591	230,397,862	(12,715,271)	278,790,141	296,146,589	(17,356,448)
Accounts receivable from related companies	75,488,611	61,579,669	13,908,942	103,848,707	83,101,044	20,747,663
Inventories	59,362,620	65,658,433	(6,295,813)	49,276,026	55,904,264	(6,628,238)
Current tax assets	150,680,329	155,368,748	(4,688,419)	82,053,456	85,515,069	(3,461,613)
<b>TOTAL CURRENT ASSETS</b>	<b>781,353,916</b>	<b>834,985,891</b>	<b>(53,631,975)</b>	<b>918,958,640</b>	<b>960,055,320</b>	<b>(41,096,680)</b>
<b>NON-CURRENT ASSETS</b>						
Other non-current financial assets	33,304,990	33,402,902	(97,912)	13,492,454	13,598,670	(106,216)
Other non-current non-financial assets	1,931,475	1,965,247	(33,772)	1,175,332	1,463,429	(288,097)
Non-current receivables	146,964,151	146,964,151	-	151,608,768	151,608,768	-
Investments accounted for using the equity method	755,133,157	586,319,682	168,813,475	732,426,214	582,198,848	150,227,366
Intangible assets other than goodwill	55,752,625	55,918,748	(166,123)	45,528,291	45,679,853	(151,562)
Goodwill	101,747,086	101,760,013	(12,927)	106,385,017	106,399,041	(14,024)
Property, plant, and equipment	4,515,242,392	4,659,460,624	(144,218,232)	4,451,020,122	4,603,902,502	(152,882,380)
Deferred tax assets	61,801,271	67,912,666	(6,111,395)	86,152,590	97,106,685	(10,954,095)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,671,877,147</b>	<b>5,653,704,033</b>	<b>18,173,114</b>	<b>5,587,788,788</b>	<b>5,601,957,796</b>	<b>(14,169,008)</b>
<b>TOTAL ASSETS</b>	<b>6,453,231,063</b>	<b>6,488,689,924</b>	<b>(35,458,861)</b>	<b>6,506,747,428</b>	<b>6,562,013,116</b>	<b>(55,265,688)</b>

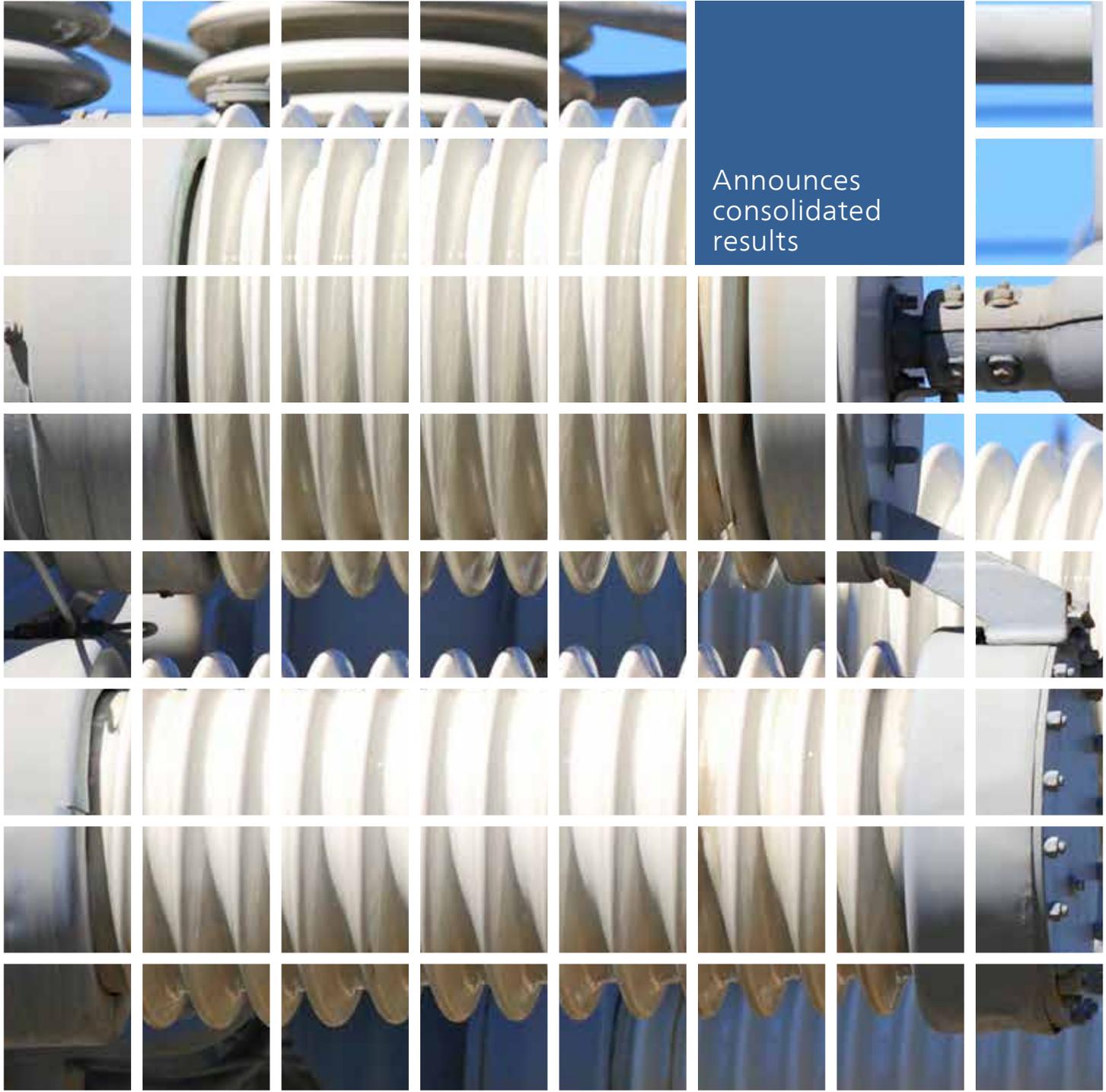
	31-12-2012 (Restated) ThCh\$	31-12-2012 (Issued) ThCh\$	Variation at 31-12-2012 ThCh\$	01-01-2012 (Restated) ThCh\$	01-01-2012 (Issued) ThCh\$	Variation at 01-01-2012 ThCh\$
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Other current financial liabilities	406,455,036	413,106,828	(6,651,792)	294,300,017	305,557,690	(11,257,673)
Trade and other current payables	320,459,388	330,839,969	(10,380,581)	341,751,089	357,781,381	(16,030,292)
Accounts payable to related companies	215,916,921	213,600,122	2,316,799	137,455,787	135,386,489	2,069,298
Other current provisions	38,424,832	39,824,825	(1,399,993)	36,347,930	36,861,198	(513,268)
Current tax liabilities	78,374,028	79,764,107	(1,390,079)	90,465,240	92,175,628	(1,710,388)
Other current non-financial liabilities	6,387,423	8,362,377	(1,974,954)	5,700,771	9,466,893	(3,766,122)
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,066,017,628</b>	<b>1,085,498,228</b>	<b>(19,480,600)</b>	<b>906,020,834</b>	<b>937,229,279</b>	<b>(31,208,445)</b>
<b>NON-CURRENT LIABILITIES</b>						
Other non-current financial liabilities	1,525,651,818	1,525,651,818	-	1,728,093,903	1,728,093,903	-
Other long-term provisions	19,593,979	19,593,979	-	12,301,639	12,301,639	-
Deferred tax liabilities	320,277,100	331,894,233	(11,617,133)	321,510,926	338,888,981	(17,378,055)
Non-current provisions for employee benefits	39,672,411	39,799,128	(126,717)	36,041,426	36,569,407	(527,981)
Other non-current non-financial liabilities	47,524,798	51,609,093	(4,084,295)	61,780,693	67,790,334	(6,009,641)
<b>NON-CURRENT LIABILITIES</b>	<b>1,952,720,106</b>	<b>1,968,548,251</b>	<b>(15,828,145)</b>	<b>2,159,728,587</b>	<b>2,183,644,264</b>	<b>(23,915,677)</b>
<b>TOTAL LIABILITIES</b>	<b>3,018,737,734</b>	<b>3,054,046,479</b>	<b>(35,308,745)</b>	<b>3,065,749,421</b>	<b>3,120,873,543</b>	<b>(55,124,122)</b>
<b>EQUITY</b>						
Issued capital	1,331,714,085	1,331,714,085	-	1,331,714,085	1,331,714,085	-
Retained earnings	1,709,375,632	1,709,375,632	-	1,636,787,540	1,636,787,540	-
Share premium	206,008,557	206,008,557	-	206,008,557	206,008,557	-
Other reserves	(705,855,875)	(705,855,875)	-	(615,972,185)	(615,972,185)	-
Equity attributable to shareholders of Endesa Chile	2,541,242,399	2,541,242,399	-	2,558,537,997	2,558,537,997	-
Non-controlling interests	893,250,930	893,401,046	(150,116)	882,460,010	882,601,576	(141,566)
<b>TOTAL EQUITY</b>	<b>3,434,493,329</b>	<b>3,434,643,445</b>	<b>(150,116)</b>	<b>3,440,998,007</b>	<b>3,441,139,573</b>	<b>(141,566)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,453,231,063</b>	<b>6,488,689,924</b>	<b>(35,458,861)</b>	<b>6,506,747,428</b>	<b>6,562,013,116</b>	<b>(55,265,688)</b>

## b) Consolidated statement of comprehensive income

	2012 Variation ThCh\$	2012 Variation ThCh\$	Variation 2012 ThCh\$	2011 Variation ThCh\$	2011 Variation ThCh\$	Variation 2011 ThCh\$
<b>STATEMENT OF COMPREHENSIVE INCOME Profit (Loss)</b>						
Sales	2,255,145,360	2,301,821,443	(46,676,083)	2,267,839,378	2,387,451,263	(119,611,885)
Other operating income	65,239,964	67,564,931	(2,324,967)	16,425,409	17,038,942	(613,533)
<b>Revenues</b>	<b>2,320,385,324</b>	<b>2,369,386,374</b>	<b>(49,001,050)</b>	<b>2,284,264,787</b>	<b>2,404,490,205</b>	<b>(120,225,418)</b>
Raw materials and consumables used	(1,318,479,928)	(1,328,702,775)	10,222,847	(1,139,133,019)	(1,217,260,077)	78,127,058
<b>Contribution Margin</b>	<b>1,001,905,396</b>	<b>1,040,683,599</b>	<b>(38,778,203)</b>	<b>1,145,131,768</b>	<b>1,187,230,128</b>	<b>(42,098,360)</b>
Other work performed by the entity and capitalized	12,763,186	12,763,186	-	10,597,856	10,597,856	-
Employee benefits expenses	(102,456,232)	(106,975,269)	4,519,037	(75,915,220)	(80,389,456)	4,474,236
Depreciation and amortization expense	(184,567,997)	(190,522,970)	5,954,973	(170,505,351)	(176,447,100)	5,941,749
Reversal of impairment loss (impairment loss) recognized in the period's profit or loss	(11,117,362)	(11,117,362)	-	(9,472,766)	(9,472,766)	-
Other expenses	(104,111,191)	(112,621,980)	8,510,789	(133,146,638)	(143,548,052)	10,401,414
<b>Operating Income</b>	<b>612,415,800</b>	<b>632,209,204</b>	<b>(19,793,404)</b>	<b>766,689,649</b>	<b>787,970,610</b>	<b>(21,280,961)</b>
Other gains (losses)	1,422,458	1,392,470	29,988	2,010,780	2,010,780	-
Financial income	14,629,962	14,922,301	(292,339)	28,264,192	28,039,261	224,931
Financial costs	(148,468,667)	(149,224,963)	756,296	(135,257,667)	(137,535,382)	2,277,715
Share of profit (loss) of associates accounted for using the equity method	135,012,994	116,944,901	18,068,093	138,855,650	123,033,273	15,822,377
Foreign currency exchange differences	(12,090,438)	(10,739,861)	(1,350,577)	(6,649,911)	(6,466,655)	(183,256)
<b>Profit (loss) from indexed assets and liabilities</b>	<b>(1,066,291)</b>	<b>(991,050)</b>	<b>(75,241)</b>	<b>(5,447,396)</b>	<b>(5,332,672)</b>	<b>(114,724)</b>
Net income before tax	601,855,818	604,513,002	(2,657,184)	788,465,297	791,719,215	(3,253,918)
Income tax	(182,832,956)	(185,470,223)	2,637,267	(207,329,896)	(210,564,505)	3,234,609
Net income from continuing operations	419,022,862	419,042,779	(19,917)	581,135,401	581,154,710	(19,309)
Net income from discontinued operations	-	-	-	-	-	-
<b>NET INCOME</b>	<b>419,022,862</b>	<b>419,042,779</b>	<b>(19,917)</b>	<b>581,135,401</b>	<b>581,154,710</b>	<b>(19,309)</b>
<b>Net income attributable to</b>						
Shareholders of Endesa Chile	234,335,264	234,335,264	-	446,874,043	446,874,043	-
Non-controlling interests	184,687,599	184,707,515	(19,916)	134,261,358	134,280,667	(19,309)
<b>NET INCOME</b>	<b>419,022,863</b>	<b>419,042,779</b>	<b>(19,916)</b>	<b>581,135,401</b>	<b>581,154,710</b>	<b>(19,309)</b>
<b>Basic earnings per share</b>						
Basic earnings per share from continuing operations	28.57	28.57	28.57	54.49	54.49	54.49
Basic earnings per share	28.57	28.57	28.57	54.49	54.49	54.49
<b>Diluted earnings per share</b>						
Diluted earnings per share from continuing operations	28.57	28.57	28.57	54.49	54.49	54.49
Diluted earnings per share	28.57	28.57	28.57	54.49	54.49	54.49

## c) Consolidated statement of cash flow

Statement of Direct Cash Flow	2012 (Restated) ThCh\$	2012 (Issued) ThCh\$	Variation 2012 ThCh\$	2011 (Restated) ThCh\$	2011 (Issued) ThCh\$	Variation 2011 ThCh\$
<b>Cash flow from (used in) operating activities</b>						
<b>Types of collections from operating activities</b>						
Collections from the sale of goods and services	2,499,606,379	2,557,471,193	(57,864,814)	2,368,738,929	2,504,061,586	(135,322,657)
Collections from premiums and services, annual payments, and other benefits from policies held	5,903,050	5,903,050	-	16,628,221	16,628,221	-
Other collections from operating activities	54,355,078	56,299,609	(1,944,531)	2,378,295	7,361,320	(4,983,025)
<b>Types of payments</b>						
Payments to suppliers for goods and services	(1,523,776,643)	(1,553,989,987)	30,213,344	(1,321,067,912)	(1,434,235,803)	113,167,891
Payments to and on behalf of employees	(101,337,905)	(106,519,088)	5,181,183	(67,270,485)	(72,061,666)	4,791,181
Payments on premiums and services, annual payments, and other obligations from policies held	(6,428,460)	(7,660,814)	1,232,354	(5,064,371)	(5,126,423)	62,052
Other payments for operating activities	(39,729,787)	(40,479,993)	750,206	(25,946,895)	(27,518,236)	1,571,341
Income taxes reimbursed (paid)	(213,016,120)	(213,483,352)	467,232	(231,950,211)	(232,151,601)	201,390
Other inflows (outflows) of cash	(137,591,721)	(143,282,989)	5,691,268	(71,911,854)	(71,851,264)	(60,590)
<b>Net cash flows from (used in) operating activities</b>	<b>537,983,871</b>	<b>554,257,629</b>	<b>(16,273,758)</b>	<b>664,533,717</b>	<b>685,106,134</b>	<b>(20,572,417)</b>
<b>Cash flows from (used in) investment activities</b>						
Cash flows used to obtain control of subsidiaries or other business	(7,140,000)	-	(7,140,000)	(4,058,192)	-	(4,058,192)
Other payments to acquire equity or debt instruments from other entities	(25,017,177)	(25,017,177)	-	-	-	-
Loans to related companies	(2,000)	(2,000)	-	(36,828,162)	(35,527,662)	(1,300,500)
Proceeds from the sale of property, plant, and equipment	755,445	755,445	-	4,808,823	4,808,823	-
Purchases of property, plant, and equipment	(257,474,634)	(261,759,378)	4,284,744	(259,673,138)	(266,667,712)	6,994,574
Purchases of intangible assets	(8,535)	(112,193)	103,658	(3,935,477)	(3,940,411)	4,934
Payments from future, forward, option, and swap contracts	(2,691,688)	(2,691,688)	-	(3,474,792)	(3,474,792)	-
Collections from future, forward, option, and swap contracts	2,013,452	2,013,452	-	4,108,554	4,108,554	-
Collections from related entities	2,600,730	-	2,600,730	-	-	-
Dividends received	10,898,590	10,898,590	-	100,121,048	100,121,048	-
Interest received	7,053,828	7,053,828	-	6,138,870	6,138,870	-
Other inflows (outflows) of cash	10,693,352	10,693,352	-	41,114	41,114	-
<b>Net cash flows from (used in) investment activities</b>	<b>(258,318,637)</b>	<b>(258,167,769)</b>	<b>(150,868)</b>	<b>(192,751,352)</b>	<b>(194,392,168)</b>	<b>1,640,816</b>
<b>Cash flows from (used in) financing activities</b>						
<b>Total proceeds from loans</b>	<b>233,456,449</b>	<b>233,456,449</b>	<b>-</b>	<b>219,433,669</b>	<b>219,433,669</b>	<b>-</b>
Proceeds from long-term loans	229,377,002	229,377,002	-	219,433,669	219,433,669	-
Proceeds from short-term loans	4,079,447	4,079,447	-	-	-	-
Loans from related companies	210,996,548	210,996,548	-	53,289,193	44,160,543	9,128,650
Payments on borrowings	(253,055,606)	(255,656,336)	2,600,730	(139,777,444)	(149,315,986)	9,538,542
Payments on finance lease liabilities	(7,522,468)	(7,522,468)	-	(8,811,381)	(8,811,381)	-
Payments on loans to related companies	(100,716,674)	(100,716,674)	-	(34,110,125)	(34,110,125)	-
Dividends paid	(380,332,864)	(380,332,864)	-	(368,222,978)	(368,222,978)	-
Interest paid	(124,326,459)	(125,167,043)	840,584	(107,274,772)	(109,669,012)	2,394,240
Other inflows (outflows) of cash	(12,497,098)	(13,576,169)	1,079,071	(14,786,723)	(10,653,080)	(4,133,643)
<b>Net cash flows from (used in) financing activities</b>	<b>(433,998,172)</b>	<b>(438,518,557)</b>	<b>4,520,385</b>	<b>(400,260,561)</b>	<b>(417,188,350)</b>	<b>16,927,789</b>
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>(154,332,938)</b>	<b>(142,428,697)</b>	<b>(11,904,241)</b>	<b>71,521,804</b>	<b>73,525,616</b>	<b>(2,003,812)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>						
Effect of exchange rate changes on cash and cash equivalents	242,400	(2,058,912)	2,301,312	14,486,741	14,486,809	(68)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(154,090,538)</b>	<b>(144,487,609)</b>	<b>(9,602,929)</b>	<b>86,008,545</b>	<b>88,012,425</b>	<b>(2,003,880)</b>
Cash and cash equivalents at beginning of period	389,768,271	421,282,284	(31,514,013)	303,759,726	333,269,859	(29,510,133)
<b>Cash and cash equivalents at end of period</b>	<b>235,677,733</b>	<b>276,794,675</b>	<b>(41,116,942)</b>	<b>389,768,271</b>	<b>421,282,284</b>	<b>(31,514,013)</b>



Announces  
consolidated  
results

# Endesa Chile Announces Consolidated Results

For the period ended december 31, 2013

## Summary

- Net earnings attributable to Endesa Chile's controlling shareholders reached Ch\$ 353,927 million in 2013 increasing by 51% when compared to December 2012, mainly explained by the increase in operating income due to lower generation costs.
- Consolidated electricity sales dropped 1.5% reaching 57,754 GWh, as a result of less contracts in Chile, Peru and Colombia.
- Net consolidated energy generation decreased by 1.5% amounting 51,417 GWh, mainly due to a decrease in hydro generation in Chile and Colombia, to conditioned dispatch by CAMMESA in Argentina, and to lower thermal generation in Peru.
- Operating revenues decreased by 13% reaching Ch\$ 2,027,432 million, mainly as a consequence of lower average energy sales price due to less contracts in Chile indexed to marginal cost and a decrease in physical sales in most of the countries where we operate.
- Procurement and services costs declined by 37% to Ch\$ 830,873 million, explained by lower fuel consumption costs in Argentina and Chile, and lower energy purchases in Chile and Peru.
- Procurement and services costs declined by 37% to Ch\$ 830,873 million, explained by lower fuel consumption costs in Argentina and Chile, and lower energy purchases in Chile and Peru.
- Net financial expense reached Ch\$ 137,130 million, down 7% from the previous year, mainly due to a higher financial income from Colombia related to its higher cash availability, coupled with lower interest expense in Peru due to debt amortization which was not refinanced.
- The share of profits of associates declined by 12% to Ch\$ 119,347 million, mainly explained by a lower net income of GasAtacama, HidroAysén and Endesa Brasil.

## Financial Summary

- Consolidated debt reached US\$ 3,836 million, decreasing by 6% when compared to December 2012.
- The average interest rate, significant cost component, fell from 7.9% to 7.6%, mainly due to the period's lower rate of inflation.
- Financial expenses coverage ratio increased from 5.0 to 6.3 times due to greater EBITDA.
- Liquidity, a critical financial management component, continues to stand in a solid position as shown below:
  - Consolidated committed credit lines: US\$ 493 million.
  - Consolidated uncommitted credit lines: US\$ 353 million.
  - Consolidated Cash and cash equivalents: US\$ 617 million.

# I. Consolidated Income Statement Analysis

## 1. Net Income

Income attributable to the controlling shareholders of Endesa Chile in 2013 was Ch\$ 353,927 million, compared to Ch\$ 234,335 million booked for 2012, representing a 51% increase.

As a result of the application of IFRS 11, "Joint Arrangements," as of January 1, 2013, jointly controlled companies, which until December 31, 2012 were consolidated on a proportional basis, are now being recorded under the equity method instead, as required by the new standard for "Joint Arrangements" that qualify as Joint Ventures. The applicable companies are Centrales Hidroeléctricas de Aysén S.A. and its subsidiaries, Inversiones Gas Atacama Holding Ltda. and its subsidiaries, and Transmisora Eléctrica de Quillota Ltda. For comparative purposes only, prior years need to be restated under IFRS 11, "Joint Arrangements," as of 2013. These changes do not have any effect on equity or on income attributable to shareholders of Endesa Chile.

A comparison of each item of the income statement is presented below:

Consolidated Income Statement (Million Ch\$)	Dec-13	Dec-12	Chg	Chg %
<b>REVENUES</b>	<b>2,027,432</b>	<b>2,320,385</b>	<b>(292,953)</b>	<b>(13%)</b>
Sales	1,965,904	2,255,145	(289,241)	(13%)
Other operating revenues	61,528	65,240	(3,712)	(6%)
<b>PROCUREMENT AND SERVICES</b>	<b>(830,873)</b>	<b>(1,318,480)</b>	<b>487,607</b>	<b>(37%)</b>
Energy purchases	(237,677)	(310,585)	72,908	(23%)
Fuel consumption	(307,849)	(732,310)	424,461	(58%)
Transportation expenses	(233,607)	(235,207)	1,600	(1%)
Other variable costs	(51,740)	(40,378)	(11,362)	28%
<b>CONTRIBUTION MARGIN</b>	<b>1,196,559</b>	<b>1,001,905</b>	<b>194,654</b>	<b>19%</b>
Other work performed by entity and capitalized	18,982	12,763	6,219	49%
Employee benefits expense	(123,450)	(102,456)	(20,994)	20%
Other fixed operating expenses	(113,097)	(104,111)	(8,986)	9%
<b>GROSS OPERATING INCOME (EBITDA)</b>	<b>978,994</b>	<b>808,101</b>	<b>170,893</b>	<b>21%</b>
Depreciation, Amortization	(189,696)	(184,568)	(5,128)	3%
Reversal of impairment profit	(6,459)	(11,117)	4,658	(42%)
<b>OPERATING INCOME</b>	<b>782,839</b>	<b>612,416</b>	<b>170,423</b>	<b>28%</b>
<b>NET FINANCIAL EXPENSE</b>	<b>(137,130)</b>	<b>(146,995)</b>	<b>9,865</b>	<b>(7%)</b>
Financial income	18,292	14,630	3,662	25%
Financial costs	(142,667)	(148,469)	5,802	(4%)
Gain (Loss) for indexed assets and liabilities	1,002	(1,066)	2,068	194%
Foreign currency exchange differences, net	(13,757)	(12,090)	(1,667)	14%
<b>OTHER NON OPERATING RESULTS</b>	<b>122,704</b>	<b>136,435</b>	<b>(13,731)</b>	<b>(10%)</b>
Share of profit (loss) of associates accounted for using the equity method	119,347	135,013	(15,666)	(12%)
Net income from other investments	793	657	136	21%
Net income from sale of assets	2,564	765	1,799	235%
<b>NET INCOME BEFORE TAXES</b>	<b>768,413</b>	<b>601,856</b>	<b>166,557</b>	<b>28%</b>
Income Tax	(204,907)	(182,833)	(22,074)	12%
<b>NET INCOME</b>	<b>563,506</b>	<b>419,023</b>	<b>144,483</b>	<b>34%</b>
Owners of parent	353,927	234,335	119,592	51%
Non - controlling interest	209,579	184,688	24,891	13%
<b>Earning per share (Ch\$/ share)</b>	<b>43.2</b>	<b>28.6</b>	<b>14.6</b>	<b>51%</b>

## Operating Income

Operating income reached Ch\$ 782,839 million in 2013, a 28% over the Ch\$ 612,416 million recorded in 2012.

This higher income is mainly explained by Ch\$ 424,461 million of lower fuel costs, Ch\$ 72,908 million of lower energy purchases and Ch\$ 1,600 million of lower transportation costs. The impact of the lower costs mentioned is partially offset by Ch\$ 292,953 million of lower operating revenues due to both lower average energy sales price and lower physical sales.

Endesa Chile's EBITDA, or gross operating income, increased by 21% when compared to 2012, reaching Ch\$ 978,994 million, which does not include the profit from the investment in Endesa Brasil, not consolidated into Endesa Chile, and therefore accounted for as share of profit (losses) of associates using the equity method, which reached Ch\$ 94,403 million as of December, 2013.

Endesa Chile and subsidiaries' summarized revenues, costs and operating income per country for the periods ended December 31, 2013 and 2012, are shown below:

COUNTRY (Milion Ch\$)	Chile		Argentina		Colombia		Peru		Consolidated	
	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12
Operating Revenues % of consolidated	973,139	1,114,620	131,443	344,178	639,504	580,125	283,807	282,124	2,027,432	2,320,385
	48%	48%	6%	15%	32%	25%	14%	12%	100%	100%
Operating Costs % of consolidated	(701,414)	(943,226)	(96,515)	(341,705)	(275,510)	(242,474)	(171,615)	(181,226)	(1,244,593)	(1,707,969)
	56%	55%	8%	20%	22%	14%	14%	11%	100%	100%
<b>Operating Income</b>	<b>271,725</b>	<b>171,394</b>	<b>34,928</b>	<b>2,473</b>	<b>363,994</b>	<b>337,651</b>	<b>112,192</b>	<b>100,898</b>	<b>782,839</b>	<b>612,416</b>

Revenues, costs and operating income per subsidiary of Endesa Chile, for the periods ended December 31, 2013 and 2012, are shown below:

Millones Ch\$	2013			2012		
	Operating Revenues	Operating Costs	Operating Income	Operating Revenues	Operating Costs	Operating Income
Endesa Costanera	94,888	(73,744)	21,144	295,140	(317,228)	(22,088)
El Chocón	36,687	(22,451)	14,236	49,193	(24,328)	24,865
Investment Vehicles in Argentina and Consolidation Adjustments	(132)	(320)	(452)	(155)	(149)	(304)
Edegel	284,247	(171,921)	112,326	279,711	(178,658)	101,053
Investment Vehicles in Peru and Consolidation Adjustments	(440)	306	(134)	2,413	(2,568)	(155)
Emgesa	639,460	(275,532)	363,928	580,151	(242,490)	337,661
Investment Vehicles in Colombia and Consolidation Adjustments	44	22	66	(26)	16	(10)
Consolidation Foreign Subsidiaries Adjustments	(461)	461	-	(662)	662	-
Endesa Chile and Chilean subsidiaries	973,139	(701,414)	271,725	1,114,620	(943,226)	171,394
<b>Total Consolidation</b>	<b>2,027,432</b>	<b>(1,244,593)</b>	<b>782,839</b>	<b>2,320,385</b>	<b>(1,707,969)</b>	<b>612,416</b>

# Analysis by Country

## Chile

Operations in Chile recorded a 59% increase in operating income reaching a total of Ch\$ 271,725 million, and EBITDA increased by 36% to Ch\$ 364,302 million in 2013. This improved business performance in Chile was a consequence of Ch\$ 173,748 million of lower fuel costs. Additionally, energy purchases declined by Ch\$ 94,911 million due to lower energy needs for sale and a reduced average purchase price in the period. Also, transportation costs declined by Ch\$ 3,830 million.

The above mentioned facts were partially offset by a Ch\$ 141,481 million reduction in operating revenues due to a lower average energy sales price primarily explained by less contracts indexed to the marginal cost, coupled with a 2.3% reduction of physical energy sales mainly to unregulated customers. In addition, it is worth mentioning, that in March 2012, a one-time extraordinary income of Ch\$ 29,217 million was recorded due to an agreement reached between Endesa Chile and CMPC. In addition, in December 2012, a one-time extraordinary income of Ch\$ 55,057 million was accounted in Endesa Chile due to the agreed compensation with the insurance company for loss of profits as a result of the disaster of February 27, 2010. Finally, payroll expenses increased by Ch\$ 9,874 million due to higher staff and to wages indexing to inflation.

## Argentina

Operating income in Argentina increased by Ch\$ 32,455 million in 2013, while EBITDA reached Ch\$ 55,799 million as of December 2013 compared to Ch\$ 25,166 million in the previous year. These positive figures included Ch\$ 33,050 million related to Endesa Costanera's combined cycle availability contract, offset by Ch\$ 2,202 million of higher energy purchases and Ch\$ 3,137 million increase in payroll expenses.

Our subsidiary Endesa Costanera went from a Ch\$ 22,088 million operating loss in 2012 to a Ch\$ 21,144 million profit in 2013 due to a Ch\$ 33,050 million increase in revenues mainly due to the combined cycle availability contract executed with the Secretariat of Energy and higher energy sales, lower transportation costs of Ch\$ 1,318 million, lower other fixed costs of Ch\$ 1,532 million, lower depreciation costs of Ch\$ 1,445 million, offset by Ch\$ 3,086 million increase in energy purchases, Ch\$ 423 million increase in other variable procurement and services costs, and Ch\$ 3,344 million increase in payroll expenses. Physical sales grew by 3.5 % to reach 8,962 GWh.

Operating income of El Chocón reached Ch\$ 14,236 million, decreasing by 43% when compared to December 2012. This was mainly explained by a 25% reduction in operating revenues, which totaled Ch\$ 36,687 million despite the 6.1% increase in physical sales, primarily related to the exchange rate conversion effect and a decline in average sales price. Procurement and services costs decreased by Ch\$ 1,987 million, basically due to Ch\$ 2,063 million of lower other variable procurement and services costs and Ch\$ 884 million of lower energy purchases, offset by Ch\$ 960 million of higher transportation costs. Physical sales increased by 6.1 % to reach 3,392 GWh.

The conversion effect resulting from the translation of financial statements expressed in Argentine pesos to Chilean peso in both periods causes a 15.4% reduction in Chilean pesos in 2013 when compared to 2012.

## Colombia

Operating revenues of Colombian operations increased by 10% reaching Ch\$ 639,504 million in 2013, and EBITDA, or gross operating income increased by 7% when compared to December 2012, reaching Ch\$ 401,574 million. This better results are mainly explained by a Ch\$ 59,378 million operating revenues increase mainly due to a higher energy sales price in the spot market, and by Ch\$ 6,189 million of lower other variable procurement and services costs.

The above was partially compensated by a Ch\$ 38,482 million increase in energy purchases due to the higher purchase price in the spot market, coupled with higher physical energy purchases.

The conversion effect resulting from the translation of financial statements expressed in Colombian pesos to Chilean pesos in both periods causes a 2.0% reduction in Chilean pesos in 2013 when compared to 2012.

## Perú

Operating income of Peruvian operations increased by 11% to reach Ch\$ 112,192 million in 2013, compared to Ch\$ 100,898 million for 2012. EBITDA, or gross operating income, increased by 13% reaching Ch\$ 157,318 million. Operating revenues rose by 1%, equivalent to Ch\$ 1,682 million. This increase was primarily due to the compensation claim recognition of the Santa Rosa plant for Ch\$ 19,950 million, offset by lower income from energy sales of Ch\$ 17,911 million due to lower physical sales.

In addition to the above, there was a Ch\$ 18,681 million reduction in energy purchases associated with lower physical purchases and lower purchase prices in the spot market, coupled with a lower fuel cost of Ch\$ 3,326 million due to lower thermal generation due the reduced availability of Santa Rosa units, the above offset by higher other variable procurement costs and services of Ch\$ 5,812 million.

The conversion effect resulting from the translation of financial statements expressed in the Peruvian sol to the Chilean peso in both periods causes a 0.5% reduction in Chilean pesos in 2013 when compared to 2012.

## Net Financial Result

Net financial income of Endesa Chile recorded a Ch\$ 137,130 million loss in 2013, decreasing by 7% when compared to the Ch\$ 146,995 million loss for the period ended December 2012. This variation is mainly explained by Ch\$ 3,662 million of higher financial income, by Ch\$ 2,068 million of higher gain for indexed assets and liabilities, and by Ch\$ 5,802 million reduction in financial expenses, offset by a Ch\$ 1,667 greater loss due to exchange differences.

## Other Results and Taxes

Share of profits of Associates reached Ch\$ 119,347 million in 2013, decreasing by 12% when compared to 2012. This variation was mainly due to Ch\$ 1,303 million of lower net income in Gas Atacama S.A., Ch\$ 1,713 million of lower net income in HidroAysén, and Ch\$ 13,101 million of lower net income in Endesa Brasil.

Income tax expenses increased by 12% in 2013, equivalent to Ch\$ 22,074 million, when compared to 2012.

# 2. Consolidated Balance Sheet Analysis

Assets (million Ch\$)	Dec-13	Dec-12	Chg	Chg %
Current Assets	965,432	781,354	184,078	24%
Non-Current Assets	5,796,693	5,671,877	124,816	2%
<b>Total Assets</b>	<b>6,762,125</b>	<b>6,453,231</b>	<b>308,894</b>	<b>5%</b>

Total assets of the company, as of December 2013, increased by Ch\$ 308,894 million when compared to December 2012, primarily due to:

- An increase in Current Assets amounting to Ch\$ 184,078 million equivalent to 24%, mainly due to:
  - An increase in cash and cash equivalents of Ch\$ 88,130 million, particularly an increase in Emgesa by Ch\$ 40,008 million as a result of a Ch\$ 550,230 million increase in collections, Ch\$ 111,306 million increase in cash deposits, Ch\$ 153,690 million increase from bonds issues, and Ch\$ 25,162 million increase from certificates of deposit payment. These effects were partially offset by Ch\$ 487,148 million of investment and interest payments, Ch\$ 204,981 million dividend payment and Ch\$ 107,031 million of tax payment.
  - An increase in related company account receivables of Ch\$ 56,421 million, mainly explained by dividend receivables from Endesa Brasil amounting to Ch\$ 47,523 million and by higher account receivables from Chilectra of Ch\$ 6,000 million related to energy sales.

- An increase of trade receivables and other accounts receivables of Ch\$ 30,080 million. In Emgesa, an increase of Ch\$ 19,183 million, mainly higher receivables from energy sales of Ch\$ 13,257 million. In Celta, a rise of Ch\$ 22,978 million, mainly due to YPF amendment of Ch\$ 18,327 million. This was offset by a Ch\$ 15,613 million decrease in Endesa Chile.
- The above was partially offset by a Ch\$ 13,208 million reduction in inventories.
- An increase of Non-current assets of Ch\$ 124,816 million, mainly due by:
  - Increase of Ch\$ 177,047 million in property, plant and equipment, mainly due investments during the period of Ch\$ 387,671 million, offset by depreciation for the period of Ch\$ 185,735 million, negative conversion effects of Ch\$ 13,150 million and impairment losses of Ch\$ 6,599 million.
  - Decrease of Ch\$ 29,245 million in other non-current financial assets, mainly due to the transfer of financial derivatives for Ch\$ 28,676 million to short-term.
  - Decrease of Ch\$ 15,367 million in non-current receivable rights, mainly due to negative conversion effects of Ch\$ 24,040 million, offset by foreign exchange differences of Ch\$ 10,878 million of accounts receivables of both El Chocón and Costanera with Foninvemen.

#### LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities and Shareholder's Equity (Million Ch\$)	Dec-13	Dec-12	Chg	Chg %
Current Liabilities	1,238,391	1,066,018	172,373	16%
Non-Current Liabilities	1,935,920	1,952,720	(16,800)	(1%)
Equity	3,587,814	3,434,493	153,321	4%
Equity attributable to owners of parent	2,651,968	2,541,242	110,726	4%
Non-controlling	935,846	893,251	42,595	5%
<b>Total Equity and Liabilities</b>	<b>6,762,125</b>	<b>6,453,231</b>	<b>308,894</b>	<b>5%</b>

The Company's Total Liabilities increased by Ch\$ 308,894 million when compared to December 2012, mainly due to:

- Aumento de los Pasivos Corrientes en Ch\$ 172.373 millones, equivalente a un 16%, que se explica principalmente por:
  - An increase of Ch\$ 94,292 million in trade and other current payables. Endesa Chile increased by Ch\$ 59,828 million, mainly due to higher energy and fuels purchases of Ch\$ 45,335 million, and dividends payable of Ch\$ 13,966 million. Edegel increased by Ch\$ 21,366 million, mainly due to fixed assets and spares acquisitions of Ch\$ 16,480 million, and suppliers of Ch\$ 8,203 million. Celta increased by Ch\$ 24,422 million mainly due to YPF fixed charges. This was offset by a decrease in Costanera of Ch\$ 13,160 million, mainly due to negative conversion effects of Ch\$ 6,394 million, fuel providers payment of Ch\$ 3,620 million, and CAMMESA availability contract adjustment of Ch\$ 12,799 million.
  - An increase in Accounts payable to related parties amounting to Ch\$ 96,997 million, mainly explained by Enersis' Ch\$ 196,671 million loan to Endesa Chile, Ch\$ 32,479 million payment of dividends to Enersis, offset by a decrease of Ch\$ 111,270 million in trade accounts payable to Enersis, a Ch\$10,451 million payment of dividends to Endesa Latinoamerica, and a lower account payable to Cemsa of Ch\$ 5,464 million related to fuel purchase.
  - In addition, there was a Ch\$ 26,185 million increase in current taxes, mainly in Endesa Chile, Emgesa and Pehuenche by Ch\$ 27,169 million related to income tax.
  - The aforementioned was offset by lower Other current financial liabilities decreasing by Ch\$ 52,722 million. Such reduction resulting from a Ch\$ 91,322 million reduction in Endesa Chile related to the Ch\$ 205,736 million 144-A bond payment, the Ch\$ 52,616 million interest payment of US dollar and U.F. denominated bonds, offset by Ch\$ 46,714 million debt interest accruals, the Ch\$ 99,956 million transfer of the Bancomer syndicated credit agreement from long-term to short-term, and Ch\$ 13,752 million exchange differences of bank debt and bonds. In Emgesa, a Ch\$ 36,219 million increase mostly related to the Ch\$ 38,534 million transfer from long-term debt to short-term bonds, bond interest accruals amounting to Ch\$ 6,980 million, and to the interest payment of debt amounting to Ch\$ 8,508 million.

- A reduction of Non-Current Liabilities of Ch\$ 16,800 million, equivalent to 1%, primarily explained by the following variations:
  - A reduction of deferred tax liabilities amounting to Ch\$ 14,588 million.
  - A decrease of Ch\$ 19,933 million in Other non-current non-financial liabilities. In Emgesa, a Ch\$ 11,453 million decrease mainly due to equity tax installments transfer to short-term of Ch\$ 12,214 million. In Endesa Chile, there was a decrease of Ch\$ 5,187 million as a result of reversal.
  - The aforementioned was offset by an increase in Other non-current financial liabilities amounting to Ch\$ 15,111 million. In Emgesa, there was a Ch\$ 117,073 million increase due to the new bond issuance amounting to Ch\$ 153,690 million, a negative conversion difference effect of Ch\$ 5,571 million, offset by Ch\$ 38,534 million of bonds transfer to short term. A reduction in Endesa Chile amounting to Ch\$ 74,729 million, due to the Ch\$ 99,956 million transfer of the "Bancomer" syndicated credit agreement from long-term to short-term, the transfer of the Ch\$ 2,235 million interest rate swap from long-term to short-term, offset by Ch\$ 27,065 million exchange differences of bank debt and bonds, the Ch\$ 6,111 million value adjustment of bonds denominated in U.F. A reduction in Edegel amounting to Ch\$ 12,149 million, as a consequence of transferring Ch\$ 15,500 million of bank debt and bonds to short term, offset by Ch\$ 6,234 million of debt exchange differences. A reduction in Chinango amounting to Ch\$ 4,789 million, mainly due to transferring Ch\$ 4,696 million of bonds to short term. A decrease in Costanera amounting to Ch\$ 4,584 million, mainly due to the transfer to short-term of CAMMESA debt by Ch\$ 3,212 million.
- Net equity increased by Ch\$ 153,321 million when compared to December 2012. The controlling shareholder's equity increased by Ch\$ 110,726 million, mainly due to the period's net income of Ch\$ 353,927 million, offset by the Ch\$ 63,588 million reduction of hedging reserves, Ch\$ 20,198 million reduction of conversion reserves and accounting for a final dividend of Ch\$ 153,045 million.
- Minority shareholdings rose by Ch\$ 42,595 million, primarily as a result of minority net income of the period of Ch\$ 209,579 million, Costanera capital increase effect of Ch\$ 17,269 million, and Endesa Chile's subsidiaries merger effect of Ch\$ 5,795 million, offset by dividends booking of Ch\$ 188,413 million.

### EVOLUTION OF KEY FINANCIAL RATIOS

Indicator	Unit	Dec-13	Dec-12	Chg	Chg %
Liquidity					
Liquidity	Times	0.78	0.73	0.05	7%
Acid-test *	Times	0.73	0.67	0.06	9%
Working capital	Million Ch\$	(272,959)	(284,664)	11,705	(4%)
Leverage **	Times	0.88	0.88	-	0%
Short-term debt	%	39.0%	35.3%	4%	10%
Long-term debt	%	61.0%	64.7%	(4%)	(6%)
Leverage					
Financial expenses coverage*	Times	6.30	5.00	1.30	26%
Op. income / Op. Revenues	%	38.6%	26.4%	12%	46%
ROE ***	%	13.6%	9.2%	4%	48%
Profitability					
ROA ***	%	8.5%	6.5%	2%	32%

\* EBITDA / (Financial expenses + Income (Loss) for indexed assets and liabilities + Foreign currency exchange differences, net)

\*\* Total debt / (equity + minority interest)

\*\*\* Annualized figures

Liquidity index as of December 2013 reached 0.78 times, representing a 7% increase when compared to December 2012. The aforementioned figure reflects the solid liquidity position of the Company, meeting its debt obligations and financing its investments with cash surpluses and presenting an adequate schedule of its debt maturities.

Acid-test ratio reached 0.73 times, representing a 9% increase when compared to December 2012, basically explained by an increase in current assets within the cash and cash equivalents and related party accounts receivables category, and a reduction in the inventories category, offset by an increase in current liabilities.

Leverage ratio ratio reached 0.88 times as of December 2013, remaining stable when compared to December 2012.2.

### 3. Consolidated Statements of Cash Flows Analysis

The Company generated a Ch\$ 92,435 million positive net cash flow during 2013 composed by the following categories:

Cash Flow (Million Ch\$)	Dec-13	Dec-12	Chg	Chg %
Net cash flows from (used in) operating activities	707,769	537,984	169,785	32%
Net cash flows from (used in) investing activities	(185,746)	(258,319)	72,573	(28%)
Net cash flows from (used in) financing activities	(429,588)	(433,998)	4,410	(1%)
Net increase (decrease) in cash and cash equivalents, before the effect of changes in the exchange rate	92,435	(154,333)	246,768	160%

Operating activities generated a Ch\$ 707,769 million positive cash flow, which represents a 32% increase when compared to December 2012. This cash flow is mainly composed by collections of sales of good and rendered services amounting to Ch\$ 2,301,874 million, offset by payments to suppliers of goods and services of Ch\$ 1,265,531 million and tax payments of Ch\$ 166,026 million.

Investing activities generated a negative cash flow of Ch\$ 185,746 million, mainly due to the Ch\$ 292,017 million investment in property, plant and equipment.

Financing activities generated a Ch\$ 429,588 million negative cash flow. This negative cash flow is mainly caused by the Ch\$ 293,938 million dividend payment, the Ch\$ 136,457 million in interests paid, and the payment of loans and financial leasing of Ch\$ 867,118 million, offset by the collection of loan payments from related companies and third parties of Ch\$ 866,061 million.

#### CAPEX AND DEPRECIATION

Company (Million Ch\$)	Payments for Additions of Fixed Assets		Depreciation	
	Dec-13	Dec-12	Dec-13	Dec-12
Endesa Chile	62,099	60,395	58,641	53,004
Endesa Eco	1,954	1,979	-	7,484
Pehuenche	208	460	8,533	8,568
San Isidro	6,226	6,720	-	11,867
Celta	14,675	4,797	22,835	2,823
Túnel El Melón	7	143	51	53
EASA (Group)	40,947	21,985	20,871	22,694
Emgesa	155,837	149,332	36,704	37,419
Generandes Peru (Group)	10,064	12,485	38,100	38,739
<b>Total Consolidated</b>	<b>292,017</b>	<b>257,475</b>	<b>185,735</b>	<b>180,930</b>

## II. Main Risks Associated to the Activities of Endesa Chile

The Group companies are exposed to certain risks that are managed by applying identification, measurement, limitation of concentration and supervision systems.

Among the basic principles defined by the company in terms of establishing their risk management policy, the following are regarded with particular importance:

- Comply with good corporate governance rules.
- Strictly comply with the Groups' entire set of internal rules.
- Each business and corporate department defines:
  - I. The markets in which it may operate according to its know-how and sufficient capabilities in order to assure an effective management of risk.
  - II. Counterpart criteria.
  - III. Authorized Operators.
- The businesses and corporate departments establish their predisposition to risk, within each market in which they operate, in a manner consistent with the defined strategy.
- All business operations and corporate departments are performed within the limits approved in each case.
- The businesses, corporate departments, business lines and companies establish the risk management controls necessary to assure that market transactions are performed according to Endesa Chile policies, rules and procedures.

### Interest Rate Risk

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

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

In compliance with current interest rate hedging policy, the percentage of fixed and/or hedged debt to total net debt was 71% as of December 2013.

Depending on the Group's forecasts and debt structure objectives, hedging transactions take place through purchasing derivatives that mitigate these risks. The instruments currently being used to comply with the policy are interest rate swaps that fix variable interest rates.

The financial debt structure of the Endesa Chile Group, in terms of fixed, hedged and variable interest rate, using derivatives, is the following:

	Dec-13	Dec-12	Jan-12
Fixed Interest Rate	71%	74%	81%
Variable Interest Rate	29%	26%	19%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Exchange Rate Risk

Exchange rate risk is mainly related to the following transactions:

- Endesa Chile's subsidiaries and affiliate companies debt commitments denominated in currencies that are different from the currency indexation of the companies' cash flows.
- Payments of project related supplies in currencies that are different from that of the companies' cash flows indexation.
- Revenues of Group companies that are directly linked to the US dollar.
- Cash flows from foreign subsidiaries to the holding companies in Chile exposed to exchange rate variations.

In order to mitigate exchange rate risk, Endesa Chile's exchange rate hedging policy is based on cash flows and focuses on maintaining a balance between cash flows that are indexed to the US dollar and the amount of asset and liability denominated in such currency. The objective is to minimize the exposure of cash flows to the risk related to exchange-rate fluctuations.

Currency swaps and exchange rate forwards are the instruments currently used in order to comply with this policy. Likewise, the policy is intended to foster refinancing debts in the currency used by each company operations.

## Commodities Risk

Endesa Chile Group is exposed to risk related to price fluctuation of certain commodities, basically due to:

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

In order to reduce risks under extreme drought conditions, the company has defined a trading policy that establishes sales commitment levels based on the firm energy capacity of its power plants during a year considered dry, and includes risk mitigation clauses in some contracts with unregulated customers.

Considering the operating conditions faced by the electricity generation market in Chile, drought and volatility of commodity prices in international markets, the company is constantly evaluating the convenience of contracting hedges to mitigate the impact of these price changes on profits. As of December 31, 2013, the Company holds no commodity derivatives. As of December 31, 2012, there were swaps for 462,000 barrels of Brent for January 2013 and 365,000 tons of coal for the period from February to June 2013 (as of January 1, 2012, there were no outstanding hedging instruments).

According to the operating conditions that are constantly being updated, these coverage measures may be modified, or include other commodities (see Note 18.3.a of the Financial Statements).

## Liquidity Risk

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

The aforementioned forecasted needs include net financial debt maturities, i.e. after financial derivatives. For further detail with regard to the characteristics and conditions of financial debt and financial derivatives, see Notes 16 and 18 and appendix 4, respectively.

As of December 31, 2013, the liquidity of the Endesa Chile Group liquidity was Ch\$ 323,807 million in cash and other cash equivalents, and Ch\$ 153,458 million in long term committed credit facilities. As of December 31, 2012, Endesa Group liquidity was Ch\$ 235,678 million in cash and other cash equivalents and Ch\$ 193,708 million in long term committed credit facilities (Ch\$ 389,768 million and Ch\$ 199,892 million respectively as of January 1, 2012).

# Credit Risk

## Commercial account receivables

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

In some countries it is possible to cut off the power supply in the event of non-payment, and almost all contracts state that payment default is a cause for contract termination. Therefore, credit risk is monitored constantly as well as the maximum amounts exposed to payment risk, which as stated previously, is limited.

## Financial assets

Investments resulting from cash surpluses take place in both national and foreign first-class financial entities (with a credit rating equivalent to investment grade), with limits set for each entity.

In selecting the banks for such investments, those having investment grade ratings from the 3 main international credit-rating agencies (Moody's, S&P and Fitch) are considered.

Investments may be guaranteed by treasury bonds of the countries with operations and/or papers issued by first class banks, giving priority to the latter for offering higher returns (always within the current investment policies).

Derivative contracts are carried out with creditworthy entities, so that all transactions take place with investment grade entities.

## Risk Measurement

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

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

- Financial debt.
- Hedging derivatives for debt, dividends, and projects.

The Value at Risk calculated represents the potential loss of value of the portfolio described above within a one day period with 95% confidence. To this effect, a study of the volatility of the risk variables that affect the value of the portfolio was performed, including:

- US Dollar interest rate.
- The different currencies used by our companies operations, the local indexes regularly used by banks.
- The exchange rate of the different currencies used in the calculation.

The calculation of Value at Risk is based on the generation of possible future scenarios (in one day) of market values (both spot and at term) of the risk variables, using the Bootstrapping methodology. The number of scenarios generated ensures compliance with the simulation's convergence criteria. For the simulation of future price scenarios, the volatilities and correlations matrix of the different variables at risk have been applied calculated based on the historic logarithmic price returns.

Once the price scenarios are generated, the fair value of the portfolio is calculated for each scenario, obtaining a one day distribution of possible values. The one day Value at Risk with 95% confidence is calculated as the percentile of 5% of the possible increases in fair value of the portfolio in one day.

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

Taking into account the above-mentioned hypotheses, the Value at Risk of financial debt and derivative positions are shown in the following table:

	Dec-13	Dec-12
Interest Rate	8,035,082	7,882,191
Exchange Rate	2,205,128	1,517,921
Correlation	(3,291,060)	(2,552,715)
<b>Total</b>	<b>6,949,150</b>	<b>6,847,397</b>

The Value at Risk positions have varied during years 2013 and 2012 depending on the start/maturity of operations throughout each year.

## Other Risks

As is common practice in credit facilities and capital market operations, a portion of Endesa Chile's financial debt is subject to cross default provisions.

Non-payment – after any applicable grace period – of Endesa Chile's debts, with an outstanding balance exceeding the equivalent of US\$ 50 million, and whose amount past due also exceeds the equivalent of US\$ 50 million, could lead to the acceleration of the syndicated loan. Furthermore, this loan contains provisions under which certain events other than non-payment, in the company, such as bankruptcy, insolvency proceedings, and adverse judicial sentence rulings for an amount greater than US\$ 50 million, and expropriation of assets, among others, could lead to the acceleration of this debt.

On the other hand, non-payment – after any applicable grace period – for any debt of Endesa Chile or any of its Chilean subsidiaries, with a principal amount that exceeds US\$ 30 million could lead to the acceleration payment of its Yankee Bonds.

Lastly, in the case of Endesa Chile's local bonds and credit lines, acceleration is only triggered by the Issuer's default.

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

### III. Book Value and Economic Value of Assets

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

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

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

Throughout the year, and most importantly at its closing, an evaluation is carried out to determine if any asset has suffered an impairment loss. In the event that there is an indication of such loss, an estimate of the recoverable value of such asset takes place to determine the level of impairment. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs, which is considered to be the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Assets denominated in a foreign currency are translated using the periods closing exchange rate.

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

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

# Significant Events of the Entity

AS OF DECEMBER 31, 2013

## Endesa Chile

- The following was reported as material information to the Superintendency of Securities and Insurance on January 8, 2013 in accordance with articles 9 and 10.2 of Law 18.045 and its General Rule No.30:

Endesa Chile has today accepted the terms of the final and definitive indemnity for claims related to the effect of the earthquake of February 27, 2010, as reported by letter from the liquidator Beckett S.A. Liquidadores de Seguros on January 7, which terms have also been accepted by the insurers.

Regarding the installations of Endesa Chile's Bocamina I plant, agreement was reached for an indemnity of US\$ 85,665,673 for lost earnings and material damages (US\$ 66,165,673 and US\$ 19,500,000 respectively) resulting from the earthquake mentioned. It is important to mention that we have already received cash advances for this claim amounting to US\$ 42,665,673.

Regarding Bocamina II, also belonging to Endesa Chile, the agreement reached provides for indemnities for a total of US\$ 112,999,528, of which US\$ 2,953,306 relate to material damages and US\$ 110,046,222 to lost earnings as a result of the incident.

As of December 31, 2012, Endesa Chile booked an amount of US\$ 114,711,895 in its operating result with respect to an indemnity for lost earnings. The above represents a gain of US\$ 91,769,516 after taxes.

- The following was similarly reported to the Superintendency of Securities and Insurance on January 29, 2013:  
Regarding the international arbitration proceedings relating to disputes between the parties to the turnkey construction contract for Endesa Chile's Bocamina II thermal plant project, which proceedings were initiated by our company in October 2012 before the International Chamber of Commerce (ICC), Paris, Endesa Chile has been notified by the technical secretariat of the ICC that the members of the SES- TECNIMONT consortium have separately answered Endesa Chile's request for arbitration with their pretensions and counter-claims against Endesa Chile for amounts of US\$ 1,294 million in the case of Tecnimont and US\$ 15 million in the case of SES.

Endesa Chile considers that these counter-claims are unfounded so our company will defend its position in these arbitration proceedings, convinced that it is supported by the law and the facts in this dispute, and which have justified its collection of the bank performance bonds due to the serious contractual defaults of the consortium.

Accordingly, and taking into account the lack of any basis for the pretensions of the counter-claimants, no financial effects are foreseen on the company's assets, liabilities or results at this date.

- The following was similarly reported to the Superintendency of Securities and Insurance on June 19, 2013:  
Endesa Chile and Southern Cross Latin American Private Equity Fund III, LT (Southern Cross) yesterday reached a settlement in the arbitration proceedings before the arbitrator Víctor Vial del Río, for differences with respect to the Gasatacama shareholder accord of August 1, 2007, reported to the Superintendency of Securities and Insurance as material information on September 5, 2012.

As a result of the conciliation, the arbitration proceedings have terminated and thus pretensions of both parties in their respective written demands and counter-claims.

This has no financial effects of a financial or operative nature for Endesa Chile.

- The following was reported to the Superintendency of Securities and Insurance on June 24, 2013 in accordance with articles 9 and 10.2 of Law 18.045 and the General Rule No.30 and Official Letter 13995 of that Superintendency of June 21, to complement the report of June 19 which referred to the termination of the arbitration between Endesa Chile and Southern Cross Latin American Private Equity Fund III, LP (Southern Cross):

Under the conciliation that terminated the arbitration, which is firm and effective from June 18, a special procedure was set for the sale of the whole shareholding of Southern Cross en in the Gasatacama group of companies, which procedure, in general terms, begins with the making of an offer by Southern Cross to Endesa Chile by July 3, 2013. Endesa Chile will then have 30 days to accept or reject the offer. In the event that the offer is accepted, the sale contract should be signed by the parties within 30 days of the receipt of the favorable answer of Endesa Chile. Should Endesa Chile reject the offer or not respond within the term provided, Southern Cross may freely offer and sell its shareholding in Gasatacama to third parties at a price and on terms and conditions that are no more favorable than the offer made to Endesa Chile, for which it shall have a term of 6 months.

Endesa Chile and Southern Cross agreed that this special procedure for the disposal of the shareholding of Southern Cross in Gasatacama shall be applied any number of times necessary for 6-month periods until Southern Cross disposes of its shareholding in Gasatacama. The carrying out and compliance with the conciliation reached will be supervised by the arbitrator Victor Vial del Río directly, who should resolve briefly and summarily, without form of judgment and in the one instance, any dispute or conflict arising between the parties in this respect.

Under the terms of the conciliation ending the arbitration, both Endesa Chile and Southern Cross have renounced any damages claims made by them in these proceedings.

- The following was similarly reported to the Superintendency of Securities and Insurance on November 26, 2013: The board of Endesa Chile today agreed unanimously to distribute on January 31, 2014 an interim dividend of Ch\$3.87772 per share as a charge against the earnings for 2013, corresponding to 15% of the earnings calculated to September 30, 2013, in accordance with the company's current dividend policy.
- The following was reported as material information to the Superintendency of Securities and Insurance on December 17, 2013 in accordance with articles 9 and 10.2 of the Securities Market Law 18.045 and its General Rule No.346:

The Concepción Court of Appeal, on December 16, accepted an order not to innovate requested under protection proceedings brought against the company by different local fishermen unions and groups in order to stop the operation of the Bocamina II thermal plant.

The order not to innovate decrees the suspension of the plant while the protection proceedings are taking place. Endesa Chile is analyzing its courses of action for obtaining the lifting of this measure.

The financial effects of the suspension of the Bocamina II thermal plant will depend on how long it lasts and the size of these effects are currently being evaluated by the company.

The Bocamina II plant is an important asset for the Central Electricity Grid since it replaces the reduced hydroelectric generation and stabilizes prices on the spot market .

# Pehuenche

## 1. Election of the Board of Directors

The ordinary shareholders' meeting held on April 12, 2013 elected a new board of directors of the company for a period of three years.

The members of the board are the following: Fernando Gardeweg Ried, Humberto Espejo Paluz, Alan Fischer Hill, Alejandro García Chacón and Fernando Prieto Plaza.

## 2. First Interim Dividend 2013

On June 27, 2013, it was reported that the company's board on June 26 approved the distribution of a first interim dividend for the year 2013 amounting to Ch\$23.98 per share. This was paid from July 24, 2013 to shareholders on the shareholders' register five business days prior to that date. The publication of the corresponding notice was made on July 13 in the El Mercurio newspaper of Santiago.

## 3. Second Interim Dividend 2013

It was reported that the company's board on September 27 approved the distribution of a second interim dividend for the year 2013 amounting to Ch\$58.50 per share. This was paid from October 23, 2013 to shareholders on the shareholders' register five business days prior to that date. The publication of the corresponding notice was made on October 10 in the El Mercurio newspaper of Santiago.

## 4. Third Interim Dividend 2013

It was reported that the company's board on December 18 approved the distribution of a third interim dividend for the year 2013 amounting to Ch\$33.22 per share. This was paid from January 22, 2014 to shareholders on the shareholders' register five business days prior to that date. The publication of the corresponding notice was made on January 9, 2014 in the El Mercurio newspaper of Santiago.







Endesa Chile is an Enel Group Company

[www.endesa.cl](http://www.endesa.cl)