

Annual Report 2014

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Letter from the Chairman

Dear Shareholders,

You have in our hands the company's Annual Report and Financial Statements for the year 2014. This report contains all the information on the events and trends that marked our actions during the year in each of the markets in which Endesa Chile is present.

I address you at a time in which the company is advancing decidedly in the consolidation of the position that it has gained over time in Chile, Colombia, Peru and Argentina, and also in Brazil. We have a clear leadership at the regional level and the company will continue to work to grow further and continue to be a source of value for the communities and societies that accept our operations, as well as our shareholders and personnel.

This aim obliges the company to act responsibly and enthusiastically, with rigor and professionalism, and to redouble its efforts to meet what has been its permanent vocation.

Endesa Chile was born to accompany Chile on its road to development and this it has done throughout its 71 years of life. This role we also perform outside the frontiers of the country where the company was born and today generates the energy necessary for five nations to be able to grow their economies and their companies, and for their citizens to have access to a better quality of life.

The achievements of Endesa Chile throughout its history are many and certainly the key for this has been the professional excellence, tenacity and commitment of every one of its 2,681 professionals, workers and technicians, for which this year we obtained the global certification EFR (Corporation Familiarly Responsible) which confirms the alignment of our policies with the principles of quality of employment, flexibility, equality of opportunities and support for the professional and personal environment. To all of them, I wish to express my deepest thanks, particularly for the results we obtained during 2014.

Endesa Chile has solid bases to continue growing and consolidating its position in the region and this conviction derives mainly from our belonging to one of the largest energy groups in the world. We are part of the Enel Group, through our parent company Enersis, which operates in four continents, whose installed capacity exceeds 95,000 MW and which distributes electricity and gas to 61 million customers. We have its experience, its innovative capacity, its high standards and world-class practices. And it is this, together with the quality of our human capital, that gives us the confidence to follow with the vocation that has always characterized us.

Endesa Chile is synonymous with energy placed at the service of people's development and wellbeing. This is only possible provided the company grows. We have a presence in one of the regions which, despite the deceleration in the rate of growth in most of its economies, shows an enormous potential compared to other regions of the world. While the projections of the international organisms, like the International Monetary Fund, have fallen for the region, these continue to be interesting on an individual country basis. And it is very clear that for growth to accelerate in each of these countries and to open up all their potential, it will be necessary for them to have more energy.

Endesa Chile has known how to grow in this context strongly influenced by the fall in prices and demand for the commodities that sustain the economies of these nations.

The installed capacity of Endesa Chile showed an important expansion, totaling 14,715 MW at the end of 2014, which meant an increase of 7.5% over the 13,688 MW in 2013.

However, the net generation of energy of Endesa Chile declined by 3% in 2014, to 49,835 GWh. This is basically explained by reduced thermal generation in Chile, associated with the stoppage of the Bocamina II plant, and a reduced thermal-generated dispatch in Argentina, which was compensated partly by increased hydroelectric generation in Chile, Colombia and Argentina and greater thermal generation in Peru.

Physical energy sales declined by 2% in the year, to 56,692 GWh, mainly due to the fall in Argentina and, to a lesser extent, in Colombia, partly offset by rises in sales in Peru and Chile.

However, the effectiveness of the actions taken by the company enabled operating revenues to increase by 21% in 2014, to Ch\$2,466,534 million. This growth originated from an increase in energy sales which passed from Ch\$1,845,461 million in 2013 to Ch\$2,241,228 million. This was influenced by the higher average energy sales prices in Chile, Colombia and Peru, plus the consolidation of Gas Atacama into Endesa Chile which contributed revenues of Ch\$113,074 million.

This improved performance compensated the 35% increase in the procurement and services costs, which amounted to Ch\$1,119,457 million, due to larger energy purchases of Ch\$159,114 million and an increase of Ch\$98,385 million in fuel consumption. This originated from the higher energy purchases costs in Chile and Peru and higher fuel consumption costs in those two countries, and higher transportation and other services expenses in Colombia and Peru.

The company's performance thus permitted EBITDA to increase by 12% in 2014, to Ch\$1,094,981 million, which reflects its solid position. It should be pointed out that this result was achieved despite the effect of the temporary closure of the Bocamina II plant, which has been paralyzed since December 2013. This figure however does not include the contribution of the investment in Enel Brasil, which is not consolidated in Endesa Chile and whose results are shown under participation in the gain (loss) of associate companies, booked according to the equity method, and which amounted to Ch\$ 62,181 million as of December 31, 2014.

Despite the positive operating performance described above, the net income attributable to shareholders of Endesa Chile amounted to Ch\$334,557 million for 2014. This meant a fall of 5% compared to 2013, explained

by the impact of the provisions made for the investments in HidroAysén and Punta Alcalde, amounting to Ch\$69,066 million and Ch\$9,184 million respectively. However, if these provisions had not been made, the company's net income would have shown an increase of 16%.

The provision for HidroAysén was adopted as the recovery of the investment made depends today on judicial decisions and on definitions of the Energy Agenda adopted by the country, which the company is in no position to foresee. This project does not therefore figure in the Group's immediate pipeline. However, Endesa Chile is willing to defend its rights and the environmental qualification granted by the corresponding authority, through the legal and administrative actions necessary.



Enrico Viale
Presidente

The provision for Punta Alcalde originates from the decision to detain the development of this project after having studied the possibilities of adapting it to make it profitable and technologically more sustainable. The conclusion reached was that these adaptations would imply major modifications to the approved Environmental Qualification Resolution, which would be difficult to achieve.

In the following chapters of this report you can revise the detail of these results and the management's analysis of them.

Endesa Chile has always accompanied the development of the country and of each of the markets where it has a presence. A good part of the highlights that have marked Chile's growth have had the company as protagonist. Our energy generated has been used for moving the companies, so that their goods and services could conquer global markets, to drive the competitiveness of the economy and so that the people have access to a better quality of life. It cannot be otherwise: energy is synonymous with modernity and wellbeing. And this is what motivates us to continue working and growing, because Endesa Chile is synonymous with energy.

This historic vocation has the clear and decided support, as already commented, of the Enel Group, through our parent Enersis, for which Chile and Latin America occupy an outstanding position for its growth and future investments. Endesa Chile is an essential part for achieving the Group's vision and the company in 2014 took important steps along this road.

The investments announced during the year should be mentioned, which include the start of construction of the Los Cóndores hydroelectric plant and the take over of Gas Atacama.

The Los Cóndores plant, in the region of Maule, will have an investment of US\$661.5 million and will contribute 150 MW of sustainable capacity to the Central Electricity Grid. It is expected that its start-up will be at the end of 2018.

The take over of Gas Atacama was the result of Endesa Chile increasing its participation by acquiring 50% of Inversiones Gas Atacama Holding Limitada (IGHL) from Southern Cross (SC). The company thus added close to 1,000 MW of installed capacity on the SING. The total cost price was US\$309 million and includes the assignment of the loan of Pacific Energy Sub Co., subsidiary of SC, to Atacama Finance Co., subsidiary of IGHL, amounting to US\$28.5 million.

Regarding the El Quimbo project, a 400 MMW hydroelectric plant located in the south of the department of Huila, south-east of the city of Bogotá, Colombia, the state of progress of the construction was 84% as of December 2014. This enables us to estimate the start of filling the reservoir to be during 2015.

The centrality and strategic character of Chile and Latin America are also shown in the new way of operating and understanding the business we are in. We are beginning a new phase marked by the construction of a company prepared to meet the challenges and requirements of the 21st Century, which consolidates and makes the leadership reached by Endesa Chile grow even more.

This new stage makes us revise and reopen our way of doing things, of rescuing the best of our practices and also correcting and amending the direction when necessary, as this is the only way to ensure the adaptation of our company to the new challenges.

Endesa Chile is present in five countries of Latin America. We are a multinational company that should know how to adapt to the deep and accelerated changes being experienced in its societies, regulations and citizens' expectations. In the case of a generating company and with the leadership ours has, this makes it necessary to revise the way in which we are developing our investment initiatives.

We are therefore revising our complete project portfolio and in the coming months will announce the result of this process and the portfolio of initiatives that the company will carry out in the future.

The guidelines are clear. We want to ensure that the projects are quickly carried out, and that they have the most expedite approval processes, with signed supply contracts, so that they will be more profitable and contribute to reinforcing the sustainability of the business.

We also wish to develop projects that have the approval of the communities and society. We will not develop projects that are not required by the countries where we are present. As Endesa Chile and as the Group, we are building a new form of relating ourselves with all the stakeholders, incorporating more professionals, more resources and giving priority to the early presentation of new projects in the communities. Our wish is that the investment initiatives that we develop are not only necessary for the countries in which we are present, but that they have the approval of the communities receiving them.

And this implies making daily efforts to ensure the technical and environmental faultlessness of the projects, to improve our capacity of involvement and dialogue, to explain better the initiatives and their benefits, and to involve members of the community from the start for building visions of the future in common, as we are conscious that we will be living side by side with them for a long time.

This is the vision of our parent Enersis and the Enel Group. These are the guidelines within which Endesa Chile will tackle its present and future projects. This commitment with the development and wellbeing of the surrounding environments of the company's operations is genuine born from a deep conviction, and whose goal is to ensure the sustainability of both.

An example of this new approach is the work we have carried out in Coronel, the town in which are located our Bocamina I and II plants. We worked through a large part of 2014 to agree a vision of development with the community, authorities and the social organizations. As a result, Endesa Chile in November signed a shared value agreement with representatives of the different entities present in the zone, including the unions of independent fishermen and collectors of algae, the municipality of Coronel and the regional government. This agreement provides a commitment to work together in a local development vision, to be expressed in a shared value program for the community.

Endesa Chile had already previously shown signs of this collaborative willingness by participating in a joint initiative with the Housing and Urbanism Service of the Biobío region and the municipality of Coronel, which permitted the relocation of 78 families to the La Colonia sector. Endesa Chile, as part of the agreement, contributed part of the financing of the new homes. This was in addition to the 500 families already relocated.

The company also announced the installation of an integrated technological solution to reduce the emissions of nitrogen oxide in Bocamina I, a project that will permit compliance with the present emissions regulations for thermal-electric plants.

The willingness of Endesa Chile to inform early and talk constantly with the community has also been seen in the activities arranged to provide details of the modifications to be made in Bocamina II. An additional Citizen Participation (PAC) day was arranged, programmed by the Biobío Regional Environmental Evaluation Service, to show the

environmental improvements the company is proposing for this plant. This formed part of the processing of the Environmental Evaluation Study submitted in December 2013.

On April 2, 2015 the Environmental Evaluation Commission issued its Environmental Evaluation Resolution (RCA) of the project Optimization Bocamina Thermal-Electric Plant Second Unit, corresponding to the Resolution No.128, which came into effect on April 6. An administrative event that crowned all the efforts of our company to raise the technical and environmental standards and to the new relationships we have been implementing, not only at the local level but also in the rest of our operations. This important event for Endesa Chile is a certain reflection of the new way of doing things and to relate with our environment.

The improvements to be introduced, like the installation of advanced-technology filters in drawing water for the cooling system, the covering of yards for heaping coal and the monitoring of the air quality on line, will directly benefit the community of Coronel.

Another example of this new way of doing things was reflected in the agreement with the Hydraulic Works Directorate, promising to restrict the operation of the El Toro hydroelectric plant. In this way, the company contributed by collaborating to resolve one of the concerns of the agricultural sector of the Laja zone, which has been affected by the drought and the low levels of the Lake Laja reservoir, and thus assured them a sufficient supply for the area's irrigators.

Similarly, the agreement reached with the Junta de Vigilancia del Río Maule (an irrigators association) to optimize the use of the water from the Laguna del Maule reservoir and monitor the operation of the future Los Cóndores plant, in order to ensure the availability of water, especially in times of shortage.

Ensuring the sustainability of the business and the surroundings of the operations of Endesa Chile also implies the responsibility of not sparing efforts, in engineering, design and the application of modern technologies in all the company's projects, to ensure the minimum impacts possible on the environments in which it develops. This commitment is a fundamental part of an energy group which is a world leader in the development of energy that is friendlier with the environment.

Among other advances, the company managed to reduce almost 45,000 tons of CO₂ emissions in 2014 thanks to the operation of the Canela Wind Farm, the equivalent of the annual emissions of 8,000 gasoline vehicles. Endesa Chile was able to issue its first carbon bonds for the operation of the Canela I Wind Farm, following the announcement of the approval of certified emissions reductions (CER) by the Climate Change Office of the United Nations (UNFCCC). With this issue, the Canela I Wind Farm became the Group's first installation in Chile to achieve this.

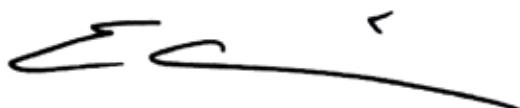
This commitment of Endesa Chile with care for the environment has been recognized on different occasions. In 2014, the company, through its San Isidro Natural Gas Complex, became the first generator in the country to obtain the seal of Energy Efficiency, a recognition granted by the Ministry of Energy which distinguishes companies that have been outstanding in the application of energy efficiency in their processes.

The detail of these and other achievements obtained by the company during 2014 can be consulted in the pages and chapters of this Annual Report.

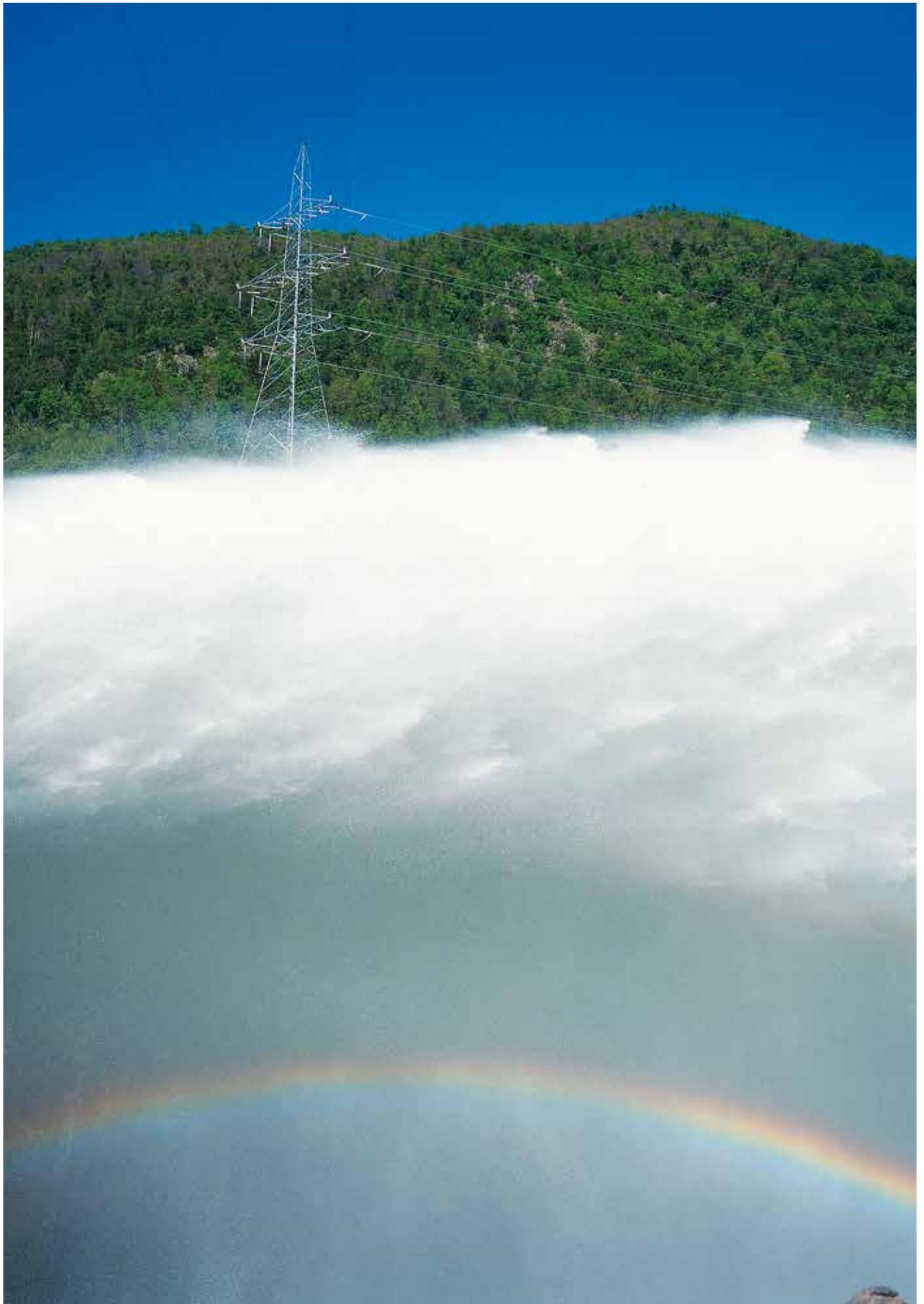
The permanent vocation of Endesa Chile is to supply energy for countries' development and the wellbeing of the people. This vocation is clearly only possible to follow in the framework of public-private collaboration, through broad and participative dialogue. Our company has thus been part of all the efforts led by the authorities to ensure that Chile has a clear road for reactivating the energy sector in general and electricity generation in particular.

Endesa Chile grows facing up to the country and in sympathy with the requirements of its industries and with the permanent expectation of its citizens to improve their conditions of life. As it has been doing throughout its history, Endesa Chile will continue to fulfill this role and lead the efforts for carrying this out in concrete projects and initiatives that generate value for the societies in which it is present, which permit the professional growth and development of its personnel, and ensure profitability for its shareholders.

That is the horizon to which we will continue to travel and which encourages us to improve day by day.



Enrico Viale
Chairman



Highlights 2014



JANUARY

Supreme Court ratifies RCA of Punta Alcalde project
The Supreme Court rejected all the recourses presented against the favorable RCA, thus ratifying the environmental approval of the Committee of Ministers. The judgment indicated that Endesa Chile should comply with all the conditions established in the RCA and also submit for environmental assessment the installation and functioning of an electrostatic precipitator in chimney 2B of CAP's plant in Huasco.

FEBRUARY

Serviu of the Biobío Region, Municipality of Coronel and Endesa Chile relocate 78 families from the La Colonia sector
78 families from the La Colonia sector of Coronel signed the subsidies for their new homes in an act that marked the start of the relocation process in the zone, following the agreement reached by the residents with the Municipality of Coronel and the Serviu (housing authority) of the Biobío region.

Irrigators and Endesa Chile reach agreement for optimizing the use of water in the Maule basin
An agreement was reached with the zone's irrigators providing a commitment to optimize the resources of the Laguna del Maule reservoir, especially at times of shortage, which permitted the viability of the construction of the Los Cóndores hydroelectric project in the upper basin of the Maule.

MARCH

Endesa Chile acquired control of Gas Atacama
The Board of Endesa Chile exercised its preferential right relating to the sale and disposal of all the corporate rights that Southern Cross had in Inversiones Gas Atacama Holding Limitada (IGHL), opening the way for the company to acquire the remaining 50% in IGHL for US\$309 million. The company thus acquired 98% of Gas Atacama, a natural gas thermal-generating plant installed on the SING, together with the Mejillones-Taltal gas pipeline and the Atacama gas pipeline between Chile and Argentina.

Canela Wind Farm reduces almost 45,000 tons of CO₂
Endesa Chile managed to issue its first carbon bonds for the operation of the Canela I Wind Farm after the United Nations Climate Change Office (UNFCCC) announced the approval of the Certified Emissions Reductions (CER) obtained by the wind farm between 2009 and 2011, for a total equivalent to 44,919 tons of CO₂.



APRIL

Endesa Chile will invest US\$661 million in the construction of the Los Cóndores plant. Endesa Chile implemented the first actions for beginning the construction of the Los Cóndores pass-through hydroelectric plant (150 MW) in the Maule region, with a series of works connected to the environment and preparing the land in the Andes zone of the town of San Clemente necessary for the installation of the campsites and works construction equipment.

MAY

Endesa Chile places an international bond issue for US\$400 million. The company set the price of a public offering of a bond issue on the international market, placing a total of US\$400 million at a coupon rate 4.25% and with a bullet maturity in 2024. The bonds are unsecured and are rated in the same way as all the present and future unsubordinated and unsecured debt of Endesa Chile.

JUNE

Endesa Chile agrees solution for the farming sector of the Laja. In order to provide a solution for the concerns of the farming sector about the low water levels of the Lago Laja reservoir, due to the extensive drought affecting the country, Endesa Chile reached agreement with the Hydraulic Works authority (DOH) to restrict, from the end of May, the operation of its El Toro hydroelectric plant (450 MW) and so ensure supplies for the 2015 season.

JULY

Credit Rating. Feller Rate ratified its rating of "AA / Stable" for Endesa Chile.



AUGUST

Mutual de Seguridad recognizes hydroelectric plants in the south
The commitment with safety and occupational health of its employees is a fundamental pillar for Endesa Chile. Aligned with that strategy, the Laja and Biobío hydroelectric plants received a recognition from the Mutual de Seguridad for their excellence in this matter by totaling 10 years and 233 days without accidents with time lost.

OCTOBER

Credit Rating.
Fitch Ratings ratified its international rating of BBB+ for Endesa Chile, with stable outlook.

Valter Moro is appointed as the new Chief Executive Officer of Endesa Chile
At the Board meeting of Endesa Chile held on October 27, the resignation was accepted of the company's Chief Executive Officer, Joaquín Galindo. It was agreed to appoint Valter Moro as his replacement from November 1. Valter Moro assumed the leadership of the firm as responsible for managing the generation operations of Endesa Chile, and maximizing the operational efficiency and maintenance.

NOVEMBER

Enrico Viale takes over as chairman of Endesa Chile
The Board, at an extraordinary meeting held on November 4, approved the appointment of Enrico Viale as new chairman of the company in replacement of Jorge Rosenblut, who became the chairman of the parent Enersis. The Board also was informed of the resignations of the directors Paolo Bondi and Manuel Morán Casero, who were replaced by Ignacio Mateo Montoya and Vittorio Vagliasindi, respectively. In addition, Isabel Marshall Lagarrigue was appointed as a director in replacement of the director Vittorio Corbo Lioi who had resigned previously. Finally, the Board appointed Susana Carey Claro as director in replacement of Jaime Bauzá.

Endesa Chile signs agreement for the social development of Coronel
The company and representatives of different entities in the zone where Bocamina II is located, including the unions of independent fishermen and algae collectors, the municipality of Coronel and the regional government, signed an agreement for local development, an initiative that marks the start of implementation of a shared value program in the town.



DECEMBER

Credit Rating

S&P ratified its international rating in local and international currencies of Endesa Chile as BBB+ with stable outlook..

First generator in the country to obtain seal of Energy Efficiency

The San Isidro Natural Gas Complex, located in the Valparaíso region, became the first plant in the country to obtain the Seal of Energy Efficiency, a recognition granted by the Ministry of Energy. The purpose of the seal is to distinguish companies that have been outstanding in the application of energy efficiency in their processes.

Endesa Chile presents environmental improvements for Bocamina II to the town of Coronel

Close to 200 people from Coronel took part in the day of additional Citizens' Participation, programmed by the Environmental Evaluation Service (SEA) of the Biobío region. The objective was to know at first hand the environmental Improvements proposed by Endesa Chile for its Bocamina II plant.

The indigenous consultation of communities of Cayumapu ended with the signing of a protocol for the Neltume transmission project. The Indigenous consultation process, led by the Environmental Evaluation Service (SEA) of the Los Ríos region, with the communities Inahuincul, Rayen Huincul, Trullun Mapu, Peñihuen, Juan Catrpan and Trigue Cui-Cui, belonging to the area of Cayumapu in the town of Panguipulli, ended with the signing of a protocol of agreement between the communities, the environmental authority and Endesa Chile. The consultation is part of the project's environmental assessment process for the Neltume-Pullinque Substation High Tension Line project..

Credit rating

Moody's issued its annual rating report for Endesa Chile, confirming its rating of "Baa2". The outlook remained in the category "Stable".



Main
Financial and
Operating
Indicators

	As of December 31 each year (in millions of nominal pesos)				
	2010 (¹)	2011 (¹)	2012 (¹)	2013 (¹)	2014 (⁴)
Total assets	6,034,872	6,562,013	6,453,231	6,762,125	7,237,672
Total liabilities	2,930,045	3,120,873	3,018,738	3,174,311	3,713,785
Operating revenue	2,435,382	2,404,490	2,320,385	2,027,432	2,446,534
Ebitda	1,070,438	973,890	808,101	978,994	1,094,981
Net income (²)	533,556	446,874	234,335	353,927	334,557
Current ratio	0.83	1.02	0.73	0.78	0.75
Debt ratio (³)	0.94	0.91	0.88	0.88	1.05

- (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) As of 2008, this corresponds to earnings attributable to the controlling company.
- (3) Total liabilities/equity plus minority interest.
- (4) Figures include the consolidation of GasAtacama from May 2014.

	As of December 31 each year				
	2010	2011	2012	2013	2014
ARGENTINA					
No. of employees	404	415	501	506	563
No. of generator units	20	20	20	20	20
Installed capacity (MW)	3,652	3,652	3,652	3,652	3,652
Elecetricity generated (GWh)	10,940	10,801	11,207	10,840	9,604
Energy sales (GWh)	11,378	11,381	11,852	12,354	10,442
CHILE (¹)					
No. of employees	1,151	1,155	1,177	1,061	1,261
No. of generator units	107	107	108	105	111
Installed capacity (MW)	5,611	5,611	5,571	5,571	6,351
Elecetricity generated (GWh)	20,914	20,722	19,194	19,439	18,063
Energy sales (GWh)	21,847	22,070	20,878	20,406	21,157
COLOMBIA					
No. of employees	444	498	517	563	589
No. of generator units	30	30	30	25	32
Installed capacity (MW)	2,914	2,914	2,914	2,925	3,059
Elecetricity generated (GWh)	11,283	12,090	13,251	12,748	13,559
Energy sales (GWh)	14,817	15,112	16,304	16,090	15,773
PERÚ					
No. of employees	228	230	236	238	268
No. of generator units	25	25	25	25	25
Installed capacity (MW)	1,668	1,668	1,657	1,540	1,652
Elecetricity generated (GWh)	8,466	9,153	8,570	8,391	8,609
Energy sales (GWh)	8,598	9,450	9,587	8,904	9,320
TOTAL					
No. of employees	2,213	2,241	2,355	2,281	2,681
No. of generator units	182	182	183	178	188
Installed capacity (MW)	13,845	13,845	13,794	13,688	14,715
Elecetricity generated (GWh)	51,603	52,766	52,222	54,418	49,839
Energy sales (GWh)	56,640	58,013	58,621	57,754	56,692

- (1) Figures include the consolidation of Gas Atacama from May 2014.



Identification of the
Company &
Constitution
Documents

Identification of the company

Name	Empresa Nacional de Electricidad S.A. (Endesa or Endesa Chile)
Domicile	Santiago de Chile, being able to establish agencies or branches in other parts of the country or abroad
Type of entity	Open corporation
Tax No.	91,081,000-6
Address	Santa Rosa N° 76, Santiago, Chile
Postal code	833-0099 SANTIAGO
Telephone	(56) 22630 9000
PO Box	1392, Santiago
Securities registration No.	No.114
External auditors	KPMG Auditores Consultores Ltda.
Subscribed & paid capital (ThCh\$)	1,331,714,085
Web site	www.endesa.cl
Electronic mail	comunicacion@endesa.cl
Telephone investor relations	(56) 22353 4682
Ticker code Chilean exchanges	ENDESA
Ticker code New York Stock Exchange	EOC
Ticker code Madrid Stock Exchange	XEOC
ADR custodian bank	Banco Santander Chile
ADR depository bank	CitiBank, N.A:
Latibex custodian bank	Banco Santander, S.A.
Latibex linkage entity	Banco Santander, S.A.
National credit rating agencies	Feller Rate, Fitch Chile Clasificadora de Riesgo Limitada
International credit rating agencies	Fitch Ratings, Moody's & Standard & Poor's

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 consultancy 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 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.

Corporate Objects



The company's main object is the production, transportation, distribution and supply of electric energy for which it may 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.



Ownership &
Control

Ownership Structure

The company's share capital as of December 31, 2014 amounted to 8,201,754,580 subscribed and paid shares, distributed among 16,585 shareholders.

Shareholder	No. of shares	Participation
Enersis S.A.	4,919,488,794	59.98%
Pension funds	1,256,975,700	15.32%
Others	549,386,037	6.70%
Stockbrokers, insurance companies & mutual funds	459,820,587	5.61%
Foreign investment funds	416,577,728	5.08%
Banco de Chile on behalf of third parties	334,625,984	4.08%
ADRs (Citibank N.A. per SVS Circular 1.375)	264,879,750	3.23%
TOTAL	8,201,754,580	100%

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 2014 there were no transactions of the company's majority shareholders.

Twelve largest shareholders of the company

Name	Tax No.	No. of shares	% Participation
Enersis S.A. (1)	94,271,000-3	4,919,488,794	59.98%
Banco de Chile on behalf of non-resident third parties	97,004,000-5	334,625,984	4.08%
Citibank N.A. per SVS Circular No.1.375	59,135,290-3	264,879,750	3.23%
Banco Itaú on behalf of investors	76,645,030-K	239,164,021	2.92%
AFP Provida S.A. for Pension Fund C	98,000,400-7	205,569,762	2.51%
AFP Habitat S.A. for Pension Fund C	98,000,100-8	171,450,290	2.09%
Banco Santander on behalf of foreign investors	97,036,000-K	161,639,195	1.97%
AFP Capital S.A. for Pension Fund C	98,000,000-1	133,143,879	1.62%
AFP Cuprum S.A. for Pension Fund C	98,001,000-7	118,026,489	1.44%
Banchile Corredores de Bolsa S.A.	96,571,220-8	85,375,399	1.04%
AFP Habitat S.A. for Pension Fund B	98,000,100-8	76,030,812	0.93%
AFP Provida S.A. for Pension Fund B	98,000,400-7	71,040,497	0.87%
SUBTOTAL		6,780,434,872	82.67%
Others		1,421,319,708	17.33%
TOTAL		8,201,754,580	100%

(1) Enersis S.A. is directly controlled by ENEL S.P.A., with a 60.62% participation.

Most important changes in ownership

The most important changes in the ownership of Endesa Chile between 2013 and 2014 are as follows:

Name	Tax No.	No. of shares at 31/12/2013	No. of shares at 31/12/2014	Variation in No. of shares
Banco de Chile on behalf of non-resident third parties	97,004,000-5	281,039,471	334,625,984	53,586,513
Citibank N.A., per SVS Circular No.1.375	59,135,290-3	286,201,590	264,879,750	-21,321,840
Banco Itaú on behalf of investors	76,645,030-K	217,177,303	239,164,021	21,986,718
Banco Santander on behalf of foreign investors	97,036,000-K	140,248,100	161,639,195	21,391,095
Banchile Corredores de Bolsa S.A.	96,571,220-8	98,033,047	85,375,399	-12,657,648
BTG Pactual Chile S.A. Corredores de Bolsa	84,177,300-4	70,776,663	56,583,486	-14,193,177
Larraín Vial S.A. Corredora de Bolsa	80,537,000-9	44,948,958	34,097,530	-10,851,428
Santiago Stock Exchange	90,249,000-0	10,752,336	27,561,906	16,809,570
Banco Santander-HSBC Bank PLC London Client Account	97,036,000-K	7,218,213	17,317,083	10,098,870
Transacciones e Inversiones Arizona Limitada	76,806,870-4	25,962,817	13,194,033	-12,768,784
Penta Corredores de Bolsa S.A.	99,555,580-8	17,665,721	7,469,892	-10,195,829
Chilean Electronic Exchange	96,551,730-8	24,885,602	5,820,462	-19,065,140

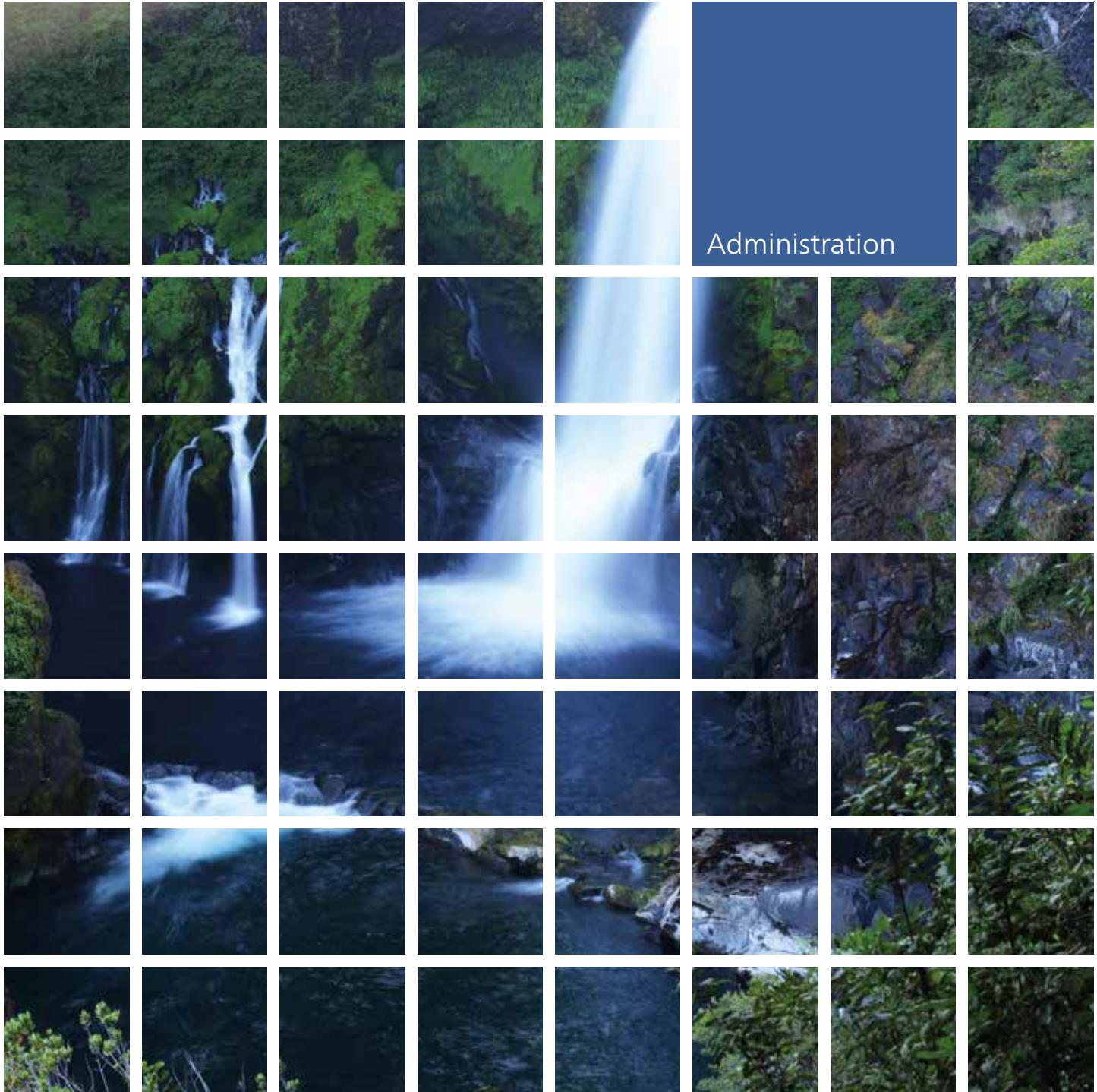
Stock transactions by related parties

There were no share transactions in 2014 made by directors or senior executives.



Summary of comments and proposals by the Directors Committee and shareholders

The company received no comments with respect to the progress of the corporate business between January 1 and December 31, 2014, from majority shareholders or groups of shareholders accounting for 10% or more of the shares issued with voting rights, in accordance with the provisions of article 74 of Law 18.046 and articles 82 and 83 of the regulations to the Corporations Law, nor from the Directors' Committee, notwithstanding that indicated in the committee's report and which is included in this report.



Administration

Board of directors

1. CHAIRMAN

Enrico Viale

Civil Hidraulic Engineer

University of Santa Clara, California

Passport: YA5599835

Since 04.11.2014



2. VICE CHAIRMAN

Ignacio Mateo Montoya

Mining Engineer, Specialist in EnergY & Fuels

Universidad Politécnica de Madrid

Masters in Energy & Environment

Universidad Politécnica de Madrid

Masters in Business Administration

Escuela de Negocios IESE

Passport: 50830706Q

Since 04.11.2014



3. DIRECTOR

Isabel Marshall Lagarrigue

Degeree in Sociology & Economics

Universidad Católica de Chile

Masters in Economice

Pontificia Universidad Católica de Chile

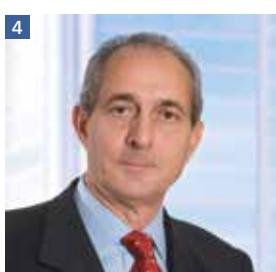
Mastera in Public Administration & PHD in

Economics & Government

University of Harvard

Tax No.: 5,664,265-K

Since 04.11.2014



4. DIRECTOR

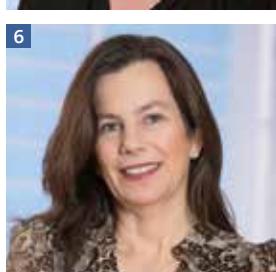
Vittorio Vagliasindi

Nuclear Engineer

Universidad La Sapienza, Italy

Identity Card: AS 22792321

Since 04.11.2014



5. DIRECTOR

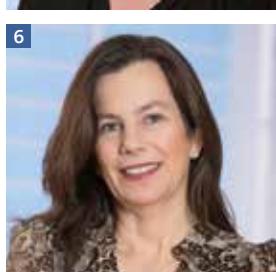
Felipe Lamarca Claro

Commercial Engineer

Pontificia Universidad Católica de Chile

Tax No.: 4,779,125-1

Since 26.04.2012



6. DIRECTOR

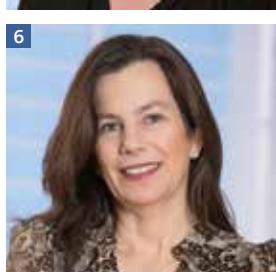
Susana Carey Claro

Commercial Engineer

Pontificia Universidad Católica de Chile

Tax No.: 6,283,707-1

Since 04.11.2014



7. DIRECTOR

Enrique Cibie Bluth

Commercial Engineer, Public Accountant & Auditor

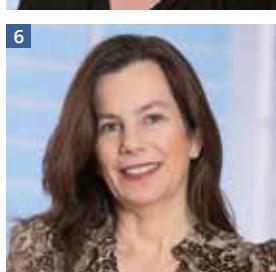
Pontificia Universidad Católica de Chile

Masters in Business & Administration

University of Stanford

Tax No.: 6,027,149-6

Since 26.04.2012



8. DIRECTOR

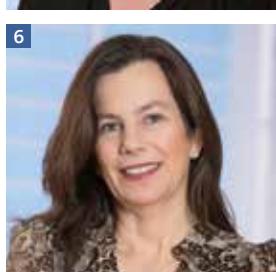
Francesco Buresti

Electronic Engineer

Universidad Degli Study de Bolonia

Passport: YA610409

Since 26.04.2012



9. DIRECTOR

Alfredo Arahuetes García

Degree in Law

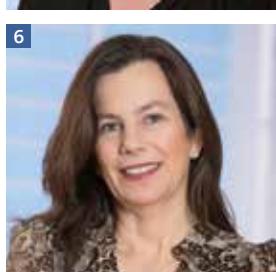
Universidad de Deusto

Doctorate in Economics & Business (ICADE)

Universidad Pontificia de Comillas

Tax No.: 48,115,220-8

Since 26.04.2012



The company is administered by a Board of Directors consisting of nine members elected at the shareholders' meeting. The directors have a threeyear term in office and may be reelected. As a result of resignations occurred during 2014, the members of the Board are Enrico Viale, Ignacio Mateo Montoya, Isabel Marshall Lagarrigue, Susana Carey Claro, Vittorio Vagliasindi, Felipe Lamarca Claro, Enrique Cibie Bluth, Francesco Buresti and Alfredo Arahuetes García.

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

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

The total remuneration paid during 2014 and 2013 was Ch\$406 million, detailed as follows:

Directors' Remuneration received in 2014 (thousands of pesos)						
Director	Position	Fixed remuneration	Ordinary & extraordinary meetings	Variable remuneration	Directors' Committee	Total
Viale Enrico (2) (3)	Chairman	-	-	-	-	-
Montoya Ignacio Mateo (2) (3)	Vice Chairman	-	-	-	-	-
Marshall Lagarrigue Isabel (2)	Director	4,634	4,852	-	-	9,486
Vagliasindi Vittorio (2) (3)	Director	-	-	-	-	-
Buresti Francesco	Director	-	-	-	-	-
Arahuetes Garcia Alfredo	Director	29,088	26,882	-	-	55,970
Lamarca Claro Felipe	Director	29,089	25,294	-	17,321	71,704
Carey Claro Susana (2)	Director	4,634	4,852	-	4,121	13,607
Cibié Bluth Enrique	Director	29,088	26,882	-	17,321	73,291
Rosenblut Jorge (1)	Chairman	48,907	44,060	-	-	92,967
Bondi Paolo (1) (3)	Vice Chairman	-	-	-	-	-
Corbo Lioi Vitorio (1)	Director	16,794	15,652	-	-	32,446
Bauzá Bauzá Jaime (1)	Director	26,583	15,652	-	14,624	56,859
Moran Casero Manuel (1) (3)	Director	-	-	-	-	-
TOTAL		188,817	164,126	-	53,387	406,330

- (1) Jorge Rosenblut, Paolo Bondi, Jaime Bauza and Manuel Moran were directors of Endesa Chile until November 2014, and Vitorio Corbo until July 2014.
- (2) Enrico Viale, Ignacio Mateo Montoya, Isabel Marshall, Susana Carey Claro and Vittorio Vagliasindi were appointed as directors of Endesa Chile in November 2014.
- (3) Enrico Viale, Ignacio Mateo Montoya, Vittorio Vagliasindi, Paolo Bondi and Manuel Moran renounced the payment of compensation for their present positions as directors of the company.

Directors' Remuneration received in 2013 (thousands of pesos)						
Director	Position	Fixed remuneration	Ordinary & extraordinary meetings	Variable remuneration	Directors' Committee	Total
Jorge Rosenblut	Chairman	55,732	42,465	-	-	98,197
Paolo Bondi (2)	Vice Chairman	-	-	-	-	-
Francesco Buresti (2)	Director	-	-	-	-	-
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	-	15,451	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 (2)	-	-	-	-	-	-
TOTAL		195,062	148,630	-	46,353	390,045

- (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 directors of Endesa Chile.

Incentive plans

The company has no incentive plans for the directors.

Consultancy expenses

The Board incurred no additional expenses in external consultancies during 2014.

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. 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. The Board of Endesa Chile, at an extraordinary meeting held on November 4, 2014, appointed Susana Carey Claro as a member of the Directors' Committee in replacement of Jaime Bauzá Bauzá, who ceased to be a director of the company. In accordance with the Corporations Law, all of them are independent Board members.

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 2014.

Composition of the Committee. At the extraordinary Board meeting of the company held on May 30, 2012 appointed Felipe Lamarca Claro, Jaime Bauzá Bauzá and Enrique Cibié Bluth as the members of the Directors' Committee. 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. The Board of Endesa Chile, at an extraordinary meeting held on November 4, 2014, appointed Susana Carey Claro as a member of the Directors' Committee, and as independent of the controller, in replacement of Jaime Bauzá Bauzá, who ceased to be a director of the company. In accordance with the Corporations Law, all of them are independent Board members.

The Directors' Committee met on 21 occasions during 2014, reviewing the company's operations and contracts with related companies and in general pronouncing on those matters referred to in article 50 bis of the Corporations Law, reporting its decisions to the company's Board. The Committee also proposed the company's private credit-rating agencies and pronounced, when required, on the services provided by external auditors other than the regular audit services and accusations deriving from the company's Ethics Channel.

The Directors' Committee agreed to propose to the Board and the ordinary shareholders' meeting the appointment of KPMG Auditores Consultores Limitada as the company's external auditors, as the first option, in compliance with Circular 718 of the Superintendence of Securities and Insurance (SVS). The Committee also approved the budget for the fees of the external auditors for the year 2014 and approved the fees for the services provided in 2013.

At its August meeting, the Committee was informed of the remunerations system and compensation plans of the personnel of Endesa Chile.

On their respective occasions, 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 20F and authorized its submission to the US Securities and Exchange Commission, which occurred at the extraordinary meeting held on March 26, 2014.

The Directors' Committee in 2014 analyzed and reported favorably to the Board on the market conditions of the following operations with related parties:



- a. Assignment by Endesa Chile to Celta of the "Contract for the sale of electricity and purchase option over green attributes related to the Valle de los Vientos Wind Farm project" with Enel Green Power Chile Ltda.
- b. Structured loan from Enersis to Endesa Chile.
- c. Inter-company contracts for the provision of labor, communications, global and equity services.
- d. Partial assignment of contracts for the transfer of surpluses of non-conventional renewable energy to Pehuenche and Celta.
- e. Financial operations with GasAtacama related to centralized cash management (current account mercantile contracts).
- f. Contract for the services of the consultancy firm CESI relating to the functioning of the Bocamina thermal plant.
- g. Expansion of contract ENDapo270 with Endesa Generación for supportive engineering services for the Bocamina II project and emissions regulations project.
- h. Extension of engineering services with Enel for Bocamina II.
- i. Purchase of 80 million cubic meters of LNG for combined-cycle plants with Endesa Energía S.A. or another supplier.
- j. Inter-company loan granted to Endesa Chile by its parent Enersis.
- k. Energy purchase of 750 GWh to Enel Green Power Chile Ltda.
- l. Renewal of all-risks and civil liability insurance with Enersis.
- m. Contract with Endesa Generación short position barrels of Brent for February and March 2014.
- n. Contract with Endesa Generación short position barrels of Brent and Henry Hub gas period April-June 2014 for Brent and gas.
- o. Contract with Endesa Generación short position barrels of Brent for May and June 2014, and updating of ISDA agreement.
- p. Contract with Endesa Generación short position barrels of Brent and Henry Hub gas for July and August 2014.
- q. Contract with Endesa Generación short position barrels of Brent and Henry Hub gas for August and September 2014.
- r. Contract with Endesa Generación short position barrels Henry Hub gas for October 2014.
- s. Contract with Endesa Generación short position barrels of Brent for October 2014 and Henry Hub gas for November 2014.



- t. Contract with Endesa Generación short position barrels of Brent for October 2014 and Henry Hub gas for December 2014.
- u. Contract with Endesa Generación short position barrels of Brent for October 2014 and Henry Hub gas for January 2015.
- v. Contract with Endesa Generación short position barrels of Brent for January 2015 and long position in Henry Hub gas for February 2015.
- w. Energy purchases to Enel Green Power Chile Ltda up to 1 TWh/year
- x. Endesa Chile agreement with Enel Green Power for the use of the Diego de Almagro-Paposo transmission line.
- y. Contract with subsidiaries in Peru relating to different engineering projects, with Edegel, EPESA and Compañía Energética Veracruz.
- z. Acquisition of Renaico wind farm project from Celta and its later sale and transfer to EGP, subject to conditions.
- aa. Framework agreement between Endesa Chile and Enel Green Power for non-conventional renewable energies in Chile, Argentina, Brazil, Colombia and Peru.

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.



Expenses of the Directors' Committee

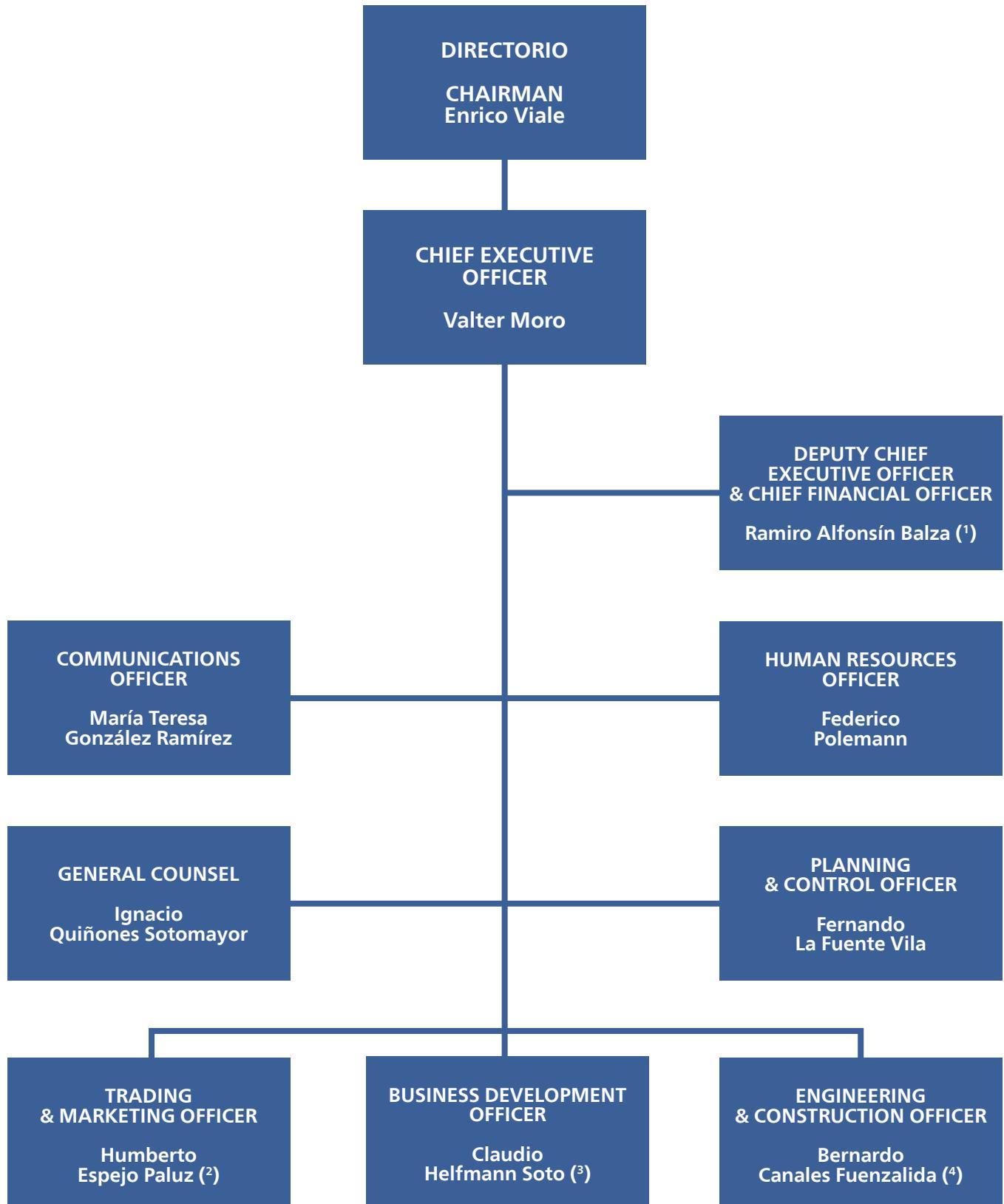


The ordinary shareholders' meeting of Endesa Chile held on April 22, 2014, adopted the following resolution with respect to the remuneration and budget of the Directors' Committee: set a remuneration for attendance at meetings of 56 Unidades de Fomento, with a limit of 12 remunerated meetings a year; and an annual expense budget of 6,000 Unidades de Fomento.

During 2014, the members of the Directors' Committee were remunerated with a total of 2,016 Unidades de Fomento.

The Directors' Committee in 2014 made use of the annual expense budget fixed by the ordinary shareholders' meeting to the extent of UF 1,195, in legal advice given by the law firm Morales y Besa.

Organizational structure



NOTE:

(1) Was appointed by the Board at its meeting of February 26, 2015 in replacement of Fernando Gardeweg Ried.

(2) Was appointed by the Board at its meeting of February 26, 2015 in replacement of José Venegas Maluenda.

(3) Was appointed by the Board at its meeting of February 26, 2015

(4) Was appointed by the Board at its meeting of February 26, 2015

Senior executives



1. CHIEF EXECUTIVE OFFICER

Valter Moro
Mechanical Engineer
Universidad Politécnica de Marche
PHD in Electrical Engineering
Universidad Politécnica de Marche
Tax No.: 24,789,926-K
Note: Valter Moro assumed on November 1, 2014 in replacement of Joaquín Galindo.

2. DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

Ramiro Alfonsín Balza
Degree in Business Administration
Pontificia Universidad Católica de Argentina
Tax No.: 22,357,225-1
Note: Ramiro Alfonsín assumed on February 26, 2014 the Management of Finance and Administration in replacement of Fernando Gardeweg.

3. COMMUNICATIONS OFFICER

Maria Teresa González Ramírez
Journalist
Universidad de Concepción
Masters in Strategic Communications
Universidad del Pacífico
Tax No.: 10,603,713-2
Since 01.04.2014

4. HUMAN RESOURCES OFFICER

Federico Polemann
Degree in Business Administration
Universidad de Buenos Aires
Mastera Strategic Planning Human Resources
Universidad San Andrés Buenos Aires
Tax No.: 24,332,937-K
Since 24.07.2013

5. GENERAL COUNSEL

Ignacio Quiñones Sotomayor
Lawyer
Universidad Diego Portales
Tax No.: 7,776,718-5
Since 01.11.2013

6. PLANNING & CONTROL OFFICER

Fernando La Fuente Vila
Civil Electrical Engineer
Universidad de Chile
Tax No.: 12,403,710-7
Since 01.06.2013

7. TRADING & MARKETING OFFICER

Humberto Espejo Paluz
Civil Industrial Engineer
Pontificia Universidad Católica de Chile
Masters in Engineering Sciences
Pontificia Universidad Católica de Chile
Tax No.: 11,629,179-7
Since 26.02.2015
Note: Humberto Espejo assumed on February 26, 2014
In replacement of José Venegas.

8. BUSINESS DEVELOPMENT OFFICER

Claudio Helfmann Soto
Civil Industrial Engineer with mention in Electrical Engineering
Pontificia Universidad Católica de Chile
Tax No.: 13,191,190-4
Since 26.02.2015

9. ENGINEERING & CONSTRUCTION OFFICER

Bernardo Canales Fuenzalida
Degree in Mechanical Engineering Sciences.
Universidad de Chile
Diploma in Economics
Pontificia Universidad Católica de Chile
Tax No.: 11,565,097-1
Since 26.02.2015

Remuneration of managers and senior executives

The remuneration and benefits received by the Chief Executive Officer and senior executives of the company amounted to Ch\$2,145 million of fixed remuneration and Ch\$1,250 million of variable remuneration.

The total remuneration and benefits received by the Chief Executive Officer, other managers and senior executives of the company in 2013 amounted to Ch\$2,072 million of fixed remuneration and Ch\$1,629 million of variable remuneration

This amount includes both the managers and senior executives at the end of each year and those who left the company during the respective year.

Benefits for managers and senior executives

The company maintains complementary health insurance and catastrophic insurance cover for senior executives and their dependents who are accredited as family responsibility. 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 2014, the amount was Ch\$15 million, which amount is included in the remuneration received by the senior executives.



Incentive plans for managers and senior executives

Endesa Chile has an annual bonus plan for its executives 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\$173 million in 2014.

Shareholdings in Endesa Chile

As of December 31, 2014, José Venegas Maluenda holds 0.0000015% of the company's total shares.

Administration of the main subsidiaries

ARGENTINA

Costanera

Roberto José Fagan
Electrical Engineer
Universidad Nacional de la Plata
Masters in Electrical Market Administration
Instituto Tecnológico de Buenos Aires

Hidroeléctrica El Chocón

Néstor Carlos Srebernic
Industrial Engineer with Electrotechnical orientation
Universidad Nacional de Comahue

CHILE

Peñuelche

Lucio Castro Márquez
Civil Engineer
Universidad de Chile

Compañía Eléctrica Tarapacá

Eduardo Soto Trincado
Civil Engineer
Universidad de Chile

Gas Atacama

Eduardo Soto Trincado
Civil Engineer
Universidad de Chile

COLOMBIA

Emgesa

Lucio Rubio Díaz
Degree in Economics and Business
Universidad Santiago de Compostela

PERÚ

Edegel

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



Human Resources

Workforce

The following shows the permanent and temporary workforce of Endesa Chile and its subsidiaries as of December 31, 2014:

Company	Managers & senior executives	Professionals & technicians	Other workers	Total
ARGENTINA				
Costanera	2	457	26	485
Hidroeléctrica El Chocón	-	45	4	49
Gas Atacama Argentina	1	26	2	29
Total workforce in Argentina	3	528	32	563
CHILE				
Endesa Chile	10	1,059	68	1,137
Pehuenche	3	-	-	3
Pangue	-	-	-	-
Celta	1	-	-	1
San Isidro	-	-	-	-
Gas Atacama	3	80	22	105
Central Eólica Canela	-	-	-	-
Endesa Eco	-	-	-	-
Túnel El Melón	1	10	4	15
Total workforce in Chile	18	1,149	94	1,261
COLOMBIA				
Emgesa	6	568	15	589
Total workforce in Colombia	6	568	15	589
PERU				
Edegel	6	246	16	268
Total workforce in Peru	6	246	16	268
Total workforce Endesa Chile & subsidiaries	33	2,491	157	2,681

Labor relations

The program of period meetings with union organizations continued during 2014, which has permitted the consolidation in time of an open, frank and unrestrictive dialogue with the representatives of the employees, improving the labor conditions and climate with them.

Formation

Based on the formation program 2014, which comprises the different sources of detection of training needs, aligned to the business strategic plan, Endesa Chile established a formative agenda oriented to the business needs, which was realized through a training offer built on two pillars of action: a transversal plan with formation subjects for the development and a functional technical formation.

There was special concern for matters of safety and occupational health (SOH) for which courses were given in the following subjects: Awareness of SOH; Preventive Conduct and Behavior; Control of Risks; SOH management; Induction; Leadership in SOH and health in the workplace.

Regarding in-house diplomas, designed especially for the company, the fourth version of the "Diploma of Electrical Markets" was given at the Universidad del Desarrollo, attended by 14 employees of Endesa Chile, and whose general objective is to deepen the characteristics and challenges of the electricity business and contribute to the negotiation processes, in aspects of contracting electricity supplies, offers of complementary services and distribution tolls, reinforcing their performance and positioning within the company.

The second version was also begun of the "Diploma in Control and Management" at the Economics and Business Faculty of the Universidad de Chile, whose objective is to provide the participants with the basic tools in business management under a perspective of management control, permitting students to develop the skills necessary for understanding the management of business resources, designing and maintaining controls over different processes that define the actions of the organization. Two modules were added this year: "Capital Allocation", for the prioritization of investments and assignment of resources and "Valuation of Investments". 11 company employees attended.

The implementation of Post Performance Review, PPR, was continued, a catalogue of management tools to help identify together, between the manager and the employees, the formation opportunities during a feedback interview, in order to increase, consolidate and/or develop skills associated with the conducts of the Leadership Model promoted by the company. It covers matters such as self development, and intellectual, organizational, relational and directive effectiveness, plus the basic tools for improving performance in relation to the development of soft skills. 43 courses were given to a total of 312 employees of Endesa Chile.

The Journey Program was also offered, in order to develop new cultural skills that promote optimum results in personnel management, to obtain the best from their teams and generate work groups with a sense of family. The activity was carried out with the consultant Great Place To Work and 67 company employees attended.

A pilot induction course was also given called Welcome to Enel, with the participation of 21 recently-recruited employees, in order for them to know and experience the organization's culture and identity through providing information and participation in integration dynamics. It included talks on the vision of the generation and distribution business, occupational health and safety (SOH) and human resources management. The program ended with a technical visit to the installations of Smartcity.

As in previous years, study scholarships were granted to employees to provide development opportunities within the company. The participants totaled 30 in 2014, who received this benefit in careers, diplomas and technical masters. The purpose of this program is to support employees in carrying out improvement studies or pre and post-graduate studies.

Another important formative initiative was the training course New Environmental Institutionality and Applications of Regulation SD 40/2012, which was attended by 22 employees. The course lasted 24 hours and its purpose was to analyze the implementation of the national environmental institutionality in environmental matters, as well as modifications related to environmental assessment and inspection and follow-up of new and existing development projects.

Training activities were arranged on Handling of Hazardous Substances DS 78 in order to compare the different provisions on hazardous materials (substances and waste), of a legal and technical nature, with a specific and detailed description of that applicable to the storage of dangerous substances. 19 employees attended this. Along similar lines, the course Handling of Hazardous Substances DS 148 was given to identify the current legal and technical provisions for the characterization, handling, labeling, storage, transportation, manipulation, contingencies and disposal of hazardous waste, attended by 17 employees.

The Campus Latam, a virtual space, continues to provide e-learning courses in order to reach personnel on a mass and simultaneous basis in transversal matters like knowledge of the business, re-induction in SOH and Senda plan. Courses of a technical nature were also given, such as electricity generators, applied hydraulics, interpretation of plans, protections of a SEP, voltage regulators and reactive control of capacity, velocity regulators, capacity electrical systems, applied thermo-dynamics, advanced hydraulic turbines and gas turbines and advanced combined cycle.

Through the ELS platform, the e-learning course on the ethics code was given in order to give a correct and suitable understanding of the Ethics Code and the Criminal Risks Prevention Model of the Enersis Group. English levels 1 and 2 courses were also given on line using the same platform.



For the transfer of knowledge, the First Day of Knowledge was arranged with an emphasis on major electro-mechanical maintenance of a conventional coal-fired thermal plant plus the chemical monitoring for maintaining the generation assets in a suitable condition. Two projects were also covered responding to local regulation requirements and related to compliance with environmental emissions regulations.

The following knowledge transfer activities can also be mentioned: irrigation agreement, criteria for the treatment of water resources, power transformers, technical regulation 2014 version and major preventive maintenance procedure.

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. Training continued with the program for operators in the hydraulic simulator, with the participation of 10 workers who learned about plant operation contingencies over three days.

Labor climate management

On the main pillars for the management of the labor climate are the studies carried out annually by 2 instruments: the Climate Survey and the Great Place to Work (GPTW) survey. For 2014, a Thermometer of the Climate Survey was introduced whose purpose is to follow up on the evolution of the action plans implemented and also to determine the level of commitment, satisfaction and motivation of the employees, together with their perception of the health and safety culture. We also participate annually in the Great Place to Work survey in order to compare results and revise the evolution of the action plans defined in previous years. These instruments have served as a diagnosis for the preparation of different programs for improving the indicators in both surveys.

The above programs are classified according to their focus and we distinguish the following as priorities: communication, meritocracy and development, leadership, conciliation measures and good labor practices.

Regarding leadership, Endesa Chile has the manager and closest head program which consists of promoting good practices by managers, encouraging a greater involvement in the daily problems of employees. Among the program's forms are executives' on-site visits, breakfasts, coffee breaks and special greetings. Another very important program with emphasis on leadership is JOURNEY, addressed to all the company's managers and whose purpose is to develop a style of management based on trust, that promotes cultural skills that generate results and atmospheres of excellence, where the organizational results exceed, the best is obtained from the people and they work in teams with a family sense. 177 managers participated during 2014 and the program will continue in 2015 for the remaining managers.

In the case of the programs covering meritocracy and development, professional development management is carried out through promotion by merit and through local and foreign work opportunities, where the Group has a presence. The most important projects include the JET corporate program, incorporating all the young professionals who meet the needed requirements.



As part of the work done in terms of meritocracy and development, there is the Talent Management Program in which different groups are determined such as pools of talents, programs for young professionals, etc. These programs also help us to retain valuable talent in the company.

The "Reconocernos" program has been continued, which seeks to promote a culture of recognition within the company and generate levels of formal recognitions through the carrying out of ceremonies in which the line manager and the human resources management participate, as well as mass ceremonies by company where the outstanding employees are recognized.

Endesa Chile, through a Human Resources Corporate Social Responsibility plan called "Plan Senda" has arranged different programs for inclusion, diversity and equality of opportunities. The Crecer+ program trained 52 students from industrial and technical schools at risk of social exclusion, providing them with skills of employability for the future working lives.

In terms of diversity, an e-learning course was arranged for all employees in order to create an awareness in matters of disability and cultural diversity, with 50% of the workforce now having been trained in this matter.

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 seeks to promote a balance between the working and personal lives of its personnel and therefore has a broad program of extension with a focus of sport, culture and special activities, including programs like "Enel Family Day", "Ven a mi cumpleaños", summer and winter camps for children, family excursions and training courses for the family.

Endesa Chile has been concerned to provide a better quality of life for its workers and therefore has specific programs for the different groups of employees. Such is the case of the actions for "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 activities has been defined, 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.

The foundation Másfamilia in 2014 granted to the Group companies in Chile, Brazil, Peru, Colombia and Spain the certificate of Global Familiarly Responsible Company (EFR). Endesa Chile, as part of the Group, obtains the global certification which requires the company's policies to comply with the principles of quality in employment, temporal and spatial flexibility, support for the professional and personal environment and equality of opportunities. It should be mentioned that the above counts with the support of the senior management.

Labor climate

To develop action plans together with contractor companies to impact positively on the labor climate indicators.

The objective in 2014 was to continue with the labor climate programs for the contractor companies, thus permitting continuous improvement in working practices and improving the performance and quality of working life. The work focus was on the measurement of the organizational climate in contractor firms and the development of action plans for improving the labor climate in these companies.

The specific objectives are to:

- Strengthen the labor climate in contractor companies
- Measure the labor climate through a survey
- Reduce results
- Support communication of results
- Follow up the action plans for managing climate
- Work results with supervisors and contract administrators
- Relate results to business indicators
- Prepare action plan focused in leaders of contractor companies
- Present a theatrical work to workers
- Evaluate continuously the impact of the actions taken.
- Introduce necessary adjustments for improving climate
- Revise and determine the existing climate
- Prepare indicators of important business
- Take actions that improve the indicators that impact on the labor climate of contractor companies

In 2014, surveys were made of the labor climate of the contractor employees of Endesa Chile, in which 107 workers were surveyed in the firms Frallesa, IMA (Bocamina, Pehuenche and Tarapacá), Reparalia (Bocamina, Laja, San Isidro and Tarapacá) and Velásquez. The satisfaction indicator was 83.6%.

Contractors in action

On December 13, 2014, the great final was held at the national level of Contractors in Action in the stadium of the Enersis Group. The teams competing in the final were accompanied by their families at the stadium where they were entertained with a show of conjurors, played inflatable games and were offered drinks, ice cream, hamburgers, "completos" and "mote con huesillo".

The team of Contractors Control Chile was present throughout the day, giving prizes to the winning participants in the different disciplines and their family groups, emphasizing the commitment and recognition of the Enersis Group with its collaborators.

A special recognition was awarded to the worker Víctor Muñoz, of the contractor firm Securitas Chile, for being an outstanding sportsman at the national and international levels in athletics. The champion, Daniela Guerra, a worker of the company Helpbank, was also recognized for her outstanding sporting record, representing our country as South American champion in Kung Fu in the individual category and by team. These already belong to the notable sports people of the contractors in action 2014.

Painting Competition 2014

With the theme of labor safety at work, each plant taking part in the activity of Contractors in Action 2014 organized a competition for the children of contractor workers. More than 70 paintings were received which were considered for the prize of a support scholarship consisting of a school uniform and school books.

The workers' children who were winners were from the contractor firm ULTRAPORT of the Bocamina plant.

Labor information request sheet (official labor inspections)

Due to the continuous on-site labor inspections carried out in the area of Contractors Control, the idea was formulated in June 2013 of creating a tabulated sheet of the main requirements asked for in the labor inspection of contractor companies under Law 20.123, which regulates sub-contracting and the functioning of transitory services companies, in matters of labor, hygiene and safety.

Checking that these revisions meet the group's internal rules and current labor legislation.





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 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, Ipal and One Safety programs, training plans in risk prevention and safety campaigns.

Innovations have also been implemented 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, safety alliances have also been established with the contractor companies in order to coordinate the best practices in these matters, which include One Safety, in order to improve the behavior of those who work on site and eliminate risky conduct at work.

The following are some of the programs designed to contribute to safety and occupational health:

Promulgation and promotion of health 2014

The objective 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.

Among the activities contemplated in mass promulgation actions, in the first place there are posters, graphical material and talks by specialists with respect to matters of interest, like:

- Prevention of Breast Cancer: Train women about the importance of carrying out self examinations and in specific cases ecographs or mamographs.
- Prevention of Prostate Cancer: Carry out promotion and prevention activities for early detection and treatment.
- Prevention of Colorectal Cancer: Carry out promotion and prevention activities for early detection and treatment of pathologies associated with colorectal cancer.
- Prevention of Skin Cancer: Inform and create awareness for the prevention, early detection and treatment of the illness.
- Prevention of Osteo-muscular injuries
- Prevention of sexually-transmitted illnesses and HIV.
- Control of smoking
- Mental health and quality of life.
- Prevention of Cardiovascular Risks "Mes del Corazón".
- Prevention of Spring Allergies.

Psycho-social risks evaluation 2014

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. A program was established for this in all the management areas of Endesa Chile.

Immunizations 2014

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.

This program was offered to all employees of Endesa Chile, reaching a total of 590 people in 2014, with the following vaccinations:

- Seasonal Influenza vaccination, trivalent: implemented in the first quarter of the year annually, preventing the outbreak that starts in early June.

Healthy Woman 2014

The object of this program is to reduce the occurrence of death through breast and/or cervico-uterin cancer, 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. A total of 238 employees were covered by this program in 2014.

Periodic preventive examinations program 2014

The object of this program is to carry out periodic medical evaluations of employees, in order to detect alterations or pathologies early that threaten people's 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, covering a total of 1,144 employees.

Safety campaigns

Development of activities during safety weeks in April and November 2014 in order to inform and reinforce preventive actions for avoiding the occurrence of work accidents

Safety walks

In order to involve the senior management in the on-site verification of the safety standards, the executives in 2014 made a total of fifty Safety Walks in order to check compliance with procedures and the use of suitable equipment, tools and machinery.

Asbestos control campaigns

Preventive control campaigns were introduced in 2014, evaluating a total of 255 workers with scanners, in order to detect probable health alterations due to the existence of asbestos. Various actions were also implemented as part of the Asbestos Control and Cleaning-up Policy whose objective is to establish standards of cleaning up and elimination of this substance. The total cleaning up of Bocamina I was begun in 2014.

Implementation of new safety standards

Definition and implementation of new safety signs and barriers at centers of work in order to warn about and control work risks.

Promulgation of lessons learnt

Diffusion among workers and contractors of serious and mortal accidents and high-potential incidents, describing and analyzing the causes of the unfortunate incidents and their preventive measures, as lessons learnt. This document therefore contributes to the elimination of sub-standard conditions and acts that are present daily in carrying out activities with risk of accidents.

Formation of safety

As part of the training associated with occupational health and safety, and seeking to reinforce our skills in this matter, 811 own employees and 1,905 contractors' personnel were trained.

OHS leadership course for managers

Development of a program for promoting the characteristics of leadership in risk prevention among inspectors (179 people), in order to improve safety management skills by preventive action of contractor firms.

Recruitment and Selection



Coverage of vacancies

The main 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.

107 vacancies were created in Endesa Chile in 2014 of which 63% correspond to coverage by internal means, for which internal competitions are held at the national and international levels, with processes of horizontal and ascending levels or promotion.

Program of young talent practices and attraction

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 main 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 107 such students entered during 2014.

To generate links with universities and attract the best students, Endesa Chile took part in two Labor Fairs in 2014, both related to engineering careers of the Pontificia Universidad Católica de Chile and Universidad de Chile. Activities like focus group and surveys were organized to know and determine the relevant factors in the young professionals and to generate branding actions to reinforce the company's image in the market.

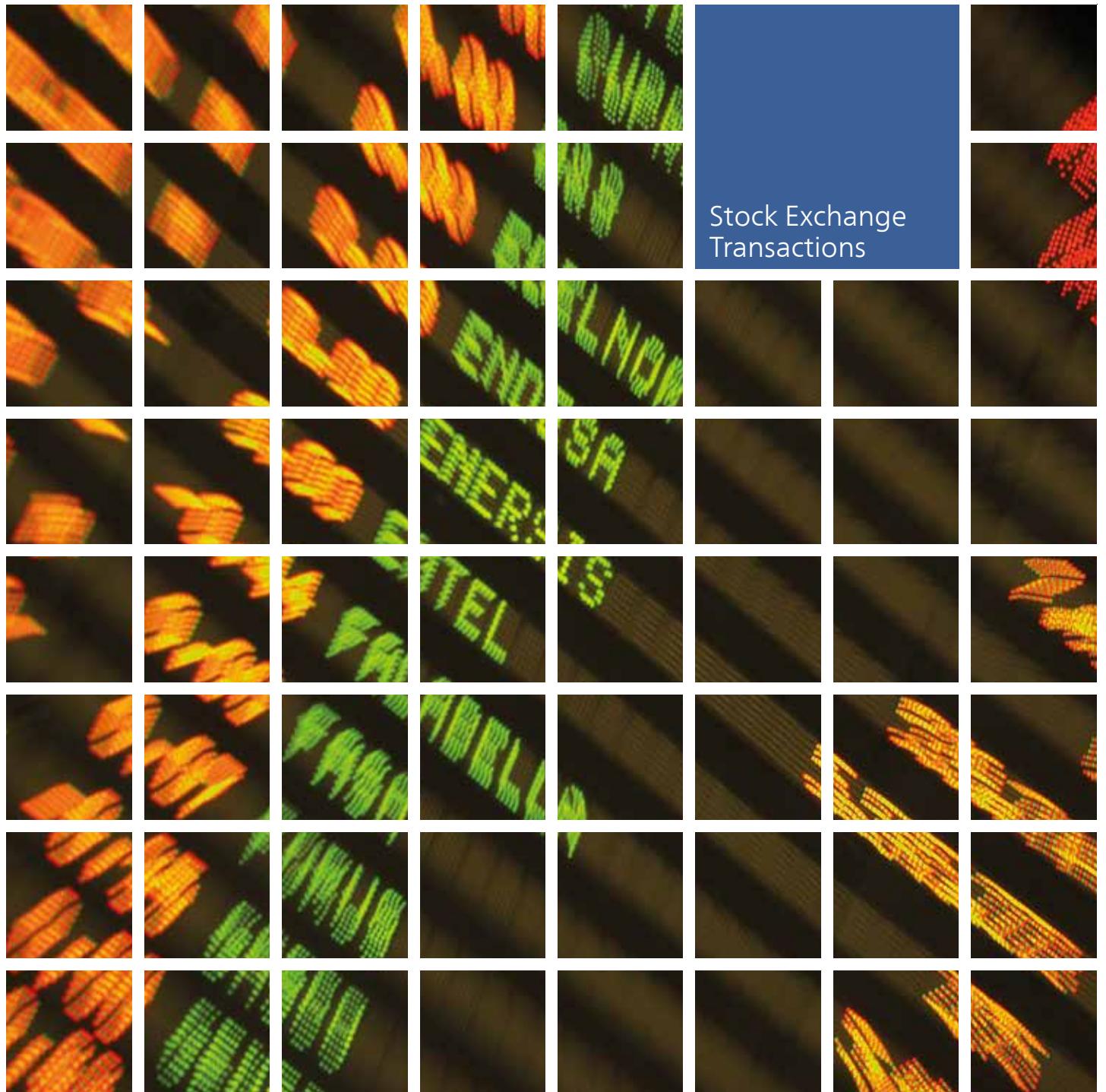
Diversity and inclusion

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. One action is the entry program which seeks to incorporate physically disabled students. Working partnerships with different foundations and the Ministry of Education were formed for this purpose.

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 20% of the total adjudications, thus promoting feminine empowerment and leadership gradually. 28% of external entrants were women.

Quality, efficiency and customer orientation

Finally, and within the optic of continuous improvement, a follow-up was made this year of the new entrants through personal interviews after completing six months in the company. All those interviewed said they felt fully adapted to their job and the company and, in the case of Endesa Chile, 93% felt very satisfied with the selection process and accompaniment experienced.



Market transactions on the different stock exchanges

During 2014, the Santiago Stock Exchange traded 972.8 million shares of Endesa Chile for an amount of Ch\$812,583 million. In addition, the Chile Electronic Stock Exchange traded 134.4 million shares of Endesa Chile with a total value of Ch\$113,209 million. Finally, the Valparaíso Stock Exchange traded 20,641 shares of Endesa Chile, for Ch\$17.8 million.

In 2014, the Endesa Chile share closed at a price of Ch\$921.5 on the Santiago Stock Exchange, at Ch\$903 on the Electronic Stock Exchange and at Ch\$890 on the Valparaíso Stock Exchange.

Santiago Stock Exchange

Quarter	Units traded	Volume traded (Ch\$)	Average price (Ch\$)
1st quarter 2012	290,855,832	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
1st quarter 2014	258,767,437	195,552,407,329	754.30
2nd quarter 2014	246,409,824	202,030,498,763	820.01
3rd quarter 2014	228,759,297	202,446,139,441	884.67
4th quarter 2014	238,910,773	212,554,142,702	891.64

Chilean Electronic Exchange

Quarter	Units traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2014	27,871,044	21,201,400,932	747.71
2nd quarter 2014	37,004,033	30,242,504,418	815.37
3rd quarter 2014	33,761,571	29,965,057,984	882.87
4th quarter 2014	35,837,072	31,800,485,067	894.23

Valparaíso Stock Exchange

Quarter	Units traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2014	4,420	3,332,680	754.00
2nd quarter 2014	0	0	0.00
3rd quarter 2014	1,200	1,017,600	848.00
4th quarter 2014	15,021	13,497,038	898.54

In the United States of America, 24.7 million Endesa Chile ADSs were traded in 2014, totaling US\$1,081.6 million. One ADS represents 30 Endesa Chile shares. The price of an Endesa Chile ADS closed the year at US\$ 44.74.

New York Stock Exchange (NYSE)

Quarter	Units traded (No. of ADS)	Volume traded (US\$)	Average price of ADS (US\$)
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
1st quarter 2014	7,527,111	\$307,155,539	\$40.83
2nd quarter 2014	5,809,269	\$256,556,424	\$44.24
3rd quarter 2014	5,305,092	\$243,722,019	\$45.92
4th quarter 2014	6,132,226	\$274,220,177	\$44.88

In 2.5 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 apprx. €2.7 million. Each contract unit represents 1 company share, and the contract unit price closed the year at €1.27.

Latibex

Quarter	Units traded	Volume traded (€)	Average price (€)
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
1st quarter 2014	776,184	770,925	0.99
2nd quarter 2014	741,447	778,788	1.04
3rd quarter 2014	730,544	816,512	1.11
4th quarter 2014	278,701	322,830	1.16

Market information

During 2014, the global economic scenario was marked by slower growth in the emerging economies, like Chile and Brazil, and in developed countries due to crisis situations in some countries of Europe. In addition, there was the strength of the US dollar, especially against the emerging currencies, largely due to the recovery of the American economy. Finally, the fall in commodity prices resulted in a scenario of economic uncertainty in South America. In particular, in addition to the global situation, Chile was affected by uncertainties generated by changes in the domestic economy, like the taxation reform. The Selective Stock Price Index, IPSA, an indicator comprising the 40 most traded stocks in Chile, closed with an increase of 4.1% in 2014.

In the domestic market, the share of Endesa Chile rose by 17.8% during 2014, thus showing a trend in line with the domestic market and the improved hydrology recorded. Despite the devaluation of the Chilean peso against the US dollar during the year, Endesa Chile's ADRs rose by 0.4% on the New York Stock Exchange, while its securities on the Madrid Stock Exchange similarly rose by 23.8% 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	2013	2014	Accumulated 2013-2014
Endesa Chile	0.5%	17.8%	18.4%
IPSA	-14.0%	4.1%	-10.5%

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	2013	2014	Accumulated 2013-2014
EOC	-8.7%	0.4%	-8.3%
Dow Jones Industrial	26.5%	7.5%	36.0%
Dow Jones Utilities	8.3%	26.0%	36.4%

Latin American Securities Market Prices of Endesa Chile on the Madrid Stock Exchange (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	2013	2014	Accumulated 2013-2014
XEOC	-15.1%	23.8%	5.0%
LATIBEX	-20.0%	-16.1%	-32.9%



Dividend policy 2015

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 2015 of up to 15% of the earnings to September 30, 2015, as shown by the financial statements as of that date, payable in January 2016.

The Board intends to propose to the ordinary shareholders' meeting, to be held in the first four months of 2016, the distribution of a final dividend equivalent to 50% of the earnings for 2015.

The final dividend will be defined by the ordinary shareholders' meeting to be held during the first four months of 2016.

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 payment of dividends

For the payment of dividends, 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.
5. Bank checking or savings accounts may be located anywhere in the country.
6. 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.



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 ⁽¹⁾

The Board intends to distribute an interim dividend against the earnings for 2014 of up to 15% of the earnings to September 30, 2014, as shown by the financial statements as of that date, payable on January 2015.

The Board intends to propose to the ordinary shareholders' meeting, to be held in the first four months of 2015, 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.

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.

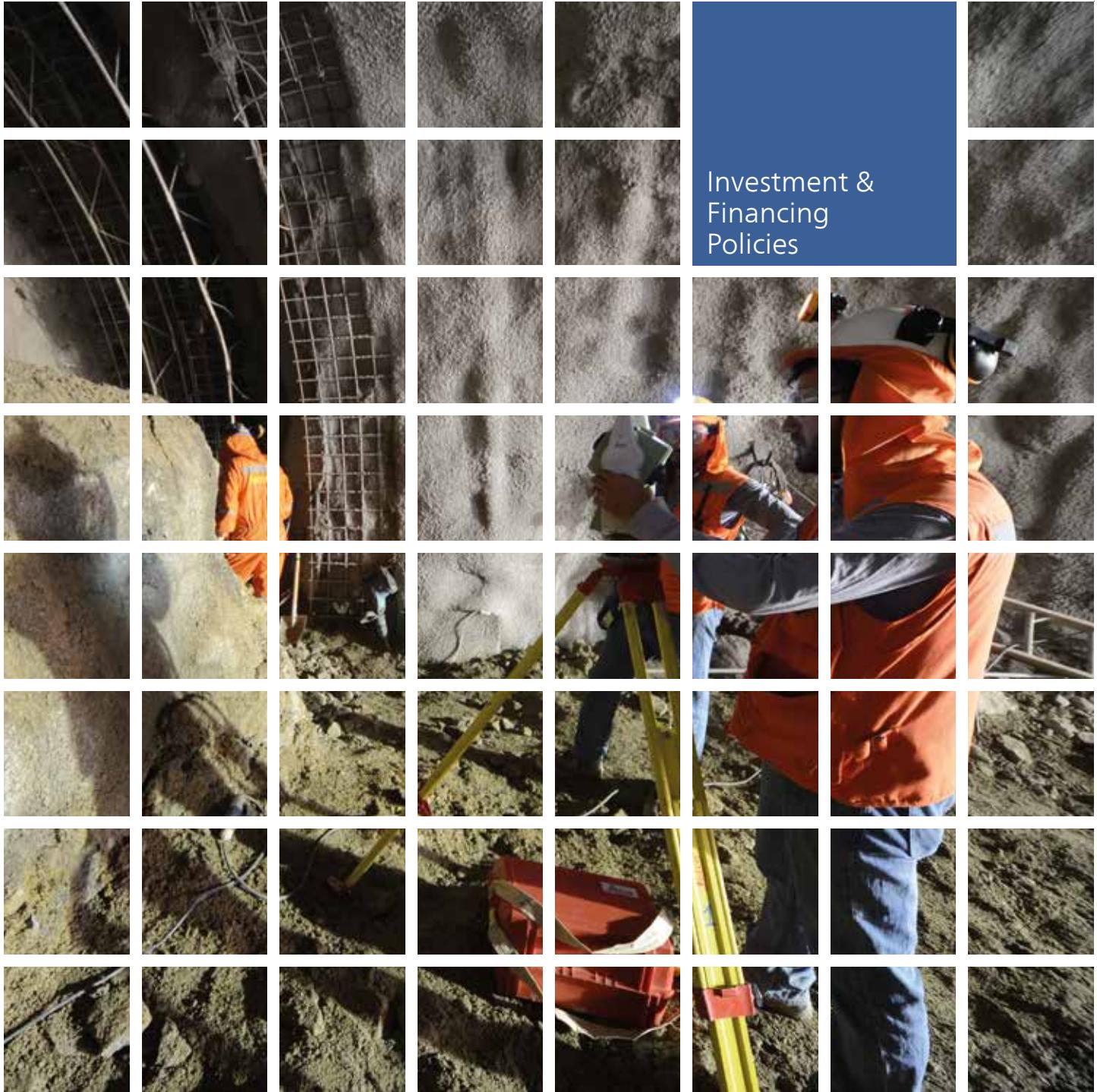
Distributable earnings 2014

	2014
Millions of pesos	
Earnings for the year attributable to the dominant company	334,557
Distributable earnings	334,557

Dividends Distributed

Dividend No.	Type of dividend	Closing date	Payment date	Pesos per share	Input to the year	Annual dividend	% of earnings
44	Final	23/04/08	29/04/08	11.56470	2007	13.7573	60%
45	Interim	12/12/08	18/12/08	5.35120	2008		
46	Final	06/05/09	12/05/09	15.93300	2008	21.2842	40%
47	Interim	10/12/09	16/12/09	9.31235	2009		
48	Final	28/04/10	05/05/10	17.53050	2009	26.8429	35%
49	Interim	20/01/11	26/01/11	6.42895	2010		
50	Final	05/05/11	11/05/11	26.09798	2010	32.5269	50%
51	Interim	13/01/12	19/01/12	5.08439	2011		
52	Final	11/05/12	17/05/12	22.15820	2011	27.2426	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		
56	Final	09/05/14	15/05/14	17.69856	2013	21.57628	50%
57	Interim	24/01/15	30/01/15	3.44046	2014		

(1) On November 27, 2014, in accordance with articles 9 and 10.2 of Law 18.045 and SVS General Rule No.30, it was reported that the Board of Endesa Chile had agreed to distribute on January 30, 2015 an interim dividend of Ch\$3.4404636 per share, against the earnings for the year 2014, being 15% of the net income calculated as of 30.09.2014, in accordance with the company's current dividend policy.



Investment &
Financing
Policies

Investment policy

During 2014, the company made 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, 2013.

Capital contributions to 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 2014 will be a sum equivalent to 15% of Endesa Chile's equity as of December 31, 2013

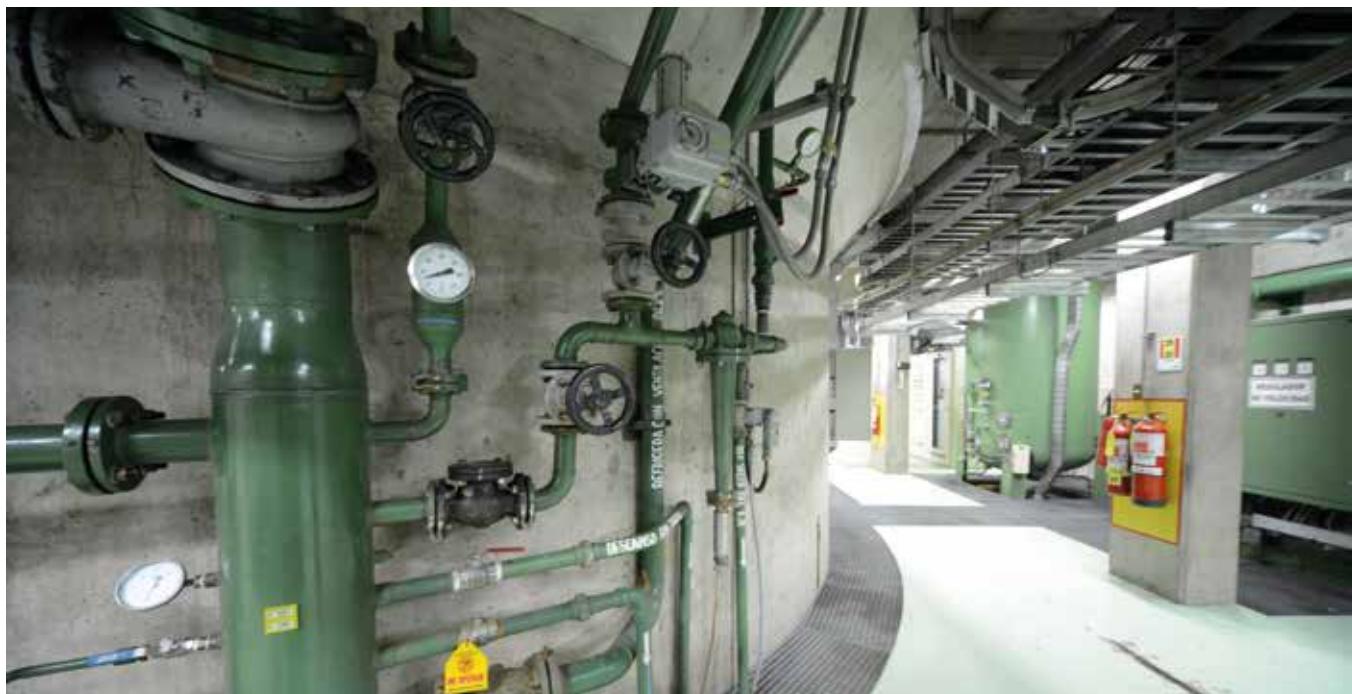
Other investments

- 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, 2013.
- 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, 2013.

Investment 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.

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.



Financing policy

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

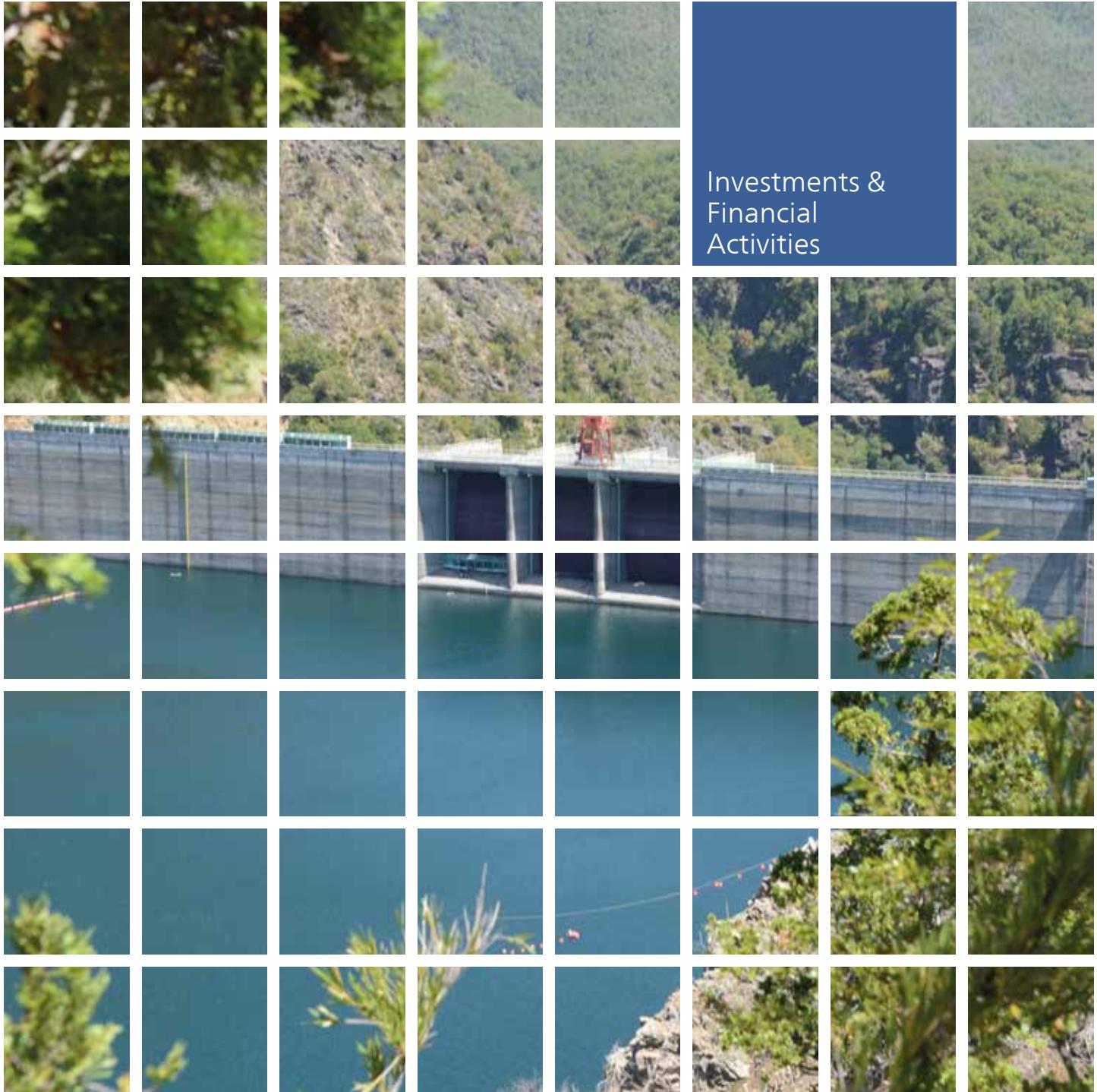
In order to carry out the investment and financing policies, the company's management will have sufficient powers for signing and modifying contracts for the purchase, sale or lease of the goods and services needed for conducting the company's activities, within the applicable statutory framework, observing 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 shareholder 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., Celta S.A. and Generandes Peru S.A., which imply retaining at least 50.1% of these companies' subscribed and paid shares.

The extraordinary shareholder meeting should also 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.





Investments &
Financial
Activities

Investments

Endesa Chile coordinates the global financing strategy of its subsidiaries, including the terms and conditions of the disbursements, and credits between companies of their subsidiaries, in order to optimize the administration of debt and liquidity. The operative subsidiaries generally develop their capital expenditure plans independently, financed on the basis of internally-generated funds or direct financing. One of the objectives is to focus on investments that will provide long-term benefits such as energy-loss reduction projects. In addition, focusing on Endesa Chile as a whole and trying to provide services through the group of companies, it is intended to reduce the level of investment necessary at the individual level of each subsidiary in areas like the acquisition of systems, telecommunications and information technology. While the form of financing these investments has been studied as part of the company's budgeting process, no particular financing structure has been committed. The investments will depend on market conditions at the time when the cash flow has to be obtained.

Endesa Chile's investment policy is sufficiently flexible to be adapted to the changing circumstances, giving different priorities to each project according to profitability and the strategic objectives. The present investment priorities include the development of environmentally responsible hydroelectric and thermal projects in Chile and Colombia, in order to ensure adequate levels of reliable supply.

For the period between 2015 and 2019, it is expected to disburse Ch\$2,159 billion on a consolidated basis, relating to investments currently under way, maintenance of the present Installed capacity and in the studies necessary for the development of other potential generation projects.

The following table shows the expected capital expenditure for the period 2015 – 2019 and that incurred by our subsidiaries over the last three years:

Capital expenditure (in millions of Ch\$)	2015-2019	2014 (1)	2013 (1)	2012 (1)
Chile	1,042,271	155,753	85,169	73,673
Abroad	1,117,166	265,561	206,848	183,810
Total	2,159,437	421,314	292,017	257,483

(1) The figures of capital expenses represent payments effectively made in each year, net of contributions, except for future projections.

Capital expenditure in 2014, 2013 and 2012

Capital investments in the last three years are related principally to (i) the 350 MW Bocamina II project in Chile, (ii) the 400 MW El Quimbo project in Colombia, and (iii) the maintenance of current installed capacity. Bocamina II began its commercial operations in October 2012, with 350 MW of installed capacity. The El Quimbo project is still under construction. In December 2014, the optimization of the Salaco project was completed, adding a total of 145 MW to the Colombian grid. These capital investments were financed as follows:

- **El Quimbo:** Issue of domestic and international bonds.
- **Bocamina II:** Funds generated by the company.
- **Salaco:** Funds generated by the company.



Financial activities

Domestic financing

At the end of 2014, Endesa Chile and its Chilean subsidiaries had uncommitted credit lines available for the equivalent of US\$ 186 million.

Endesa Chile also has fully committed credit lines available for the equivalent of US\$297 million.

As of December 2014, the commercial paper lines for a maximum total amount of US\$200 million remain unutilized. These were registered with the Securities Register of the SVS in January 2009.

In addition to the above revolving credits and bond programs mentioned, Endesa Chile with its Chilean subsidiaries ended the year with available cash of US\$83 million, excluding the jointly-controlled companies.

The consolidated financial debt of Endesa Chile was US\$ 3,505 million. This debt is composed mainly of bank debt, and local and international bonds. Endesa Chile's consolidated cash closed at US\$ 552 million, so the net consolidated debt amounted to US\$ 2,953 million as of December 2014.

During 2014, a bank loan expired amounting to US\$200 million and an international bond for US\$400 million was issued at a rate of 4.25%.

International financing

2014 was marked by the incipient recovery of the developed economies, mainly the United States which recorded the highest growth. However, the macro data were not sufficiently solid for the FED which has delayed the withdrawal of the monetary stimulus, maintaining rates at their historic minimum. Financial market players have discounted the possibility that rates might rise in the short term, which has led to the devaluation of emergent currencies, including the countries where the assets of Endesa Chile are located.

Geopolitical conflicts, added to cuts in the growth projections for China, have severely impacted on raw material prices which are an important source of income for Latin American countries.

The financial markets remained open in the countries where Endesa Chile has a presence, which enabled the foreign subsidiaries to obtain the necessary funds for financing their projects and investments and to continue with the refinancing of their debts at longer terms, complying with a policy that permits having controlled financial risks. In Argentina, the complex operating and regulatory situation has generated instability in the companies' cash flows. However, an economic balance was achieved in 2014 different operative and financial actions.

New financings and hedge operations were concluded in 2014 amounting to approximately US\$2,800 million, mainly issues in Chile and Colombia, and hedges of Endesa Chile.



Main financial operations concluded

Argentina

Costanera refinanced a commercial debt with Mitsubishi Corporation, initially for an amount of US\$192 million, at a rate of 0.25% in dollars and at 18 years term. Hidroeléctrica El Chocón refinanced an external loan of US\$19 million for a 2-year term.

Colombia

Emgesa issued domestic bonds amounting to approximately US\$247 million, for terms of 6, 12 and 16 years, both for the financing of the El Quimbo project and to refinance debt maturities.

Peru

Edegel formalized its first committed lines of credit amounting to US\$34 million with a 2-year term in order to reinforce its liquidity position. It also signed a bank loan for US\$36 million to refinance maturities.



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. The objective is to minimize the exposure of cash flows to exchange risks.

As part of this policy, Endesa Chile contracted forwards for a total of US\$926 million to hedge flows coming from its subsidiaries in Latin America, future payments under investment projects and short-term debt repayments. Exchange rate swaps were also contracted for US\$429 million relating to a domestic bond denominated in UF.

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 ±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 hedged debt to net debt was 67%,



Insurance

Operational

All the companies of the Endesa Chile Group are covered by a global risk program, covering material damage, terrorism, interruption of business and civil liability, led by the parent Enel. The renewal process of the insurance policies was made through an international tender to which the world's main insurers were invited. The policies were renewed on November 1, 2014 and expire on October 31, 2015.

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 €1,000 million per claim (except earthquake and flooding with an indemnifiable limit of €500 million per claim). This measure is intended to provide a greater protection for generation plants and the main transformation substations against the risk of earthquake, avalanche, fire, explosion, flood, machinery breakdown and operational faults. In addition, this policy now includes cover for terrorist acts with a limit of €150 million.
- Non-contractual civil liability insurance for the sum of €500 million a year, covering the damage caused by the company's activities to third parties who demand damages.

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.

Insurance of works

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 main insurers were invited.

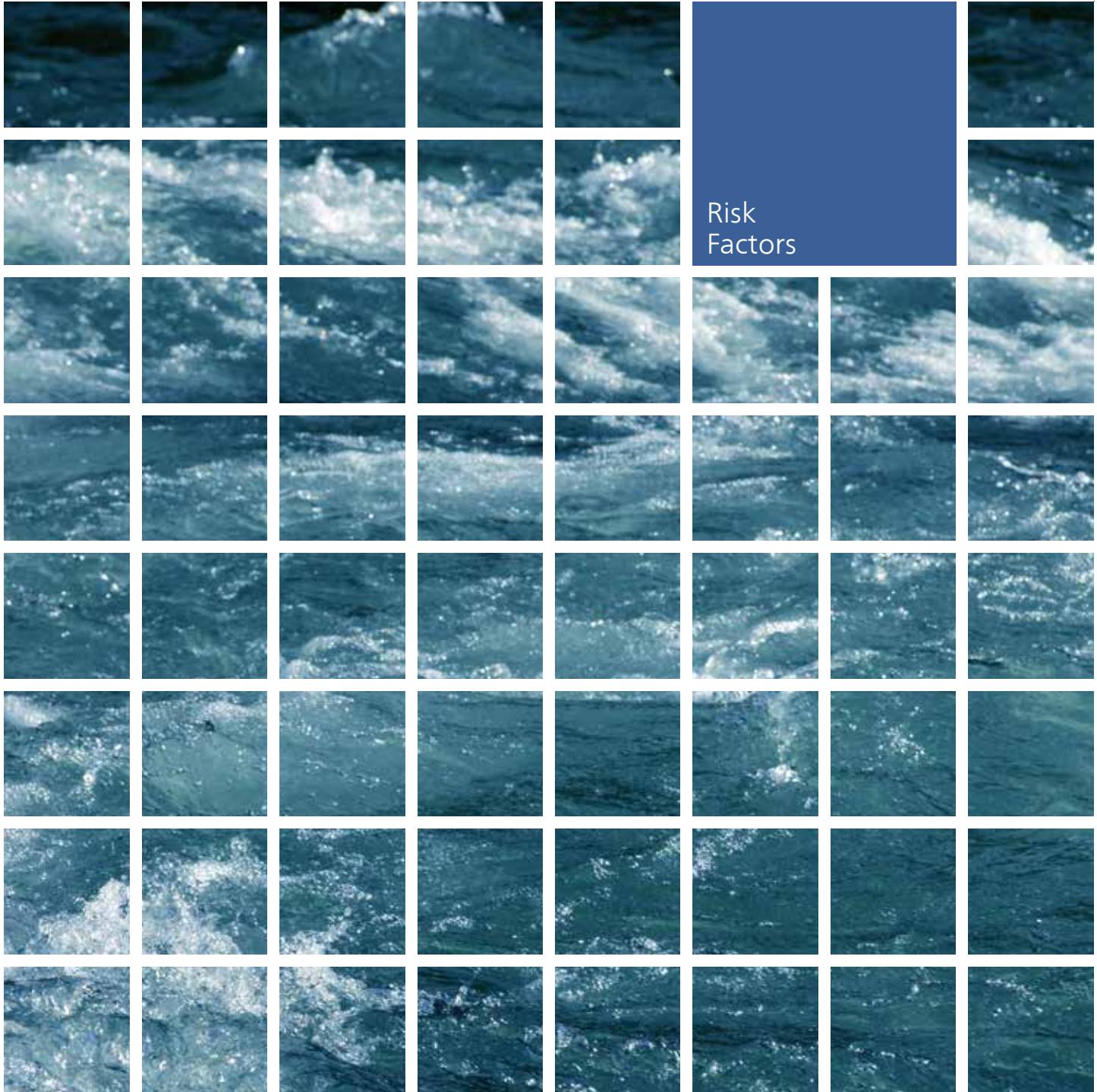
The insurance program established for all projects contemplates all-risk insurance cover for construction and assembly, transportation, civil liability and start-up delays, with limits and deductibles in line with the company's risk policy.

On July 9, 2014, Feller Rate confirmed its AA local rating for bond programs, shares and commercial paper, ratifying a stable outlook.

On August 6, 2014, 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.

On November 28, 2014, Standard & Poor's confirmed the international rating for Endesa Chile as BBB+, with stable outlook.

Finally, on December 27, 2014 Moody's ratified its corporate rating of Baa2 for Endesa Chile, with stable outlook.



Risk
Factors

The Group companies are exposed to certain risks which are managed through the application of identification, measurement, limit of concentration and supervision systems.

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

- Comply with the rules of good corporate governance.
- Comply strictly with all the group's regulatory system.
- Each business and corporate area defines:
 - The markets in which it can operate as a function of sufficient knowledge and abilities for ensuring an effective risk management..
 - Criteria on counterparties.
 - Authorized operators.
- The corporate businesses and areas establish for each market in which they operate their appetite for risk coherently with the defined strategy.
- All the operations of the corporate businesses and areas are carried out within the limits approved in each case.
- The businesses, corporate areas, lines of business and companies establish the risk management controls necessary for ensuring that transactions in the markets are carried out in accordance with the policies, rules and procedures of Endesa Chile.

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 67% of total net debt as of December 31, 2014.

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:

Net position	Dec-13%	Dec-14%
Fixed interest rate	71%	67%
Variable interest rate	29%	33%
Total	100%	100%

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 currencies other than that of their cash flows.
- Cash flows from foreign subsidiaries to Chilean parent companies that are subject to exchange-rate fluctuations.

In order to mitigate the exchange-rate 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, 2014, there are swap operations outstanding for 266 thousand barrels of oil for January 2015 and 350 thousand MMBTU of Henry Hub gas for February 2015. As of December 31, 2013, there were no outstanding commodity derivative operations.

According to the operative conditions which are constantly updated, these hedges can be modified or other commodities included.

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.

As of December 31, 2014, Endesa Chile has a liquidity of ThCh\$ 336,628,803 in cash and cash equivalents and ThCh\$ 200,530,219 in committed long-term credit facilities. As of December 31, 2013, Endesa Chile had a liquidity of ThCh\$ 323,807,379 in cash and cash equivalents, and ThCh\$ 153,458,192 in committed long-term credit facilities.

Credit risk

Endesa Chile 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.

Financial assets

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

In selecting banks eligible for investing, those that have investment grade ratings from the 3 main 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 securities issued by first-class banks, preferring the latter for offering better returns (always within the 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 in one day.

Other risks

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	31-12-2013 ThCh\$	31-12-2014 ThCh\$
Interest rate	8,035,082	20,291,690
Exchange rate	2,205,128	2,632,675
Correlation	(3,291,060)	(3,443,888)
Total	6,949,150	19,480,477

The Value at Risk positions have evolved during 2014 and 2013 according to the initiation/expiry dates of operations throughout each year.



As is normal 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 main 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 international line of credit (currently not drawn). This facility 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\$ 100 million and the expropriation of assets, among others, could cause the acceleration of this facility.

The non-payment, after any applicable grace period, of any debt of Endesa Chile or of any of its Chilean subsidiaries, with an outstanding main in excess of US\$ 30 million, could lead to the accelerated mandatory payment of the Yankee bonds. In the case of the Yankee bonds issued in April 2014 and maturing in 2024, the acceleration would be triggered as \$ 50 million.

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.

The risk factors could also be extended to the following areas:

A financial or other crisis in any region of the world could have a significant impact on the countries where we operate and therefore adversely affect our operations and our liquidity

The five countries where we operate are vulnerable to external impacts, including financial and political events, which can cause significant economic difficulties and affect their growth. If any of these economies experience economic growth below that expected or a recession, it is probable that our customers will demand less electricity. Moreover, some of our customers may experience difficulties in paying their electricity accounts, possibly increasing our doubtful accounts. Any of these situations could adversely affect our operating results and financial condition.

Financial and political crises in other parts of the world could adversely affect our business. For example, the instability in the Middle East could result in higher fuel prices around the world, which in turn could increase our fuel costs for the thermal-generating plants and adversely affect our operating results and financial condition.

An international financial crisis and its negative effect on the financial industry can have an adverse impact on our capacity to obtain new bank financing on historic terms and conditions. This could reduce our capacity to access the capital markets in the five countries where we operate and the international capital markets for other sources of liquidity, or increase the interest rates offered us. The reduced liquidity in turn may affect our capital costs, our long-term investments and acquisitions, our development prospects and our dividend policy.

It is probable that economic fluctuations in South America would affect the company's operations and its financial position and value of its securities.

All Endesa Chile's operations are in South America. Consolidated revenues are therefore sensitive to the performance of the South American economies as a whole. If the local, regional or global economic trends adversely affect the economy of any of the five countries where the company has investments or operations, its financial position and operating results could be adversely affected. The company also has investments in countries with volatile economies, such as Argentina. The generation of insufficient cash by the subsidiaries in Argentina has meant, in some cases, the incapacity to meet their obligations and the need to request waivers with respect to compliance with restrictive financial conditions.

Most of the operating revenues are generated in Chile and Colombia, and 81% of the operating revenue comes from operations in those countries. Consequently the financial condition and operating results are fundamentally dependent on the performance of the Chilean and Colombian economies.

Future adverse events in these economies may make difficult our ability to carry out our strategic plans, which could adversely affect our operating results and financial position.

In addition, the financial and securities markets in South America are influenced to different degrees by economic conditions and the markets of other countries. Although economic conditions differ in each country, the reaction of the investor to the events of a country could have a significant knock-on effect on the securities of issuers in other countries, including Chile. The financial and

securities markets in Chile may be adversely affected by events in other countries, which may affect the value of our securities.

A permanent financial crisis in Argentina or a deeper devaluation of the Argentine peso could have an adverse effect on our debt.

The Argentine peso suffered a sharp devaluation against the US dollar during 2014. Due to the fall in value of the Argentine peso against other currencies, the Argentine government has put into practice policies that limit the purchase of dollars. The Argentine central bank raised the reference interest rate which increased the cost of financing for banks and therefore for private sector companies. Although the rate of devaluation has declined recently, the increase in interest paid on deposits has been insufficient to compensate the increases in inflation. The devaluation of the Argentine peso may continue during 2015 and onward.

If the Argentine economy were considered as hyperinflationary, a general price index would be used to represent the amounts related to the subsidiaries in this country in the financial statements, as established in IAS 29 "Financial Information in Hyperinflationary Economies". The amounts reported in previous periods would be restated by applying the general price index so that the financial statements between the periods shown are comparative.

The Argentine banking sector in 2014 increased interest rates on loans and shortened the terms to maturity. Liquidity in the Argentine derivatives market also deteriorated, thus limiting access to swaps of debt denominated in Argentine pesos into other currencies. The company's debt denominated in Argentine pesos is therefore exposed to a greater devaluation of the Argentine peso.

The sovereign credit rating of Argentina also deteriorated in 2014, based on market data and reports of the credit-rating agencies. The cost of insurance of the sovereign bonds, measured by the debt swaps, increased in 2014 to 29.9% from 16.5%, which indicates that there is a growing probability of very difficult credit situations. The rating of the sovereign debt of Argentina was reduced from CCC - to Selective Default by Standard & Poor's, and from CC to Restricted Default by Fitch. Moody's maintained the long-term foreign debt rating as Ca, but with negative outlook. A further deterioration in the Argentine economy could adversely affect our operating result and financial position.

Certain South American economies have historically been noted for the frequent, and occasional, drastic interventionist measures of the state authorities,

including expropriations, which can adversely affect the business and financial results.

Government authorities have modified monetary, credit, tariff, taxation and other policies in order to influence the direction of the economies of Argentina, Brazil, Colombia and Peru. To a lesser extent, the Chilean government has also exercised and continues exercising an important influence over various aspects of the private sector, which can result in changes in the economic and other policies. For example, in September 2014, the Chilean government approved a progressive tax increase on corporate profits. These government actions in these South American countries have meant the application of wage, tariff and price controls and other interventionist measures like expropriations or nationalizations. For example, Argentina froze banking accounts and imposed capital restrictions in 2001, nationalized the private pension funds system in 2008, used Treasury reserves in the central bank to repay debt maturing in 2010 and expropriated 51% of Repsol's shareholding in YPF in 2012 and impose controls over the exchange rate which limited Argentine access to foreign currencies. In 2010, Colombia imposed a tax on equity to finance construction to repair the damage produced by serious landslides, which resulted in an accrual that had to be booked in January 2011 for the taxes payable between 2011 and 2014.

The changes made in the policies of these government and monetary authorities with respect to tariffs, exchange controls, regulations and taxation could reduce the company's profitability. Inflation, devaluation, social unrest and other political, economic or diplomatic events, including the response of regional governments to these circumstances, could also reduce profitability. Any of these scenarios could adversely affect the operating results and financial position.

The electricity business is exposed to risks arising from natural disasters, catastrophic accidents and acts of terrorism that could adversely affect the operations, profits and cash flow.

The main installations include generating plants, transmission and distribution assets, terminals and LNG regasification plants, ships for transporting, and the storage of LNG. These installations could suffer damage due to earthquake, flooding, fire and other catastrophic disasters caused by nature or human accidents, and also acts of terrorism. A catastrophic event could cause interruptions in our business, significant reductions in our revenues due to reduced demand or additional significant costs not covered by insurance clauses for business interruptions. There might be delays between the occurrence of a significant accident or catastrophic event

and the final reimbursement of the insurance cover, which normally contemplates a deductible and is subject to maximum amounts per claim.

For example, on February 27, 2010, Chile suffered a big earthquake, at 8.8 on the Richter Scale, in the Biobío region, followed by a very destructive tsunami. The Bocamina and Bocamina II generating plants, located close to the epicenter, suffered significant damages as a consequence.

Endesa Chile is subject to financing risks such as those associated with the financing of new projects and capital expenditure and risks related to the refinancing of debt on maturity. It is also subject to compliance with debt obligations, all of which could adversely affect its liquidity.

As of December 31, 2014, the financial debt of Endesa Chile amounted to Ch\$2,117 billion.

The financial debt has the following maturity pattern:

- Ch\$291 billion in 2015;
- Ch\$216 billion in 2016 – 2017;
- Ch\$228 billion in 2018 – 2019, and
- Ch\$1,382 billion thereafter.

The following is a detail of the financial debt maturing in 2015:

- Ch\$147 billion for Chile;
- Ch\$91 billion for Colombia;
- Ch\$29 billion for Argentina;
- Ch\$24 billion for Peru.

Some of the debt agreements are subject to (1) compliance with financial ratios, (2) covenants, (3) events of default, (4) events of acceleration of debt due to non-compliance with contractual conditions, and (5) certain clauses relating to changes in control and mergers and significant divestments, and others. A significant portion of the company's financial debt is subject to cross-default clauses with different definitions, criteria, materiality limits, and the applicability in terms of the subsidiaries that may give rise to a cross default.

Should Endesa Chile or its subsidiaries default under any of these significant provisions, its creditors and bond-holders may demand immediate repayment, and some portion of the debt could become payable on demand. For example, on December 31, 2014, the Argentine subsidiary El Chocón did not comply with a financial expense coverage ratio (Ebitda /financial expenses) under a loan agreement with Standard Bank, Deutsche Bank and Itaú

with maturity in February 2016. El Chocón has already experienced difficulties in complying with this requirement various times in the past and has obtained waivers from the lenders. At the time this Annual Report was prepared, the company is in conversations with the creditors, but El Chocón has received no waivers or notes for its latest inability to comply with this ratio. Should the lenders decide to declare an event of default and accelerate the loan, 18.5 million dollars of main and interest would immediately become due and payable on this loan. Due to the crossed acceleration of other loans of El Chocón, an additional Ch\$21 billion would also be accelerated and El Chocón would be declared bankrupt.

It is possible that Endesa Chile is unable to refinance its debt or obtain such refinancing on terms that are acceptable. In the absence of such refinancing, the company could be obliged to dispose of assets in order to make the accrued payment of its debt under circumstances that could be unfavorable for obtaining a good price for those assets. Moreover, it is possible that the assets could not be sold sufficiently quickly or for amounts sufficiently high in order to make such payments.

It might also be unable to obtain the funds required for completing its projects under development or construction. Market conditions at the time the funds are required or other unforeseen extra costs could compromise its capacity to finance these projects and investments.

As of the date of this report, Argentina continues to be the country at most risk of refinancing. As of December 31, 2014, the financial debt with third parties of the Argentine subsidiaries amounts to Ch\$73 billion. While the fundamental matters referring to the electricity sector remain unsolved, we will renew our Argentine debt, pending payment, as and when we are able to do so. If the company's creditors are not prepared to renew the debt on maturity and there is no possibility of refinancing those obligations, we could fall into default on that debt.

The inability to finance projects or capital expenditure or refinance existing debt might adversely affect the operating results and financial position.

It is possible that the company is unable to make investments, partnerships or appropriate acquisitions

The company is constantly reviewing the prospects of acquisitions that increase its market coverage or complement existing businesses, although it cannot be sure that it will be able to identify and complete appropriate acquisitions in the future. The acquisition and integration of independent companies that it does not control is generally a complex and expensive process

and takes time, and requires a lot of effort and expense. If an acquisition is made, large debts may be incurred and unknown obligations assumed, the potential loss of key employees, amortization charges relating to tangible assets and the distraction of the management from other business concerns. In addition, any delay or difficulties found concerning the acquisition and the integration of multiple operations could have an adverse effect on the business, financial position or operating results.

As the generation business depends to a large degree on hydrological conditions, droughts can damage profitability.

Approximately 55% of the consolidated installed capacity in 2014 was hydroelectric. Extreme hydrological conditions therefore can affect the business and cause an adverse effect on the results and financial position. In recent years, the regional hydrology has been affected by two climatic phenomena – "El Niño" and "La Niña" – that influence the regularity of rains and can bring droughts.

During periods of droughts, the thermal plants, including installations that use natural gas, oil or coal, are dispatched with greater frequency. The operating expenses of thermal plants can be considerably higher than those of hydroelectric plants. Operating expenses increase during these periods and, depending on commercial commitments, it is possible to have to make purchases of electricity on the spot market in order to meet the company's contractual obligations. The cost of these electricity purchases may exceed the sale price of the electricity contracted, causing losses under those contracts.

Government regulations can adversely affect the business.

We are subject to extensive tariff regulations applied to the company's customers and other aspects of the business, and these can have an adverse impact on profitability. For example, the Chilean government may impose electricity rationing during drought conditions or during prolonged faults at the plants. During rationing, if the company cannot generate sufficient electricity to meet its contractual obligations, it would possibly be obliged to buy electricity on the spot market, as even a severe drought does not free the company from its contractual obligations in an event of force majeure. The spot price may be significantly higher than the generation costs and can reach the level of "fault cost" set by the National Energy Commission (CNE). This fault cost which is updated every six months by the CNE, is the quantification of the price that end users would pay for an additional MWh under rationing conditions. If the company is unable to buy sufficient electricity on the spot market to meet its contractual obligations, it would have

to compensate its regulated customers for the electricity it cannot supply at the rationed price. Periods of rationing may occur in the future and its generating subsidiaries could therefore be obliged to pay regulatory penalties if those subsidiaries fail to provide the adequate service in accordance with their contractual obligations. Important rationing policies imposed by the regulatory authorities in any of the countries where the company operates could adversely affect the business, the operating results and the financial position.

The electricity regulations established by the government authorities in the countries where Endesa Chile operates may affect the capacity of its generating companies (such as Endesa Costanera, In Argentina) to obtain sufficient revenues to cover their costs.

The inability of a company of the consolidated group to obtain sufficient revenues to cover its operating costs may affect the ability of the company affected to operate as on-going business and may have an adverse effect on the business, assets, operating results and the operations.

In addition, the administrative authorities and legislators of the countries where the company operates have often proposed changes in the regulatory framework. If such changes are approved, these can have an adverse and important effect on our business. For example, there was a change in the Chilean Waters Code in 2005, which established the payment of a permit for water rights conceded and not utilized.

The development and profitability of the business could be negatively affected if water rights were denied or water concessions were granted for a limited period of time.

Approximately 55% of the company's installed capacity in Chile is hydroelectric. The expansion of this technology or eventually the modification of projects may be subject to the state granting the water rights that are required, which does not occur in every case.

For example, for the optimization of the HidroAysén hydroelectric project, this was redesigned to reduce the area to be flooded by almost 80%, compared to the original design. Achieving this optimization required greater volumes of water from the rivers Pascua and Baker. Consequently, with the objective of optimization, additional water rights were requested. In January 2015, the Dirección General de Aguas (waters authority) denied approximately 92% of the additional water rights requested in the basin of the river Baker and approximately 70% of that requested in the basin of the river Pascua. In view of the uncertainty of recovering the investment made

to date, this investment is not in the immediate portfolio of Endesa Chile's projects. The company therefore booked a loss for impairment of Ch\$69,066 million with respect to HidroAysén in the fourth quarter of 2014.

On the other hand, Chilean Congress is currently discussing a reform to the Waters Code. This reform considers a concessions regime for the use of water for a limited period of time. Concessions for the use of water would be limited to a maximum of 30 years, renewable provided the water of the concession is effectively being used. The reform also considers that the concessions for non-consumed water granted from their publication, will lapse if in a term of eight years the water has not been effectively used. It also contemplates that the rights conceded and not used will lapse after fourteen years, a term that starts from January 2006 for most of the water rights held by Endesa Chile and are still not utilized.

Limitations on existing water rights, the need for additional water rights or the derogation of the present legal framework for water rights could have a material adverse effect on the hydroelectric development projects and profitability.

The regulatory authorities can fine the subsidiaries, which could adversely affect the operating results and financial position.

The electricity business can be subject to regulatory fines in the five countries where the firm operates, resulting from any non-compliance with current regulations, including a fault in the energy supply. In Chile, these fines can amount to a maximum of 10,000 Unidades Tributarias Anuales (UTA), or Ch\$ 5.2 billion, using in each case the value of the UTM, UTA and the exchange rates as of December 31, 2014. In Peru, fines can amount to a maximum of 1,400 Unidades Impositivas Tributarias (UIT), or Ch\$ 1,080 million using the rates at December 31, 2014; in Colombia, fines can amount to a maximum of 2.000 Minimum Monthly Wages, or Ch\$ 312 million, using the rates at December 31, 2014. In Argentina there is no maximum limit on such fines.

The generating subsidiaries are supervised by the local regulatory bodies and may be fined if, in the opinion of the regulatory body, the operational faults that affect the normal supply of energy are the responsibility of the company. For example, when the different agents are not coordinated appropriately with the system operator. The subsidiaries may also be fined or required to compensate customers if they are incapable of supplying electricity to them, even if the fault is due to forces outside our control.

For example, in September 2011, the Chilean Superintendency of Electricity and Fuels (SEC) fined

Endesa Chile and Pehuenche 1,667 UTA (approximately Ch\$ 864 million) due to a power cut in the Metropolitan Region in March 2010. For more information on fines, please refer to Note 36 to our consolidated financial statements.

To meet its payment obligations it depends partly on payments from the subsidiaries, joint ventures and associates.

In order to pay its obligations, Endesa Chile depends partly on the cash it receives from its subsidiaries and associates with respect to dividends, loan repayments, interest payments, capital reductions and other payments. The capacity of our subsidiaries and associates to pay our dividends, interest and loans and make other distributions is subject to legal limitations such as dividend restrictions, fiduciary duties, contractual restrictions and exchange controls that may be imposed in any of the five countries where they operate.

Historically, the company has been able to access the cash flows of its Chilean subsidiaries but it has not always been able to access the flows of its non-Chilean subsidiaries, due to government regulations, strategic considerations, economic considerations and credit restrictions.

Future operating results outside Chile may continue to be subject to greater economic and political uncertainty than that experienced in Chile, thus reducing the probability of being able to rely on the cash flows from the operations of those entities for the payment of the debt.

Dividend limits and other legal restrictions. Some of the subsidiaries outside Chile are subject to legal reserve requirements and other restrictions on the payment of dividends. Other legal restrictions like currency controls can also limit the ability of subsidiaries and associates to pay dividends and make loan repayments or other distributions to the company. The ability of any of the subsidiaries that are not wholly owned to provide us with cash can be limited by the fiduciary duties of the directors of such subsidiaries with respect to minority shareholders. Some of the subsidiaries may also be obliged by the local authorities to reduce or eliminate the payment of dividends. As a result of these restrictions, any of the subsidiaries could, in certain circumstances, be prevented from providing cash to the company.

Contractual restrictions. Restrictions on the distribution of dividends included in some loan agreements of the subsidiaries Endesa Costanera and El Chocón, may prevent the payment of dividends or other distributions to shareholders if they are not in compliance with certain financial ratios. In general, the loan agreements prohibit

making any kind of distribution if there is a current event of default.

Operating results of the subsidiaries. The ability of the subsidiaries and associates to pay dividends, repay loans or make other distributions to Endesa Chile is limited by their operating results. To the extent that the cash needs of any of the subsidiaries exceed their available cash, such subsidiary will have no cash to remit.

Any of the above situations could adversely affect the operating results and financial position.

Exchange risks can adversely affect results and the value in dollars of the dividends payable to holders of ADS.

The currencies of the South American countries in which Endesa Chile and its subsidiaries operate have been subject to large depreciations and appreciations against the US dollar and may have important fluctuations in the future. Historically, an important part of the company's consolidated debt has been denominated in dollars. Although a substantial part of its revenue is linked to the dollar, it has generally been and will continue to be exposed heavily to the fluctuations in the local currencies against the dollar, due to temporary mismatches and other limitations on adjusting the company's tariffs to the dollar.

In countries where the operating cash flows are denominated in local currency, the company attempts to maintain the debt in the same currency but, due to market conditions, it may not be possible to do this. The most important example is Argentina, where most of the debt is denominated in dollars while the revenues are mostly in Argentine pesos. Due to this exposure, the cash generated by the subsidiaries may diminish substantially when the local currencies are devalued against the dollar. The future volatility of exchange rates of the currencies in which the company receives its revenues or incurs its expenses may affect the financial position and operating results.

As of December 31, 2014, the consolidated debt of Endesa Chile is Ch\$2,117 billion (net of exchange hedging instruments). Of this amount, Ch\$811 billion, or 38%, was denominated in dollars and Ch\$313 billion in Chilean pesos, or 15% denominated in Chilean pesos. As of December 31, 2014, the consolidated debt in foreign currency (other than dollars and Chilean pesos) includes the equivalent of:

- Ch\$954 billion in Colombian pesos;
- Ch\$ 29 billion in Argentine pesos, and
- Ch\$10 billion Peruvian soles.

These amounts totaled Ch\$993 billion in currencies other than the dollar and Chilean peso.

For the year ended December 31, 2014, our operational cash flow amounted to Ch\$817 billion (before consolidation adjustments), of which:

- Ch\$365 billion, or 45%, were generated in Colombia
- Ch\$248 billion, or 30%, were generated in Chile;
- Ch\$131 billion, or 16%, were generated in Peru, and
- Ch\$73 billion, or 9%, were generated in Argentina.

Litigation

The company is currently involved in various lawsuits that might conclude in unfavorable decisions or fines, and will continue to be subject to future litigation that could have substantial adverse consequences for the business.

For example, in August 2014, the Chilean Superintendency of the Environment (SMA) fined Endesa Chile 8.640 UTA (approximately Ch\$4.5 billion) for alleged environmental faults related to the Bocamina II thermal plant. The company has appealed against the fine, which is currently pending. Our financial position or operating results could be affected adversely if we are unsuccessful in this litigation or other demands made against us.

The values of the long-term energy supply contracts of the generating subsidiaries are subject to fluctuations in the market prices of certain raw materials and other factors.

Endesa Chile has an economic exposure to fluctuations in the market price of certain raw materials under the long-term energy supply contracts it has signed. The company and its subsidiaries have important obligations under fixed-price long-term electricity sale contracts. The prices of these contracts are indexed to the prices of different raw materials, exchange rates, inflation and the market price of electricity. Adverse changes in these indices could reduce the tariffs that Endesa Chile applies under these fixed-price long-term electricity sale contracts, which could adversely affect the operating results and financial position.

The controlling shareholders may have conflicts of interest related to our business

Enel holds 60.6% of the share capital of Enersis, and Enersis holds 60.0% of the share capital of Endesa Chile. The controlling shareholders of Endesa Chile have the authority to determine the result of most of the important matters that require the vote of the shareholders, like the election of most of the directors and, subject to certain contractual and legal restrictions, the distribution of dividends. Enel may also exercise influence over the operations and business strategy of Endesa Chile. Its interests in some cases may differ from those of other shareholders in Endesa Chile. Enel carries on commercial activities in the area of renewable energies in South America through Enel Green Power S.p.A., in which Endesa Chile has no shareholding.

Environmental regulations in the countries where Endesa Chile operates and other factors may cause delays or prevent the development of new projects, and also increase the operating and capital expenses

The operative subsidiaries are subject to environmental regulations which, among other things, require environmental impact studies for future projects and permits are obtained from the local and national regulatory bodies. The approval of these studies may take longer than originally planned, and may also be delayed by government authorities. Local or ethnic communities or environmental activists, may intervene in the approval process to delay or prevent the development of the projects. They may also bring judicial or other actions, with negative consequences.

Environmental regulations for the present and future generating capacity may become stricter, requiring greater capital investments. For example, Decree 13 of the Chilean Ministry of the Environment, promulgated in January 2011 and published in June 2011, defined stricter emission standards for thermal plants which have to be met between 2014 and 2016 and stricter standards for new installations or additional capacity in existing plants. In September 2014, the Chilean government promulgated Law 20.780 which established an annual tax on emissions of contaminants produced by fixed sources that use boilers and turbines, for installations from 50MW capacity. The law, which applies to practically all the country's conventional generation, comes into effect in 2017.

Apart from environmental matters, there are other factors that may adversely affect the ability to build new installations or to complete on time the projects currently under development, including delays in obtaining the authorizations from the regulatory entities, shortage or price increases of the equipment, materials or labor, strikes, adverse weather conditions, natural disasters, accidents and other unforeseen events. Such difficulties could negatively impact on our operating results and financial position.

Delays or modifications to any of the proposed projects, and in the laws and regulations which may change or be interpreted in such a way, our operations or plans for the companies in which we have investments could be affected adversely, which could affect adversely our operating results or financial position.

The business can be adversely affected by judicial decisions on resolutions of environmental qualification for electrical projects in Chile

The time taken to obtain environmental qualification resolutions for electricity generation and transmission projects in Chile has more than doubled, mainly due to judicial decisions against those projects, environmental opposition and social critics, which raise doubts about the ability of these projects to obtain these approvals and

increase the uncertainty about investing in generation and transmission projects in the country. This uncertainty is forcing companies to reevaluate their business strategies as the delay in the construction of the electricity generation and transmission projects can result in supply problems over the next five or six years. If a plant within the system suddenly ceases to operate, the company may experience reductions in the system's supply, which could lead to power cuts. Such difficulties could negatively impact on the operating results and financial position.

Generating plant projects may find significant opposition from different groups which could delay their development, increase costs and imply damage to the reputation of the company in the face of different related parties, including shareholders.

The reputation of Endesa Chile is the basis of the relationship with the main shareholders and other support groups. If the company is unable to manage effectively or problems are perceived that might negatively affect public opinion, its operating results and financial position could be adversely affected.

The development of new generating plants may encounter opposition by various interested groups, such as ethnic groups, environmentalists, land owners, farmers, local communities and political parties, who could affect the company's reputation and name. For example, the Bocamina II plant has since 2013 encountered considerable opposition from the unions of local fishermen who say that it is prejudicial to marine life and causes contamination, which translated into the temporary closure of the energy plant. Although the Supreme Court rejected the demand, the plant has remained disconnected pending a new environmental qualification resolution as a direct consequence of the claim. The El Quimbo hydroelectric plant project in Colombia also faces constant social demands that have delayed the construction and increased costs. Between April 27, 2014 and May 12, 2014, a national farmers strike involved communities close to the project and blocked roads and occupied neighboring land. Further protests during 2014 blocked the entrance to the construction site of the Balseadero viaduct and the preparation of the reservoir basin.

The operation of the present thermal plants may also affect the name in the face of support groups due to emissions like particulate material, sulfur dioxide and nitrogen oxides that could adversely affect the environment.

The damage to the company's reputation can exercise a considerable pressure on regulators, creditors and other stakeholders and, in the last resort, lead to projects and operations not being developed in an optimum way, cause a



fall in the value of the shares and cause difficulties in attracting or retaining good personnel, all of which results in damage.

The business may experience adverse consequences if the company is unable to reach satisfactory agreements in collective bargaining with the unionized employees.

A large percentage of the employees of Endesa Chile and its subsidiaries are members of unions that have collective bargaining agreements, which need to be renewed regularly. The business, financial position and operating results could be adversely affected if agreements are not reached with any of the unions representing such personnel, or an agreement with a workers' union that contains conditions which the company considers unfavorable. The laws of various of the countries where the company operates establish legal mechanisms so that the judicial authorities can impose a labor agreement if the parties are unable to reach an agreement, which may increase costs above those budgeted.

Some of the employees have highly-specialized skills and certain actions like strikes, walking off jobs, suspensions, by these employees could impact negatively on the operational and financial performance, as well as our reputation.

The interruption or fault in information technology systems and communications systems or external attacks or invasions of these systems could have an adverse effect on the operations and results.

The company depends on the information technology and communications systems and (collectively "IT systems") to operate its business. Any fault could adversely affect the financial position and operating results.

The IT systems are vital for the generating subsidiaries to monitor the operation of the plants, maintain the generation performance and of the networks, generate customer invoices correctly, reach operational efficiency and meet the service objectives and standards. Temporary or long-term operational faults of any of the IT systems could have an adverse material effect on operating results. In addition, cyber attacks can have an adverse effect on the company's image and its relations with the community.

Global cyber attacks on security systems, treasury operations and IT systems have intensified in recent years. The company is exposed to attacks by cyber terrorists that aim to damage assets through computer networks, cyber espionage for obtaining strategic information that could benefit third parties, and cyber theft of confidential and

reserved information including customer information. In 2014, the company suffered two cyber attacks by a cyber-terrorist group, appearing in public web sites in Chile, Argentina, Colombia and Peru. In one of the cases, the attack caused a service interruption of 90 minutes.

Endesa Chile relies on electricity transmission systems that it does not own or control. If these installations do not provide a suitable transmission service, it can prevent the supply of energy to end customers.

To supply the energy it sells, Endesa Chile relies on transmission systems owned by another un-related company operated independently. This dependence exposes the company to severe risks. If transmission is interrupted or the transmission capacity is inadequate, the company could be preventing from selling and supplying electricity. If the energy transmission infrastructure in a region is inadequate, the recovery of sales costs and profits may be insufficient. If restrictive transmission price regulations are imposed, the transmission companies that support Endesa Chile could have insufficient incentives to invest in the expansion of transmission infrastructure, which could adversely affect the operations and financial results. The construction of new transmission lines is currently taking longer than in the past, mainly due to new social and environmental requirements that are creating uncertainty about the probability of completing projects.

On September 24, 2011, around ten million people living in the central zone of Chile experienced a power cut (that affected over half of Chileans), due to a fault at Transelec's Ancoa substation. The fault produced the interruption of the 500 kV double circuit line of the SIC (Chile's central electricity grid), and the subsequent failure of the remote-controlled computer recovery system used by the CDEC for operating the network. This service interruption, which lasted for two hours, demonstrated the weakness of the transmission system and the need to increase investment in the expansion of the network for employing better technologies to increase the reliability of the transmission system.

Any of these faults could interrupt the business which could adversely affect operating results and the financial position.

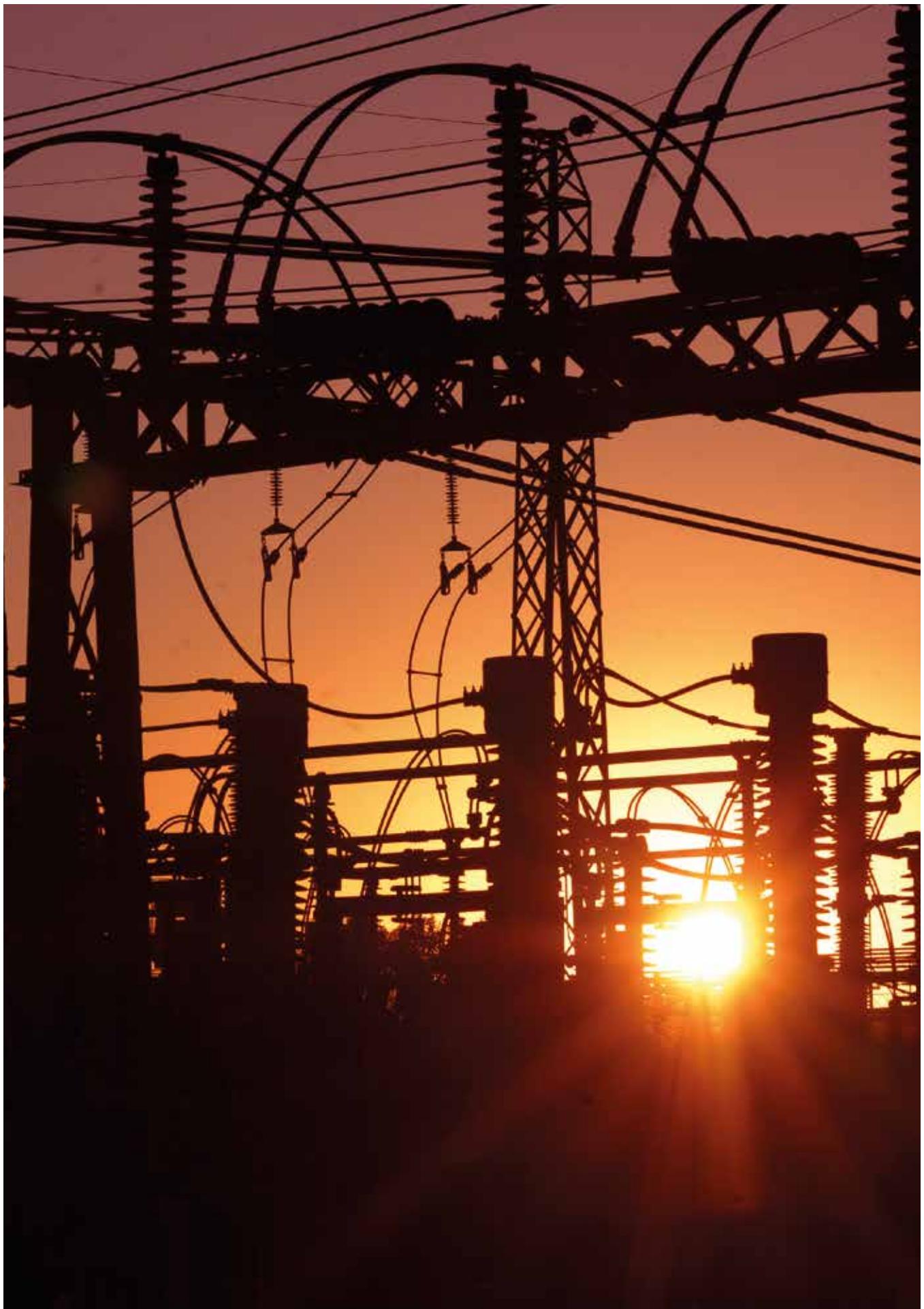
The relative lack of liquidity and the volatility of the Chilean securities market could negatively affect the price of the ordinary shares and the ADS.

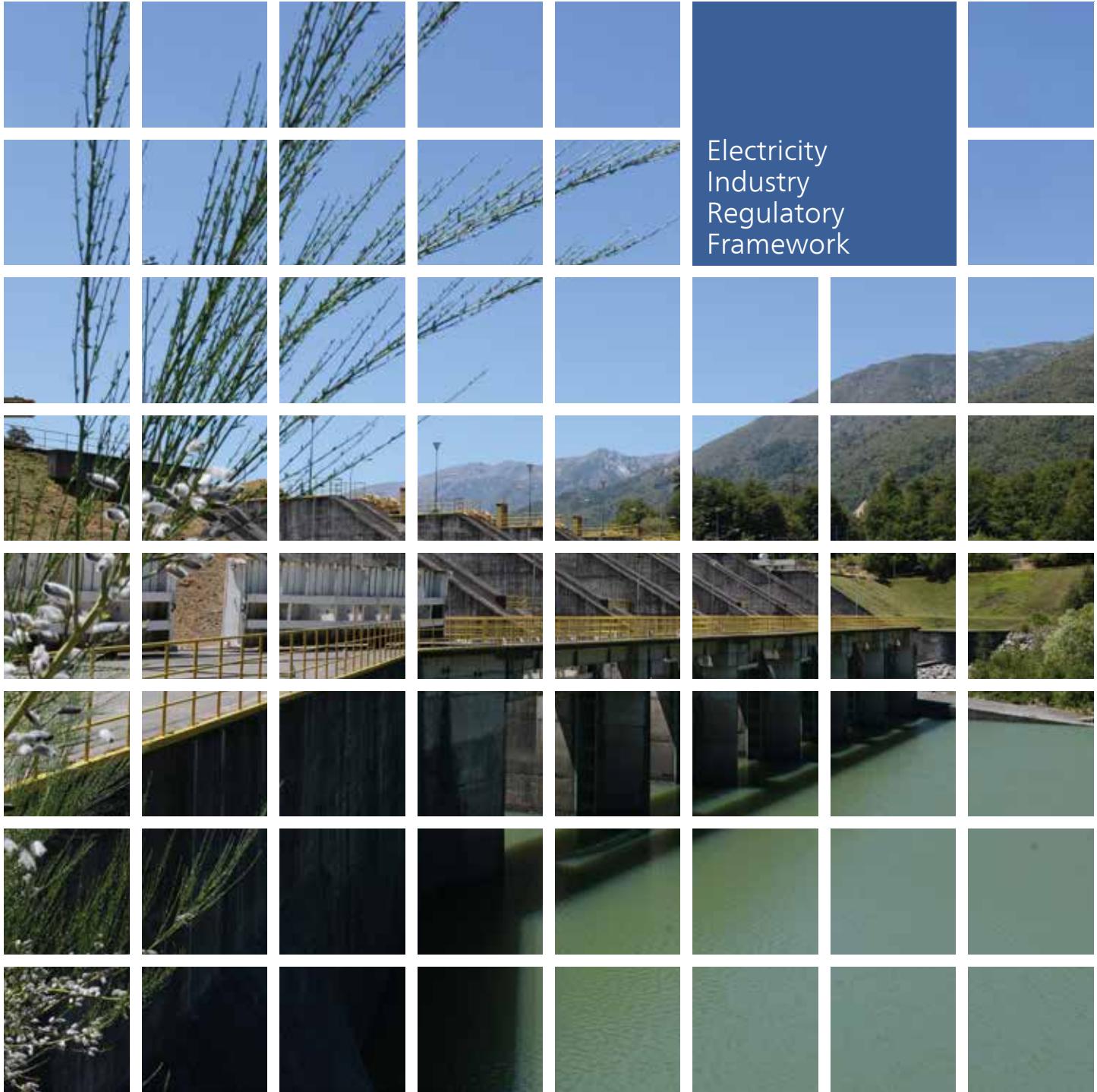
The Chilean securities markets are very small and less liquid than the main securities markets in the United States. The Chilean markets may also be significantly affected by

events in other emerging markets. The scarce liquidity in the Chilean market may affect the ability of ADS holders to sell on the Chilean market the ordinary shares withdrawn from the ADS program, in the volume, price and timing that they wish.

The demands presented against Endesa Chile outside the South American countries or claims based on foreign legal concepts may be unsuccessful.

All the assets of Endesa Chile are outside the United States. All the directors except one and all the senior executives are domiciled outside the United States and most of its assets are also outside the United States. If a shareholder were to present a demand in the United States against the directors, senior executives or experts, it may be difficult to make legal proceedings within the United States against these people and for them to comply, in the courts of the United States or Chile, with a sentence given in the United States based on the civil liability provisions of federal laws on securities in the United States. There are also doubts about whether an action could be brought successfully in Chile with respect to the liability, based only on the civil liability provisions of federal laws on securities in the United States.





Electricity
Industry
Regulatory
Framework

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. (CAMEESA) 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 average costs, requiring the delivery to CAMEESA 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 exclusively 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 between 2008 and 2013, 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 originally 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 larger 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 spot price is 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\$12, approximately 1/3rd of the value paid before the crisis of 2002.

In December 2004, the Secretariat of Energy, by its Resolution 1427/2004, approved the Act of Adhesion for the Rehabilitation of the Wholesale Electricity Market. The Act was signed by most of the generators, including those owned by Enersis. By this resolution, the Secretariat created a fiduciary fund called FONINVEMEM, where the private generators contributed part of their credits for the energy sold between 2004 and 2007 for the construction of two new combined-cycle plants. In addition to this new capacity, the generating companies owned by Enersis, in 2010 and jointly with other companies, took part in the creation of another trust for the construction of another combined-cycle plant, currently under development. Part of the credits for energy sold during the period 2008-2011 were also dedicated to this new project.

Within the framework of the agreements reached with the government for developing the operations of our subsidiaries in Argentina, Costanera signed an agreement on October 12, 2012 for the implementation of an investment plan in the generating units of the Costanera plant 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.

Later, 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 and variables costs 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; it 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.

On May 20, 2014, the Secretariat of Energy published its Resolution 529 which updates the remuneration of generators that have been fixed in February 2013 by Resolution 95. The resolution is retroactive to February 2014. The remuneration of fixed costs is increased by 25% for combined cycles and large hydroelectric plants. The new charges are 38.8 \$/MWhrp for combined cycles of over 150 MW and 21.3 \$/MWhrp for hydroelectric plants of over 300 MW. Non-fuel variable costs were adjusted by 41% for thermal plants and 25% for hydroelectric plants (the new charges are 26.8 \$/MWh for natural gas combined cycles, 46.9 \$/MWh in diesel thermal plants and 89.2 \$/MWh in thermal plants that use biofuel). The additional remuneration was increased by 25% for thermal plants while hydroelectric plants had no increase for this concept. A new concept was also created for attending non-recurring maintenance of 21 \$/MWh for combined cycles and 24 \$/MWh for the rest of thermal generation; these are remunerated through sale settlements on a date to be defined (LVFVD).



Regulation in distribution companies

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. Until 2011 Edelap was also under the federal jurisdiction.

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 on November 6 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.

During 2014, by Notes S.E. 4012 and ENRE 112606, the compensation MMC-PUREE was again authorized for the period October 2013-March 2014. In addition, by Notes S.E.486 and 1136 the compensation MMC-PUREE was authorized for the period April-August 2014 and then for the period September-December 2014. The accounting effects of these compensations positively affect the company's financial results. However, the Integral Tariff Revision (RTI) contemplated in the Renegotiation Agreement for adjusting revenues to the costs and obligations of EDESUR remains still pending.

Additional charges have also been approved in customers' tariffs to finance the new expansion investments and quality of distributors. In November 2012, Resolution ENRE 347 was approved which authorizes the application of this charge differentiated by customer on account of future RTI. The application of the charge supposes for Edesur additional annual revenue of 437 million Argentine pesos, whichh represented a 40% increase in VAD and of 20% in tariffs.

Regulation of transmission

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 regulation

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 Enel Brasil (ex-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 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.



Regulation of generating companies

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 (20-25 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 re-launch 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.), during 2013-2014 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 2014, in order to cover energy cost overruns, the government has created the ACR account through bank loans to be credited within two years by the tariff. Until December 31, 2014, distributors used an approximate amount of 18 billion reais from the ACR account but this was insufficient to cover the whole deficit to be recovered in the tariff through the CVA mechanisms.

On November 25, ANEEL approved new PLD limits for 2015. The maximum limits were changed (reduction from 823 to 388 R\$/MWh) and the minimum (increase from 16 to 30 R\$/MWh). The decision was the result of broad debate which began with Public Consultation 09/2014 and later Public Audience 54/2014.

The main effect of the new limit is to reduce the financial impact of distributors to possible future risks of contractual exposure or energy to the spot market, when in 2014 the spot price was at the maximum for a large part of the year. From the generation point of view, the new maximum price is also in mitigation of risks of un-recoverable economic and financial exposure, when production is below the contractual amounts. On the other hand, the possibility is reduced of selling free energy at highest prices. Generators today may divide their free energy between the months of the year (seasonality) in order to be able to benefit their revenues, by placing more energy in the months when the highest prices are expected, with the reduction of the ceiling.



Regulation of distribution companies

In the regulated market, distribution companies have to purchase electricity through tenders regulated by ANEEL and organized by CCEE. 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.

In June 2014, ANEEL presented its first proposal for the methodologies to be used in the 4th tariff revision cycle for distributors. A second version of the proposal for the methodology was presented on December 14 and ANEEL is available to receive comments from agents until January 9, 2015. The most important matters for discussion are (i) proposal to reduce the real WACC remuneration rate before taxes, from 11.36% to 10.85%, and (ii) modification of the regulatory remuneration base employing benchmarking in part of the assets base (additional costs and minor components). The new methodology would be applied to COELCE in its bi-annual revision in April 2015 if the methodology is published in time.

Regulation of transmission

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 equate 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 reais (US\$885 million) was approved and a net base of 1,160 million reais (US\$585 million). In 2012, ANEEL authorized the implementation of reinforcements to the transmission installations, recognizing an additional investment of 47 million reais (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.

Environmental regulation

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

Industry structure

The electricity 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.

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 Superintendence 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 is responsible for proposing and conducting political policies in energy and groups under its wing to 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, which was replaced in November 2014 by the National Center for Innovation and Development of Sustainable Energies (CIFES). 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 main 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 on 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.

Regulation of generating companies

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 grid 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 periods up to 15 years. These are carried out according to future demand requirements of regulated customers attended by distributors 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.

On May 15, 2014, the Ministry of Energy presented its Energy Agenda, a document containing the general outline of energy policy to be carried out by the new government. As part of that agenda, various modifications are contemplated to regulations affecting the sector. These include a law that modifies the present tendering scheme, which is being discussed in the National Congress at the close of 2014.

On September 10, 2014 the tax reform was approved which includes the creation of the so-called green tax, to be charged on emissions of particulate material (MP), nitrogen oxides (NO_x), sulfur dioxide (SO_2) and carbon dioxide (CO_2). For emissions of CO_2 , the tax will be the equivalent of US\$5 per ton.

Regulation of distributor companies

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.

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.

Distribution companies serve both regulated customers, a segment for which the price and supply conditions are the result of tenders regulated by the National Energy Commission, and non-regulated customers, with bilateral contracts with the generators whose conditions are freely negotiated and agreed.

It should be noted that the tenders law proceeding through Congress contemplates raising the limit from 2,000 to 5,000 kW.

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.

Regulation of transmission

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.

On January 8, 2014 a law was passed that authorizes the government to promote electricity interconnections between grids.

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.

Environmental regulations

The current environmental regulations originate from a complete redesign made in 2010, starting from the creation of new environmental institutions: the Ministry of the Environment, which designs and applies policies, plans and programs in the environmental area, the Environmental Evaluation Service, in charge of the Environmental Impact Evaluation System, and the Superintendence of the Environment, with inspection powers. These are complemented by three environmental tribunals.

Regarding regulations, there is Law 19,300 on General Bases of the Environment, of 1994 and updated in 2010, Law 20,417, which creates the ministry, evaluation service and the Superintendence of the Environment (of 2010) and the Environmental Impact Evaluation System Regulations, of 2012.

Non-conventional renewable energies (NCRE)

In October 2013 a law was promulgated that motivates the use of NCRE, establishing an obligatory quota of NCRE equivalent to 20% of the conventional generation by 2025. This law replaces which previously established a target of 10% by 2024.



Colombia

Industry structure

The Colombian electricity sector was structurally reformed by Laws 142 (Public Utility Services) and 143 (Electricity Law) 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.

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 Superintendence of Residential Public Utilities (SSPD), which supervises and audits all public-utility companies; the Energy and Gas Regulations Commission (CREG), which is the electricity, natural gas, liquefied petroleum gas (LPG) and liquid fuels regulatory organism; the Energy and Mining Planning Unit (UPME), which is responsible for the planning and expansion of the network, and the Superintendence of Industry and Commerce, which is the authority for the protection of competition matters.

The CREG is authorized to issue regulations covering technical and commercial operations, plus the tariffs for

regulated activities. The main 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 that participate in the central dispatch must declare the

commercial availability of their generating resources and the price at which they want to sell. This electricity is centrally dispatched by the National Dispatch Center (CND) with economic optimization criteria and respecting the system's electrical and operative restrictions.

Trading consists of the intermediation between the actors that provide the generation of electricity, transmission and distribution services and the users of such services. Trading may be 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 market 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.

Regulation of generation companies

The Colombian state may participate in the execution and development of generation projects just as the private sector. Law 142 of 1994, which established the legal regime for residential public utilities, and Law 143 of 1994, focused in particular in the electricity service, determined the types of entities authorized to provide residential public utilities, creating public utility companies as the fundamental vehicle for this.

In the short-term energy market, the CND receives the daily price offers and the declaration of 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 electrical and operative 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 of OEF per KWh corresponds to the closing price at the auction for firm energy or Reliability Charge. When this firm energy is required, which happens when the spot price exceeds the Scarcity, a balance of the agent's compliance is performed, where ideal dispatch verifies if the agent covered his OEF with its own resources, delivered surplus or other agent covered his OEF, in which case the differences are valued at spot price, are balanced.

Regulation of distribution companies

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 the purchase price. 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 of less than 1 kV, Level between 1 and 2 kV, Level 3 between 30 kV and 57.5 kV and Level 4 between 57.5 kV and 220 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 for a period of 5 years and are updated monthly according to the producer price index. The revision process of distribution charges for the period 2015 – 2019 is currently proceeding. 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. For energy losses, the regulation establishes recognized loss indices for inclusion in the tariff.

Regulation of transmission

Transmission networks 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. This 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 the new charges will come into effect during 2015 once the remuneration methodology for the activity is revised.

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 1,450 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). The same year, Decree 3,573 created the National Authority of Environmental Licenses as the entity responsible for the granting and follow-up of licenses, permits and environmental proceedings of competence of the Ministry of the Environment and Sustainable Development.

In recent years, the environmental regulations of the electricity sector have focused on regular aspects related to plant emissions, , the formulation, promulgation and implementation of the National Policy for the Integral Management of Water Resources (which include the regulations and/or updating of regulations relating to discharges, environmental flow, (and the organization and management of water basins), the publication of the manual of compensations for loss of biodiversity for projects subject to environmental licensing, the updating of the regulatory framework of environmental licensing and the regulations for the environmental sanctions regime.

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. In 2014, Law 1,715 was passed, regulating the integration of NCRES into the National Energy in order to promote the development and use of non-conventional energy sources and efficient energy management.



Peru

Industry structure

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 (Osinergmin) 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. Osinergmin's Tariff Regulation Management (GART) is authorized to publish the regulated tariffs. Osinergmin also controls and supervises the tender processes required for distributor companies to buy energy from the generators. The Environmental Evaluation and Inspection Organism (OEFA) is responsible for the preservation of the environment related to electricity activities.

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.

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.

Regulation of generating companies

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 deficits or transfer surpluses 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 this bilateral

method, Law 28,832 of 2006, called the Law for Ensuring the Efficient Development of Electricity Generation, 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 energy sales 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), is 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 the country's reserve margin.

Regulation of distribution companies

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 the 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 taking as a basis the results of the study contracted by Osinergmin. 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 ±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.

Regulation of transmission

Transmission activities are divided in 2 categories: first, main (installations built before 2006) or guaranteed (installations built from 2006) which is for common use and permits the flow of energy through the national grid; and second (those installations built before 2006) or complementary (installations built from 2006), 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 concession-holder receives a fixed annual income. The transmission plan, prepared by COES and approved by MINEM, determines the development of the lines of the guaranteed system which are tendered through a BOOT scheme with a term of 30 years.

The complementary lines system is developed through investment plans presented by the agents and approved by Osinergmin, which entity calculates the average annual cost of remuneration for each installation, considering standard costs of operation investment and maintenance, at a rate of 12% before taxes and a term of 30 years.

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).



The Company's Businesses

Description of the company's business

The main 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 188 units in four South American countries, with a total installed capacity of 14,715 MW.

In Argentina, through 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 6,351 MW of capacity and representing 32% of the installed capacity in the local market. 55% of the installed capacity of Endesa Chile, its subsidiaries and jointly-controlled companies in Chile is hydroelectric, 44% thermal and 1% 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 35%. The company also participates in the Northern Electricity Grid (SING), through its subsidiaries Celta and Gas Atacama, supplying several mining companies. The total installed capacity on the SING is 963 MW, representing 20% of that grid.

In Colombia, through Emgesa, the company operates a total of 3,059 MW, equivalent to 20% Colombia's installed capacity.

In Peru, through Edegel, the company operates a total of 1,652 MW, representing 19% of the Peruvian electricity system.

Endesa Chile also participates in the generation, transmission and distribution market in Brazil through its associate Enel Brasil (formerly Endesa Brasil), in partnership with Enersis. Enel Brasil has an installed generation capacity of 987 MW, through Cachoeira and Fortaleza, and two transmission lines with a transmission capacity of 2,100 MW, through CIEN. Endesa Chile operates the generating assets of Enel Brasil.

Installed capacity, generation and energy sales of Endesa Chile Consolidated

Installed capacity (MW) ⁽¹⁾	2012	2013	2014
Argentina	3,652	3,652	3,652
Chile ⁽²⁾	5,571	5,571	6,351
Colombia	2,914	2,925	3,059
Peru	1,657	1,540	1,652
TOTAL	13,794	13,688	14,715

Electricity generation (GWh) ⁽³⁾	2012	2013	2014
Argentina	11,207	10,840	9,604
Chile ⁽²⁾	19,194	19,438	18,063
Colombia	13,251	12,748	13,559
Peru	8,570	8,391	8,609
TOTAL	52,222	51,417	49,835

Electricity sales (GWh)	2012	2013	2014
Argentina	11,852	12,354	10,442
Chile ⁽²⁾	20,878	20,406	21,156
Colombia	16,304	16,090	15,773
Peru	9,587	8,904	9,320
TOTAL	58,621	57,754	56,692

(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) Endesa Chile consolidated GasAtacama from May 2014

(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.



Historic 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) 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 Elétricas 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 Enel Brasil S.A. (formerly Endesa Brasil) 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 Enel 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 by Endesa Chile. Its object is the development and operation of a hydroelectric project in the Aysén Region, called the Aysén Project.

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

The project for the optimization of the Salaco chain in Colombia was started in 2013, which by December 2014

had all its units operable, representing an additional 145 MW. In December 2013, the Concepción Appeals Court ordered the non-innovation of the second unit of Bocamina II, thus paralyzing its functioning.

In 2014, Endesa Chile acquired control of Gas Atacama for US\$309 million and reached close to 1,000 MW of capacity in the north of Chile. The company obtained 98% of the controller of Gas Atacama, a natural gas thermal plant of 781 MW installed capacity on the SING, and the Mejillones-Taltal gas pipeline and the Atacama gas pipeline between Chile and Argentina. The construction began in 2014 of the Los Cóndores hydroelectric plant in Chile which will have an installed capacity of approximately 150 MW. The El Quimbo project showed 84% progress to December.



Description of the
Electricity
Business by
Country

Operations in Argentina

Installed capacity, generation and energy sales

	2013	2014
Installed capacity (MW) (1)		
Costanera		
Costanera (steam turbine)	1,138	1,138
Costanera (combined cycle)	859	859
Central Buenos Aires (combined cycle)	327	327
Total	2,324	2,324
 El Chocón		
El Chocón (hydroelectric)	1,200	1,200
Arroyito (hydroelectric)	128	128
Total	1,328	1,328
 Total Argentina	3,652	3,652
 Electricity generation (Gwh) (2)		
Costanera	8,523	6,972
El Chocón	2,317	2,632
Total generation in Argentina	10,840	9,604
 Electricity sales (Gwh)		
Costanera	8,962	7,051
El Chocón	3,392	3,391
Total sales in Argentina	12,354	10,442

(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.

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 11.64% of Argentina's installed SIN capacity at the end of 2014.

The electricity generation of these companies in 2014 amounted to 9,604 GWh, 7.3% of the country's total generation.

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

Regarding the Vuelta de Obligado S.A. (VOSA) project, which contemplates the installation of a combined cycle of around 800 MW, Costanera and Hidroeléctrica El Chocón in 2014 continued to comply with their obligations with respect to the project, the result of an agreement signed between the Secretariat of Energy and the main electricity generating companies, which was signed by both companies. The plant began to operate in simple cycle two gas turbines of 270 MW each. For the second half of 2015, the entry into service is planned of all the installations of the new plant comprising a combined cycle of 2 gas turbines and a steam turbine.

Once the combined cycle is operating, foreseen for 2015, the return of the debt will start of CAMMESA with the generators which contributed to the project through a 10-year supply contract at a rate of Libor at 30 days plus 5%, according to the generators agreement 2008-2011.

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



Motogenerators project

The Argentine government called the main generators in February 2014 to present projects for the installation of new generation, preferably with fuel oil, to be functioning before June 1, 2015 and that would be financed with the credits under Resolution SE N°95/13 and remunerated by it.

With the collaboration of Enel and Endesa Chile, different options were analyzed of equipment, including the possibility of moving gas turbines available in the group but opting, due to the term and amount available in credits, for the installation of motors, fed by fuel oil, In Costanera.

To invest the credits withheld by the government, deriving from the additional remuneration of Resolution SE 95/13 and its successor Resolution SE 529/14, corresponding to the period February 2013 - December 2015, accrued or to accrue, Hidroeléctrica El Chocón assumed the commitment for the installation of 35 MW in 4 new highly-efficient fuel oil motogenerators on medium-tension bars (11 kV) of Costanera, the company that will act as financier of HECSA with its credits in case of not covering the investment with the latter's credits.

The total investment is estimated at U\$43 million and the date promised for this new generation is June 1, 2015.

At the end of May, through Global Procurement and under the responsibility of Endesa Chile's engineering area, the request for offers was made from two manufacturers that had said they had the type of motors in stock (MAN and Wärtsilä). The supply of the motors was adjudicated to Wärtsilä, negotiating also an LTSA at 10 years.

On October 6, the tender MGC-02 "Installation of Motorgenerators, Supplies Bop, Civil Works and Other Services", was adjudicated to the firm Ingeniería Ronza S.A.

In the first days of December 2014, the 4 motogenerators were ready to be assembled in Costanera. (The owner of these motors is Hidroeléctrica El Chocón S.A. and Costanera will be responsible for carrying out the civil and electromechanical works for the assembly and the future operation).



Costanera

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 2014, the net generation was 6,972 GWh and energy sold reached 7,051 GWh, while the demand of Argentina's electricity system increased by 1% with respect to 2013.

The new daily power and energy consumption records were again present during the summer, on extremely hot days. On January 20, 2014, the record power on a business day was exceeded, with a figure of 24,034 MW, while on January 23 the record for energy consumed on a business day was passed, with a level of 507.6 GWh. Similarly, the record for power and energy of the SADI for a Saturday was passed, showing on January 18 figures of 21,866 MW and 477.9 GWh respectively.

In electricity production terms, the gross maximum capacity generated on the SADI broke a new record of 24,034 MW, surpassing by 1% the record set in 2013 of 23,794 MW.

During 2014, CAMMESA dispatched the SADI, in accordance with resolutions of the Secretaría of Energy, giving priority to the dispatch of the most efficient thermal units using natural gas and steam-turbine units consuming fuel oil (FO).

Regarding the natural gas used for the dispatch of the MEM, this depended on the availability of national and imported natural gas according to the quota assigned to the plants sector.



A maintenance program was carried out as in previous years. The most important tasks were centered on using own personnel for carrying out the complementary works of the project for the rehabilitation of the steam-turbine units and maintaining the rest of the units in service.

The maintenance foreseen in the long-term maintenance contracts -Long Term Service Agreement (LTSA) - for both combined cycles was carried out during the year.

Regarding the rehabilitation of the conventional units, the work on Unit 1 was concluded during the year with excellent results.

The machine reached the capacity expected and exceeded the committed availability levels by 70, even reaching close to 85% in the last two months of the year.

The rehabilitation of the remaining units is expected to be completed during next year.

During 2014, the Commitment of Availability of Steam-Turbine Equipment contract continued to be carried out. This was signed between Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) and Costanera S.A. to complement the rehabilitation works for the conventional units.

In accordance with clause 7.2 of the Combined Cycle and Steam-Turbine 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.

During the first half of 2014, CAMMESA proceeded to deduct from the remuneration due to Costanera, the incremental differences that the instrumentation of Resolution S.E. 95/13 generated in its favor with respect to the application of the previous remuneration methodology. CAMMESA thus issued the corresponding adjustments to the months from February to June 2013.

Costanera rejected the economic transaction documents issued by CAMMESA with respect to the deductions made for the months of 2014 and those corresponding to 2013, also requesting that it stop applying the discounts and reintegrate the amounts deducted at the time; this until the S.E. replies with respect to the request for definition of remunerative aspects made at the time of informing its intention to adhere to Resolution S.E. 95/13, referring to the coexistence of the regulation and the availability contracts.

Costanera is currently negotiating with the Secretaría of Energy to find a solution that minimizes the impact of the effect of the alleged overlapping.

In May 2014, the government published its Resolution of the Secretariat of Energy No.529 of 2014, which replaces Resolution SE 95/13, introducing amendments to the regulations covering the Wholesale Electricity Market (MEM) regarding aspects relating to the remuneration of the generating, co-generating and self-generating agents of the MEM.

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

On October 27, 2014, the most important restructuring of the company was signed with Mitsubishi Corporation, on conditions favorable to the company.

The main conditions of the restructuring include the pardoning of accrued interest to the date of signing amounting to US\$66.1 million, the restructuring of maturities of US\$120.6 million for a term of 18 years, with a grace period of 12 months, with final maturity on 15/12/2032, a minimum annual payment of US\$3 million of main in quarterly installments, an annual interest rate of 0.25%, maintenance of the pledge over assets and dividend restrictions. The condition precedent for the effectiveness of the agreement was that the company make a payment of US\$5 million of overdue debt within 15 business days, which was complied with on November 14, 2014.

This restructuring contributes to the re-composition of the equity position, with its effects reflected in the annual financial statements.



Hidroeléctrica El Chocón

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 province of Buenos Aires. 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, 2014 was a dry one (for the fifth 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 maintenance and slight recovery of the energy reserves of Comahue compared to 2013.

As a result of the dispatch of the El Chocón reservoir at the end of 2014, the net generation of the El Chocón-Arroyito complex was of 2,632 GWh, the water level reaching 380.3 meters over sea level. The energy reserve in the Comahue reservoirs was 6,540 GWh, of which 1,420 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 2014 of the El Chocón-Arroyito complex was of 94.57%, having satisfactorily completed the maintenance program for both plants. The modernization of the protections, excitation and start/stop sequence system of Units 3 and 4 and the main transformer T3CH of the El Chocón plant was also complemented.

In March 2014, Hidroeléctrica El Chocón completed the replacement of mineral oil by biodegradable of the 7 sluice gates of the Arroyito spillway, an important improvement from the environmental viewpoint. Arroyito is the first spillway free of mineral oil in the Enel Group in Latin America.

In May 2014, the government published its Resolution of the Secretariat of Energy No.529 of 2014, which replaces Resolution SE 95/13, introducing amendments to the regulations covering the Wholesale Electricity Market (MEM) regarding aspects relating to the remuneration of the generating, co-generating and self-generating agents of the MEM.

There were no accidents in 2014 among own or contractors' personnel in the development of the activities. The IFG and IGG indicators were zero, confirming a very good year with respect to the safety of these workers. In the second half of the year, contractor personnel increased notably with respect to the normal workforce due to the carrying out of the modernization of the El Chocón plant.

Regarding finance, the company repaid part of its debt for US\$ 8.6 million in view of the complex scenario of the electricity sector.

During 2014, Chocón completed the refinancing of debt with Deutsche Bank AG, Standard Bank Plc and Itaú BBA Securities, for US\$18.46 million, for a term of 2 years (with 1 year's grace), repayable in 5 quarterly and consecutive installments from February 2015. The interest rate is 90 day Libor plus 12.5%.

With reference to the loan facility of US\$ 6.89 million 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, and in addition to that reported the year before, the total amount received for this concept as of December 31, 2014 is \$29.1 million.

The main investment projects for 2015 are i) to complete the motogenerators project for making available 35 MW at the Costanera plant on June 1, 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 Chocón plant, and iii) carry out major maintenance on the main switches of machines 1 and 6.

Generation costs remuneration scheme – Resolution S.E. 529/14

Resolution S.E. 529 of May 20, 2014 (retroactive to February 2014), updated the remuneration of generators in force since February 2013 (Resolution SE 95/2013). In general terms, the new resolution increased by 25% the recognition of fixed costs of combined cycles and large hydroelectric plants and 35% for steam-turbine units. Variable costs (non-fuel) were adjusted by 41% for thermal plants and 25% for hydroelectric, and a new variable remuneration was fixed to operate with biodiesel. The additional remuneration increased 25% for thermals and a new charge was created for non-recurring maintenance of 21\$Arg/MWh for combined cycles and 24\$Ar/MWh for the rest of thermal generation.

Conceptually, the new resolution resolves the following:

- (i) Replacement of appendices I, II, III, increasing the fixed costs remuneration, variable costs remuneration (non-fuels) and additional remuneration.
- (ii) Incorporation of a new remuneration scheme for the non-recurring maintenance for thermal generators with the values indicated in appendix IV of the resolution. These amounts will be used to finance major maintenance subject to the approval of the S.E.
- (iii) Modification of the fixed costs remuneration scheme for generators covered by article 3 of Resolution 95/13, referring to the calculation of the fixed costs remuneration for thermal generators according to their recorded availability, objective availability of the technology, historic availability and the time of the year, by the methodology indicated in Appendix V of the resolution.

Land reserved for future projects

In Argentina, no land is currently reserved for future projects.



Operations in Brazil

Enel Brasil

The Endesa Brasil S.A. holding company (now Enel Brasil) was incorporated in 2005 with the contribution of the existing Brazilian assets of Endesa Latinamérica (now Enel Latinoamerica), Eneresis, Endesa Chile and Chilectra. Endesa Chile therefore ceased to consolidate Cachoeira Dourada, and Eneresis began to consolidate Enel Brasil S.A. Endesa Chile holds 37.14% of the shares of Enel Brasil S.A.

Enel Brasil S.A. controls the following companies:

Cachoeira

This company is located in the State of Goias, 240 km south of Goiania. 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 Paranaiba.

Its net generation in 2014 was 2,741 GWh, while sales amounted to 3,903 GWh.

Fortaleza

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 m², 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 2014 energy generation was 2,484 GWh, while its sales amounted to 3,205 GWh.

CIEN

Compañía de Interconexión Energética S.A. (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 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.

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 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 32,615 km². Its population is approximately 8 million people spread over 66 districts, the main ones being Niteroi, São Gonçalo, Petrópolis, Campos and Cabo Frío.

During 2014, Ampla delivered electricity to 2,875,292 customers, 2.6% more than in 2013. Of that total, 91% corresponds to residential customers, 6% to commercial and 3% to other users.

Energy sales in 2014 were 11,701 GWh, which represents an increase of 5.9% over 2013, with an important participation of residential customers users representing 41% of physical sales, followed by commercial customers with 19%, free customers with 14%, industrial customers with 8% public lighting and government 13% and other users with 5%.

Since 2003, Ampla has placed great emphasis on combating energy theft, with a reduction of 3.5 percentage points in this indicator (from 23.64% to 20.11%). 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 2014 closed with a rise of 0.3 percentage points, passing from 19.76% to 20.11%, managing to partly contain the 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 148,921 km². The company serves a population of over 8 million.

The energy sold in 2014 totaled 11,177 GWh which accounted for an increase of 4.3% over 2013. The consumer groups contributing to this growth were residential customers with a rise of 11%, free customers with growth of 16%, and commercial and other customers 6.3% and 7.7% respectively

At the close of 2013, Coelce had a total of 3,625,208 customers, representing an increase of 3.6% over the previous year. Of these, 77% correspond to residential customers, 15% rural, 6% commercial and the rest comprising other customers.



Operations in Chile

Endesa Chile and its subsidiaries in Chile have a generating park of 103 units on the Central Electricity Grid (SIC) and 8 units on the Northern Electricity Grid (SING).

Generation plants of Endesa Chile and subsidiaries

Plant	Company	Technology	Installed capacity (Mw) (1)	
			2013	2014
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
Taltal	Endesa Chile	Fuel/Natural gas	245	245
Diego de Almagro	Endesa Chile	Fuel/Natural gas	24	24
Huasco TG	Endesa Chile	Fuel/Natural gas	64	64
Bocamina	Endesa Chile	Coal	478	478
San Isidro	Celta	Fuel/Natural gas	379	379
San Isidro 2	Celta	Fuel/Natural gas	399	399
Quintero	Endesa Chile	Fuel/Natural gas	257	257
Ojos de Agua	Celta	Hydroelectric	9	9
Peñuelche	Peñuelche	Hydroelectric	570	570
Curillínque	Peñuelche	Hydroelectric	89	89
Loma Alta	Peñuelche	Hydroelectric	40	40
Pangue	Celta	Hydroelectric	467	467
Canela	Celta	Wind	18	18
Canela II	Celta	Wind	60	60
Tarapacá TG	Celta	Fuel/Natural gas	24	24
Tarapacá carbón	Celta	Coal	158	158
Atacama (2)	Gas Atacama	Diesel /Natural gas	0	781
Total			5,571	6,351

(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) Gas Atacama was consolidated into Endesa Chile from May 2014

The electricity sales of Endesa Chile and its subsidiaries on the SIC amounted to 19,577 GWh in 2014. This represents a share of 40% of total sales on the SIC, including sales to customers and net sales on the spot market. Sales to regulated customers represented 81% and non-regulated customers 15%, with 4% in net operations on the spot market. Energy sales on the SING were 1,580 GWh in 2014, representing a share of 10% of total sales on that grid.

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

Installed capacity (MW) ⁽¹⁾	2013	2014
Endesa Chile	3,757	3,757
Pehuenche S.A.	699	699
San Isidro S.A. ⁽³⁾	0	0
Endesa Eco ⁽³⁾	0	0
Celta S.A. ⁽³⁾	1,115	1,115
Gasatacama ⁽²⁾	0	781
Total	5,571	6,351
Generation ⁽⁴⁾	2013	2014
Endesa Chile	11,967	10,092
Pehuenche S.A.	2,565	2,902
Pangue S.A. ⁽³⁾	0	0
San Isidro S.A. ⁽³⁾	2,546	0
Endesa Eco ⁽³⁾	796	0
Celta S.A. ⁽³⁾	1,564	4,553
Gasatacama ⁽²⁾	0	516
Total	19,438	18,063
Sales	2013	2014
Sales to end customers		
Endesa Chile ⁽⁵⁾	17,743	18,438
Pehuenche S.A.	279	293
Pangue S.A.	0	0
San Isidro S.A.	0	0
Endesa Eco	0	0
Celta S.A.	959	1,007
Gasatacama ⁽²⁾	0	165
Spot market sales ⁽⁵⁾	1,425	1,253
Total	20,406	21,156

(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) Gas Atacama was consolidated with Endesa Chile from May 2014

(3) Effective September 1, 2013, San Isidro was merged into Endesa Eco; effective November 1, 2013, Endesa Eco was merged into Celta. There are therefore significant differences in installed capacity and generation with respect to the previous year of these companies.

(4) Relates to total generation after deducting own consumption and transmission losses.

(5) Data for 2013 differs from that reported the previous year due to a correction in the sales of Endesa Chile, whose Annual Report 2013 included spot sales.

Activities and projects

Main customers and suppliers

The main customers of Endesa Chile are CGE, Saesa, Chilquinta, Emel, Chilectra, Collahuasi, Compañía Minera del Pacífico, Teck Carmen de Andacollo Grupo Chilquinta, SCM Minera Lumina Copper, CAP Chile and Minera Valle Central.

The company's main suppliers are Ferrovial Agroman Chile S.A., Salfa S.A. Empresa de Montajes, Inerco Ingeniería y Tecnología, Akeron-CAF Servicios Industriales Ltda., Mitsubishi Corporation, Voith Idro Ltda. GNL Chile (BG y GNLQ), Endesa Generación (España) and Transelec.

The main competitors of Endesa Chile are Colbún, AES Gener and E-CL (GDF Suez).

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



Operational and commercial scenario

Events that influence operational and commercial performance

The Central Electricity Grid (SIC) continued to present high supply costs, although on average less than those of 2013. This was due to different variables which include mainly the sequence of 4 dry years until 2013 followed by a year 2014 which, while with a slightly more favorable hydrological condition of semi-dry characteristics with a probability of an accumulated average excess of around 75%, did not permit a significant reversal of the availability of water flows and accumulated water in the reservoirs. Contributing also to the supply condition was the fact that fuel prices also remained relatively high as in previous years. The energy price level was also affected by the unavailability during the year of the Bocamina II coal-fired plant (due to a widely-publicized court sentence) and the stoppage since late August of Bocamina I due to programmed major works.

Apart from the slightly more humid hydrology in 2014, the moderate increase in consumption on the SIC which was only 2.5% also helped to reduce energy prices.

Despite the impact of the above events on the company's margin, Endesa Chile has operational and commercial attributes that enable it to cope with these adverse conditions. These are that i) it has a large generating park, varied, competitive and with a high operational availability, comprising mainly efficient hydroelectric and thermal plants which enable it to maintain an average level of operating costs, and ii) its commercial policy which has been designed and applied always in line with its generator park and according to the demands of flexibility and competitiveness imposed by the regulations and the national electricity market. In this context, Endesa Chile has tried to set a balanced commercial policy that pretends to harmonize a position of low exposure to the hydrology risk with adequate profitability, which has resulted in entering contracts with an energy level coherent with the size and composition of its generator park, maintaining a diversified customer portfolio and applying a pricing policy that sustains the margins even in situations of adverse hydrology. And iii) the company's exploitation policy points to maintaining constantly high standards of quality and operational availability of its installations, which also includes designing and applying the modernization plans necessary for maintaining operative conditions up to date in order to fully comply with the technical and environmental demands in the regulatory provisions.

Hydrological situation on the SIC

The year 2014 began with a very dry thaw, without rain until the end of May, when a brief period of normal intensity began which lasted only until early June. Later there were occasional rains but of lower intensity, making 2014 a semi-dry year. The first two quarters were the driest, with probabilities of accumulated excess flows of 90% and 69% respectively. This condition improved during the third quarter due to rains in July whose intensity was highest from the end of July until mid August, enabling a recovery of the seasonal reservoir water levels. This meant a probability of excess of 45% for that quarter. In the last quarter, corresponding to the thaw, there was semi-dry hydrology of around 70%, whose effect added to the previous quarters resulted finally in the probability of accumulated average excess of 75% for the year 2014.

Generation and supply costs on the SIC

While the hydrological condition improved slightly in 2014, the supplying of the SIC returned to being mainly of thermal origin (52.2%), although its participation was lower than the 59.6% of 2013. The predominant fuel in thermal generation was again coal, which represented 30% of the total, which was also reduced as compared to the 37.3% of the year before. This was followed by LNG, whose contribution was 15% of the total and finally, with a smaller contribution, there was oil, with 3%.

The more favorable hydrological condition of 2014 permitted hydroelectric generation to count on an increase in water flows and a slight recovery in the water levels of reservoirs with respect to their diminished condition in 2013, a year in which some of them, like the Laja and

Laguna del Maule reservoirs, remained operating for much of the time in the area of most restriction on extractions. This less dry condition implied an increase in hydroelectric generation, with a participation of 45% on the SIC, higher than the 39.4% in 2013.

With respect to non-hydroelectric NRCE generation, o de la generación de ERNC no hidroeléctrica, biomass and wind had a similar participation in the generation of the SIC, of around 3% each, and solar a little less, with around 1%.

Regarding energy production on the SIC, Endesa Chile had a 33% share of the total, a fall compared to the 39% of the previous year, due mainly to the unavailability of the Bocamina I and II plants. The hydroelectric contribution was 51% while thermal generation declined significantly, from 30% in 2013 to 19% in 2014. However, Endesa Chile maintains its majority share in thermal generation with LNG on the SIC, which represented 57% of the total. In coal, its production reduced significantly from 16% in 2013 to 3% in 2014 and in oil it was 4%. In wind generation, Endesa Chile's contribution was 11% of the grid's total wind production.

Fuel prices in 2014 showed no significant variations compared to 2013. In the case of coal, the main fuel in 2014, its average price showed a slight rise of around 2.1%, from 108.4 US\$/Ton in 2013 to 110.7 US\$/Ton in 2014. In the case of LNG, the second in share on the SIC and the main fuel used by Endesa Chile, its average price rose significantly, by around 50% with respect to 2013 (from 252 US\$/Dm³ to 370 US\$/Dm³ in 2014), which implied for Endesa Chile an increase in its generating costs with this input. This is despite the higher hydroelectric generation having a favorable impact on the reduction in the company's total generation costs. The rest of the fuels, of less weighting than in 2013, showed moderate reductions in their

annual average prices: fuel oil N° 6 by -6% (from 611 US\$/Ton to 575 US\$/Ton) and diesel by 7% (from 825 US\$/Ton to 766 US\$/Ton).

The slightly more favorable hydrology situation and fuel prices without significant variations, except for LNG, resulted in a situation where energy prices on the spot market remained at high levels, although below those of 2013 on average. The average annual hourly marginal cost on the Alto Jahuel - 220 kV node saw a reduction of around 14% (from an average of 154 US\$/MWh in 2013 to 132 US\$/MWh in 2014), especially in the second half of the year when most of the rainfalls were recorded on the SIC.

The importance of liquid natural gas (LNG)

Two expansion projects of the GNL Quintero terminal in which Endesa Chile participates, continued with progress in 2014. The first is the project that increases the regasification capacity of the plant by 4.8 MMm³/day, representing an increase of 50%, which enables the terminal to reach a total capacity of 14.4 MMm³/d in the first quarter of 2015. The second is the expansion of the LNG loading yard in terminal trucks, which have doubled their loading capacity in 2014 by 0.75 MMm³/day to a total of 1.5 MMm³/day (in volume of gas equivalent).

Endesa Chile has contracted additional capacity in both projects. Of the increase in plant regasification capacity, it contracted a volume of 2.1 MMm³/day, which will permit the supply of the gas needs of turbines in Quintero and the development of new projects in the central zone, while with respect to the expansion of the ING loading yard, Endesa Chile contracted 0.25 MMm³ (gas equivalent), which has enabled it to start sales of gas to industrial customers. On August 18, the first load of LNG was made to the regasification satellite plant, built by Endesa Chile on the premises of MAERSK, the first industrial customer supplied by trucks from the Quintero terminal. An LNG supply contract was also signed for 20 years with GasValpo for the distribution of natural gas in the cities of Coquimbo/La Serena, Los Andes and Talca.

Regarding electricity operations, while 2014 broke the trend to extreme drought of the previous four years, the supply of LNG to the Endesa Chile plants on the SIC continued to be fundamental for containing thermal generation costs. The generation of Endesa Chile with LNG was 4.5 TWh in the year, representing 9% of the annual generation on the SIC and 20% less than 2013 when it represented 11%.

The Quintero terminal unloaded 37 ships containing 2,977 MMm³ of natural gas, of which 885 MMm³ corresponded to Endesa Chile. Some 642 MMm³ of gas of other partners in the terminal were also destined to electricity production, through its sale to other generators on the SIC.

Government policies that directly affect the electricity sector

In May 2014, the Ministry of Energy presented its Energy Agenda containing the government's program, in which there is a global energy policy for the country which includes a diagnosis of the sector and short and long-term measures. This agenda suggests harmonizing economic, environmental and social objectives in order to have reliable, inclusive and sustainable energy, produced at reasonable prices and coming from a diversified matrix. Seven thematic pillars are structured covering the main aspects that affect the country's electricity business and development.

The following are among the main challenges and targets posed by this agenda: i) to reduce energy prices by promoting greater market competition, efficiency and diversification and whose most important short-term way is state intervention and participation in tenders for supplies to distribution companies, ii) to promote a more independent matrix of foreign inputs, with strong promotion in projects that use renewable resources like hydroelectricity and NCRES, iii) to reinforce the connectivity of the electricity grids through a new regulatory framework (2015) for promoting the expansion of the transmission and interconnection systems and the interconnection of the SIC and SING grids, iv) to encourage investments in energy infrastructure through the Project Management Unit of the Ministry of Energy which, among its activities,

will monitor progress in the projects declared as "under construction" and the sector permits processing of investment projects which, in the case of Endesa Chile, directly affects the Los Cóndores Hydroelectric project which it is building in the basin of the Maule and which was declared as under construction in the node price fixing of October 2014, v) to promote and direct citizen participation in electricity development, increasing the participation of local communities in the development and benefits of projects, vi) to intensify the efficient use of energy, and vii) to strengthen and modernize the role of the state in energy activities.

For the development of this program, the Ministry of Energy has also defined a legislative agenda that contemplates an important number of bills and regulations pending revision for their promulgation.

Regulatory aspects associated with the electricity sector: law projects, regulations and technical standards

Two laws of relevance for the electricity sector were discussed in 2014:

The law for the electricity interconnection of independent electrical systems (Law 20,726) was promulgated on February 7. Its objective is to promote the connectivity of markets which are in separate electricity systems, as are essentially the SIC and SING. The law states that interconnection projects should be incorporated in trunk transmission studies (ETT), and remunerated as such if recommended. The Ministry may also through the commission incorporate the interconnection in trunk works when it permits a better functioning of the electricity system, accompanying in this case the due technical-economic justification.

Coherent with his Energy Agenda, the government sent in August a draft law that modifies the tenders process for the supply of distribution companies (EEDD), in order to perfect the system, unlock investments in the sector, increase competitiveness and reduce supply prices. An important modification included in this project is that the state (CNE) take responsibility for tenders and ensure the supply of the regulated customers of the EEDD. Tenders are conceived for long-term supplies but the CNE will be able to arrange short-term tenders to resolve EEDD supply problems without contracts. It also contemplates special treatments for tenders that are backed with new generation projects and by type of generation technologies (NCRE). At the end of 2014, the project was under discussion in the Senate, with a high probability of being approved and sent to the executive during January 2015.

The Electricity Road law project, which was proceeding through Congress the previous year, will be replaced by a new projected law on electricity transportation to be presented, according to the Energy Agenda, during 2015, as the result of a study and proposal made jointly by the National Energy Commission and the Pontificia Universidad Católica de Chile.

The following regulations were published in 2014: i) Two new regulations were published under the Electricity Concessions Law (Law 20,701 of 2013): one, on August 4, modifies the regulations to the Electricity Services Law (DS 327) whose purpose is to regulate matters contained in that law; and the other, of September 4, modifies the regulation on the integration and functioning of the Commission of Wise Men, in order to regulate the procedures for integrating the appraisal commissions and value the effects of the concessions, for making the process of granting them more transparent, ii) In relation to EEDD supply tenders, on August 21, a modification was promulgated of the Tenders Regulations (DS 4), in order to increase the competitiveness of the bids, improve the programming of the tender processes, avoid the situation of supplies without contracts and standardize the supply contracts; and iii) On December 6, the tender regulations were published for the provision of annual blocks of energy coming from NCRE in order to establish the conditions of the procedure for arranging tenders for complying with the supply obligations with NCRE indicated in the Electricity Law (article 150 of DFL 4). Two draft regulations linked to the transmission system are with the Comptroller of the Republic for their legal control: the regulations of the sub-transmission systems, which re-entered in September 2014 without modifications, and the regulations of additional transmission systems, entered with modifications

after a public consultation made by the Ministry of Energy, in which our company participated.

Finally, in July the National Energy Commission published a new technical standard with the safety and quality of service requirements for the SIC and SING systems. This mainly makes new and more demands for the installation, connection and operation of electrical equipment and includes the standards and requirements necessary for starting to operate the complementary services of both systems in accordance with the complementary services regulations published in 2012.



Actions during 2014

In the exploitation of the installations

It has been a constant concern for Endesa Chile to maintain high standards of availability, efficiency and safety in the operation of its plants, in order to maintain its position of leadership in the electricity industry. Its excellent operative level can be seen, among other factors, from the following events of 2014:

- Except for the Bocamina II plant, the whole generator park is certified under standards ISO14.001 and OHSAS 18.001. Six of its generating plants are also certified under standard ISO 9.001.
- By a process that contemplated a program of four external audits that began in 2012 and concluded in January 2014, compliance was verified of 100% of the actions committed in the Clean Production Agreement of the Puchuncaví-Quintero Industrial zone, which affects electricity production at the Quintero plant. With this, the Clean Production Council granted to Endesa Chile in December its certificate of compliance with the agreement.
- In December the San Isidro complex received the certification of compliance with standard ISO 50.001, Energy Management System. This complex was also awarded the Seal of Energy Efficiency (EE Seal) granted annually by the Ministry of Energy, through its Chilean Agency of Energy Efficiency (AChEE). This award made it the first generating plant in the country to obtain this distinction.
- In the context of the modernization of the units, specifically with respect to the remote control of hydroelectric units, during 2014 the hydroelectric plants Rapel, El Toro, Antuco, Abanico, Los Molles, Sauzal and Sauzalito became remote controlled from the National Exploitation Center (CEN) of Endesa Chile. These plants are added to the plants Pehuenche, Curillínque and Loma Alta which were already remote controlled from the CEN.
- Continuing with the modernization of generating units, during April the original speed and tension regulators were replaced in Unit 2 of the Pehuenche plant by ABB and Woodward regulators respectively.
- As part of the actions for improving the efficiency of the installations, in June the pad and active parts of the Unit 2 turbine of the Isla plant. This increased the production of the unit by around 3%.
- In accordance with the policy of improvement of the standards of availability and assurance of the useful lives of the generating units, in July the stator coil of Unit 1 of the Sauzal plant was changed.
- The practice of certifying annually the capacity for autonomous starting of the generating units was continued in 2014. During the year, 29 of the 33 units having the autonomous starting capacity were certified.

- The generation of the Canela wind farm was a record for the plant, reaching a production of 163.3 GWh, representing a plant factor of 24%. Canela I generated 28 GWh and Canela II 135.3 GWh.
- As part of the Protocol of Communications regarding Events that Affect the Supply of Energy", prepared by the Ministry of Energy, the company participated in a simulation exercise of an energy emergency, where the Ministry tested and evaluated the protocol through the simulation of the communications process that would be produced in the event of an earthquake and tsunami In the Valparaiso region. Important companies in the energy sector with a presence in the region took part in the exercise, jointly with the Ministry of Energy. The exercise proved the adequate response of Endesa Chile and its communications systems in the face of the type of contingency simulated.
- In the context of the elimination of asbestos in the generating plants, the company continued in 2014 to remove it from its plants, thus complying with its intention to remove all the asbestos from the Bocamina plant. The work began in September and will finish in the first quarter of 2015.
- In April 2014, a tender was held for the supply and assembly of a desulfurizer for the Tarapacá plant, in order to comply with the requirements of the new emissions regulations, applicable for the Tarapacá plant from June 2016.
- In September, work started on the modification and replacement of equipment of Unit 1 of the Bocamina plant in order to meet NO_x emissions limits established in the new emissions regulations which, for Bocamina, will begin in June 2015. The project consists mainly of replacing the original burners with burners of low NO_x, modifications of the coal crushers, of the air pre-heaters,
- of the air distribution system and the implementation of a new boiler control system and instrumentation. The progress of the works as of December is 49%.
- In October, the assembly began of the escape gases desulfurization system of unit 1 of the Bocamina plant. This desulfurizer contemplates the installation of equipment to absorb boiler gases of SO₂ through crushed milk of lime, being extracted as a solid which is stored in hoppers for its later disposal. The progress with the work as of December is 92%.
- In late October, the overhaul began of Unit 1 generator of the Bocamina plant. This refers to the replacement of the stator coil, of the rotor retention rings and the system of excitation of the generator including the excitation transformer. The fast closing valves of the turbine were also replaced and all the condenser tubes of the turbine. The progress with the work as of December is 80%.



In the commercial area

Endesa Chile's commercial actions in 2014 were aligned with its commercial policy whose purpose was to harmonize the joint achievement of the following objectives: maintain industry leadership, manage risk properly and the company's return in the unfavorable conditions of 2014 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 main actions taken:

With respect to the management of customer contracts:

- As part of the Tender for Supply SIC 2013/03, made in August 2014, Endesa Chile was adjudicated 750 GWh/year, to guarantee the supply of energy to regulated customers of distributor companies on the SIC, for the period September 2014 to December 2025. This adjudication translated into a series of contracts with the distributors over a term of 11 years and 4 months at an indexed price of US\$ 112 /MWh.
- Agreement was reached with the customer Minera Lumina Copper, owner of the Caserones project, which included a higher energy price and an option to extend the contract by 2 years, plus a joint management of the NCRE back-up for this supply.
- Agreement was reached with Compañía Minera del Pacífico, which included the incorporation of the supply of part of the desalination plant to the contract with Endesa Chile.
- As previously foreseen contractually, the following supplies were finalized, all as of December 31, 2014: i) ESO La Silla; ii) with CGED for some of its free customers; iii) with Chilquinta for some of its free customers; and iv) Indura.

Highlights 2014 of the customers area:

- In November the "X Seminar with Customers of Endesa Chile and Subsidiaries" was held, with a large participation of different customers of the Group companies. Talks were given relating to views on the medium and long-term market and CDEC-SIC's remote measurement project.
- During August and September, seminars were held with customers in Concepción and Valdivia, whichh were well attended.
- In September a visit with customers to the San Isidro plant was organized.
- The introduction of a new SAP-ISU customer invoicing system was completed and entered service in September 2014. This system incorporates electronic invoicing.
- The customer satisfaction survey 2014 was carried out in November. The final result of the Customer Satisfaction index was 16.6, which indicates that a favorable perception is maintained of the service, as compared to the previous year (ISC 16.8). The aspects best evaluated, as in previous years, were the commercial staff and the invoicing process. There was a good opinion regarding customer executives and commercial staff in general and an equal appreciation of the commercial operations team with respect to the increasingly more complex invoicing.



Optimization of Bocamina plant second unit

The Bocamina plant expansion project, second unit, located in the town of Coronel, province of Concepción, Biobío region, consists of the installation of a coal-fired thermal unit of 350 MW, alongside the present Bocamina plant which uses crushed bituminous coal as fuel. The new unit is connected to the SIC through a link with the Lagunillas substation developed by Transelec.

Endesa Chile has been responsible for the plant's operation since October 28, 2012, after successfully carrying out the synchronization of the unit to the SIC.

The plant's terminations are still pending. Work under the insulation and painting contract adjudicated to the firm Akeron Craf continues. Regarding the project termination works and resolution of pending matters contract, awarded to the firm Salfa Montajes, work is being carried out on revising the documentation in order to close the contract and issue the provisional act of reception of the works. On December 15, 2014, the order to proceed was given to the firm Mavitec Ltda. with respect to the contract for termination of mechanical and electrical commissioning pending matters.

With respect to social matters, Endesa Chile and representatives of the fishermen and algae collectors unions, the municipality of Coronel and the regional government, signed in November an agreement for local development, an initiative that marks the beginning of the implementation of a program of shared value with the community to cover the next 30 years.

In environmental matters, in March the ICSARA No.1 (Consolidated Report on Request for Clarifications, Rectifications and/or Expansions No.1) was received from the environmental authority (EIA) for the optimization of Unit II of the Bocamina plant, with observations of the services with environmental competence. On September 30, 2014, Addendum No1 was sent with responses to the ICSARA No.1. The resolution of the EIA is awaited, for a possible ICSARA No.2. With respect to the order to not innovate issued by the Concepción Court of Appeal which had maintained the operation of Unit II paralyzed since December 17, 2013, on November 6, 2014, the Supreme Court lifted the order, establishing that the unit can again operate if it meets two conditions: i) to have completed the installation of the desulfurizer in Unit I as soon as possible, as committed in RCA 206/07, and ii) to offer sufficient guarantee that it will implement soon new specific measures providing a real and effective solution to the problem related to the suction of water from the sea and the entry of biota in this process, using the best technologies available for this purpose.

In legal matters, the comments were given to the legal advisers of the report on the response to the demand in the arbitration proceedings between Endesa Chile and the Technimont-SES consortium.



Projects under construction

Los Cóndores project

The Los Cóndores project, a hydroelectric plant to be located near the town of San Clemente, province of Talca, Maule region, consists of the construction of a plant with a nominal capacity of approximately 150 MW, through 2 vertical-axle pelton units, with a maximum flow of 28 m³/s, plant factor of 48% and with an expected annual average energy of 642 GWh. The project includes a 12 km adduction tunnel, a balance chimney (127 m), a vertical shaft (470 m), a lower tunnel in pressure (1.7 km) and a machine cavern where the generation equipment will be located. The plant will be connected to the SIC by an 87 km transmission line (2x220kV) to the Ancoa substation.

On March 27, 2014, the Board of Endesa Chile agreed to the construction of Los Cóndores hydroelectric project. On March 31, 2014, the civil works construction contract was awarded to the Ferrovial Agroman consortium. On June 16, the contracting of the electro-mechanical equipment was approved, awarded to the firm Voith on July 1, and on November 5, the firm Abengoa was awarded the transmission line contract. These are the project's main contracts.

Regarding the easements over land for the transmission line, there is a total of 50.2 km (58.13%) of the line route with easements, corresponding to 40.8 km (47.24%) with signed easement contracts, 7.3 km (8.5%) on land of the Enersis Group and 2.1 km (2.4%) which does not need to negotiate as it corresponds to crossings of roads and river. In addition, there is a total of 19.3 km (22.41%) with agreement but awaiting contract signing. The remaining 19.46% is still being negotiated.

Regarding community relations, Endesa Chile opened in early 2014 an office called "Open House" in the town of San Clemente in order to establish a daily and permanent contact with the local residents. Endesa Chile has maintained its permanent commitment with the schools in the area through the Energy for Education program which has permitted the training of teachers and students in novel methodologies for reinforcing skills in the framework of the curricular bases of the Ministry of Education. In addition, there is a collaboration agreement with the Municipality of San Clemente for developing projects for improving the quality of life of the local residents.

In February 2014, an agreement was signed between the River Maule Vigilance Group and Endesa Chile, ratifying that the Los Cóndores plant will have no effect and showing the commitment to optimizing the use of the Laguna del Maule reservoir, a vital aspect for the irrigators.

Projects under study



Neltume hydroelectric plant

The project 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 which will take advantage of the existing energy potential between the lakes Pirehueico and Neltume. The plant will connect to the SIC in Pullinque by a double circuit 220 kV transmission line.

The project has its basic engineering finalized and is in the process of its environmental evaluation, begun in December 2010 and now carrying out the fourth round of consultations and replies.

The SEA, in the second half of 2013, began consultations with the indigenous communities for the plant and transmission line, in order to know the position of the communities that would be affected by the project in the framework of the agreement of the OIT No.169. There is no legal time limit for completing the indigenous consultation and the environmental evaluation process is suspended until this is concluded. Nevertheless, it is expected that the consultation and the environmental evaluation will be concluded this year.

The project forms part of the Group's portfolio under study and evaluation, so it has no set dates for the investment decision and its commercial start-up.



Taltal, closure of combined cycle

This project is located in the village of Paposo in the municipality of Taltal, in the Antofagasta 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 closure of the combined cycle will use the two existing gas turbines of 123 MW each, and will add a steam turbine with a net capacity of around 130 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 aero-coolers. During 2014, progress was made in the preparation of Addendum No.1 of the DIA, responding to the first round of observations made by the environmental authority, which will be submitted to the SEA in the first quarter of 2015.

The project forms part of the Group's portfolio under study and evaluation, so it has no set dates for the investment decision and its commercial start-up.

Punta Alcalde thermal planty

The project was planned for the Atacama Region, in Huasco municipality, 14 km south of this town. The project envisages the construction of a coal-fired thermal power plant with 2 blocks of 370 MW installed capacity each. The project also included a double 220 kV circuit transmission system 40 km in length for the connection with the Maitencillo substation on the SIC.

On January 29, 2015, Endesa Chile informed the Superintendency of Securities and Insurance that it, with the support of its experts in coal technology, has studied the possibilities of adapting Punta Alcalde to be more profitable and technologically more sustainable. The conclusion reached is that such adaptations would imply substantial modifications to comply with the approved environmental qualification resolution. The company therefore decided to detain the development of the Punta Alcalde project and the associated Punta Alcalde-Maitencillo transmission project, in the expectation of being able to clear away the uncertainty with respect to its profitability, and making a provision for the unrecoverable asset value. The company has therefore made a provision for impairment of the project amounting to Ch\$12,582 million, which affects the company's net income for 2014 by Ch\$9,181 million.

National assets tenders

In December 2013, the Ministry of National Assets (MBN) called for bids for concessions covering 7 fiscal plots of land in the Tarapacá, Antofagasta and Atacama regions for the development of conventional generation of less than 350 MW installed capacity each. Endesa Chile took part in the tender and in February 2014 was adjudicated the Tames II sectors in the 2nd Region and Totoralillo Sur in the 3rd Region.

During 2014, studies were made to determine the viability of both projects, and progress has been made in defining the positioning of the plants within the concessioned sites, in accordance with the time periods stipulated in the tender.

Land reserved for future projects

As of December 2014, 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.).

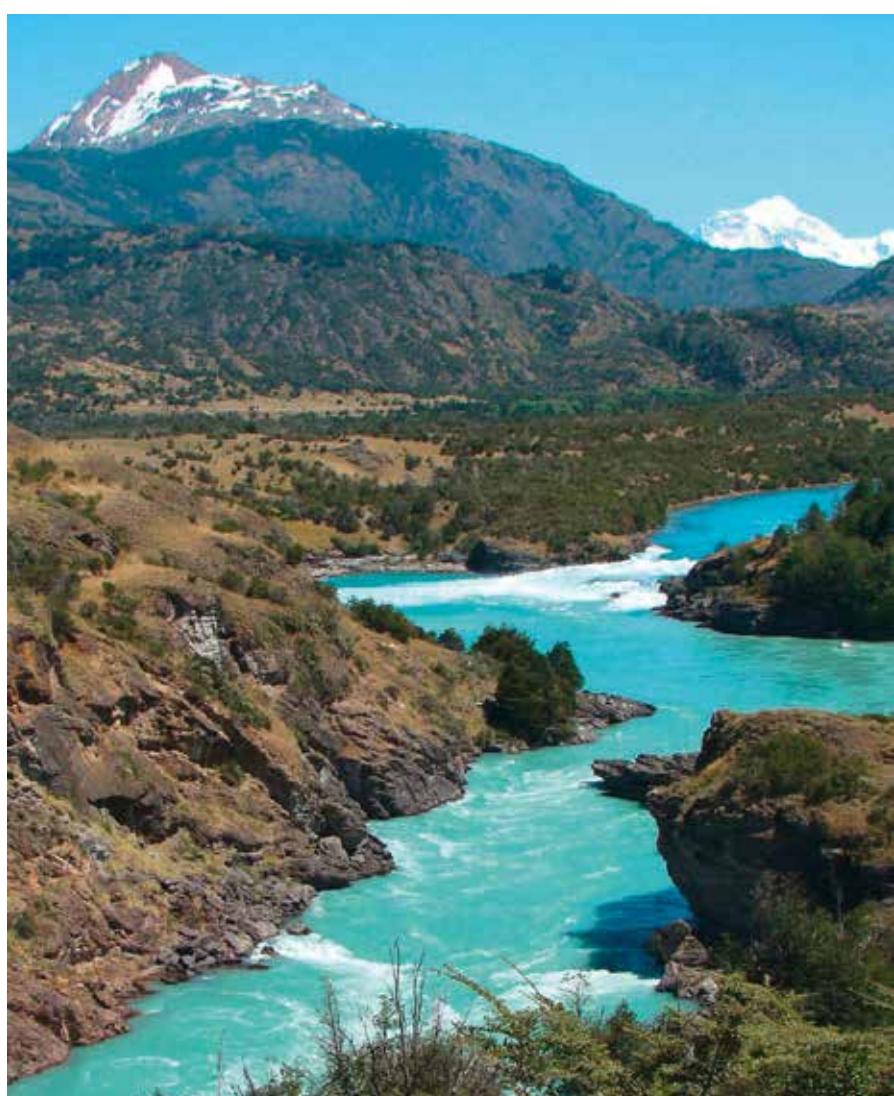
Projects of associate companies

HidroAysén

HidroAysén, a company that is 51% owned by Endesa Chile and 49% by Colbún, is developing a project for the construction of five paas-through 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 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 generated per surface area flooded.

However, on January 29, 2015, Endesa Chile informed the Superintendency of Securities and Insurance that, due to the uncertainty of recovering the investment made in the HidroAysén project, as it depends on judicial decisions and definitions on matters of the Energy Agenda that can be foreseen, and that the project is not in the immediate portfolio of Endesa Chile, the company decided to make a provision for the impairment of its participation in HidroAysén amounting to Ch\$69,066 million, which affected the net income for 2014.



Operations in Colombia

Installed capacity, generation and energy sales

Installed capacity (MW) ⁽¹⁾	2013	2014
Emgesa		
Guavio (hydroelectric)	1,213.0	1,213.0
Guaca (hydroelectric)	324.6	324.6
Paraíso (hydroelectric)	276.6	276.6
Cartagena (termoeléctrica)	208.0	208.0
Termozipa (thermal)	235.5	235.5
Darío Valencia (hydroelectric) ^{(2) (4)}	50.0	150.0
Charquito (hydroelectric)	19.5	19.5
Limonar (hydroelectric) ⁽⁵⁾	18.1	18.1
Tequendama (hydroelectric)	19.5	19.5
San Antonio (hydroelectric) ⁽²⁾	19.5	0
Salto II ^{(2) (4)}	0	35.0
Laguneta ^{(2) (4)}	0	18.1
Betania (hydroelectric)	540.9	540.9
Total	2,925	3,059
Electricity generation (GWh)		
Emgesa ⁽³⁾	12,748	13,559
Total generation in Colombia	12,748	13,559
Electricity sales (GWh)		
Emgesa	16,090	15,773
Total sales in Colombia	16,090	15,773

- (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) Unit 2 of the Darío Valencia plant has been incorporated since January 2014, with an installed capacity of 50 MW. Unit 3 of Darío Valencia was incorporated with an additional 50 MW since April 2014. The commercial operation of the San Antonio plant with 20 MW was withdrawn in March 2014. In June 2014, 35 MW was incorporated of the Salto II plant and, on December 17, 2014, 18 MW was incorporated from the Laguneta plant.
- (3) Relates to total generation after deducting own consumption and external auxiliaries.
- (4) The Salto II, Darío Valencia & Laguneta plants belong to the Salaco project.
- (5) Installed capacity of Limonar differs from the figure reported in the Annual Report 2013 due to a correction.

Activities and projects

Favorable hydrology for Emgesa in 2014

The supply of electricity in Colombia in 2014, similar to what happened in 2013, was characterized by relatively dry conditions, reflected in hydrological contributions in the reservoirs of the National Grid (SIN) of 90.2% with respect to the historic average (in 2013, these were 90.8% of the historical average). Hydrological contributions below the historical average, together with expectations of the occurrence of the phenomenon of El Niño, which began to gather force starting in April, caused a significant growth in the price on the energy exchange, mainly in the months of April, May and June, which led to an average exchange price for the year of COP \$224.9/kWh, a considerable increase over the average in 2013 of COP \$176.4/kWh.

In this scenario, Emgesa followed a commercial policy which was reflected in quite positive results, for having been in a position to take advantage of the commercial opportunity of the fact that the company's reservoirs, contrary to that recorded at the aggregate level on the SIN, showed hydrological contributions above the historic average. As mentioned above, while the hydrological contributions in the reservoirs of the SIN were 90.2% with respect to the historic average, the contributions in Guavio, Betania and the aggregate system of the River Bogotá were 108.1%, 103.3% and 109.7% of their respective historic averages. This permitted the generation of 13,631 GWh between January and December 2014, with growth of 6.4% compared to the year before. Having been able to have this greater generation during the period of high prices on the energy exchange described above permitted the company to obtain a variable margin of COP \$1,859,869 million, 15.5% higher than in 2013.



Effective maintenance management of generating plants and highlights in production in 2014

The greater generation obtained in 2014 with respect to 2013 (increase of 6.4%) is not only the result of the good hydrology recorded in the company's reservoirs but also the result of an effective technical management of the generating plants, based on the wise preventive and corrective maintenance carried out in accordance with the plans and established routines.

Despite the greater requirements of the plants for increased generation, an availability indicator of 90.8% was obtained for the whole of our generating park, slightly below that of 2013 (92.1%). It is also important to mention the reduction of 20.9% in the number of discharges of internal origin in the plants compared to the year before.

Among the production highlights of 2014, in August the Guavio plant achieved the highest monthly generation since the commercial start-up of the plant, with 805.9 GWh/month. There was also a record annual generation in the chain made up of the Paraíso and Guaca plants, with a generation of 4,345.61 GWh/year, 2.8% more than in 2013.

Sentence Popular Action Río Bogotá

In April 2014, judgment was given in the second instance in which the Council of State resolved the popular actions relating to the cleaning up of the river Río Bogotá and the Muña reservoir. The following are the most relevant aspects of the sentence for the interests of Emgesa:

- It was determined that Emgesa has no responsibility for the environmental damage in the waters of the river Bogotá.
- The alternative chosen by the judicial entity for the decontamination of the river Bogotá is that compatible with the generation process of electricity.
- The judgment recognizes and validates the agreements signed and resources already appropriated for the construction of the Canoas treatment plant and lifting station. Emgesa and Empresa de Acueducto y Alcantarillado de Bogotá (EAAB) should comply with the inter-institutional agreement 9-07-10200-0688-2011 (contributions for the construction of the Canoas Lifting Station).
- Emgesa was ordered, while the water concession lasts for the generation of electricity in the Muña reservoir, to finance the operation and maintenance of the Canoas lifting station.
- It was declared that the difference in the capitalization of the funds assumed in the framework of the agreements signed for the financing of the works, activities, plans, projects and programs for the integral management of the basin of the river Bogotá, will be for the account of each of the entities involved, in the percentage that corresponds according to their participation and commitments acquired in them.
- The Ministry of the Environment and Sustainable Development (MADS) was ordered, in coordination with the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), develop and adopt a specific methodology for estimating the environmental and ecological flow of the river Bogotá within 24 months.
- Emgesa and the Corporación Autónoma Regional de Cundinamarca (CAR) were ordered to coordinate with Empresa de Energía de Bogotá (EEB) the carrying out of all the activities necessary for the operation and maintenance of the Muña reservoir (dredging, mud disposal, operation and maintenance of the ventilation system, crops and disposal of "buchón").

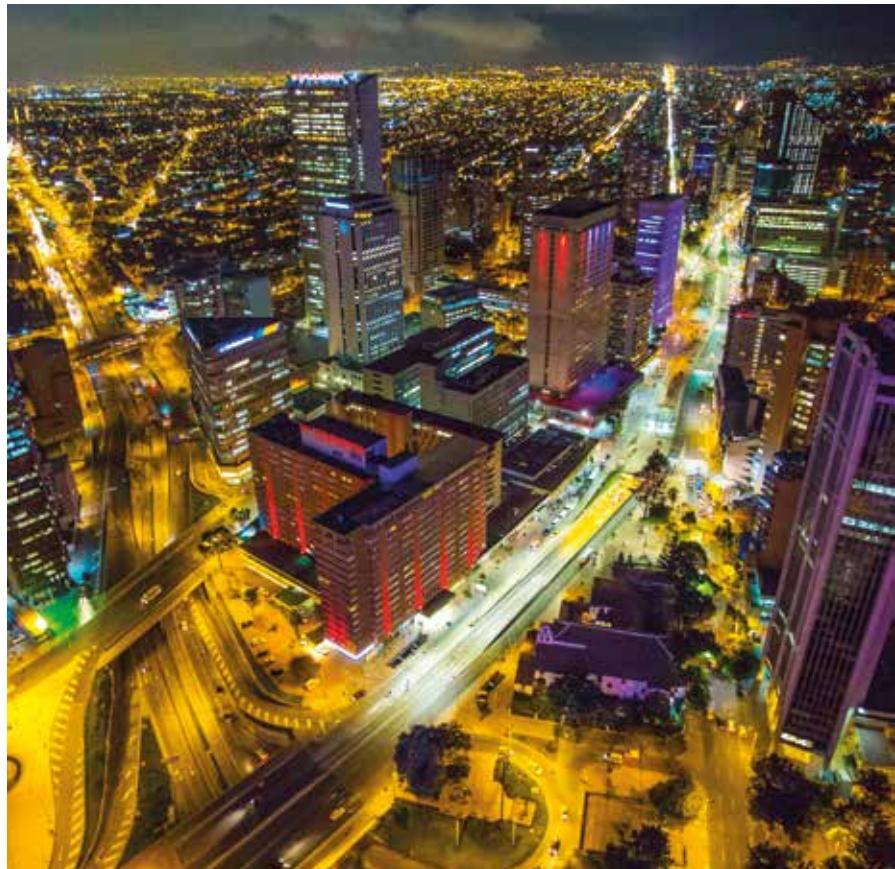
Water concessions management for generation of electricity

As a result of the active regulatory and legal actions for ensuring water concessions that permit electricity generation in our hydroelectric plants, the following table summarizes the term of Emgesa's current concessions:

Plant	Capacity MW	Expiry of concessions
Guavio	1,213	May 27, 2028
Guaca	325	July 30, 2018
Paraiso	277	July 30, 2018
Betania	541	October 13, 2038
Charquito	20	July 30, 2018
Limonar	18	July 30, 2018
Tequendama	20	July 30, 2018
Dario Valencia	150	July 30, 2018

Port company in Cartagena

On December 22, 2014 the port concession contract No.006 was signed between Agencia Nacional de Infraestructura (ANI) and Sociedad Portuaria Central Cartagena, by which the term for carrying out the fixed mooring works with a new design was extended until July 2016. The design modification will permit better safety and efficiency in the operations of the Sociedad Portuaria Central Cartagena (owned by Emgesa), while also ensuring the logistical capacity of reception and storage of liquid fuel to back up revenue for the concept of reliability load of the Cartagena thermal plant.



Progress of Colombia–Panama interconnection

For Emgesa, the interconnection represents a significant and sustainable growth opportunity. The total potential for Colombia of selling energy to Panama through the interconnection could reach 2,365 GWh/year.

The link is an opportunity for entering the Central American market which shows potentially high margins due to the high variable costs of the technologies comprising the generation matrix (liquids), the accelerated and sustained growth in demand and the integration of the markets through the SIEPAC line.

The Interamerican Development Bank (IDB) approved a new non-reimbursable technical cooperation grant to support the Colombia-Panama electricity interconnection project, amounting to US\$1.5 million. These resources will finance the studies that seek to ensure the technical, social, environmental and financial viability of the project. Emgesa will continue (as it has been doing) to monitor the business opportunities that would result from the materialization of the interconnection.

Salaco project

With the start-up of the commercial operation on December 13 of Unit 1 of Laguneta (18 MW) and on December 22 of Unit 3 of Limonar (18 MW), all the units foreseen in the Salaco project are now in operation. The following are the dates that were originally given for operational start-ups of the project's units: November 6, 2013 for Unit 2 (50 MW), January 28, 2014 Unit 1 (50 MW) and March 28, 2014 Unit 5 (50 MW) of the Darío Valencia Samper plant, and June 25, 2014 for Unit 2 of the Salto II plant (35 MW).



Projects under construction

El Quimbo project

The El Quimbo project is located to the south of Huila Province, south-east of Bogotá, and is fed by the rivers Magdalena and Suaza. The project is to use the foot of the dam with 400 MW installed capacity, capable of generating an average of 2,216 GWh/year, with a reservoir of flooded water of 8,250 ha.

During the year, there were two relevant landslides in the area of the auxiliary dike, downstream from structure, on March 14 and June 14. It was therefore necessary to reprogram activities on this front, with the determination of the critical route for finalizing the conformation of the additional volumes of the auxiliary dike. This permits an estimate of the start of filling of the reservoir during 2015. Based on the above, the entry of Units 1 and 2 are also estimated for the year 2015.

The construction of community housing and equipment was finalized, thus starting the relocation process of Santiago and Palacios. 12 families have been moved, leaving 3 more for early 2015.

Regarding the road blocks that occurred during the year, of particular interest was Paro Agrario between April 27 and May 12, 2014. Some blocks interrupted access roads to the project's construction areas, but ended in November in a peaceful and conciliatory way.

Land reserved for future projects

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

Operations in Peru

Installed capacity, generation and energy sales

Installed capacity (MW) (1)	2013	2014
Edegel		
Huinco (hydroelectric)	247	247
Matucana (hydroelectric) (2)	133	137
Callahuana (hydroelectric)	80	80
Moyopampa (hydroelectric)	66	66
Huampani (hydroelectric)	30	30
Yanango (hydroelectric)	43	43
Chimay (hydroelectric)	151	151
Santa Rosa (thermal) (3)	305	413
Ventanilla (combined cycle)	485	485
Total	1,540	1,652
Electricity generation (GWh) (4)		
Edegel	8,391	8,609
Total generation in Peru	8,391	8,609
Electricity sales (GWh)		
Edegel	8,904	9,320
Total sales in Peru	8,904	9,320

- (1) Capacity is calculated according to Endesa Chile's Operating Standard Nº 38 ("Standard for defining maximum capacity in Endesa Chile's hydroelectric and thermal power stations"), as of December 31 each year.
- (2) In July, the capacity of Matucana was increased due to the measurement of effective capacity by the system operator (COES)
- (3) On 5/12/2014, Unit TG 7 of the Santa Rosa plant (121 MW) was declared in commercial operation. The rest of the variations in installed capacity in Santa Rosa are due to measurements by the COES (-13 MW)
- (4) Relates to total generation after deducting own consumption and transmission losses. The information of 2012 differs from the figures reported previously when just own consumption was deducted.



Maintenance of Huampaní canal

Between April 13 and 20, maintenance work was carried out on the Huampaní canal to provide stability of slopes representing a risk for the population and the operation itself of Huampaní canal, to ensure the water flow capacity of the canal and improve the quality of the water reaching the plant.

107 m of wall were built, 1,215 m of supports, 425 m of roofs with collaborative slabs and the pruning and elimination of weeds on both banks of the canal.

Increase in capacity Matucana plant

The COES, by its letter COES-D- DP-951-2014 of July 15, approved the report of the latest test of the effective capacity of the Matucana plant. The new capacity of 137.02 MW (previously 132.76 MW) came into effect on July 17, 2014.

Change of coils Unit 4 Huinco plant

Between August 9 and 11, the coils were changed on Unit 4 of the Huinco plant, wheels "P" 53033.1 and "Q" 80243 with 151,680 hours service being replaced by new Andritz-Hydro wheels 15664-801 (side A) and 15664-804 (side B) with Microguss technology. Among the maintenance benefits is the possibility of increasing the periods between hydraulic inspections from 1 to 6 months and reducing stoppages for repairs of attack edges and central nerves.

Repair of generator 1 - Chimay hydroelectric plant

On December 8, 2013, group 1 of Chimay was taken out of service due to a short circuit in the stator coil plus impacts on a bolt of magnetic material at the nucleus of the stator, damaging the magnetic sheets and some bars of the coil.

Activities and projects

Edegel

Hydroelectric plants

Callahuanca plant Change of coils

On February 28, the coil was changed on Unit 3 of the Callahuanca plant, from the wheel "R" 24244-1 with 96,403 hours of service and was replaced by the repaired coil "S" 15089-1 with 80,090 hours service. The unit remained limited to 12.5 MW due to vibrations in bearings. (Effective declared capacity: 15.2 MW).

Ciols were changed between March 15 and 17 on Unit 3 of the Huinco plant, wheels "R" 52893.1 and "S" 74786 with 151,367 hours service being replaced by new Andritz-Hydro wheels 1527 5604 (A side) and 1527 5601(B side) with Microguss technology. During

tests, the unit generated capacity of 68.5 MW permanently and up to a maximum of 70 MW in transitory conditions.

Between June 11 and 13, the change of coil and upper and lower introducer shafts were satisfactorily made In Unit 3 of the Callahuanca plant. Wheel "S" 15089-1 with 82,503 hours service was replaced by the repaired coil 88343 with 71,537 hours service (coil fault on 21/12/2013), the unit recovering all its declared capacity. The operation thus ended with limitation of load, reaching a maximum capacity of 15.7 MW.

The core was repaired and the damaged bars removed to be replaced by spare bars, making the final electrical tests with favorable results.

Group 1 entered the grid without restriction on April 25 with 75 MW.

Repair of generator 2 - Chimay hydroelectric plant

On May 16, group 2 was taken out of service due to a perforation of the isolation of the stator coil in phase "T".

The repairs and return to service were carried out between May 17 and July 25. The rehabilitation consisted of the replacement of 6 interior bars as they had burnt insulation which meant, for reasons of the design of the coil, the replacement of 36 exterior bars. In addition, due to partial discharge problems, two upper bars were replaced.

Rehabilitation power transformer of Phase S and high-tension bushing - Chimay plant

In July 2014, taking advantage of the low-water season and having completed the improvements to the road leading to the Chimay plant, the transfer, assembly and testing was carried out on site (Chimay) of the transformer repaired by ABB in 2013, due to a breakage of the bushing head of phase "S" of the side of 220 kV.

The change of the phase S transformer also involved the change of all the high-tension bushings in the transformers, for which a bushing was acquired with better characteristics in the isolation system.

Thermal plants

Inspection of route of hot gases Unit TG8 Santa Rosa plant

Between January 10 and February 5, the inspection was made of the route of hot gases of Unit TG-8, including the replacement of parts of the combustion zone (baskets, transition pieces, fuel nozzles, cross-flame turbos), the dismantling of turbine casing, the replacement of mobile and fixed cogs in the 1st, 2nd and 3rd turbine stage, inspections (ENDE) of cogs of the 4th turbine stage de and the dismantling and assembly of the compressor casing for replacement of a cog in the 7th stage.

The objective of this maintenance is to maintain the reliability and expected availability of the unit according to the manufacturer's recommendations.

Rehabilitation of gas generator GG686592 of Unit UTI of Santa Rosa plant

The importance of this maintenance consists mainly of maintaining the operative reliability of the reserve equipment (protection stock) of the main component of the plant's turbines UTI.

The repair made in workshop included the visual inspection and END of all the rotor discs, mobile and fixed cogs, bearings and other components according to the manufacturer's manual and instructions.

Start-up of Unite TG7

In May 2013, the Unit TG7 suffered serious damage which forced the replacement of the whole turbine. As a result, and under the insurance cover, a new Siemens turbine was acquired in December that year and later contracted for its installation by the same company in April 2014.

This process also involved the intervention of the auxiliary mechanical and electrical services with local contractors.

Finally, in December 2014, the COES, by letter COES-D-DP-1729-2014 of December 4, approved the entry into commercial operation of the new unit WHS TG7 of the Santa Rosa thermal plant with effective capacity of 121 MW on December 5, 2014.

Increase in capacity Unit TG8 of Santa Rosa plant

COES, by letter COES-D-DP-1809-2014 of December 22, approved the latest test of effective capacity report of the Siemens Unit TG8 of the Santa Rosa plant, with a new effective capacity of 188.21 MW (previously 185.06 MW), with effect from December 20, 2014.

Ventanilla combined cycle plant

Inspection 50KEOH – 2nd stage of TV5 – Ventanilla plant

Between March 25 and April 11, an inspection was made of the steam turbine recommended by the manufacturer, with the inspection (END) and checks of internal rotating element components and others subject to variable charges by the turbine's operation. The maintenance helped to determine the condition of the internal components of valves, coils, etc, estimate the probable scope of the major inspection (100 KEOH) and recommend the spares to acquire.

Inspections Units TG3 and TG4

Between February 22 and 25, programmed inspection work was carried out of the combustion chamber and change of diesel injection nozzles in the combined cycle Unit TG3 of Ventanilla.

Between May 21 and 25, minor inspection work of the gas turbine was carried out of the combined cycle Unit TG3 of Ventanilla in accordance with the maintenance plan and program of the LTSA contract.

Between June 12 and 16, minor inspection work of the gas turbine was carried out of the combined cycle Unit TG4 of Ventanilla in accordance with the program of the LTSA contract.

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 86m³/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. This aspect is being revised and evaluated as the Binding Transmission Plan 2015-2024 has already been approved which will enable an interconnection at the Nueva Yanango substation to 40 km from the Curibamba plant.

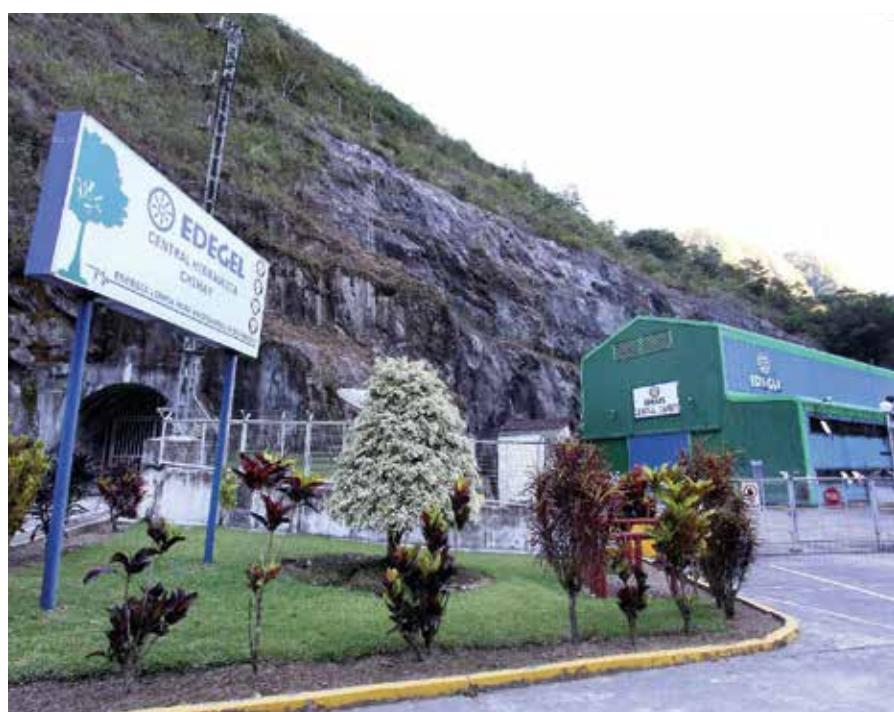
During 2014, the bidding processes continued for the project's main contracts, for civil works, equipment, transmission line and interconnection with the grid. The final stages have been reached in the plant's civil works and equipment processes. The studies necessary for obtaining the permits for the construction are being processed.

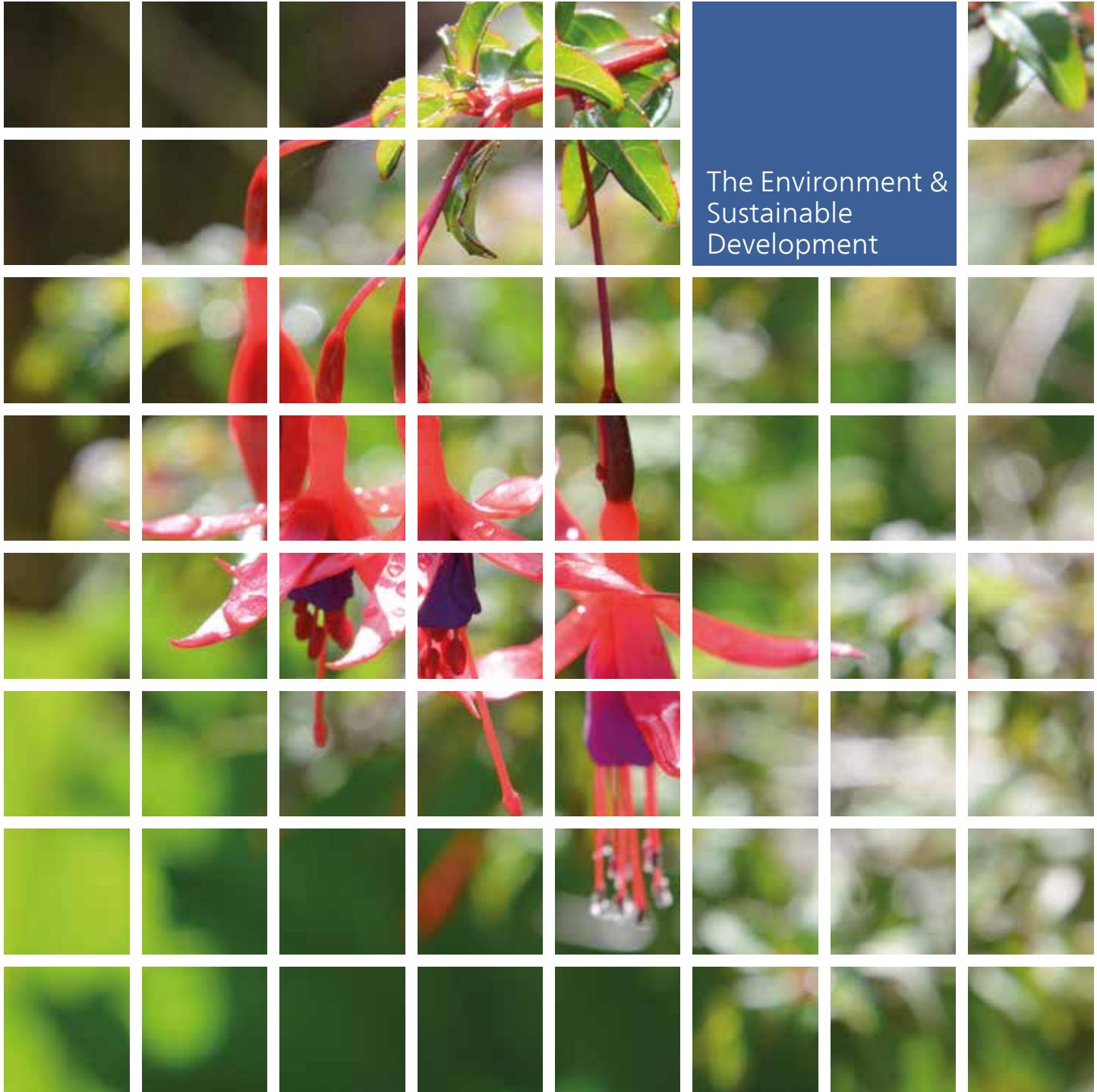
Regarding the permits, the plant's final generation concession was obtained together with the environmental impact study for generation and transmission and the certificates of absence of archeological remains (CIRA).

The process for obtaining the transmission concession is awaiting definitions to be given in the first weeks of 2015 to opt for the interconnection in a new substation (Nueva Yanango) in accordance with the new approved transmission plan.

Land reserved for future projects

Two sites were acquired in 2014 for thermal generation projects; the first on the south coast of Peru with a total area of 203 Ha, and the second on the central coast, with a total area of 10 Ha.





The Environment & Sustainable Development

The environment

The 28 facilities that Endesa Chile operates in Chile have implemented environmental management systems (SGA) based on the standard ISO 14001 (except for Units of the Bocamina plant), and all of them have successfully carried out their follow-up or re-certification audits. As of December 31, 2014, 94.5% of the installed capacity of Endesa Chile has a SGA certified under the standard ISO 14001.

Regarding the clean production agreement of the Quintero-Puchuncaví zone signed by Endesa Chile, private companies in the sector and regional authorities, in December 2014 the Clean Production Council awarded the Quintero plant its Certificate of Compliance APL. This finalized the implementation stage of the commitment entered into, which consisted of operational improvements for the control of the plant's most significant environmental aspects, while taking actions that strengthened its relations with the community.

At the San Isidro thermal plant, because of the water shortage affecting the central zone of Chile, there has been a deterioration in the quality of the water used for refrigeration, which has limited the generation of the units. To improve this situation, Endesa Chile introduced in 2014 a series of measures for increasing sources of better quality water for ensuring the generation of the two generating units, including:

- Environmental approval was sought to transfer water from external sources that were not contemplated in the initial project. In November 2014, water transfers from three external sources began: Los Vientos thermal plant, Ventanas thermal plant and Rapel hydroelectric plant.
- In November 2014, the waters authority (DGA) of the Valparaíso region approved the network of batteries of wells with a flow of 490 L/s, which include a new well of 100 l/s with a better quality of water.

The San Isidro also implemented and certified its energy management system (SGE), based on the standard ISO 50001 Of.2011. This permits obtaining various benefits for the organization, like:

- Continuous improvement of energy performance of the plant;
- Reduction of greenhouse gas emissions and other related environmental impacts, and
- Reduction in energy costs through a systematic energy management.

Regarding compliance with the requirements of Decree 13/11, Emissions Standards for Thermal Electric Plants, Endesa Chile installed Continued Emissions Monitoring Systems (CEMS) in the Taltal, San Isidro, San Isidro II, Quintero and Tarapacá Coal thermal plants, which meet the decree's requirements. During 2014, the Superintendency of the Environment (SMA) issued resolutions of certification of all installed CEMS, with the exception of the equipment of two units of the Taltal plant. The CEMS validation reports for this plant were sent to the SMA on November 5, 2014. The SMA also issued resolutions approving the alternative monitoring through the calculation of emissions proposed for the Atacama, Huasco, Diego de Almagro and Tarapacá plants.

Continuing in the area of compliance with Decree 13/11, specifically the limits established for emissions of sulfur dioxide (SO_2) and nitrogen oxides (NO_x), the company progressed in the following projects in 2014:

Plant	Actions carried out in 2014
Bocamina thermal plant Unit 1	Continuation of construction of desulfurizing equipment. Contracting of service of change of burners to reduce emissions of NO_x .
Tarapacá thermal plant	Entry to the environmental impact evaluation system of the Environmental Impact Declaration (DIA) of the modification of Tarapacá Steam project, comprising: Primary measures to reducing emissions of NO_x : Desulfurizing equipment & its associated parts to combat SOx; Changes of sleeve filters for combating particulate material (MP); and Handling & disposal of waste from the desulfurization process. Once the DIA is approved, the activities will be carried out in order to have operative reduction systems by June 2016.



The processing continued in 2014 of the Environmental Impact Study (EIA) of the project for the optimization of the second unit of the Bocamina thermal plant, with the entry of a first addendum in September and the carrying out of two rounds of citizen participation in January and December.

The SMA in 2014 made on-site inspections of the Bocamina and Tarapacá thermal plants and the Ralco hydroelectric plant.

- Regarding the Bocamina complex, the objective of the inspections was to check compliance with the actions promised by Endesa Chile in order to control and monitor the entry of marine biomass through the sea water suction pipes. The SMA also determined the closure of the investigation related to the sanction process opened in 2013. On August 11, 2014 therefore the SMA issued its Resolution 421 which established the sanctions for the charges made. This resolution was appealed against by Endesa Chile before the Valdivia Environmental Tribunal and, on December 31, 2014 the matter had still not been resolved by the tribunal. It should be mentioned that the Bocamina Unit 2 remained paralyzed throughout the whole of 2014, in compliance with the order not to innovate given by the courts of justice (which was lifted in November 2014, subject to conditions).

- Regarding the Tarapacá thermal plant, on January 8, 2014 the SMA officially approved the compliance program submitted by CELTA S.A. to correct the infringements identified in the sanctioning process begun in 2013. Celta S.A. has since then taken the actions promised to meet all the 11 objectives defined in this program, which were communicated to the SMA in bi-monthly reports. In October 2014, the SMA Inspected compliance with this program, verifying the implementation of the measures proposed for the Tarapacá plant.

- Regarding the Ralco plant, in October 2014 a team of inspectors from the Agricultural and Livestock Service (SAG), the National Monuments Council (CMN), the National Forestry Corporation (CONAF) and the Superintendency of the Environment (SMA) made an on-site visit focused on revising compliance relating to reforestation made in the project's construction stage, progress with the Agricultural and Livestock Plan defined in the Program of Assistance and Continuity of the Relocation Plan and the measures established in Resolution 133/2006. As of December, 2014, Endesa Chile has not received an official information from the SMA with respect to the results of these actions.

Regarding management with the communities relocated from Ayin Mapu and El Barco due to the construction of the Ralco hydroelectric plant, the following occurred in 2014:

- In the social area: Development of education through secondary and tertiary scholarship programs, and access to job formation and training programs, granting accommodation scholarships to those interested in participating. Various actions were also taken to implement and strengthen alliances with government institutions (including Prodemu and Sernam) for dealing with various social problems better.
- In the productive area: Strengthening of the productive alliance program by which a new Indigenous Territorial Development Program (PDTI) in the El Barco community was included. 20 families participate in this, jointly with the Program of Local Development (Prodesal) implemented four seasons ago, providing technical assistance and production development to a total of 52 families (heads and families constitute by children of heads living in the El Barco community). Similarly, in the community of Ayin Mapu, the PDTI program supports a total of 34 families. In the same context, 18 married women from the same community and 9 from the El Barco community take part in the Program of Formation and Training for Peasant Women (Indap – Prodemu agreement).

Sustainable development

In 2014, Endesa Chile reaffirmed its commitment with corporate sustainable development (CSD) by establishing a new strategic plan covering the period 2014-2017 and contemplates five dimensions of actions: economic, government and management control, environmental, personnel management and social. From these arose 18 commitments, including the creation of economic and financial value, the diversity and equality of opportunities within the organization and having a chain of responsible supply. Endesa Chile determined 70 objectives which make up the route map in sustainability for the next three years.

In this line, Endesa Chile joined the United Nations Global Compact since 2004, an initiative that seeks to promote corporate social responsibility. Through this, the company is obliged to respect and protect the ten principles established by the organization relating to human rights, working and environmental conditions and the fight against corruption. The company reports annually about the progress made in its application of the pact's principles through its Communication of Progress (COP). The latest version, published in 2014, was awarded the maximum distinction by qualifying as COP Advanced.

Similarly, by preparing its Sustainability Report under the methodology designed by the Global Reporting Initiative (GRI), the company meets the highest international standards regarding the transparency of the Information provided to its stakeholders. In 2014, Endesa Chile published its 12th Sustainability Report, which was checked by the audit firm EY with an A+ qualification.

Given the present scenario and the company's projections, Endesa Chile developed in 2014 a strategy of greater links with its surroundings. This resulted in the creation of the Community Relations and Communications Management. This area was dedicated mainly to the formation local teams on site, responsible for being the first to receive the concerns or suggestions of the community authorities, residents associations and the public in general.

Endesa Chile has defined education as the main axis of its commitment with sustainable development of the communities where it is present. For this, the Energy for Education program, existing since 2006, is responsible for carrying out various support actions that benefit 7,181 students and 514 teachers from 42 educational establishments in the nine regions where the company has a presence. As an example, in March 2014 more than 1,500 kits of school utensils were given to students of Coronel, plus training for teachers and the Cinema in your School initiative, in every one of the educational establishments that are part of the program.

One of the areas of intervention of Energy for Educación is the Infants Nutrition Program (PINI) which in 2014 benefited 2,358 children in the towns of San Clemente, Laja, Alto Biobío and Coronel. In a first stage, a nutritional assessment was made of the children by experts, followed by information talks and nutritional orientation for teachers and parents. The plan concluded with the attention and advice from an infant psychologist who worked directly with the children.

Regarding the work carried out by Endesa Chile in the territories, the company formed the Fundación Pehuén in the Alto Biobío in 1992 in the context of the construction of the Pangue hydroelectric plant in order to promote programs for improving the quality of life, sustainability and basic development of the Pehuenche communities living the area of influence of the operation. In September 2014, the offices of Fundación Pehuén were totally destroyed following a fire started by third parties. The foundation sharply condemned the acts of violence and publicly denounced it to the justice system. The corresponding legal actions were taken in order to identify those responsible.

However, the company reaffirmed and placed a special emphasis on its permanent commitment with the communities of Alto Biobío, stating that Fundación Pehuén will continue working for the development of education, textile work, tourism, agriculture, livestock and social matters.

Apart from the work during the year with the community of Coronel, in the Biobío region, in the second half of 2014 the first version of the Endesa Chile-Coronel Cup was held. This concluded in November at the Federico Shwager Stadium, the winner being the República de Francia School. The sub-14 baby football attracted 22 teams of students from 19 educational establishments in the area. The winners were given their prize by the former captain of the Chilean football team, Iván Zamorano, with tickets to Buenos Aires for the whole team, where they could go to one of the Argentine first division games.



In 2014, Endesa Chile employees reaffirmed their social commitment through the We are Energy Corporate Volunteers, taking part in three areas: group action, competitive funds and support for education, totaling 358 hours of voluntary work during the year.

The fire that affected Valparaiso did not leave the company's workers indifferent. They went to help those affected by the catastrophe, providing school utensils to students from the destroyed schools and building three prefabricated houses of 24 square meters, complete with insulation systems, previously painted panels and connections ready for water, bathroom and electricity.

Regarding the provision of competitive funds, Endesa Chile employees proposed projects for improving the conditions of life of the poorest people. These included the following programs: implementation of Recycling Systems Lo Rojas Kindergarten in Coronel, and home energy good practices in Pehuenche communities. The purpose of the projects presented is to benefit more than a thousand people in the areas of education, social management and environmental protection.



Research,
Development &
Innovation

Endesa Chile aims to maintaining and improving its leadership position in innovation and also a benchmark for the electricity industry. It considers it essential to form an innovative culture among employees and to obtain projects that create value, ensuring that that culture becomes a differentiating culture and competitive advantage. One of the main challenges has been to make the whole organization aware of the need to establish a culture, climate and practices of innovation, supported by initiatives that motivate the expression of the employees' talents.

The company's innovation culture

The following activities were carried out in 2014 to strengthen the innovation culture of the organization:



Innovation week

As has been its custom, Endesa Chile, jointly with the other Enersis companies, celebrated the Innovation Week. With the slogan "Give your ideas value", this tenth version sought to be an important bridge joining personnel with the culture of this corporate value and at the same time motivate them through various and entertaining activities and workshops.

The week began on July 28 and awarded prizes daily to those participating in the Memorice competition. There was also a fast Prototipado workshop to motivate in participants a creative and innovative attitude, incorporating the importance of the use of prototypes to materialize and teste concrete solutions.

The activities were complemented by a Technological Fair which showed a series of generation and distribution projects using modern and novel equipment and systems.

Training activities

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

- Two training workshops carried out in the Universidad de los Andes for a total of 30 employees from different areas of the company. The theme for these two sessions was "Advanced Innovation Management "
- Two creativity workshops arranged in different plants in the country, given by a specialist consultant firm in innovation, IDEOMAX. 50 people took part in the activity.



Executive committee for innovation

The Executive Committee for Innovation met on 3 occasions during 2014. 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&I action plans.
- Approving the annual expense and investment budget.
- Selecting the R&D&I projects arising from ideas reception programs and authorizing the assignment of risk capital.

Ideas reception process

The employees' ideas reception process is a pillar of the company'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.



Eidos Market

Two cycles of the Eidos Market were arranged during the year, reaching a total of 1,000 ideas, of which 60 applied directly to Chile. Eidos Market is a program that simulates a market, enabling employees to propose ideas that respond to proposed challenges.

The first cycle lasted 2 months and corresponded to a corporate phase. The challenges proposed were:

- Environment: better environmental performance
- Our safety: individual commitment
- Human resources: effectiveness for the people and the business
- Human resources: facilitating the functioning of teams
- Efficiency in the internal processes of Global ICT
- Digital transformation in Enel

The second phase, which as in the corporate one lasted for two months, corresponded to a local stage in which, through the challenge Sustainable Relations with the Communities, ideas were received that will be evaluated on their merits to see the possibility of implementing them in the business.

Open innovation

Two open innovation programs were organized in 2014 by Endesa Chile.

The first was jointly with Universidad del Desarrollo in which undergraduate students from different courses took part. The challenge posed to the students was to find innovative solutions for the use of non-industrial waste from generating plants, applying a pilot experience in the Tarapacá plant in the north of Chile.

A second open innovation program consisted of inviting technicians in the hydraulic area to offer solutions for taking advantage of net low water in the company's plants. The process was successful, receiving interesting projects that the company will evaluate for a potential implementation.

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 applicability 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.

This test was carried out on land of the San Isidro plant where the lagoon of approximately 5,000 m² (useful volume of 7,500 m³) was built, which was operated for 4 months, connected in thermal terms to the plant's cooling system in order to study the performance of the technology.

The result obtained was positive, proving that this technology could be applied in any thermal plant.

3D project

This is a mobile application that will enable the user to detect with a Smartphone or tablet camera a physical element in a generation plant. It would thus be possible to obtain important information on the element scanned, e.g. plans, data sheets, 3D models, designs, maintenance record and other important characteristics.

Last Planner project

Development of a pilot project of 14 weeks through software that uses the Last Planner methodology. The objective is to be able to identify and control restrictions systematically in a real project, bearing in mind the setting of the assets and processes of Endesa Chile.

Dendrochronology

The use of dendrochronology for the reconstruction of the flow of a river with data at least 300 years old. If the results are positive, the data could be used in the reconstruction of basins with no hydrology history, with the consequent saving in studies and increased safety in the design of works.

Undimotriz

This project finished in 2014 for Endesa Chile, on which it has been working for 4 years. In response to an international invitation made by the Chilean state to centers of excellence to come to Chile to develop marine energy, the consortium formed by the companies DCNS and Enel Green Power (EGP) was selected to take on this great task. EGP has invited Endesa Chile to participate in this challenge, which will mean taking an active part in taking decisions.

Cost Contribution Agreement (CCA)

In order to take advantage of synergies and the R&D capacity of Enel Ingeniería e 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 advanced 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 years of the agreement. The total cost of the CCA for Endesa Chile is 2.9 million euros.



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&I 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&I 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 spaces for improvement identified.



Participations in
Subsidiaries &
Associates and
Schematic Table

Direct and indirect economic participations

Subsidiary companies	Participation	
	2014	2013
Argentina		
Endesa Argentina S.A. (5)	99.99%	99.99%
Costanera S.A. (5)	75.67%	75.67%
Hidroeléctrica El Chocón S.A.	65.36%	65.36%
Hidroinvest S.A.	96.09%	96.09%
Southern Cone Power Argentina S.A.	99.92%	99.92%
Brazil		
Ingendesa do Brasil Ltda.	96.25%	96.25%
Chile		
Central Eólica Canela S.A.	72.16%	72.16%
Compañía Eléctrica San Isidro S.A. (San Isidro S.A.) (1) (3)	0.00%	0.00%
Compañía Eléctrica Tarapacá S.A (Celta S.A.) (4)	96.21%	96.21%
Empresa de Ingeniería Ingendesa S.A. (Ingendesa)	0.00%	0.00%
Empresa Eléctrica Pangue S.A. (Pangue S.A.)	0.00%	0.00%
Empresa Eléctrica Pehuenche S.A. (Pehuenche S.A.)	92.65%	92.65%
Endesa Eco S.A. (2) (3) (4)	0.00%	0.00%
Endesa Inversiones Generales S.A. (Enigesia)	0.00%	0.00%
Inversiones Endesa Norte S.A. (2)	0.00%	0.00%
Sociedad Concesionaria Túnel El Melón S.A. (6)	100.00%	100.00%
Colombia		
Emgesa S.A. E.S.P. (Emgesa)	26.87%	26.87%
Sociedad Portuaria Central Cartagena S.A.	25.52%	25.52%
Emgesa Panamá S.A.	26.87%	26.87%
Peru		
Chinango S.A.C.	49.97%	49.97%
Edegel S.A.A. (EDEGEL)	62.46%	62.46%
Generandes Perú S.A.	61.00%	61.00%

(1) On May 1, 2012, Empresa Eléctrica Pangue 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) On December 18, 2014, the Board of Endesa Chile authorized the sale of its whole participation in Sociedad Concesionaria Túnel el Melón, S.A.

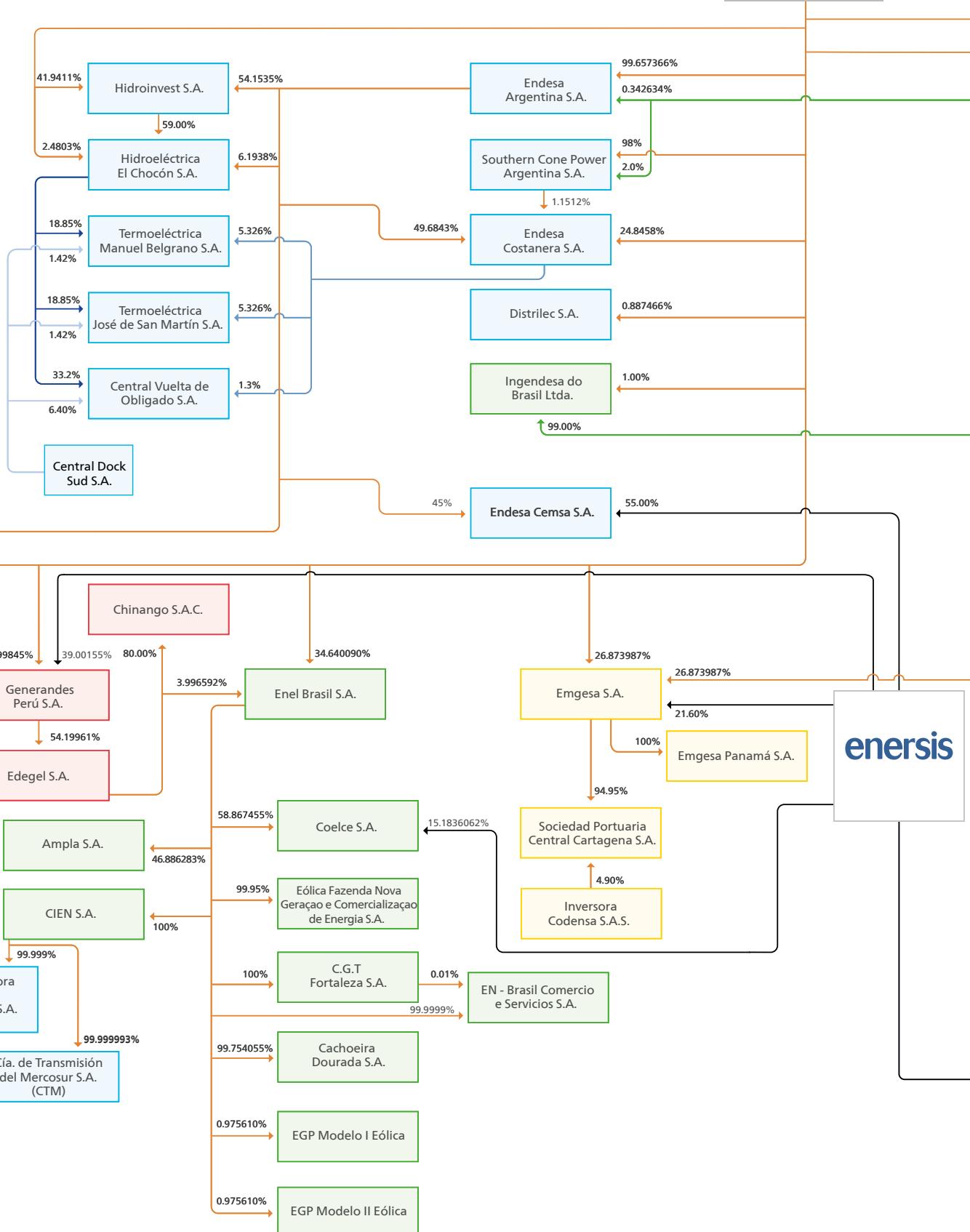
	Participation	
Associates and joint ventures (⁽⁶⁾)	2014	2013
Argentina		
Compañía de Transmisión del Mercosur S.A. (CTM) (⁽⁷⁾)	37.14%	37.14%
Distrilec Inversora S.A.	0.89%	0.89%
Endesa Cemsa S.A.	44.99%	44.99%
Termoeléctrica José de San Martín S.A. (⁽⁵⁾)	16.35%	16.35%
Termoeléctrica Manuel Belgrano S.A. (⁽⁵⁾)	16.35%	16.35%
Transportadora de Energía S.A. (TESA) (⁽⁷⁾)	37.14%	37.14%
Brazil		
Ampla Energia e Serviços S.A.	17.41%	17.41%
Ampla Investimentos e Serviços S.A.	0.00%	0.00%
Centrais Elétricas Cachoeira Dourada S.A.	37.04%	37.04%
CGTF-Central Geradora Termeléctrica Fortaleza S.A.	37.14%	37.14%
Companhia Energética do Ceará (Coelce)	21.86%	21.86%
Compañía de Interconexión Energética S.A. (CIEN)	37.14%	37.14%
En-Brasil Comercio e Servicios S.A.	37.14%	37.14%
Enel Brasil S.A.	37.14%	37.14%
Eólica Fazenda Nova o Geraco e Comercializacao de Energia S.A.	37.12%	37.12%
Investluz S.A.	0.00%	0.00%
Chile		
Consortio Ara- Ingendesa Ltda. (⁽²⁾)	0.00%	48.11%
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. (⁽²⁾ (⁽⁴⁾)	98.06%	48.11%
GasAtacama S.A. (⁽²⁾ (⁽⁴⁾)	98.11%	48.11%
Gasoducto Atacama Argentina S.A. (⁽²⁾ (⁽⁴⁾)	98.05%	48.11%
Gasoducto Taltal S.A. (⁽²⁾ (⁽⁴⁾)	98.06%	48.11%
Inversiones GasAtacama Holding Limitada (⁽²⁾ (⁽⁴⁾)	98.11%	48.11%
Progás S.A. (⁽²⁾ (⁽⁴⁾)	98.06%	48.11%
Transmisora Eléctrica de Quillota Ltda. (⁽³⁾)	48.11%	48.11%
Cayman Islands		
Atacama Finance Co. (⁽²⁾ (⁽⁴⁾)	0.00%	48.11%
Energex Co. (⁽²⁾ (⁽⁴⁾)	0.00%	48.11%

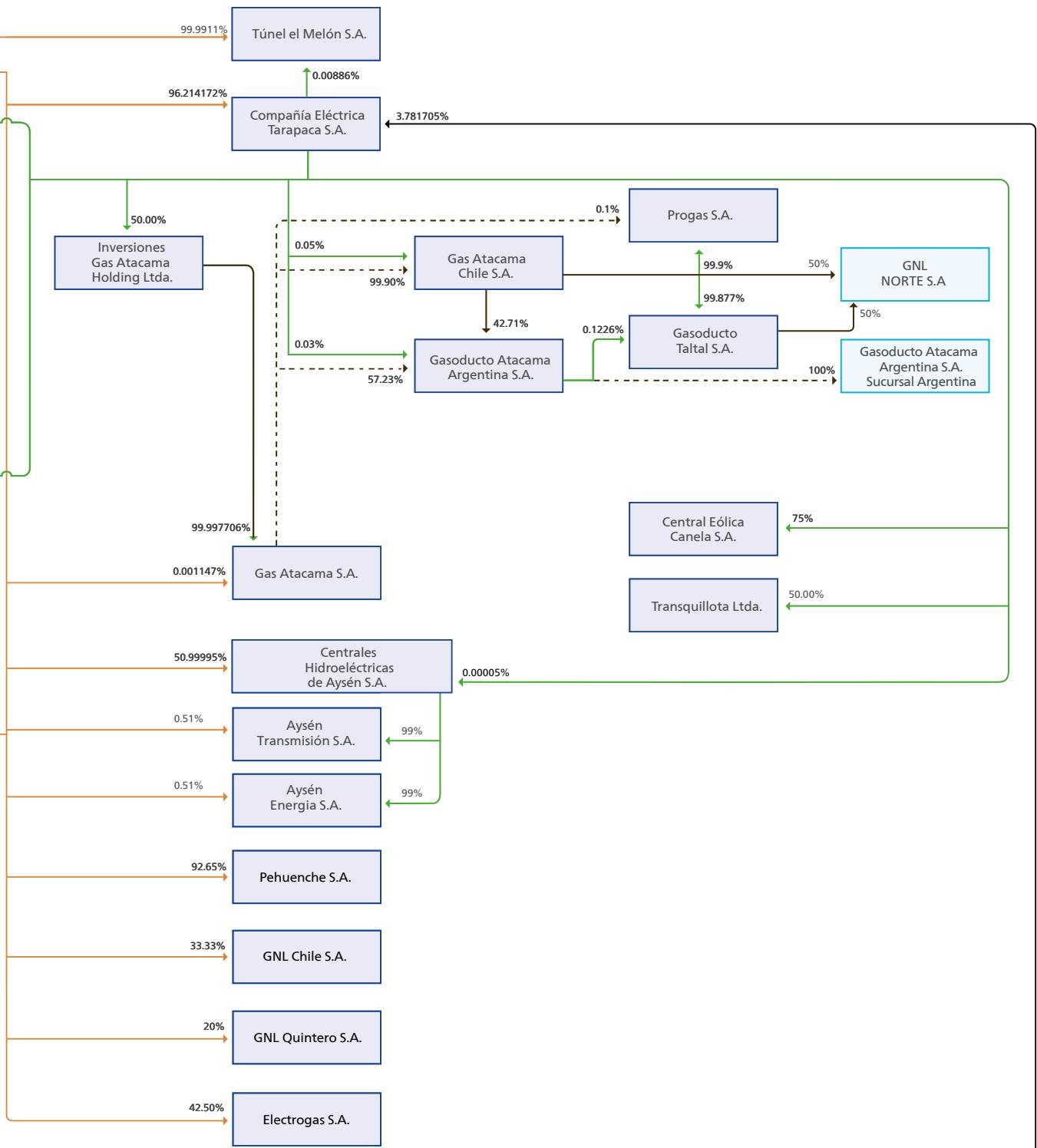
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- (5) Change in participation due to the capital increase of Endesa Costanera in November 2013.
- (6) Jointly-controlled companies are those in which the parent company controls the majority of the voting rights, or, should this not be the case, where 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	Proportion of the investment in the parent's assets
Enel Brasil S.A.	423,383,417	10.41%
Celta (Cía. Elect. Tarapacá)	262,311,224	6.45%
Edegel	209,147,425	5.14%
Pehuenche	162,155,435	3.99%
Inversiones GasAtacama Holding	156,224,984	3.84%
Emgesa	143,702,870	3.53%
Generandes Perú	127,817,912	3.14%
Endesa Argentina S.A.	114,230,438	2.81%
Centrales Hidroeléctricas de Aysén S.A.	86,537,578	2.13%
Hidroinvest	28,737,651	0.71%
Costanera S.A.	16,151,313	0.40%
GNL Quinteros S.A.	11,158,892	0.27%
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	0.09%
Distrilec	3,033,039	0.07%
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%
Túnel El Melón	0	0.00%

Schematic table





Legend: Argentina (Blue), Brazil (Green), Chile (Dark Blue), Colombia (Yellow), Peru (Red), Cayman Islands (Grey)



Significant
Events of the
Entity

Endesa Chile

- In accordance with current regulations, the following were reported to the Superintendency of Securities and Insurance (SVS) as material information during 2014:

On January 29, the SVS was informed that:

The Superintendency of the Environment, by its Resolution 39 of January 28, 2014 had ordered Empresa Nacional de Electricidad S.A. to adopt, among other provisional measures indicated in the resolution, the provisional measure of the total and temporary closure of the First Unit Bocamina Thermal Plant project for 15 days, notwithstanding its renewal or lifting in advance based on new information meriting this, as authorized by the Third Environmental Tribunal in accordance with article 48 c) of the Organic Law of the Superintendency of the Environment.

The financial effects of the suspension of the Bocamina I thermal plant will depend on the time it remains in effect and the size of these effects are currently being evaluated by the company.

- On January 31, 2014, the SVS was informed that:

With respect to the material information report of December 17, 2013, in which, apart from advising the suspension of the Bocamina II thermal plant, we announced that the financial effects of this suspension would be evaluated by the company, we hereby inform you that according to an evaluation made covering the period of the suspension, i.e. December 17, 2013 to January 30, 2014, the financial effect of the paralyzation amounts to a total of US\$31 million as the contribution margin loss.

While the suspension affecting the Bocamina II thermal plant remains in force, the company will continue to inform you of the financial effects produced.

- On February 6, 2014, the SVS was informed that:

Regarding the material information report dated 29.01.2014, the Superintendency of the Environment by its Resolution 59 of February 6, 2014, has resolved to lift the provisional measures ordered by Resolution 39 of January 28, 2014, both in the total temporary closure of the First Unit Bocamina Thermal Plant and other measures of correction, safety and control decreed in accordance with article 48 c) of the Organic Law of the Superintendency of the Environment.

The company will implement the measures ordered by the authority and put into operation the First Unit Bocamina Thermal Plant as soon as possible in coordination with the CDEC.

- On March 3, 2014, the SVS was informed that:

At its meeting held on February 28, 2014, the Board of Empresa Nacional de Electricidad S.A. agreed unanimously to propose to the ordinary shareholders' meeting, to be held on April 22, 2014, the distribution of a final dividend of 50% of the earnings for 2013. This dividend would be paid in the sum of Ch\$176,963,389,500, which represents a total dividend payable of Ch\$21.57628 per share, from which must be deducted the interim dividend paid in January 2014, equivalent to Ch\$3.87772 per share, so the net final dividend (balance) would be Ch\$17.69856 per share. All shareholders registered in the company's shareholder register 5 days prior to the date of payment would have the right to receive this dividend.

- On March 4, 2014, the SVS was informed that:

A) Regarding the material information reports of 29.01.14 and 06.02.14 concerning the suspension and resumption, respectively, of the operation of the First Unit Bocamina Thermal Plant for the reasons then indicated, we announced that the financial effects of that suspension would be evaluated by the company. We hereby inform you that, according to the evaluation made, covering the period from January 27 to February 6, 2014, the financial effect of this paralyzation amounted to a total of US\$2.45 million as contribution margin loss, using definitive marginal costs until 31.01.14 and preliminary real margin costs from 01.01.14 to 06.02.14

B) Regarding the material information reports of 17.12.13 and 31.01.14 concerning the suspension and financial effect of such paralyzation, respectively, of the operation of the Second Unit Bocamina Thermal Plant, for the reasons then indicated, we announced that we would continue to evaluate and report these. We hereby inform you that (i) for the period from December 17, 2013 to January 31, 2014, the financial effect of the paralyzation amounted to a total of US\$29.95 million as loss in the contribution margin. This figure is less than that informed on 31.01.14, which amounted to US\$31 million, as the updating made today is based on real marginal costs and not programmed marginal costs, and (ii) and for the period from January 1 to 23, 2014, the financial effect of the paralyzation amounted to a total of US\$12.51 million as loss in the contribution margin, calculated until 20.02.14 with preliminary real marginal costs, and with programmed marginal costs from February 21 to 23, 2014.

While the suspension lasts affecting the Second Unit Bocamina Thermal Plant, the company will continue evaluating and informing you of the financial effects produced.

- On March 31, 2014, the SVS was informed that:

In accordance with the first paragraph of point I, e) iii) of the conciliation note signed on June 18, 2013 by Southern Cross Latin American Private Equity Fund III, L.P. (Southern Cross) and Empresa Nacional de Electricidad S.A., in the arbitration proceedings with Southern Cross, the Board of Endesa on March 31, 2014 agreed to accept the offer of Southern Cross concerning the sale and direct disposal of all its corporate rights in Inversiones GasAtacama Holding Limitada, and the assignment of the loan from Pacific Energy Sub Co. to Atacama Finance Co which is documented by a promissory note dated January 16, 2013 amounting today to US\$28,330,155.

The total sale price of the assets mentioned, including the assignment of the loan mentioned, amounts to US\$309,000,000, payable in cash and in US dollars by transfer to the account that Southern Cross will indicate at the time.

As a result of this operation, the shareholder agreement between Southern Cross and Endesa dated August 1, 2007 is cancelled, and the following companies enter the group as subsidiaries: Inversiones Gas Atacama Holding Ltda; Gas Atacama S.A; Gas Atacama Chile S.A; Gasoducto Tal Tal S.A.; Progas S.A. Gasoducto Atacama Argentina S.A.; Gasoducto Atacama Argentina S.A. (Argentina branch); Atacama Finance Co.; GNL Norte S.A. and Energex Co.

The parties have 30 days from today to sign the closing documents and contracts.

At the end of 2013 GasAtacama obtained EBITDA of MMUS\$ 114 and a net income of MMUS\$ 69. The company also has position of cash, cash equivalents and realizable financial assets of MMUS\$ 222. The company has a debt with its owners of MMUS\$ 56.6. Following the acquisition, Endesa Chile will consolidate 100% of GasAtacama in its statement of income, a situation that does not occur today as it is considered as an investment in an associate company.
- On April 1, 2014, the SVS was informed that:

The Board of Empresa Nacional de Electricidad S.A. at its meeting of March 27, 2014, agreed to authorize the company to: (i) make an investment of a total of MMUS\$ 661.5 for the construction of the 150 MW hydroelectric project called Los Cóndores, located in the 7th Region. The plant will use the waters of the Laguna El Maule reservoir. It is expected that it starts operating at the end of 2018; (ii) award the civil works contract for this project to the Ferrovial Agroman consortium; (iii) contract currency and indexation risk hedges of the main construction contracts; and (iv) communicate this immediately the respective contract is signed with the consortium mentioned, the project's main contractor, which occurred on March 31, 2014.

The effects of this investment on the results are not quantifiable at this stage.
- On April 10, 2014, the SVS was informed that:

On April 10, Empresa Nacional de Electricidad S.A. had placed on the international market, registered with the US Securities Exchange Commission (SEC), a senior unsecured bond issue amounting to US\$ 400 million, with maturity in 2024.

The proceeds of this issue would be for corporate purposes, including debt prepayments.

- On April 22, 2014, the SVS was informed that:

With respect to the offer Southern Cross Latin America Private Equity Fund III L.P. (Southern Cross) of its participation in GasAtacama, accepted by the company's Board on March 31, 2014, reported by the company on that date, we inform you that today Southern Cross and the company have signed the documents and contracts required for the direct acquisition by the company of all the corporate rights that Southern Cross had in Inversiones GasAtacama Holding Limitada – equivalent to 50% of the corporate rights in that company – and the assignment of the loan from Pacific Energy Sub Co. to Atacama Finance Co. The total of the operation, including the loan assignment, amounted to US\$309,000,000, which was fully paid today to Southern Cross. The company and Southern Cross have also terminated the shareholder agreement signed between them on August 1, 2007.

With the closing of this operation, the following companies have been incorporated into the group as subsidiaries: Inversiones Gas Atacama Holding Ltda., GasAtacama S.A., GasAtacama Chile S.A., Gasoducto TalTal S.A., Progas S.A., Gasoducto Atacama Argentina S.A., Gasoducto Atacama Argentina S.A. (Argentina branch), Atacama Finance Co., GNL Norte S.A. and Energex Co.

As a result of this transaction, Endesa Chile becomes the controller of the Gas Atacama companies and will consolidate them in its results.

- On April 22, 2014, the SVS was informed that the ordinary shareholders' meeting held today agreed to the distribution of a minimum obligatory dividend (partially covered by the interim dividend No.55 if Ch\$3.87772 per share) and an additional dividend, amounting to a total of Ch\$176,963,389,500, the equivalent of Ch\$ 21.57628 per share.

As the interim dividend No.55 has already been paid, the balance of final dividend No.56 amounting to Ch\$145,159,259,700, equivalent to Ch\$ 17.698562 per share, would be distributed and paid.

- On July 28, 2014, the SVS was informed that Vittorio Corbo Lioi had presented his resignation from July 28 as a director of Empresa Nacional de Electricidad S.A.

This information is notwithstanding that provided to the SVS in accordance with article 68 of the Securities Market Law.

- On August 12, 2014, the SVS was informed that:

On August 11, Empresa Nacional de Electricidad S.A. has been notified of Resolution 421 of the same date issued by the Superintendency of the Environment against the company with respect to the project Expansion of Bocamina II Thermal Plant, by which it cleared a charge and imposed various fines amounting to a total of 8,640.4 "Unidades Tributarias Anuales" for charged made by the authority. This resolution is not firm.

The company is evaluating the legal actions to take and the associated financial effects, which will be informed as soon as the evaluation is ready.

- On October 27, 2014, the SVS was informed that:

At the Board meeting held today, the resignation was accepted of Joaquín Galindo Vélez as the Chief Executive Officer from October 31, 2014. It was agreed to appoint Valter Moro as his replacement as Chief Executive Officer with effect from November 1, 2014.

- On October 27, 2014, the SVS was informed that:

The subsidiary Endesa Costanera S.A. had agreed with Mitsubishi Corporation the refinancing of the company's debt with the latter, on conditions beneficial to Endesa Costanera S.A. The last-named is an Argentine company with a 75.67% shareholding so this agreement has effects on the results of both companies.

The main conditions of the restructuring are the pardoning of interest accrued and accumulated to September 30, 2014 of US\$ 66,061,897.09; the reprogramming of maturities of main of US\$ 120,605,058.33 for a term of 18 years with a 12 month grace period, with final maturity on December 15, 2032; a minimum annual payment of US\$ 3,000,000 with respect to main in quarterly installments; an annual interest rate of 0.25% and the maintenance of the pledge over the assets and restrictions on dividend payments.

A condition precedent for the effectiveness of the agreement is the payment of US\$ 5,000,000 of the overdue debt within the following 15 business days.

This is the most important debt restructuring of Endesa Costanera S.A. and contributes to the recomposition of its equity position, so its effects will be reflected in it's annual financial statements.

The estimated effects in Empresa Nacional de Electricidad S.A., as the parent company, are a gain of approximately US\$ 104 million (Ch\$61,000 million) and a reduction in financial debt in the consolidated financial statements of approximately US\$138 million (Ch\$80,000 million).

- On October 27, 2014, the SVS was informed that:

- On September 29, 2014 Law 20.780 was published, introducing modifications to the income tax system and other taxes. The law established the substitution of the present taxation system from 2017, by two alternative tax systems: the system of attributed tax and the partially integrated system. In addition, it establishes from 2014 a progressive rise in 1st Category income tax which will reach 27% in the event that the partially integrated system is chosen. If the attributed incomer system is chosen, the maximum tax rate reaches 25%. The law states that the partially integrated system will be applied to corporations unless a future shareholders' meeting opts for the attributed income system.

- On October 17, 2014, the SVS published its Circular 856 which established that despite the provisions of international accounting standards, differences in assets and liabilities for deferred taxes produced as a direct effect of the increase in the 1st Category tax rate, introduced by Law 20.780, should be booked in the respective year against equity.

Consequently and due to coming into effect of Law 20.780, Endesa Chile has estimated the impact on its financial statements from the application of that law, assuming the application of the partially integrated system as this is the system that should be applied by corporations, as no extraordinary shareholders' meeting has agreed to adopt the alternative system.

For local purposes, and given the publication of the Circular 856, the estimated differences in assets and liabilities for deferred taxes produced as direct effect of the increase in the 1st Category tax rate result in a net charge to equity of Ch\$ 62,039 million (US\$ 103.5 million approx.), reducing the equity of the dominant company by Ch\$ 60,685 million (US\$ 101.3 million approx.) and will be included in its financial statements as of September 30, 2014.

For international purposes, as Endesa Chile is quoted on the New York Stock Exchange and Latibex and should publish its annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the estimated of the impact of the new Law 20.780 in its financial statements deriving from the application of this regulation, would result in a net charge in income tax Ch\$ 62,039 million (US\$ 103.5 million approx.), reducing the earnings of the dominant company by Ch\$ 60,685 million (US\$ 101.3 million approx.).

- On November 4, 2014, the SVS was informed that:

- On November 4, 2014, the chairman of the Board Jorge Rosenblut notified his resignation with immediate effect, as chairman and director of Endesa Chile.

- The following resolutions were adopted at the Board meeting of November 4:

The resignations were presented of the directors Paolo Bondi and Manuel Morán Casero. In replacement of the above resignations, Enrico Viale, Ignacio Mateo Montoya and Vittorio Vagliasindi were appointed respectively.

The same meeting also appointed Isabel Marshall Lagarrigue as an independent director in replacement of the independent director Vittorio Corbo Lioi, who had presented his resignation earlier.

The Board also appointed Susana Carey Claro as a director independent of the controller, at the suggestion of the pension funds. She was also appointed as a new member of the Directors' Committee in replacement of Jaime Bauzá who cannot exercise his functions due to illness, as established in SVS Circular 1.956/2009.

The same meeting agreed to name Enrico Viale and Ignacio Mateo Montoya Finalmente as chairman and vice chairman respectively.

Following these successive resignations and appointments, the following are the members of the Board of Empresa Nacional de Electricidad S.A.:

Enrico Viale, chairman
Ignacio Mateo Montoya, vice chairman
Alfredo Arahuetes García
Francesco Buresti
Vittorio Vagliasindi
Isabel Marshall Lagarrigue
Enrique Cibié Bluth
Felipe Lamarca Claro
Susana Carey Claro

The Directors' Committee consists of Felipe Lamarca Claro, as chairman of the committee, Enrique Cibié Bluth, as financial expert and Susana Carey Claro.

- On November 27, 2014, the SVS was informed that:

The Board at its meeting today agreed unanimously to the payment of an interim dividend of Ch\$3.4404636 per share against the earnings for 2014, payable from January 30, 2015. This amount corresponds to 15% of the earnings to September 30, 2014, in accordance with the company's current dividend policy.

Pehuenche

Proposed final dividend

On March 3, 2014, the company reported that the Board on February 28 agreed, in accordance with the company's current dividend policy, to propose to the ordinary shareholders' meeting to be held in the first four months of this year, the payment of the balance of the final dividend amounting to Ch\$71.187041 per share. With this proposal, it would be distributing 100% of the earnings for the year 2013, thus complying with the dividend policy informed by the Board to the ordinary shareholders' meeting of April 12, 2013.

Final dividend

The company reported that the ordinary shareholders' meeting held on April 11, 2014, approved the distribution of the balance of the final dividend, amounting to Ch\$71.187041 per share, against the earnings for the year 2013. This balance was paid on April 29, 2014 to shareholders registered on the shareholder register five business days prior to the date of payment.

The publication of the notice was made on April 14, 2014 in El Mercurio newspaper of Santiago.

First interim dividend

On June 26, the Board of Empresa Eléctrica Pehuenche S.A. approved the distribution of a first interim dividend corresponding to the year 2014, amounting to Ch\$29.10 per share. This dividend would be payable on July 23, 2014 to shareholders registered on the shareholder register five business days prior to the date of payment.

The publication of the notice was made on July 11, 2014 in El Mercurio newspaper of Santiago.

Second interim dividend

On September 25, 2014 the Board of the company approved the distribution of a second interim dividend corresponding to the year 2014, amounting to \$49.31 per share. This dividend would be payable on October 22, 2014 to shareholders registered on the shareholder register five business days prior to the date of payment.

The publication of the notice was made on October 9, 2014 in El Mercurio newspaper of Santiago.

Tax Reform

On September 29, 2014 Law 20.780 was published, introducing modifications to the income tax system and other taxes. The law established the substitution of the present taxation system from 2017, by two alternative tax systems: the system of attributed tax and the partially integrated system. In addition, it establishes from 2014 a progressive rise in 1st Category income tax which will reach 27% in the event that the partially integrated system is chosen. If the attributed incomer system is chosen, the maximum tax rate reaches 25%. The law states that the partially integrated system will be applied to corporations unless a future shareholders' meeting opts for the attributed income system.

On October 17, 2014, the SVS published its Circular 856 which established that despite the provisions of international accounting standards, differences in assets and liabilities for deferred taxes produced as a direct effect of the increase in the 1st Category tax rate, introduced by Law 20.780, should be booked in the respective year against equity.

Consequently and due to coming into effect of Law 20.780, Endesa Chile has estimated the impact on its financial statements from the application of that law, assuming the application of the partially integrated system as this is the system that should be applied by corporations, as no extraordinary shareholders' meeting has agreed to adopt the alternative system.

For Pehuenche, and given the publication of the Circular 856, the estimated differences in assets and liabilities for deferred taxes produced as direct effect of the increase in the 1st Category tax rate result in a net charge to equity of ThCh\$13,549,026 (MMUS\$22.6 approx.) which was included in its financial statements as of September 30, 2014.

Third interim dividend

On December 23, 2014 the Board of the company approved the distribution of a third interim dividend corresponding to the year 2014, amounting to \$65.44 per share. This dividend would be payable on January 21, 2015 to shareholders registered on the shareholder register five business days prior to the date of payment.

The publication of the notice was made on January 8, 2015 in El Mercurio newspaper of Santiago.



Identification of
Subsidiaries &
Associates
Companies

AMPLA ENERGÍA

Name
Ampla Energia e Serviços S.A.

Type of company
Open corporation.

Address
Praça Leoni Ramos, N° 01, São Domingos, Niteroi, Rio de Janeiro, Brazil

Telephone
(55 21) 2613 7000

Subscribed & paid capital (ThCh\$)
297,196,548

Objects
Study, plan, project, 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.

Business
Distribution of electricity.

Board
Mario Fernando de Melo Santos (chairman)
Antonio Basilio Pires e Albuquerque (vice chairman)
Nelson Ribas Visconti
Luciano Galasso Samaria
Ramón Francisco Castañeda Ponce
José Távora Batista
José Alves de Mello Franco
Otacilo de Souza Junior

Senior executives
Marcelo Llénenes Rebolledo
Director Presidente
José Alves de Mello Franco
Bruno Golebiovsky
Carlos Ewandro Naegle Moreira
Claudio Manuel Rivera Moya
Déborah Meirelles Rosa Brasil
Teobaldo Jose Cavalcante Leal
Janaina Savino Vilella Carro
Claudio César Weyne da Cunha

Commercial relations with Endesa Chile
None

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).

Subscribes and paid capital (ThCh\$)
4,900

Directors
Vacant (resignation of Joaquín Galindo Vélez)
Paulo Domingues Dos Santos
Ramiro Alfonsín Balza (Assistant general manager and manager, finance and administration, Endesa Chile)
Bernardo Larraín Matte
Luis Felipe Gazitúa Achondo
Juan Eduardo Vásquez

Alternate directors
Ignacio Quiñones Sotomayor (Legal counsel, Endesa Chile)
Sebastián Fernández Cox
Fernando Prieto Plaza
Eduardo Lauer Rodríguez
Cristián Morales Jaureguiberry
Sebastián Moraga Zuñiga

Senior executives
Camilo Charme Ackerman
General manager

Commercial relations with Endesa Chile
None.

Directors

Vacant (resignation of Joaquín Galindo Vélez)
Paulo Domingues Dos Santos
Ramiro Alfonsín Balza (Assistant general manager and manager, finance and administration, Endesa Chile)
Bernardo Larraín Matte
Luis Felipe Gazitúa Achondo
Juan Eduardo Vásquez

Alternate directors

Ignacio Quiñones Sotomayor (Legal counsel, Endesa Chile)
Sebastián Fernández Cox
Fernando Prieto Plaza
Eduardo Lauer Rodríguez
Cristián Morales Jaureguiberry
Sebastián Moraga Zuñiga

Senior executives

Camilo Charme Ackerman
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

Address
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 depositary 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 in Administradora 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 specialties. 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.

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

Address
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 and paid capital (ThCh\$)
22,368

AYSÉN ENERGÍA

Name
Aysén Energía S.A.

Type of company
Closely-held corporation

Tax No.
76,091,595-5

Address
Miraflores 383, office 1302, Santiago, Chile.

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

Business
Electricity generation.

Subscribed and paid capital (ThCh\$)
331,770,543

Directors
Alejandro García Chacón
Alan Fischer Hill
Humberto Espejo Paluz (Manager, trading and commercialization, Endesa Chile)

Senior executives
Eduardo Soto Trincado
General manager

Commercial relations with Endesa Chile
Celta has an operating, maintenance, administration and commercialization contract with Endesa Chile.

CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.

Name
Centrais Elétricas Cachoeira Dourada S.A.

Type of company
Closely held corporation

Address
Rodovia GO 206, Km 0, Cachoeira Dourada
Goiânia, Goiás, Brazil

Telephone
(55 62) 3434 9000

Subscribed and paid capital (ThCh\$)
14,728,959

Objects
The carrying out of studies, planning, construction, installation, operation and exploitation of electricity generating plants and related commercial activities. It may also promote or participate in other companies constituted to produce electricity, within or outside the state of Goiás.

Business
Electricity generation.

Directors
Marcelo Llénenes Rebolledo
Ana Cláudia Gonçalves Rebello
Luis Larumbe Aragón

Senior executives
Vacant (General manager)
Manuel Herrera Vargas
José Ignácio Pires Medeiros
Carlos Ewandro Naegele Moreira
José Alves de Mello Franco
Ana Cláudia Gonçalves Rebello
Teobaldo José Cavalcante Leal
Janaina Savino Vilella Carro
Claudio César Weyne da Cunha
Guilherme Gomes Lencastre

Commercial relations with Endesa Chile
None

CENTRAL VUELTA OBLIGADO

Name
Central Vuelta Obligado S.A.

Type of company
Closely-held corporation.

Address
Av. Thomas Edison 2701, Ciudad Autónoma de Buenos Aires, Argentina

Telephone
(5411) 5533-0200

Subscribe and paid capital (Th\$arg)
500

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 od a thermal plant called Central Vuelta de Obligado.

Directors
José María Vázquez (Chairman)
Eduardo Nitardi (Vice chairman)
Roberto José Fagan
Fernando Claudio Antognazza

Alternate directors
Leonardo Marinaro
Juan Carlos Blanco
Daniel Garrido
Adrian Salvatore

Senior executives
Eduardo Nitardi
General manager
Carlos Lujambio
Commercial manager
Alberto Garmendia
Technical manager
Lilian Naccarelli
Manager, edmin, & finance
Alejandro Louzau
Legal adviser

Commercial relations with Endesa Chile
None

Subscribed anbd paid capital (ThCh\$)
34,781,800

Objects

Study, project, construct, and exploit electricity production, transmission, distribution and commercialization systems that are concessioned, permitted or authorized by any title in law and other activities related to these activities; the acquisition, obtaining and exploration of any right, assignments and privileges related to the above activities, and the practice of all other acts and business necessary for pursuing its objects; and the participation in the capital of other companies as shareholder, partner or participation, whatever their objects.

Business
Electricity generation.

Directors
Marcelo Andrés Llénenes Rebolledo (Chairman)
Ana Claudia Gonçalves Rebello
Luis Larumbe Aragón

Senior executives
Manuel Herrera Vargas
General manager
Raimundo Câmara Filho
Teobaldo José Cavalcante Leal
José Ignácio Pires Medeiros
José Alves de Mello Franco
Ana Cláudia Gonçalves Rebello
Janaina Savino Vilella Carro
Claudio César Weyne da Cunha
Manuel Rigoberto Herrera Vargas

Commercial relations with Endesa Chile
None

CENTRALES HIDROELÉCTRICAS DE AYSÉN

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.

Address
In Santiago, Chile, calle Miraflores 383, office 1302.
In Coyhaique, Chile, calle Baquedano 260.
In Cochrane, Chile, calle Teniente Merino 324.

Objects
The development, financing, ownership and exploitation of a hydroelectric project in the 11th Region of Aysén, with an estimated capacity of 2,750 MW and 5 hydroelectric plants, which is called the "Proyecto Aysén". The following activities form part of its business: a) the production and transportation of electricity; b) the supply and commercialization of electricity to its shareholders, and c) the administration, operation and maintenance of hydraulic works, electrical systems and hydroelectric generating plants.

Business
Electricity generation (project).

CENTRAL GERADORA TERMELÉCTRICA FORTALEZA

Name
Central Geradora Termelétrica Fortaleza S.A.

Type of company
Closely held corporationDirección

Address
Rodovia 422, Km 1 s/n, Complexo Industrial e Portuário de Pecém Caucaia – Ceará, Brazil

Telephone
(55 85) 3464-4100

Subscribed and paid capital (ThCh\$)
175,445,662

Directors
Vacant (resignation of Joaquín Galindo Vélez)
Paulo Domingues Dos Santos
Ramiro Alfonsín Balza (Assistant general manager and manager, finance and administration, Endesa Chile)
Bernardo Larraín Matte
Luis Felipe Gazitúa Achondo
Juan Eduardo Vásquez

Alternate directors
Ignacio Quiñones Sotomayor (Legal counsel, Endesa Chile)
Sebastián Fernández Cox
Fernando Prieto Plaza
Eduardo Lauer Rodríguez
Ignacio Cruz Zavala
Sebastián Moraga Zuñiga

Senior executives
Camilo Charme Ackerman
General manager

Commercial relations with Endesa Chile
HidroAysén S.A. will sell power and energy generated by it to Endesa Chile under 30-year PPA contracts. The company also has service contracts with Ingendesa (today Compañía Eléctrica Tarapacá S.A.).

CHINANGO

Name
Chinango S.A.C.

Type of company
Closely-held corporation.

Address
Avda. Víctor Andrés Belaúnde 147, Edificio Real 4, piso 7, San Isidro, Lima, Peru

Subscribed and paid capital (ThCh\$)
54,074,627

Objects
The generation, commercialization and transmission of electricity and all actions and sign contracts allowed by Peruvian law for such purposes.

Business
Electricity generation.

General Manager
Edegel S.A.A. represented by Julián Cabello Yong

Commercial relations with Endesa Chile
None

CHOCÓN

Name
Hidroeléctrica El Chocón S.A.

Type of company
Corporation

Address
Avda. España 3301, Buenos Aires, Argentina

Subscribed and paid capital (ThCh\$)
21,424,191

Objects
Production of electricity and its commercialization in blocks.

Business
Electricity generation

Directors
Joaquín Galindo Vélez (Chairman)
José María Hidalgo Martín Mateos (Vice chairman)
Eduardo Escaffi Johnson
Roberto Fagan
Alex Daniel Horacio Valdez
Juan Carlos Nayar
Sergio Maschio

Alternate directors
Jorge Raúl Burlando Bonino
Juan Carlos Blanco
Ramiro Alfonsín (Assistant general manager and manager, finance & administration, Endesa Chile)
María Inés Justo
Sebastian Eduardo Guasco
Fernando Carlos Boggini
Gustavo Alejandro Nagel
José Luis Zuñiga

Senior executives
Nestor Srebernic
General manager / Production manager
Fernando Carlos Luis Boggini
Finance manager
Cristian Vargas
Commercial manager
Rodolfo Silvio Bettinsoli
Human resources manager

Commercial relations with Endesa Chile
These is a contract by which Endesa Chile assumes the responsibility for the operation of Hidroeléctrica El Chocón S.A., obliging it to provide services related to the areas of supervision and technical advice, operations, commercial, administrative, management, personnel administration, procurement, environment and internal audit.

CIEN

Name
CIEN - Compañía de Interconexión Energética

Type of company
Closely held corporation

Address
Praça Leoni Ramos, N° 1, piso 6, Bloco 2, São Domingos, Niterói, Rio de Janeiro, Brazil

Telephone
(55 21) 3607 9500

Subscribed and paid capital (ThCh\$)
65,253,669

Objects
The production, industrialization, distribution and commercialization of electricity, including import and export activities. For this, the company may promote the study, planning and construction of installations for electricity production, transmission, conversion and distributions systems, making and attracting the investments necessary for the development of the works to be carried out and providing services. The company may also promote the implementation of associated projects, like

activities inherent, accessory or complementary to the services and works provided. For its objects, the company may participate in other companies.

Business
Electricity transportation.

Directors
Marcelo Andrés Llóvenes Rebollo
Ana Claudia Gonçalves Rebello
José Augustín Venegas Maluenda

Senior executives
Guilherme Gomes Lencastre
General manager
Manuel Herrera Vargas
José Ignácio Pires Medeiros
Carlos Ewandro Naegle Moreira
Teobaldo José Cavalcante Leal
José Alves de Mello Franco
Ana Cláudia Goncalves Rebello
Janaina Sabino Vilella Carro
Claudio César Weyne da Cunha

Commercial relations with Endesa Chile
None

COELCE

Name
Companhia Energética do Ceará

Type of company
Open corporation.

Address
Rua Padre Valdevino, 150 - Centro, Fortaleza, Ceará, Brazil

Telephone
(55 85) 3453-4082

Subscribed and paid capital (ThCh\$)
101,401,328

Corporate objects
The production, transmission, distribution and commercialization of electricity, the provision of correlated services conceded to it or authorized and the development of activities associated with the services, and the entering into of commercial acts related to these activities. It may also carry out studies, planning, projects, construction and operation of production, transformation, transportation and storage systems, distribution and trade in energy of any origin or nature, in the form of concession, authorization and permits granted with jurisdiction in the area of the state of Caerá, and other areas defined by the concessionor. It may also make studies, projects, and execution of plans and programs of research and development of new energy sources, especially renewable, and the study, preparation and execution in the energy sector of plans and programs of economic and social development in regions of interest of the community and the company.

Business
Distribution and sale of electricity in the state of Ceará, Brazil

Directors	
Mario Fernando de Melo Santos (Chairman)	
Marcelo Llénenes Rebolledo (Vice chairman)	
Gonzalo Vial Vial	
José Alves de Mello Franco	
Jorge Parente Frota Júnior	
Claudio Manuel Rivera Moya	
Francisco Honório Pinheiro Alves	
José Távora Batista	
Fernando Augusto Macedo de Melo	
Luis Fermin Larumbe Aragon	
Joao Francisco Landim Tavares	
Alternate directors	
Antonio Basilio Pires de Carvalho e Albuquerque	
Luciano Alberto Galasso Samaria	
Teobaldo José Cavalcante Leal	
José Caminha Alencar Aripe Júnior	
Carlos Ewandro Naegele Moreira	
Bruno Golebioviski	
José Nunes de Almeida Neto	
Vládia Viana Regis	
Nelson Ribas Visconti	
Robson Figueiredo de Oliveira	
Senior executives	
Abel Alves Rochinha	
Manager	
Teobaldo José Cavalcante Leal	
José Nunes de Almeida Neto	
Carlos Ewandro Naegele Moreira	
José Távora Batista	
Olga Jovanna Carranza Salazar	
José Alves de Mello Franco	
Cristine de Magalhães Marcondes	
Nelson Ribas Visconti	
Claudio César Weyne da Cunha	
Commercial relations with Endesa Chile	
Nonee	

CTM

Name	
Compañía de Transmisión del Mercosur S.A.	

Type of company	
Corporation constituted in the city of Buenos Aires, Argentina.	

Address	
Bartolomé Mitre 797, piso 11, Ciudad Autónoma de Buenos Aires, Argentina	

Subscribed and paid capital (ThCh\$)	
7,175	

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.	

Business	
Electricity transmission by international interconnection.	

Directors	
José María Hidalgo Martín-Mateos	
Guilherme Gomes Lencastre	
Arturo Miguel Pappalardo	

Alternate directors	
José Venegas Maluenda	
Juan Carlos Blanco	
Roberto José Fagan	
Senior executives	
Arturo Miguel Pappalardo	
General manager	
Commercial relations with Endesa Chile	
None	

DISTRILEC INVERSORA

Name	Distrilec Inversora S.A.
Type of company	Closely-held corporation
Address	San José 140, Buenos Aires, Argentina
Telephone	(54 11) 4370 3700
Subscribed and paid capital (ThCh\$)	36,270,892

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 laws, 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.
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Directors	José María Hidalgo Martín Mateos (Chairman)
	María Inés Justo
	Juan Carlos Blanco
	Rafael Fauquié Bernal
	Gonzalo Alejandro Pérez Moore
	Juan Carlos Bledel
	José María Vásquez
	Fernando Bonnet
	Edgardo Lícen

Alternate directors	Fernando Antognazza
	Rodrigo Quesada
	Roberto Fagan
	Mariana Marine
	Gonzalo Vial Vial
	Héctor Sergio Falzone
	José María Saldungaray
	Osvaldo Alejandro Pollice
	Leonardo Marinaro
	Justo Pedro Saenz

Senior executives	Antonio Jerez
	General manager
Commercial relations with Endesa Chile	None

EDEGEL

Name	Edegel S.A.A.
Type of company	Open corporation.
Address	Avda. Víctor Andrés Belaúnde 147, Edificio Real 4, piso 7, San Isidro, Lima, Peru
Subscribed and paid capital (ThCh\$)	457,894,464
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
Directors	Ignacio Blanco Fernández (Chairman)
	Joaquín Galindo Vélez
	Rafael Fauquié Bernal
	Reynaldo Llosa Barber
	Claudio Herzka Buchdahl
	Raffaele Enrico Grandi
	Francisco José Pérez Thoden Van Velzen
Alternate directors	Julián Cabello Yong
	Raffaele Enrico Grandi
	Mariano Paz Soldán Franco
	Sebastián Fernández Cox
	Cristián Del Sante Baraona

Senior executives	Francisco Pérez Thoden Van Velzen
	General manager
	Julián Cabello Yong
	Operations manager
	Carlos Rosas Cedillo
	Manager, energy management and commercialization
	Daniel Abramovich Ackerman
	Legal adviser
Commercial relations with Endesa Chile	None

ELECTROGAS

Name	Electrogas S.A.
Type of company	Closely-held corporation.
Tax No.	96,806,130-5
Address	Alonso de Córdova 5900, office 401, Las Condes, Santiago, Chile.
Corporate objects	Provide transportation 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 and paid capital (ThCh\$)
12,914,476

Directors
Juan Eduardo Vásquez Moya
Alan Fischer Hill
Eduardo Lauer Rodríguez
Pedro Gatica Kerr
Fernando Promis Baeza

Alternate directors
Andrés Opazo Irarrázaval
Ricardo Santibáñez Zamorano
Luis Le Fort Pizarro
Juan Oliva Vásquez
Rodrigo Bloomfield Sandoval
Carlos Andreani Luco
General Manager

Commercial relations with Endesa Chile.
Electrogas has a firm natural gas transportation contract with Endesa Chile.
Electrogas also has a diesel transportation contract with Endesa Chile and an oil pipeline operation and maintenance contract for the supply of diesel oil to the Quintero thermal plant. In addition, Electrogas has firm natural gas and diesel transportation contracts with Compañía Eléctrica Tarapacá S.A., as the legal successor of Compañía Eléctrica San Isidro S.A.

EMGEA

Name
Emgesa S.A. E.S.P.
NIT:
860,063,875-8

Type of company
Corporation, public-utility company.

Address
Carrera 11 N°82-76, piso 4, Santa Fe de Bogotá,
D.C. Colombia

Subscribed and paid capital (ThCh\$)
167,029,702

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
Electricity and gas fuel generation and commercialization.

Directors
Lucio Rubio Díaz
José A. Vargas Lleras
Ricardo Roa Barragán
Ricardo Bonilla Gonzalez
María Mercedes Maldonado
Luisa Fernanda Lafaurie Rivera

Alternate directors
Fernando Gutiérrez Medina
Carlos Luna Cabrera
Juan Manuel Pardo
Ernesto Moreno Sánchez
Álvaro Torres Macías
José Alejandro Herrera Lozano
Andrés López Valderrama

Senior executives
Lucio Rubio Diaz
General manager
Carlos Alberto Luna
Generation manager
Andrés Caldas Rico
Manager, legal and corporate affairs
Fernando Javier Gutierrez Medina
Manager, energy management and commercialization
Carlos Alberto Mancilla Flores
Production manager
Aurelio Ricardo Bustillo de Oliveira
Manager, administration, finance and control
Robert Camilo Torres Vega
Manager, occupational health and safety
María Celina Restrepo Santamaría
Communications manager
Diana Marcela Jiménez Rodríguez
Manager, business development
Rafael Carbonell Blanco
Manager, human resources and organization
Omar Serrano Rueda
Manager, regulation anf the environment
Mauricio Carvajal García
Audit manager
Raúl Gonzalo Puentes Barrera
Procurements manager
Ana Patricia Delgado Meza
Manager, IT systems and telecommunications
Ana Lucia Moreno Moreno
Manager, general services and capital
Juan Manuel Pardo Gómez
Manager, administration and finance and investor relations
Leonardo López Vergara
Manager, planning and control
Carlos Eduardo Ruiz Diaz
Manager, legal adviser

Commercial relations with Endesa Chile
None

EMGEA PANAMÁ, S.A.

Name
Emgesa Panamá, S.A.

Type of company
Corporation not quoted on an exchange nor an issuer of securities.

Address
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 and paid capital (ThCh\$)
14,575

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 S.A.

Name
En- Brasil Comércio e Serviços S.A.

Type of company
Closely-held corporation constituted under the federal laws of Brazil.

Address
Praça Leoni Ramos nº 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

Telephone
(55 21) 2613 7000

Subscribed and paid capital (ThCh\$)
8,924

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 and other sectors.

Company without Board of directors)

Senior executives
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.

Address
Suipacha 268, piso 12, Buenos Aires, Argentina

Telephone
(5411) 4307 3040

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 and paid capital (ThCh\$)
50,116,198

Directors
José María Hidalgo Martín Mateos
María Inés Justo
Roberto José Fagan

Alternate directors
Fabrizio Allegra
Rodrigo Quesada
Mariana Cecilia Maríné

Commercial relations with Endesa Chile
None

CEMSA

Name
Endesa Cemsa S.A.

Type of company
Corporation

Address
San José 140, piso 6. CABA
Buenos Aires, Argentina

Telephone
(5411) 4124-1600

Subscribed and paid capital (ThCh\$)
1,005,398

Objects

Wholesale purchase and sale of electricity produced and/or consumed by third parties including the import and export of electricity and the commercialization of royalties, and the provision of related services, in the country or abroad of IT services and/or control of the operation and/or telecommunications. It may also buy and sell natural gas and/or its transportation, including the import and export of natural gas and/or the commercialization of royalties, and the provision of related services. It may also buy and sell liquid fuels and crude oil and/or their transportation, including the import and export of liquid fuels and/or the commercialization of royalties, and the provision of related services.

Business
Trading of electricity, gas and derivatives.
IT services and/or operation control and/or telecommunications.

Directors
José María Hidalgo Martín-Mateos
José Venegas Maluenda
Fernando Claudio Antognazza

Alternate directors
Arturo Pappalardo
Fabrizio Allegra
Pedro Cruz Viné

Senior executives
Fernando C. Antognazza
General manager

Commercial relations with Endesa Chile
The company has an agreement with Endesa Chile to provide a daily operative report on Argentine gas, at a monthly cost of US\$ 1,500.

COSTANERA

Name
Endesa Costanera S.A.

Type of company
Corporation

Address
Avda. España 3301, Buenos Aires, Argentina

Telephone
(5411) 4307 3040

Subscribed and paid capital (ThCh\$)
52,114,437

Corporate objects
Electricity production and sale by block.

Business
Electricity generation.

Directors
Joaquín Galindo Vélez (Chairman)
José María Hidalgo Martín Mateos (Vice chairman)
Eduardo Escaffi Johnson
Fabrizio Allegra
María Inés Justo
César Fernando Amuchástegui
Matías María Brea
Damián Camacho

Alternate directors
Juan Carlos Blanco
Antonio Jerez
Rafael Fauquié
Fernando Carlos Boggini
Jorge Raúl Burlando Bonino
Rodrigo Quesada
Fernando Claudio Antognazza
Juan Donini

Senior executives
Roberto José Fagan
General manager
Fernando Carlos Luis Boggini
Finance manager
Rodolfo Silvio Bettinsoli
Human resources manager
Francisco Domingo Monteleone
Production manager
Rodrigo Quesada
Legal manager

Commercial relations with Endesa Chile
Endesa Chile has a loan of US\$ 7.1 million to the company

ENEL BRASIL

Name
Enel Brasil S.A.

Type of company
Closely-held corporation.

Address
Praça Leoni Ramos, N°1, 7º andar, bloco 2 - Parte, Niterói, Rio de Janeiro, Brazil

Telephone
(5521) 3607 9500

Subscribed and paid capital (ThCh\$)
216,339,026

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.

Directors
Mario Fernando de Melo Santos (Chairman)
Vacante (Vice chairman)
Massimo Tambosco
Antonio Basilio Pires de Carvalho e Albuquerque
Ramiro Diego Alfonsín Balza (Assistant general manager and manager, finance & administration, Endesa Chile)

Senior executives
Marcelo Llénenes Rebollo
General manager
Luis Fermín 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
Manuel Ricardo Soto Retamal

Commercial relations with Endesa Chile
None

ENEL GREEN POWER MODELO I EÓLICA S.A.

Name
Enel Green Power Modelo I Eólica S.A.

Type of company
Closely-held corporation.

Address
Praça Leoni Ramos, N° 1, 5º andar, bloco 2, Niterói, RJ, Brazil, CEP24.210-205.
Subscribed and paid capital (R\$)
171,045,000

Objects
Wind-sourced electricity generation.

Business
Electricity generation.
Administration
Newton Souza de Moraes
André Bruno Santos Gordon Afonso
Márcio Teixeira Trannin

Commercial relations with Endesa Chile
None

ENEL GREEN POWER MODELO II EÓLICA S.A.

Name
Enel Green Power Modelo II Eólica S.A.

Type of company
Closely held corporation.

Address
Praça Leoni Ramos, N° 1, 5º andar, bloco 2, Niterói, RJ, Brazil, CEP: 24.210-205.

Objects
Wind-sourced electricity generation.

Business
Electricity generation.

Subscribed and paid capital (R\$)
144,825,000

Administration
Newton Souza de Moraes
André Bruno Santos Gordon Afonso
Márcio Teixeira Trannin

Commercial relations with Endesa Chile
None

EÓLICA CANELA

Name
Central Eólica Canelá S.A.

Type of company
Closely-held corporation

Tax No.
76,003,204-2

Address
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 and paid capital (ThCh\$)
12,284,743

Directors
Paulo Domingues Dos Santos
Sebastián Fernández Cox
Jesús Espadas Misioné
Cristóbal García-Huidobro Ramírez
Bernardo Canales Fuenzalida

Alternate directors
Claudio Betti Pruzzo
Juan Cristóbal Pavéz Recart
Carlos Peña Garay
Alejandro García Chacón

Senior executives
Wilfredo Jara Tirapegui
General manager

Commercial relations with Endesa Chile
On January 1, 2010 an 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 Canelá has a debt with Endesa Eco, an Endesa Chile subsidiary, for US\$ 176.6 million.

EÓLICA FAZENDA NOVA

Name
Eólica Fazenda Nova o Geraçāo e Comercializaçāo de Energia S.A.

Type of company
Closely-held corporation.

Address
Rua Felipe Camarão, nº 507, sala 104, Ciudad de Natal, Rio Grande do Norte, Brazil

Telephone
(5521) 3607 9500

Subscribed and paid capital (ThCh\$)
420,992

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
Electricity generation.

Administration
Marcelo Llénenes Rebollo

Chairman
Guilherme Gomes Lencastre

Commercial relations with Endesa Chile
None

Alternate directors
Fernando Prieto
Fernando Gardeweg Ried
Paulo Domingues Dos Santos
Alejandro García Chacón

Senior executives
Eduardo Soto Trincado
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

Address
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 and paid capital (ThCh\$)
185,025,186

Directors
Ramiro Alfonsín Balza (Assistant general manager and manager, finance & administration, Endesa Chile)

José Venegas Maluenda
Paulo Domingues Dos Santos

Alternate directors
Alan Fischer Hill
Sebastián Fernández Cox
Alejandro García Chacón
Humberto Espejo Paluz (Manager, trading & commercialization, Endesa Chile)

Senior executives
Eduardo Soto Trincado
General manager

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

Address
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
Gas transportation

Subscribed and paid capital (ThCh\$)
208,173,125

Directors
José Venegas Maluenda
Fernando Prieto Plaza
Alez Díaz Sanzana

Alternate directors
Alejandro García Chacón
Humberto Bermúdez Ramírez
Ricardo Santibáñez Zamorano

Senior executives
Eduardo Soto Trincado
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

Address
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, 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

Gas transportation.

Subscribed and paid capital (ThCh\$)
23,494,719

Directors

Alan Fischer Hill
José Venegas Maluenda
Alejandro García Chacón

Alternate directors

Alex Díaz Sanzana
Juan Oliva Vásquez
Ricardo Santibáñez Zamorano

Senior executives

Eduardo Soto Trincado
General manager

Commercial relations with Endesa Chile

None.

GENERANDES PERÚ

Name
Generandes Perú S.A.

Type of company
Corporation.

Address

Avda. Víctor Andrés Belaúnde 147, Edificio Real 4, piso 7, San Isidro, Lima, Peru

Telephone

(511) 215 6300

Subscribed and paid capital (ThCh\$)
201,338,557

Corporate objects

Perform activities related to the generation of electricity, directly and/or through companies created for that purpose.

Business

Investments.

Directors

Ignacio Blanco Fernández (Chairman)
Joaquín Galindo Vélez
Raffaele Enrico Grandi
José Agustín Venegas Maluenda
Rafael Fauquie Bernal
Francisco José Pérez Thoden Van Velzen
Paolo Giovanni Pescarmona
Daniel Abramovich Ackerman

Alternate directors

Guillermo Lozada Pozo
Julian Cabello Yong
Carlos Rosas Cedillo
José María Hidalgo Martín-Mateos
Sebastián Fernández Cox

Senior executives

Francisco Pérez Thoden Van Velzen
General 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

Address

Rosario Norte 532, oficina 1303, Las Condes, Santiago.

Telephone

(562) 2892 8000

Subscribed and paid capital (ThCh\$)
1,837,721

Corporate objects

To a) contract 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.

Directors
Klaus Lührmann Poblete
José Venegas Maluenda
Marc Llambías Vernaus

Alternate directors
Víctor Turpaud Fernández
Juan Oliva Vásquez
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 NORTE

Name
GNL Norte S.A.

Type of company
Closely held corporation

Tax No.
76,676,750-8

Address
Isidora Goyenechea 3365, piso 8, Las Condes,
Santiago, Chile.

Subscribed and paid capital (ThCh\$)
1,927

Objects

The production, transportation, distribution, storage and supply of all kinds of energy and fuel, being able to obtain, acquire & exploit the respective concessions. It may also acquire, design, construct, maintain and exploit all kinds of civil works and infrastructure related to energy and fuel, especially those related to the maritime reception, storage, processing and transportation. The company may also constitute, acquire, join as a partner, shareholder or other directly, or with third parties or subsidiaries, companies , institutions of any kind in Chile or abroad, and in general any act or contract and the development of any activity related directly or indirectly to the above objects.

Business

Production, transportation and storage of all kinds of energy and fuel.

Directors

Alex Díaz Sanzana
Juan Oliva Vásquez
Ricardo Santibañez Zamorano

Senior executives

Eduardo Soto Trincado
General manager

Commercial relations with Endesa Chile
None

GNL QUINTERO

Name
GNL QUINTERO S.A.

Type of company
Closely-held corporation.

Tax No.
76,788,080-4

Address
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

Unloading, storage, regasification and deliver of liquefied natural gas and natural gas

Subscribed and paid capital (ThCh\$)
69,264,820

Directors

Francisco Gazmuri Schleyer
José Venegas Maluenda
Marcelo Tokman Ramos
José Antonio de las Heras
Sultán Al Bartamani

Alternate directors

Juan Oliva Vásquez
Fernando Promis Baeza
Víctor Turpaud Fernández
Rafael González Rodríguez
Hilal Al Kharus

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 a services contract for the construction, operation, maintenance, transformation and transmission through the 220/110 kV transformer and cable line connection in 110 kV for supplying energy to the GNL Quintero plant, dated July 31, 2009. There is also a contract for the use of the transmission grid signed between Endesa Chile and GNL Quintero S.A. on May 3, 2011.

HIDROINVEST

Name
Hidroinvest S.A.

Type of company
Corporation

Address
Avda. España 3301, Buenos Aires, Argentina

Telephone
(5411) 4307 3040

Subscribed and paid capital (ThCh\$)
3,968,781

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

Directors

Joaquín Galindo Vélez (Chairman)
José María Hidalgo Martín Mateos (Vice chairman)
Fabrizio Allegra
María Inés Justo
Ramiro Alfonsín (Assistant general manager and manager, finance & administration, Endesa Chile)
Fernando Claudio Antognazza
Juan Carlos Blanco
Roberto José Fagan

Alternate directors

Francisco Monteleone
Jorge Raúl Burlando Bonino
Daniel Garrido
Rodolfo Bettinsoli
Fernando Carlos Luis Boggini
Rodrigo Quesada
Sergio Camps
Oscar Rigueiro

Commercial relations with Endesa Chile
None

INGENDESA DO BRASIL (in liquidation)

Name
Ingendesa do Brasil Ltda.

Type of company
Limited partnership.

Address
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 and paid capital
114,462

Administrator
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

Address
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 and paid capital (ThCh\$)
333,519,193

Directors
Ramiro Alfonsín Balza (Assistant general manager and manager, finance & administration, Endesa Chile)

José Venegas Maluenda
Sebastián Fernández Cox

Alternate directors
Paulo Domingues Dos Santos
Fernando Prieto Plaza
Fernando Gardeweg Ried
Alejandro García Chacón

Senior executives
Eduardo Soto Trincado
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

Address
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 and paid capital (ThCh\$)
200,319,021

Directors

Alan Fischer Hill
Alejandro García Chacón
Humberto Espejo Paluz (Manager, trading & commercialization, Endesa Chile)
Fernando Gardeweg Ried

Senior executives

Lucio Castro Márquez
General manager

Commercial relations with Endesa Chile

Pehuenche has 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.

Address

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 and paid capital (ThCh\$)
1,903

Directors

Alex Díaz Sanzana
Juan Oliva Vásquez
Ricardo Santibáñez Zamorano

Senior executives
Eduardo Soto Trincado
General manager

Commercial relations with Endesa Chile
None.

SOCIEDAD PORTUARIA CENTRAL CARTAGENA

Name
Sociedad Portuaria Central Cartagena S.A.

Type of company

Corporation

Address

Carrera 13 A N° 93-66, piso 2 Bogotá, D.C.
Colombia.

Subscribed and paid capital (ThCh\$)
1,479

Corporate objects

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, among others.

Directors

Carlos Alberto Luna Cabrera
Juan Manuel Pardo
Leonardo López Vergara

Alternate directors

Fernando Gutiérrez Medina
Alba Lucía Salcedo
Luís Fernando Salamanca

Senior executives

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.

Address
Avda. España 3301, Buenos Aires, Argentina

Telephone
(54 11) 4307 3040

Subscribed and paid capital (ThCH\$)
30,854

Corporate objects

Wholesale buying and selling of electricity produced by third parties and consumed by others. The company may also have shareholdings in companies engaged in electricity generation.

Business
Investments

Directors
José María Hidalgo Martín Mateos
María Inés Justo
Roberto José Fagan

Alternate directors
Fernando Claudio Antognazza

Commercial relations with Endesa Chile
None

TERMOELÉCTRICA JOSÉ DE SAN MARTÍN

Name
Termoeléctrica José de San Martín S.A.

Type of company
Corporation.

Address
Elvia Rawson de Dellepiane 150, piso 9, Buenos Aires, República de Argentina

Telephone
54 11 4117-1011/1041

Subscribed and paid capital (ThCh\$)
35,877

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 for 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.
Management services (purchase of equipment, construction, operation and maintenance of a thermal plant)

Directors

José María Vázquez (Chairman)
Claudio O. Majul (Vice chairman)
Roberto Fagan
Fernando Claudio Antognazza
Patricio Testorelli
Martín Genesio
Gerardo Carlos Paz
José Manuel Tierno
Jorge Ravlich

Alternate directors

Juan Carlos Blanco
Daniel Garrido
Adrián Gustavo Salvatore
Leonardo Pablo Katz
Iván Durontó
Emiliano Chaparro
Luis Agustín León Longobardo
Sergio Raúl Sánchez
Rodrigo García

Senior executives

Claudio Omar Majul
General manager - Manager, administration and finance
Fernando Rabita
Manager, plant operation
Guillermo Paillet
Commercial manager

Commercial relations with Endesa Chile
None

TERMOELÉCTRICA MANUEL BELGRANO

Name
Termoeléctrica Manuel Belgrano S.A.

Type of company
Corporation.

Address
Suipacha 268, piso 12, Buenos Aires, Argentina

Telephone
(+54 11) 3-221-7950

Subscribed and paid capital (ThCh\$)
35,877

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 for 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.
Management services (purchase of equipment, construction, operation and maintenance of a thermal plant)

Directors

Patricio Testorelli
Martín Genesio
Adrián Gustavo Salvatore
José María Vásquez
Fernando Claudio Antognazza
Roberto José Fagan
Gerardo Carlos Paz
José Manuel Tierno
Jorge Ravlich

Alternate directors

Rodrigo Leonardo García
Juan Carlos Blanco
Daniel Garrido
Leonardo Marinaro
Leonardo Pablo Katz
Emiliano Chaparro
Luis Agustín León Longobardo
Sergio Raúl Sánchez
Iván Diego Durontó

Senior executives

Gabriel Omar Ures
General manager
Gustavo Manifesto
Technical manager
Óscar Damián Zapiola
Manager, administration & finances
Sergio Benjamín Schmois
Commercial manager

Commercial relations with Endesa Chile
None

TESA

Name
Transportadora de Energía S.A.

Type of company
Corporation.

Address
Bartolomé Mitre 797, piso 11, Buenos Aires,
República de Argentina

Telephone
(5411) 4394 1161

Subscribed and paid capital (ThCh\$)
7,175

Corporate objects

Provide transport service for high-tension electricity, linked to both local and international electricity grids, for which the company may participate in local and international tenders, become a licensee of local or international, high-tension electricity transport public utilities, and perform all the operations required to fulfill these objects.

Business

Electricity transmission.

Directors

José María Hidalgo Martín-Mateos
Guilherme Gomes Lencastre
Arturo Miguel Pappalardo

Alternate directors

José Venegas Maluenda
Juan Carlos Blanco
Roberto José Fagan

Senior executives

Arturo Pappalardo
General manager

Commercial relations with Endesa Chile
None

TRANSQUILLOTA

Name
Transmisora Eléctrica de Quillota Ltda.

Type of company
Limited partnership

Tax No.
77,017,930-0

Address

Ruta 60, km 25, Lo Venecia, comuna de Quillota,
5th Region of Valparaíso, Chile.

Corporate objects

Transportation, distribution and supply of electricity, for its own or third parties' account

Business

Electricity transmission

Subscribed and paid capital
Ch\$4,404,446

Administrators

Juan Eduardo Vásquez Moya
Ricardo Santibáñez Zamorano
Alternate administrators
Mauricio Cabello
Italo Cúneo
Ricardo Sáez Sánchez

Commercial relations with Endesa Chile.

The company has contracts with Endesa Chile and San Isidro covering the use of transmission 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

Address

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 and paid capital (ThCh\$)

19,028,480

Directors

Eduardo Escaffi Johnson

Fernando La Fuente Vila (Manager, planning & control. Endesa Chile)

Sebastián Fernández Cox

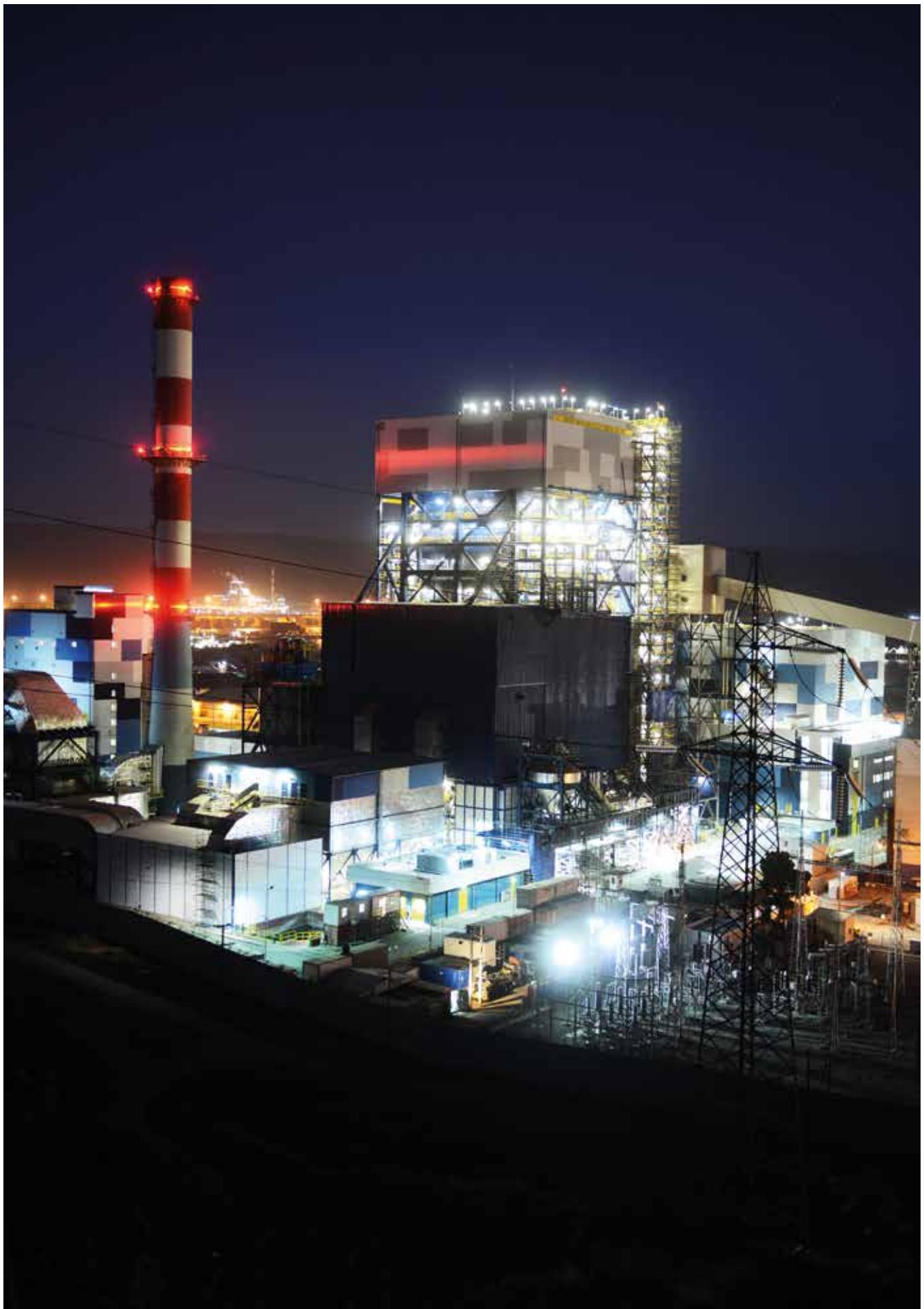
Senior executives

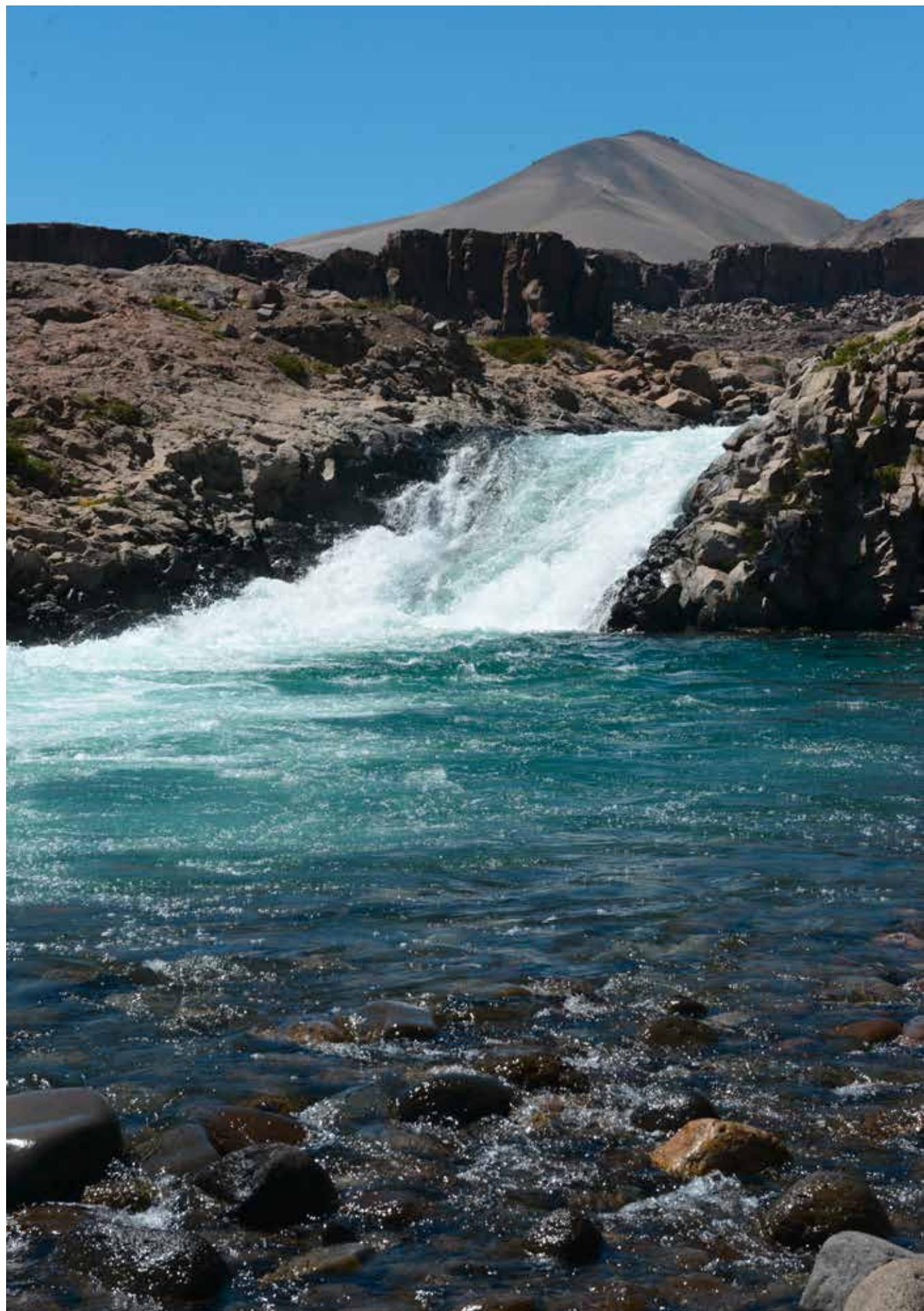
Maximiliano Ruiz Ortíz

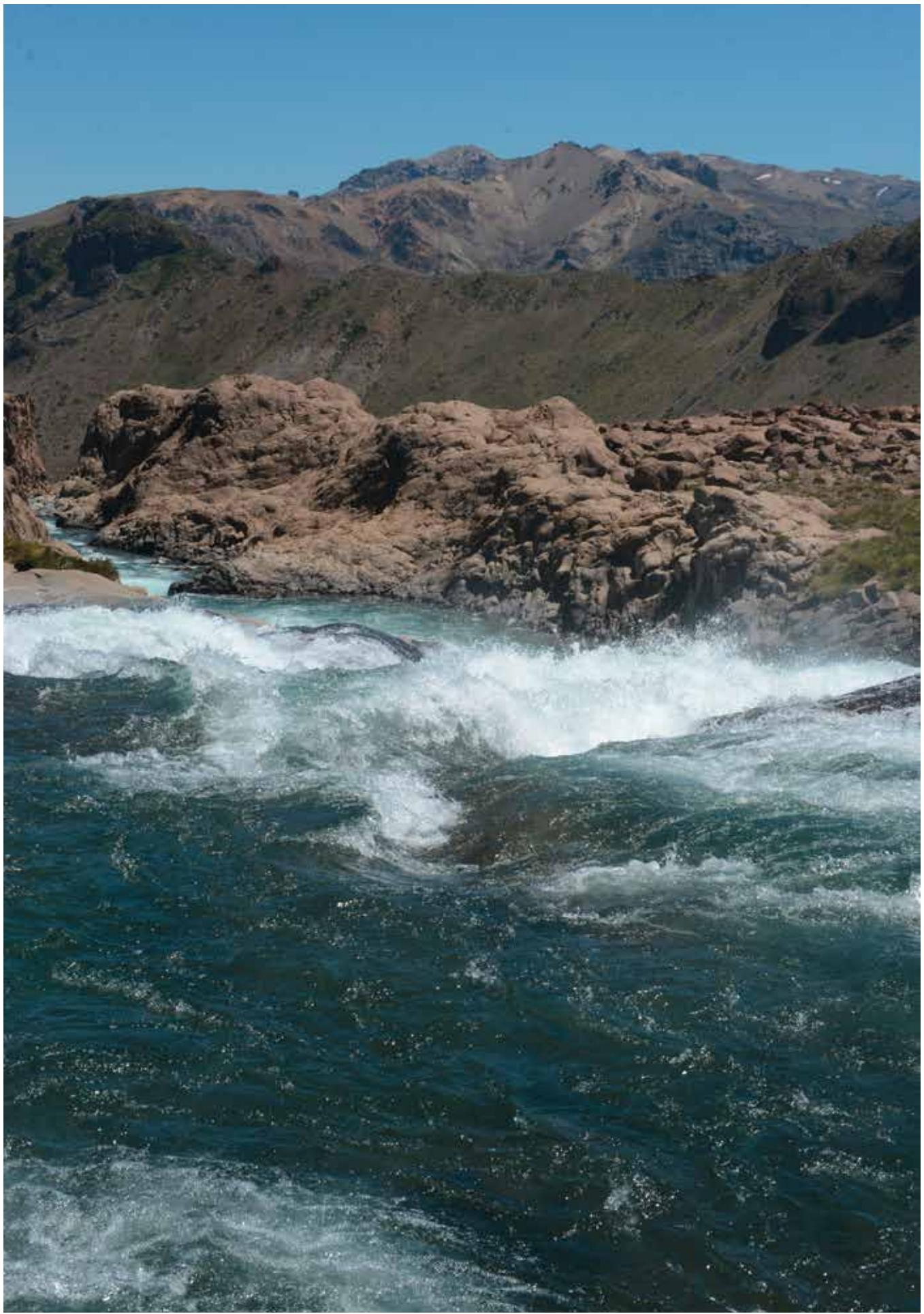
General manager

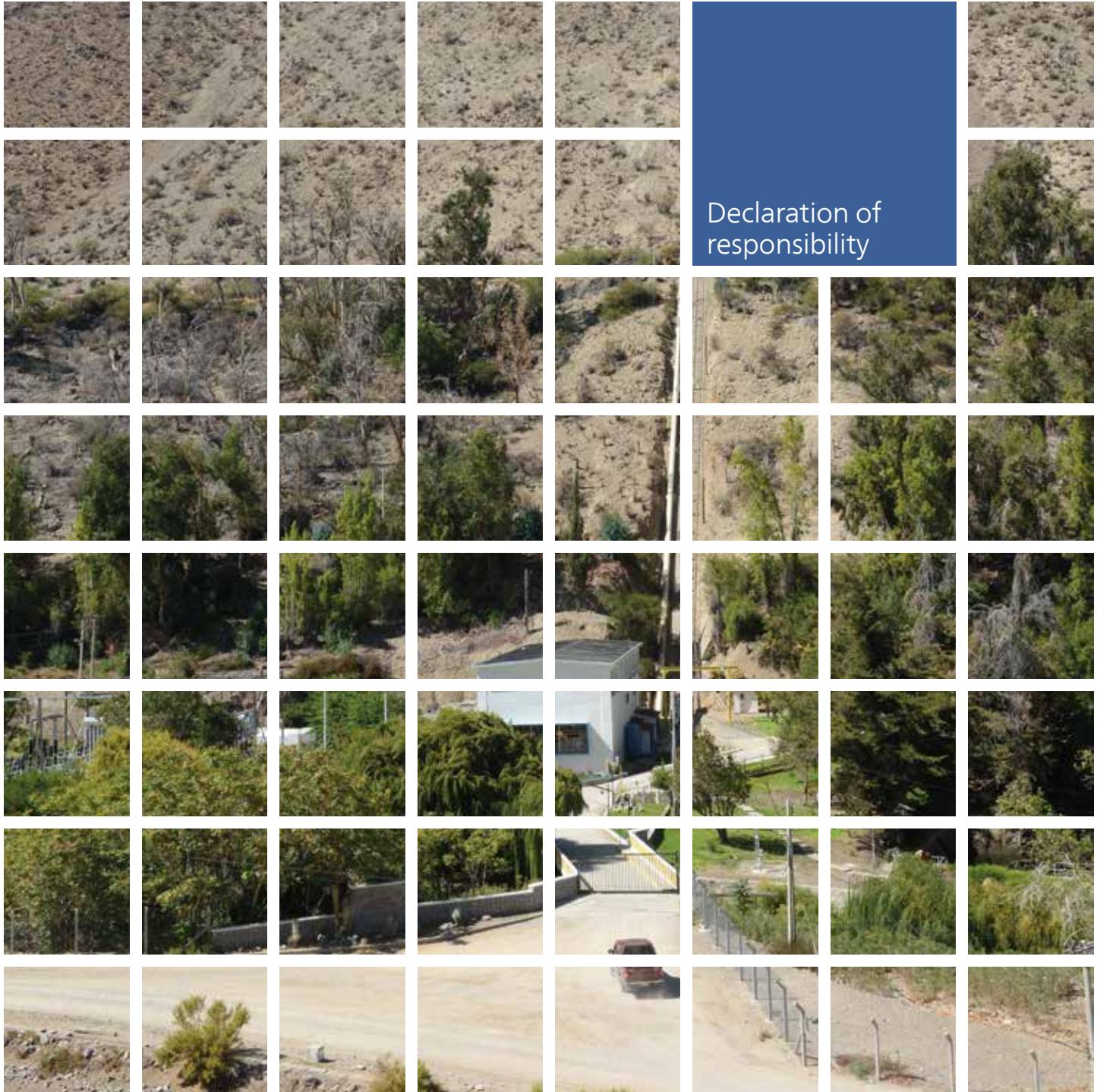
Commercial relations with Endesa Chile

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 services, among others









Declaration of responsibility

Declaration of responsibility

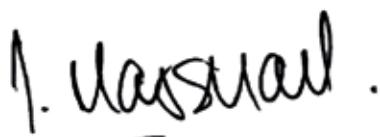
The Directors of Empresa Nacional de Electricidad S.A. and its chief executive, signatories to this declaration, are responsible under oath for the veracity of all the information provided in this annual report, in accordance with General Rule N° 30 dated November 10, 1989 issued by the Superintendency of Securities and Insurance (SVS).



CHAIRMAN
Enrico Viale
Passport: YA5599835



VICE CHAIRMAN
Ignacio Mateo Montoya
Passport: 50830706Q



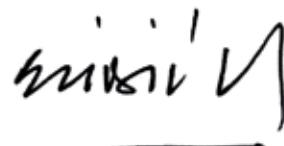
DIRECTOR
Isabel Marshall Lagarrigue
Tax No.: 5,664,265-K



DIRECTOR
Susana Carey Claro
Tax No.: 6,283,707-1



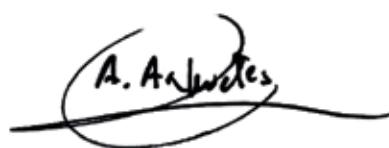
DIRECTOR
Felipe Lamarca Claro
Tax No.: 4,779,125-1



DIRECTOR
Enrique Cibie Bluth
Tax No.: 6,027,149-6



DIRECTOR
Francesco Buresti
Passport: YA610409



DIRECTOR
Alfredo Arahuetes García
Tax No.: 48,115,220-8



CHIEF EXECUTIVE OFFICER
Valter Moro
Tax No.: 24,789,926-K

