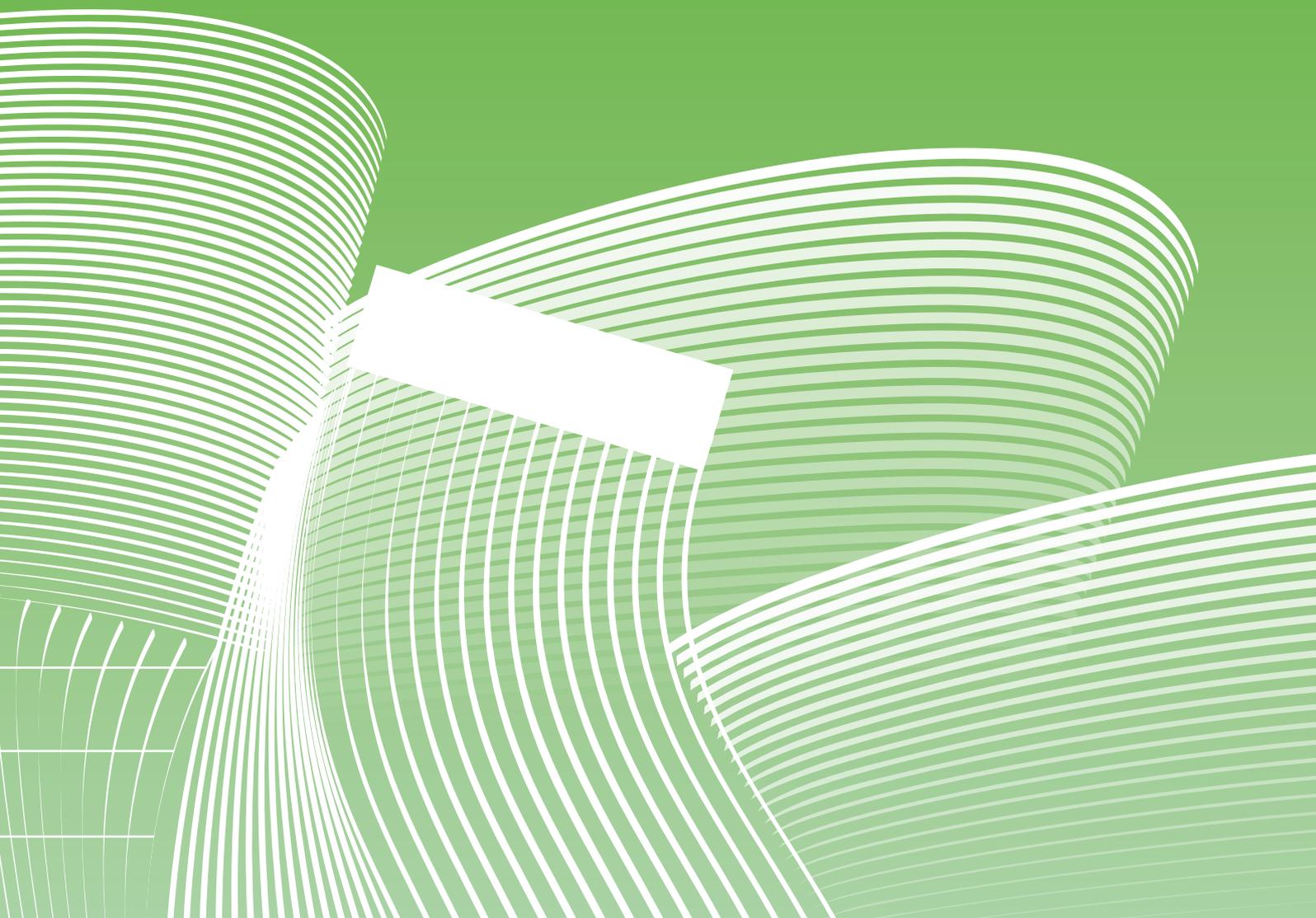




2015
ANNUAL
REPORT



endesa
chile

■ 2015 Annual Report

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Letter from the Chairman

Dear Shareholders, the purpose of the next few lines is to introduce the Endesa Chile 2015 Annual Report and financial statements. Detailed information on the highlights and main trends that portray the company's performance last year may be found within the following sections.

2015 was remarkable among Endesa Chile's 72 years of existence as a company. It was a year of great progress in terms of the consolidation of achievements of generations of employees that have worked for the Company. More importantly, new grounds have been established to continue into the future, carrying out Endesa Chile's mission of serving as a driver of development and source of wellbeing in Chile and each and every market in which we operate.

The quality, effort, and commitment of Endesa Chile employees over time, represent the invaluable assets that have laid the groundwork to follow this path. They have been critical to overcome the challenges that arise with each stage of development, including those faced in 2015. I know they are also crucial for future progress. On behalf of the Board of Directors, that I have the honor to preside, I would like to take this opportunity to express our most sincere appreciation for this year's performance to every individual that works for this Company.

Promoting development by generating electricity to feed the motors of the economy and improve the quality of life of individuals has always implied knowing how to adapt to an ever-changing market and society. To talk about energy is to talk about movement, and to know how to deliver the adequate amount of energy safely, timely, while respecting the environment, requires anticipating people, companies' and society's desires and requests. All this without losing sight of our business challenge to do so efficiently and profitably, ensuring growth for the Company in order to add significant value to our shareholders, employees, and the societies we serve.

Throughout its long history, Endesa Chile has risen to an undeniable position of leadership in Chile and Latin America,

through our outstanding presence in Argentina, Brazil, Colombia, and Peru, making us one of the largest generators in the region. This leading position was attained by a structure based on a stream of privatization, mergers and acquisition processes which allowed us to grow and consolidate. However, pursuing this organizational format gave way to a series of complexities and challenges, such as conflicts of interest between investment vehicles, inefficient decision-making processes, and a lack of industrial focus, which required the adoption of new approaches in order to take advantage of company potential and improve its capacity to react to market changes.

This was coupled by the need to adapt our organization to the deep transformations taking place in Chile, its society, and in the areas in which we have operate. This is how we knew we had to implement a new and clear, forward-looking vision for our business. We had to learn from what could have done differently and improve our practices and procedures; capture maximum synergies and the capabilities that have built Enel Group into one of the most relevant energy corporations in the world.

Dear shareholders, the task we have ahead of us is to forge a more open firm, a company that is in permanent and continuous dialogue with its surroundings, and knows how to gather and tune in to its settings, needs and expectations. A company that continues to embody a driver of growth and wellbeing, based on a clear development path for upcoming decades.

Corporate restructuring

Given the context described above, our main shareholder, Enersis, proposed to the remaining shareholders a corporate restructuring that would simplify the complex corporate structure allowing to optimize and sharpen decision-making and the implementation of our projects and activities. Consequently, the main focus of the restructuring proposal,

approved by the Extraordinary Shareholder's Meeting held on December 18th, 2015, is the separation of assets in Chile from those located in Peru, Colombia, Argentina, and Brazil, transferring the latter to a new firm called Endesa Américas. Subsequently, this new entity will merge with the assets and international holdings of Enersis and Chilectra, under the umbrella of Enersis Américas. With this approach, we are advancing in the creation of an operator exclusively dedicated to Chile, which will be the greatest electricity player in the country, and owned by an investment vehicle in Chile, with a simple and agile structure in other Latin American countries.

The benefits we will reap from this process are multifold, among them, having a nimble and efficient decision-making process, interest alignment, and consolidated income; shining a light on Chile business requirements; raise operational efficiency through real cost reduction, and improve profitability for our shareholders by means of a new dividend policy.

We are confident that this new organizational structure to take on our tasks will not only be beneficial for the company, but for the country, since it allows us to have a clear focus on strategic development to continue fulfilling our historical vocation: provide the required energy to fuel Chile's growth and development drivers. Evidently, this is not a simple endeavor, and growing in a profitable and sustainable fashion with an appropriate production mix that is able to quickly react to market shifts is key.

2015 Results

Dear shareholders, 2015 was a year in which the company continued to move forward in its multiple tasks and purposes. I would like to take a moment in the following paragraphs to make a brief summary of the results achieved by our operation during this fiscal year.

Details on these subjects can be reviewed in their respective chapters that form this Annual Report and Financial Statements.

In this regard, it is worth noting that throughout 2015, the installed capacity of Endesa Chile experienced a significant increase compared to 2014, amounting to 15,149 MW by year-end, 2.9% above the 14,715 MW of the previous year.

Likewise, in 2015 the net energy generation of the company grew by 4% with respect to 2014, reaching 51,622 GWh. This rise can be primarily explained by greater thermal generation, mainly due to the combined cycles in Argentina and the coal production plants in Colombia and Chile. Additionally, hydroelectric generation rose by 2%, mostly stemming from operations in Chile and Argentina.



Enrico Viale
Chairman

Physical energy revenues increased 8% by the end of 2015, coming to 61,046 GWh, increasing 4,354 GWh compared to 2014 results. This increase can be mainly attributed to greater regulated customer sales essentially in Chile and Colombia, as well as a boost in sales in the spot market in Argentina and Chile.

The aforementioned factors, in line with the effective commercial management and operation of Endesa Chile's production installations, gave way to an aggregate 16% growth in revenues, amounting to Ch\$2,846,926 million. This figure is predominantly rooted in the higher average prices of energy sales in Chile, greater physical sales in Chile, Argentina, and Colombia, and a Ch\$69,941 million increase in revenue captured through GasAtacama, entity that consolidates in its entirety since May, 2014.

This setting led to a 9% growth in Endesa Chile's consolidated EBITDA as of December, 2015, summing up to Ch\$1,191,661 million. One of the most significant factors influencing this results was the increase in energy sales, which grew by 18%, which were compensated by a Ch\$243,180 million rise in services and procurement costs, 22% greater than that of 2014. As a result, operating income (EBIT) was Ch\$963,400 million, 10% higher than the Ch\$875,321 million booked for 2014.

Endesa Chile's positive operational performance, which emblazoned the company's management during 2015, led to a net income attributable to shareholders for a total of Ch\$392,868 million, representing a 17% increase compared to 2014. This increase was largely due, among other factors, to better operational results in Chile and Argentina, greater financial income and positive foreign exchange rate differences granted by the dollarization of accounts receivables in Argentina, relating to prior investments.

2015 Highlights

Throughout 2015, the company carried out several initiatives, and many milestones marked the performance during the

year. I would like to highlight some of the most important milestones, and reiterate, that these were brought about through the joint efforts of all employees, both professional and technical.

In April of last year, the thermoelectric plant Bocamina was bestowed with a new environmental qualification resolution (esp. RCA) by the authorities, which, besides permitting the operation of the second unit of the power plant, paralyzed since December, 2013, laid the groundwork for the advent of a significant improvement plan and the incorporation of additional technology, meeting the highest environmental standards.

Among the diverse actions implemented, advanced technology high-efficiency filters for the seawater cooling system were introduced, aiming to minimize its impact on the marine environment. After working very hard, we were able to begin operations with the filters 2 months before the date set by authorities.

Moreover, we launched important works to cover coal collection yards, which allows improving the fuel's operational system. With the new RCA, Bocamina II returned to its normal operation, available to dispatch energy to the Central Interconnected System (SIC in its Spanish acronym) as of July 2nd, 2015.

This process was accompanied by the consolidation of a new way of relating to the communities, people, and authorities of Coronel, seeking to establish permanent dialogue mechanisms and secure long-lasting relationships based on trust, intending to build concordant and common long-term development views with all stakeholders of the region.

Company determination to establish itself as a pillar of development for Coronel, has taken shape through a series of agreements reached with the community and its authorities. An initiative that reflects this commitment, in a sphere as important as education, was the joint work carried out with the Municipality of Coronel and Integra Foundation, which brought about the Rayún nursery school and daycare

center. The center is a modern facility that services over 100 minors of the area, for which the company contributed Ch\$250 million for the design and construction of the establishment, located in the La Peña precinct.

I would like to highlight the progress that our Los Cóndores hydroelectric project has presented, located in the mountain area of the Maule Region. The power plant, which is advancing smoothly according to plan, will have an installed capacity of about 150 MW. It is worth disclosing the commissioning as of January of 2016, of the double-shielded Tunnel Boring Machine (TBM), which initiated the construction of the plant adduction tunnel.

Likewise, the initiatives launched by Endesa Chile abroad also reported relevant progress. The construction of the El Quimbo power plant in Colombia concluded; the 400 MW hydroelectric power plant will deliver an annual average of 2,216 GWh to the Colombian system, equaling 4% of the country's aggregate energy consumption. It is worth mentioning that approximately 6,500 individuals worked on the construction of this initiative.

Additionally, we finalized our Salaco Project, also in Colombia, which involved the rehabilitation of six generation units, belonging to the Salto II power plants—Laguneta and Colegio—currently known as Dario Valencia Samper. This endeavor added 144.8 MW to the country's interconnected system, through run-of-the-river generation technology.

In Argentina, on the other hand, we completed the start-up of four gasoil moto-generators, installed by Hidroeléctrica El Chocón on the property of the Costanera power plant, a process that fell within the originally budgeted figures and registered no accidents.

Lastly, I would like to underline our innovative bet on the commercialization of natural gas that we have set forth in Chile. This initiative has materialized through the inauguration of the first Satellite Regasification Plant (esp. PSR), located in the Maule Region, supplying gas to urban areas. This plant allows natural gas, and its multiple benefits, to be a reality in the homes and companies of the area. This venture was

possible thanks to the alliance between GasValpo, through Energas, and Productos Fernández.

We are leaders in the Chilean energy market, contributing to the introduction of GNL in the country and, now, through these initiatives, pioneers in the expansion of natural gas coverage throughout the country. In December, 2015, we also began operations of another PSR in the city of Los Andes, and in March of 2016, in conjunction with the Minister of Energy, Máximo Pacheco, we inaugurated the PSR for the cities of La Serena and Coquimbo in the Coquimbo Region.

Following these steps, we are sharing a highly efficient energy alternative that is both environmentally friendly and price competitive.

New projects

The company has always steered towards supporting the development of the markets in which it operates, providing the necessary energy to fuel the engines of economic growth and wellbeing of the population. In order to turn this commitment into a reality, the company is executing a series of flexible and optional projects according to the energy needs and the market contexts we are involved in.

At Endesa Chile we are building new capabilities and tools that allow us to adapt to the evolution of markets and societies we participate in. This new point of view is built upon our history and experience, assuming the lessons learned from what could have been done better in the past. Today, we aspire to ensure the social and economic viability of our initiatives, for which we will develop projects that:

- > Have expedited approval processes.
- > Provide for faster execution times.
- > Are backed by "take or pay" long-term contracts and prices that guarantee profitability and a quick return on investments.
- > Have the approval of communities and society.



We have been clear, sustainability is a key variable of our projects and business and we will not pursue projects that are not appreciated by the country and its communities. This requires new company abilities: creating a long-lasting relationships with the environment and stakeholders, and creating fruitful collaborative instances that promote the development of common ideals and the grounds for understanding and respecting our natural and cultural settings.

Dear shareholders, our company today faces a new phase in its development. Our challenges will be determined by a more complex social environment, by our ability to adapt and continue to expand upon our historical mission: delivering the

needed energy for the development of the countries in which we operate. The task at hand is not simple, but I am fully convinced that the changes we have undertaken and practices we are employing firmly guide us to safe harbors, where Endesa Chile is friendlier, more transparent and engaging, agile in its decision-making processes. An irreplaceable player in the path towards the development and wellbeing of the countries in which we operate.

Enrico Viale
Chairman

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized name.

2015 Highlights



JANUARY

Energy Management Systems of San Isidro Natural Gas Power Plant obtain Certification:

The natural gas power plant operated by Endesa Chile and located in the Valparaíso Region obtained certification for implementing the Energy Management System: (SGE in its Spanish acronym), based on the international standard Energy Management Systems ISO 50001. The purpose of the system is to improve efficiency and reduce environmental impact and also to broaden competitive advantages without affecting productivity. In December, 2013, San Isidro became the first electricity generation power plant to obtain the Energy Efficiency Seal, an award granted by the Ministry of Energy.



The Indigenous Consultation process regarding the Neltume-Pullinque transmission line concluded with the signature of an agreement protocol:

The final agreement protocol was signed by the Juan Quintuman Community and the Environmental Evaluation Service (SEA in its Spanish acronym) of the region Región de Los Ríos, which along with the ratification by Endesa Chile of the subjects contained in the document, put an end to the Indigenous Consultation Process that began in May 2013. The agreements and compensations include infrastructure projects, home improvement projects and other initiatives benefitting minors and senior citizens in the community.

Endesa Chile sells Túnel El Melón:

Endesa Chile and its subsidiary, Compañía Eléctrica Tarapacá, accepted the binding offer for 100% of the subsidiary Túnel El Melón amounting to Ch\$ 25,000 million presented by a private investment fund managed by Independencia SA. The divestiture of Túnel El Melón is part of the Group's plan to sell non-strategic assets.



FEBRUARY

Endesa Chile gave the DGA equipment that measures, in real time, the extraction of water from the Maule lagoon:

As part of the agreement reached by the Company and the Supervisory Board of the Maule River in March, 2014 in order to optimize water resources of the Maule basin, particularly under drought conditions, Endesa Chile contributed a satellite transmitter to the rainfall station of the *Dirección General de Aguas* (DGA in its Spanish acronym), the national waters bureau. The equipment situated downstream of the Maule Lagoon dam, allows obtaining real time data regarding the amount of water being extracted from the dam.



Endesa Chile announces a new organizational structure:

The Board of Directors of the Company approved the new organizational structure and appointed the new executives, and part of the challenges and goals set by the Group. Ramiro Alfonsín, the deputy CEO of the Company also became the Chief Financial Officer of the Company. Claudio Helfmann was appointed Business Development Officer; Bernardo Canales was assigned the Engineering and Construction Department, and Humberto Espejo the Trading and Marketing Department. Endesa Chile's organization is comprised by the Chief Executive Office, Deputy Chief Executive and Financial Office, General Counsel, Planning and Control Department, Trading and Marketing Department, Business Development Department, Engineering and Construction Department, and the Communications Department.



MARCH

The Environmental Evaluation Commission of the Bio Bio Region approved the Bocamina II Optimization project:

The entity approved the optimization project of the Bocamina II power plant, an important stage within the power plant evaluation process giving way to the implementation of important improvements, such as covering the coal storage deposits and the installation of filters to the seawater cooling systems.

Group Executives meet with Mayor of Alto Bio-Bio and Pehuenche leaders:

The Chile country manager and Deputy CEO of Enersis, Daniel Fernández, with the CEO of Endesa Chile, Valter Moro, developed a thorough work schedule in Alto Bio-Bio to personally receive the opinion of leaders, lonkos and local authorities about the Company. The objectives of the visit included getting to know the surroundings of the installations, meet the people and understand their opinion of Endesa Chile, know how they feel about the projects, what are their needs in order to determine the kind of project that could be developed in collaboration with the community.



APRIL

Enrico Viale is elected Chairman of Endesa Chile:

During the Ordinary Shareholders' Meeting held on April 27th, 2015, the Board of Directors of the Company was renewed. Enrico Viale, Ignacio Mateo, Francesco Buresti, Vittorio Vagliasindi, Francesca Gostinelli, Felipe Lamarca, Isabel Marshall, Enrique Cibié and Jorge Atton were elected directors. During the Board of Directors' Meeting of Endesa Chile, Enrico Viale was elected Chairman and Ignacio Mateo Vice-Chairman.

Bocamina I testing begins with environmental improvements:

Endesa Chile began the testing process of Bocamina I in order to restart operations. The operations of the unit were interrupted in September, 2014, to implement environmental and technical improvements as part of its major maintenance program. This represents another step in the process of operations normalization of this power plant located in Coronel. Performing all the necessary tests allows assuring the correct operation of the improvements that have been implemented.

Endesa Chile begins studies to analyze the possible reorganization of the company:

On April 28th, 2015, the Board of Directors of Enersis informed Endesa Chile that it had decided to begin the activities required to analyze a reorganization of the Company that would lead to the separation of generation activities and distribution activities in Chile from those developed in other Latin American countries. In this regard, during the Board meeting held April 28th, 2015, the Board of Directors of Endesa Chile, agreed to begin the studies to analyze a potential company reorganization consisting in the division of Endesa Chile.

Endesa Chile receives the Environmental Qualification Resolution for Bocamina II:

The Bio-Bio Region Environmental Evaluation Commission (CEA in its Spanish acronym) notified Endesa Chile that the Environmental Qualification Resolution (RCA in its Spanish acronym) of the optimization project of Bocamina II ratified the favorable vote the initiative had received on March 16th, 2015. Consequently, the Company began the works necessary for Bocamina II to reach higher standards, with the technical and environmental improvements required to be one of the best power plants of its type.

MAY

Endesa Chile's Cipreses power plant, 60 years generating hydroelectricity in the Maule Region:

Cipreses was built in May, 1955, the first hydroelectric power plant built in the Maule basin. It has 106 MW installed capacity and, in years with normal levels of rainfall, its load factor is above 75%.

Endesa Chile begins start-up of Bocamina II:

After obtaining the Environmental Qualification Resolution (RCA in its Spanish acronym) for Bocamina II, Endesa Chile took another step towards restarting operations of the thermal power plant in Coronel. On May 20th, the Superintendencia of the Environment (SMA in its Spanish acronym) pronounced in favor of Endesa Chile's request to qualify a temporary technical solution regarding the suction of water used for cooling.

JUNE

Endesa Chile updates its donation policy:

On June 22nd, the Board of Directors of the Company decided, unanimously, to update the donation policy of Endesa Chile, effective immediately to prohibit any contributions related to political elections and/or politicians. The Board also approved the plan presented by the CEO that prohibits hiring the service of lobbyists to deal with regulatory, political or administrative authorities, and also states that any contract of any nature with Politically Exposed Persons (PEP), or related to such people, must be previously authorized by the Board.

Endesa Chile reports on the internal analysis performed on hiring and paying Politically Exposed Persons:

The Board of Directors of Endesa Chile received an update on the progress of the internal analysis on hiring and paying Politically Exposed Persons (PEP) and persons related to PEPs between 2012 and the first quarter of 2015. During the session, the attorneys Cariola Díez Pérez-Cotapos, hired to perform an independent study, presented a report of their progress on the audit. The report determined that regarding the corporate scope of the information reviewed, there are no violations to the legislation currently in force.

Risk Rating:

Fitch Ratings ratified the "BBB+" international rating of Endesa Chile, with a stable outlook.



JULY

Bocamina reinitiates commercial operations:

Endesa Chile informed that thermal power plant Bocamina I, with 128 MW of installed capacity, reinitiates its commercial operations and is ready to be dispatched. The unit began its testing process in April, 2015 in order to restart operations. The second Bocamina unit, with 350 MW installed capacity, is available for the Dispatch Center of the Central Interconnected System (CDEC-SIC in its Spanish acronym), after concluding the start-up process and operational testing that began in May.



Board of Directors of Endesa Chile defines upcoming projects:

The Board of the generation company reviewed and defined the upcoming projects that capture the new vision of the Company, focused on sustainability and value creation for communities and shareholders. As it was announced at the Shareholders' Meeting held in April, the Board began reviewing the upcoming projects, prioritizing a series of initiatives with shorter development times, to be carried out in collaboration with the communities and that are to be implemented assuring the highest technical and environmental standards. In the four Countries in which the Company has operations, Argentina, Colombia, Peru and Chile, the project portfolio includes potential projects amounting to a total 6,300 MW. Implementation will depend on the demand of electricity and market conditions in each country.



AUGUST

Endesa Chile will invest US\$110 million in Tarapacá power plant on environmental improvements:

A series of environmental improvements to the Tarapacá thermoelectric power plant, located in the Tarapacá Region, will be carried out by Endesa Chile. The improvements will allow reducing Sulfur Dioxide (SO₂), and Nitrogen Oxides (NO_x), conforming to Supreme Decree 13 that will be effective as of June, 2016. The modification project of the power plant that involves installing a dust-abatement system to reduce emissions of Sulfur Dioxide (SO₂) and Nitrogen Oxides (NO_x) was approved in July, 2015.



Generation Equipment of Los Cóndores power plant pass the first test in Germany:

Testing of the turbine of both generation units of Los Cóndores, a 150 MW hydroelectric power plant, being built in the Maule Region, was a success. The testing, which took place in Germany, represents one of the most important highlights of the year for this power plant. Company specialists went to the hydraulic laboratory of Voith Hydro, located in Heidenheim, to validate tests and results, therefore concluding the hydraulic design phase and beginning the detailed design of the main generation equipment.



SEPTEMBER

Tunnel boring machine to be built as part of the Los Cóndores project finishes its evaluation process in the United States:

Testing of the TBM -Tunnel Boring Machine, in charge of digging a nearly 12 km. headrace tunnel as part of the Los Cóndores power plant project, took place in Ohio, United States, in the Robbins Company factory. The headrace tunnel will allow carrying water from Laguna del Maule dam to the underground powerhouse. The process was supervised by Endesa specialists, who verified that the development process responded to the Company's requirements.



OCTOBER

Company facilities operate normally after earthquake in Chile:

Endesa Chile confirmed that no one was harmed and no damage was caused to installations by the 8.4 magnitude earthquake which occurred in Canela, located in the Coquimbo Region on September 16th. Several thermoelectric power plants were not in operation at the time of the quake, given economic dispatch, but even so, the tsunami emergency plan was carried out at every plant, involving the evacuation of the employees on shift at every facility.

Endesa Chile, Energas and PF inaugurate the arrival of Natural Gas to the Maule Region:

The first Satellite LNG Regasification Plant (PSR in its Spanish acronym) was inaugurated in Talca, with the attendance of the Minister of Energy, Máximo Pacheco. It allows natural gas and its multiple benefits to reach the area, for both commercial and household use. This facility, owned by Endesa Chile is a reality thanks to the alliance between the generation company GasValpo, through Energas, and Productos Fernández, offers an alternative source of energy that is highly efficient, environmentally friendly and competitively priced.

Connection of New Johnson filters begins in Bocamina II:

Endesa Chile began the connection of new, advances technology filters to the water intake siphon of the generation unit that operates in Coronel. The filters, called "Johnson" will allow minimizing the impact of the marine environment.

Endesa Chile contributed to the first phase of the rural drinking water project for the Callaqui community:

The funds were transferred to the Amulen Foundation, a not for profit organization leading the construction of the drinking water supply network to the 397 families in Callaqui. The donation, implemented as part of the Ralco Plan, is part of Endesa Chile's strategy to optimize its relationship and connection with the Pehuenche territory.

NOVEMBER

El Quimbo power plant begins operations:

After five years in the construction stage, the new hydroelectric power plant El Quimbo began official operations to supply electricity to the Colombian electricity system on November 16th. The annual average electricity generation of El Quimbo is 2,216 GWh, which is equal to 4% of total demand in Colombia. El Quimbo, along with Betania, will build a generation cascade in the Magdalena River that will generate 8% of the national electricity demand. Roughly 6,500 people worked on the construction of the power plant.

Endesa Chile informs the Superintendence of the Environment that the operation of the Johnson filters of Bocamina II will take place ahead of time:

Endesa Chile informed the Superintendent of the Environment, Cristián Franz, that the startup of the filters of Bocamina II will take place on October 27th, 2 months earlier than the date they had originally agreed upon with authorities.

Coronel Municipality, Fundación Integra and Endesa Chile inaugurate a nursery school in Rayún:

A new nursery school is inaugurated in Rayún with the attendance of the Mayor of Coronel, Leonidas Romero. It is a modern facility, with optimum installations to receive boys and girls from the area. Endesa Chile contributed Ch\$250 million towards the design and construction of the facility that is located in the La Peña area. The facility can receive more than 100 children in four grade levels, children from 84 days old to 4 years and 11 months old.

Endesa Chile ranks 4th among Leading Companies in Investor Relations:

The Company's Investor Relations came in fourth in the "Leading Companies in Investor Relations", ranking performed in Chile for the second consecutive year by GovernArt. GovernArt is a Latin-American relational consultant firm that in alliance with GfK Adimark, performs the Sustainable Leaders Agenda ALAS20.

Risk rating:

S&P ratified Endesa Chile's BBB+, stable outlook international rating in both local and foreign currency.



DECEMBER

Shareholders approved corporate reorganization of Endesa Chile:

On December 18th, shareholders of Endesa Chile were informed about the corporate reorganization proposed by the Enersis Group. During the Extraordinary Shareholders' Meeting, shareholders approved the division of the assets of Endesa Chile into two companies, creating a new publicly traded corporation, Endesa Américas S.A., to which the shareholdings and other assets and liabilities associated to Endesa Chile outside Chile were to be transferred.

Endesa Chile developed a new design for its hydroelectric project Neltume:

Endesa Chile will develop generation initiatives in collaboration with communities as part of its new sustainability and community relations strategy. Within this framework, and after listening and understanding the culture and traditions of the communities in the territory that surrounds Neltume, the Company has decided to study new design alternatives, particularly regarding the water discharge system into Lake Neltume. This particular subject has been mentioned by the community as a concern in several different instances. Endesa Chile has withdrawn the Environmental Impact Study (EIA in its Spanish acronym) that had already been submitted to the Environmental Evaluation Service (SEA in its Spanish acronym) of the *Region de Los Rios*, in order to begin a new study of the alternative to discharge water into the Fuy River.

Agreement regarding efficient use of Lake Laja:

Endesa Chile, the Minister of Energy, Agriculture and Public Works, and the representatives of other organizations signed an agreement regarding the recovery and efficient use of Lake Laja. This lake is the most important source of hydroelectric energy in the country and also the water supply to the significant agricultural community located in the area.

Ministers' Committee ratified the approval of the Bocamina Project:

The Ministers' Committee rejected two of the three complaints and partially upheld one complaint presented against Bocamina II during its session held on December 14th. Given this outcome, the Committee ratified the Environmental Qualification Resolution (RCA in its Spanish acronym) of the Bocamina optimization project and confirmed that the steps taken by the company are not only adequate but also improve the environmental performance of the generation unit.

Risk Rating:

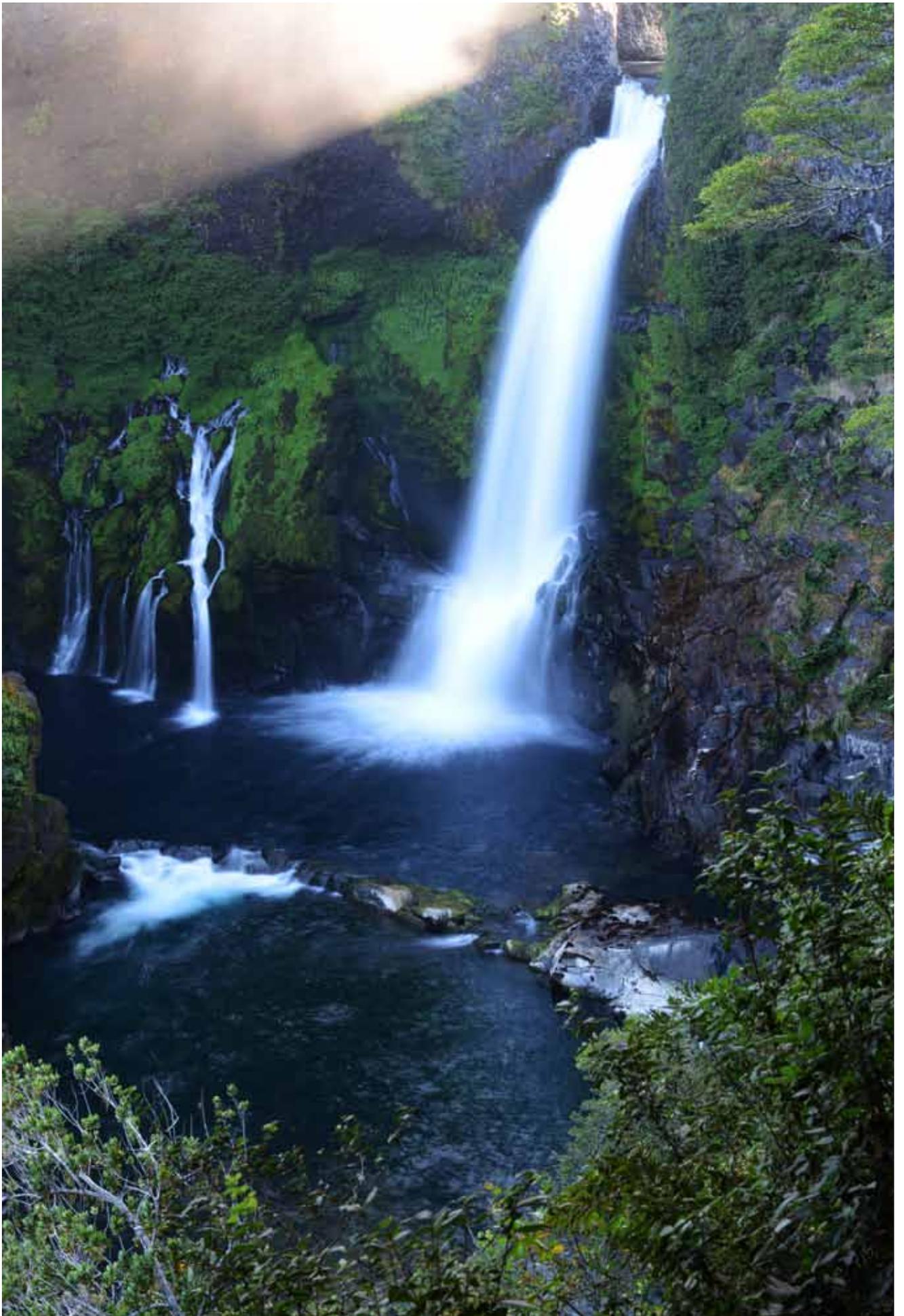
Feller Rate ratified Endesa Chile's "AA" rating, with a stable outlook. Also, Moody's annual rating report confirms Endesa Chile's "Baa2" rating and maintained its stable perspectives category.

The operation of Johnson filters in Bocamina I begins sooner than expected:

The installation of Johnson filters in the cooling system of Bocamina I took place three months before it was required by authorities. Therefore, both units of Bocamina facilities are operational and with advanced technology and high environmental standards.

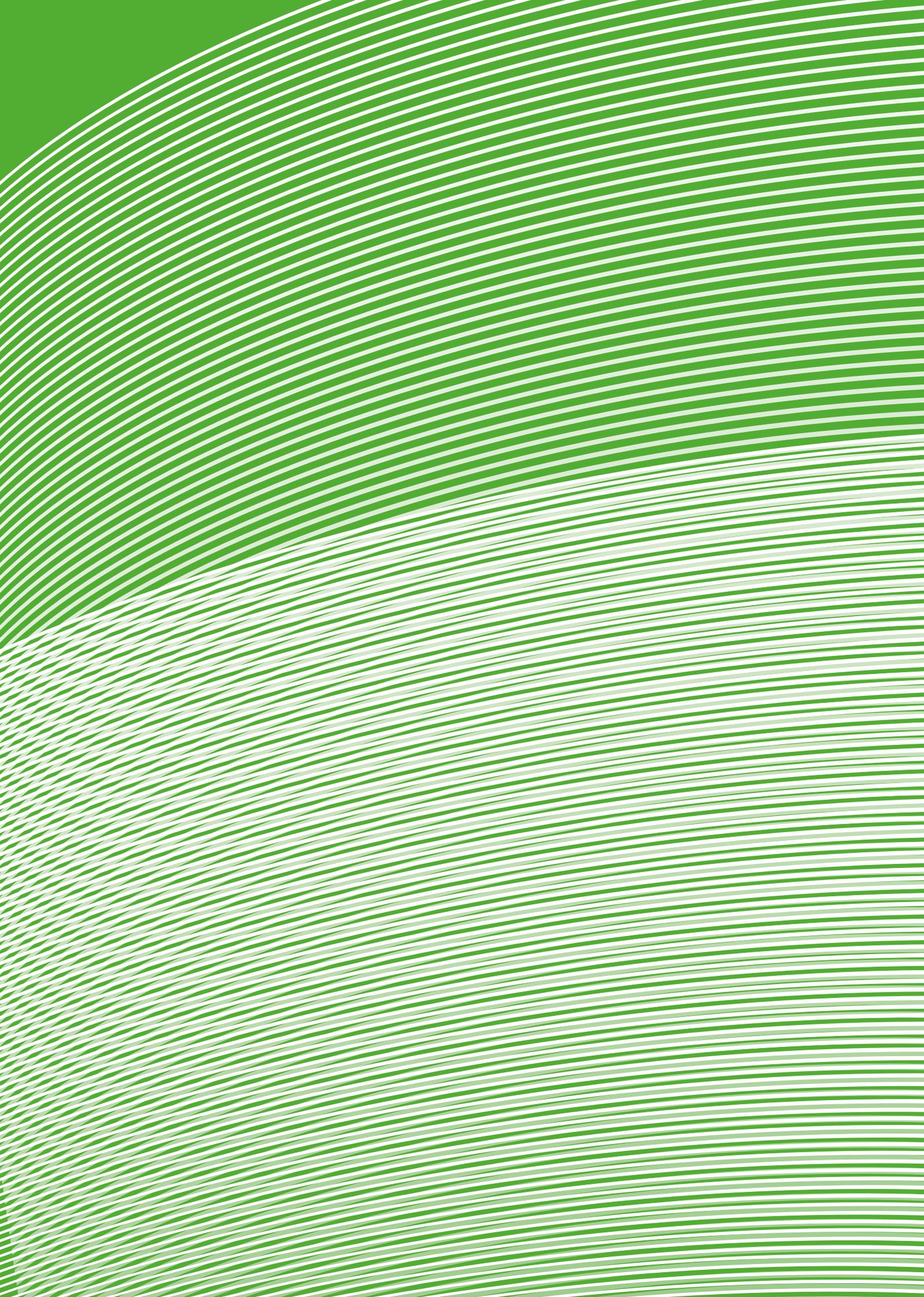
Delisting from the Latin American Stock Exchange in Madrid (Latibex):

As of December 4th, 2015, Endesa Chile has delisted from Latibex, and therefore its shares, from then on, are not traded on such stock exchange. This was requested by the Company and approved by the executive committee of the *Bolsas y Mercados Españoles, Sistemas de Negociación, S.A.*





■ Main Financial and Operating Data



	As of December 31 st of each year (figures in millions of Chilean pesos)				
	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽⁴⁾	2015 ⁽⁵⁾
Total Assets	6,562,013	6,453,231	6,762,125	7,237,672	7,278,770
Total Liabilities	3,120,873	3,018,738	3,174,311	3,713,785	3,733,076
Operating Revenue	2,404,490	2,320,385	2,027,432	2,446,534	2,846,926
EBITDA	973,890	808,101	978,994	1,094,981	1,191,661
Net Income (2)	446,874	234,335	353,927	334,557	392,868
Current Ratio	1.02	0.73	0.78	0.75	0.68
Debt Ratio (3)	0.91	0.88	0.88	1.05	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 a participation became consolidated in the same proportion as the equity held by Endesa Chile. 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 since May 2014.

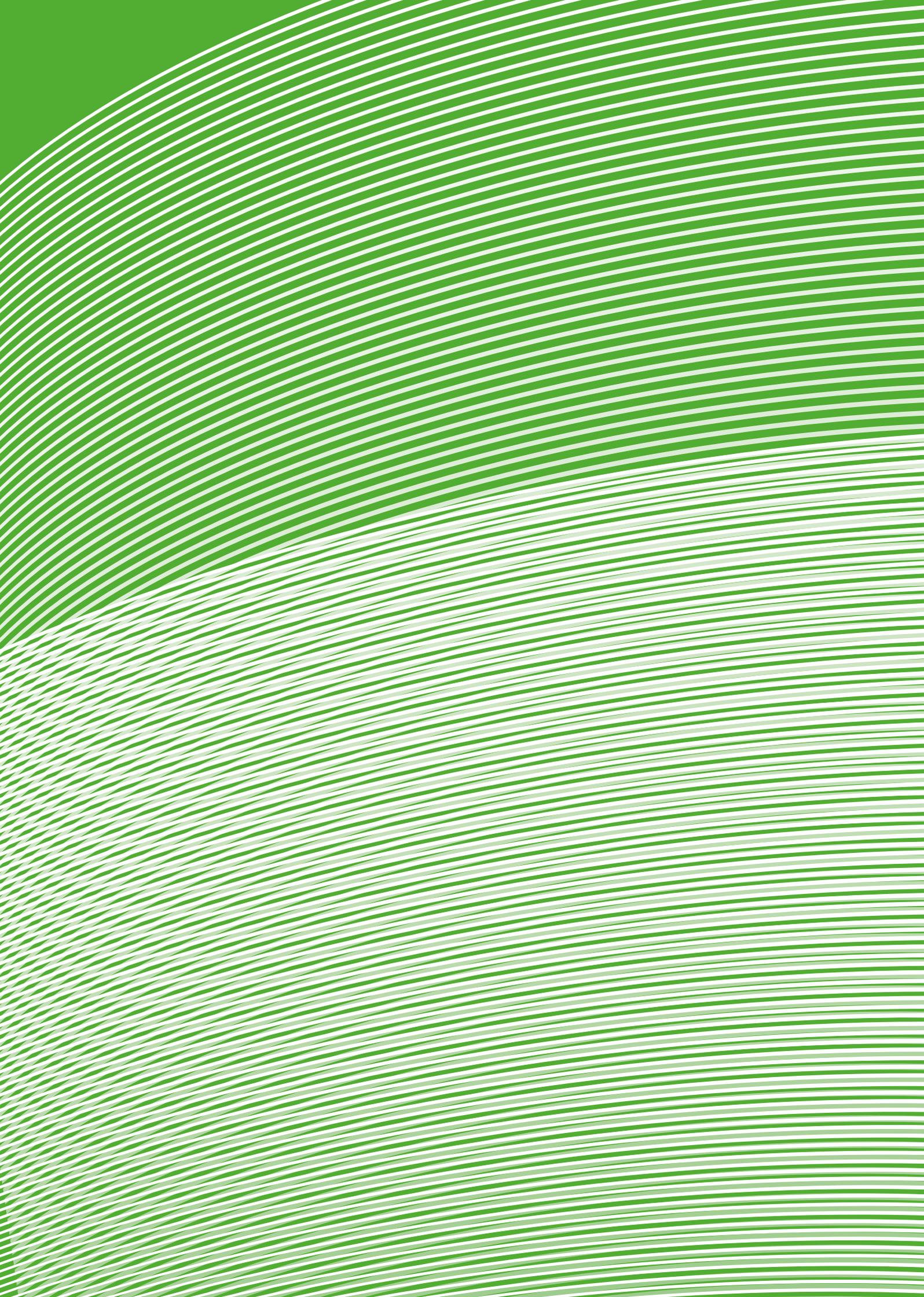
(5) Figures include discontinued activities due to the division of Endesa Chile approved by the Extraordinary Shareholders Meeting held on December 18th, 2015.

	As of December 31 st of each year				
	2011	2012	2013	2014	2015
ARGENTINA					
Number of employees	415	501	506	563	561
Number of Generation units	20	20	20	20	20
Installed capacity (MW)	3,652	3,652	3,652	3,652	3,652
Electricity generated (GWh)	10,801	11,207	10,840	9,604	11,406
Energy Sales (GWh)	11,381	11,852	12,354	10,442	11,968
CHILE⁽¹⁾					
Number of employees	1,155	1,177	1,061	1,261	1,001
Number of Generation units	107	108	105	111	111
Installed capacity (MW)	5,611	5,571	5,571	6,351	6,351
Electricity generated (GWh)	20,722	19,194	19,439	18,063	18,294
Energy Sales (GWh)	22,070	20,878	20,406	21,157	23,558
COLOMBIA					
Number of employees	498	517	563	589	510
Number of Generation units	30	30	25	32	36
Installed capacity (MW)	2,914	2,914	2,925	3,059	3,459
Electricity generated (GWh)	12,090	13,251	12,748	13,559	13,705
Energy Sales (GWh)	15,112	16,304	16,090	15,773	16,886
PERU					
Number of employees	230	236	238	268	260
Number of Generation units	25	25	25	25	25
Installed capacity (MW)	1,668	1,657	1,540	1,652	1,686
Electricity generated (GWh)	9,153	8,570	8,391	8,609	8,218
Energy Sales (GWh)	9,450	9,587	8,904	9,320	8,633
TOTAL					
Number of employees	2,241	2,355	2,281	2,681	2,332
Number of Generation units	182	183	178	188	192
Installed capacity (MW)	13,845	13,794	13,688	14,715	15,148
Electricity generated (GWh)	52,766	52,222	54,418	49,839	51,622
Energy Sales (GWh)	58,013	58,621	57,754	56,692	61,046

(1) Figures include the consolidation of GasAtacama since May 2014.



Identification of the
Company and Documents
of Incorporation



Identification of the Company

Name	Empresa Nacional de Electricidad S.A. (Endesa o Endesa Chile)
Address	Santiago, Chile, although able to establish branches or agencies in other parts of the country or abroad
Company Type	Publicly Traded Company
Tax ID	91,081,000-6
Address	Santa Rosa 76, Santiago, Chile
Zip Code	833-0099 SANTIAGO
Telephone	(56) 22630 9000
P.O. Box	1392, Santiago
Securities Registration Number	Nº 114
External Auditors	KPMG Auditores Consultores Ltda.
Subscribed and paid-in capital (M\$)	1,331,714,085
Website	www.endesa.cl
Email	comunicacion.endesacl@enel.cl
Investor Relations Telephone	(56) 22353 4682
Ticker in Chilean stock exchanges	ENDESA
Ticker in New York stock exchange	EOC
Ticker in Madrid stock exchange	XEOC ^(*)
Custodial Bank ADR's	Banco Santander Chile
Depository Bank ADR's	Citibank, N.A.
Latibex custodial bank	Banco Santander, S.A.
Latibex link	Banco Santander, S.A.
Domestic Risk Rating Agency	Feller Rate y Fitch Chile Clasificadora de Riesgo Limitada
International Risk Rating Agency	Fitch Ratings, Moody's and Standard & Poor's

(*) As of December 4th, 2015, Endesa Chile delisted from the Latibex, and therefore its shares will not be traded on that stock exchange from that date on.

Documents of Incorporation

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

By Ministry of Finance Supreme Decree N° 97 dated January 3rd, 1944, the company's existence and by-laws 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 held March 24th, 1943.

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

Its legal existence was declared by Supreme Decree of the Ministry of Finance N° 1,226, on February 23rd, 1945, published in the Official Gazette (Diario Oficial) on March 6th, 1945 and registered in the Santiago's Commercial Registry on pages 727 N° 532, in March 16th, 1945.

The company's by-laws have experienced numerous modifications, noteworthy among them is that of 1980, which eliminated the execution of the country's Electrification Plan from its objectives and was assigned by Law to the National Energy Commission; that of 1982, which adapted its bylaws to Law N° 18,046, standards of Decree Law N°3,500 of 1980, allowing funds managed by the Pension Funds Administrators (AFP in its Spanish acronym) to be invested in securities issued by the company; and that of 1988, which expanded the company's object to include consultancy services.

The amendment of 1992 should also be mentioned, which expanded the company's business object, allowing the company to invest in financial assets, to develop projects and carry out operations in the energy field and other fields 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 in Chile and abroad. The 1994 amendment added the business name "Endesa" to its bylaws and increased its capital, so that, part of it could be placed in international markets through the ADR mechanism, and adapted the bylaws to the new provisions introduced by Law 19,301 to Decree Law N° 3,500 of 1980, which allowed, among other adjustments, an increase in maximum share concentration to 26%; the 1995 amendment, which modified the company's arbitration system, allowing the disputes among shareholders or between them and the company or its managers to be settled, alternatively, through arbitration or ordinary courts of law; the 1999 amendment, which allowed an increase of the maximum percentage of share concentration to 65% of the capital with voting rights of the company; the 2005 amendment, which modified the bylaws to add the "Endesa Chile" business name to that of Endesa; the 2006 amendment, which added a new section title, to the by-laws, the "Directors' Committee and Audit Committee"; in order to give statutory consideration to a number of regulations related both to the Director's Committee, as referred to in Law 18,046, and to the Audit Committee, created by the Board of Directors, to comply with 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, which modified permanent article 5° and transitory article 1° of the by-laws to reflect the Company's current



capital and how it has been subscribed and paid; the 2008 amendment, in which the company amended clause 3° and 4° of article 44, adapting them to article 75 of the Chilean Companies Act, in order to replace the Board of Directors' obligation to forward a copy of the Balance Sheet and Annual Report, no 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, with the obligation, in both cases, of making the referred documents available to such shareholders on the occasions indicated above; and the 2010 amendment that modified: (a) several articles of the bylaws in order to tailor, some of

them, to the Chilean Companies Act and the Securities Market Law, which were amended by Law No 20,382 concerning the improvement of corporate governance, as well as others, to the rules and regulations of the Chilean Companies Act; and (b) Chapter IV of the bylaws, "Directors' Committee and Audit Committee", in order to merge both committees, thereby reflecting the changes and independence requirements introduced into article 50 bis of the Chilean Companies Act, by the above-referred Law No 20,382.

The Extraordinary Shareholders' Meeting of Endesa Chile, held on December 18th, 2015, agreed to modify the Company. Within the framework of a corporate restructuring of the Group, the Extraordinary Shareholders' Meeting approved dividing Endesa Chile in two, creating a new company, Endesa Américas S.A., and transferring to this new company all assets and liabilities of Endesa Chile outside Chile and maintaining in Endesa Chile all assets and liabilities associated to business in Chile. The aforementioned division is subject to complying with the condition precedent stating that the minutes of the Extraordinary Shareholders' Meeting in which the divisions of Enersis and Chilectra have been approved were duly registered as public deeds, and their corresponding extracts were, duly and timely, registered and published in accordance with the law. In addition, under article N° 5 related to article 148, both from the Rules and Regulations of the Chilean Companies Act N° 18,046, the agreement stipulated that the Division be effective as of the first calendar day of the month after the deed regarding Compliance with Conditions Precedent to the Division of Endesa Chile is issued. The deed was subscribed on January 29th, 2016, before the Notary Public Víctor Olguín Peña, and was written to the side on the Company's registration document filed in Santiago's Registry of Commerce.

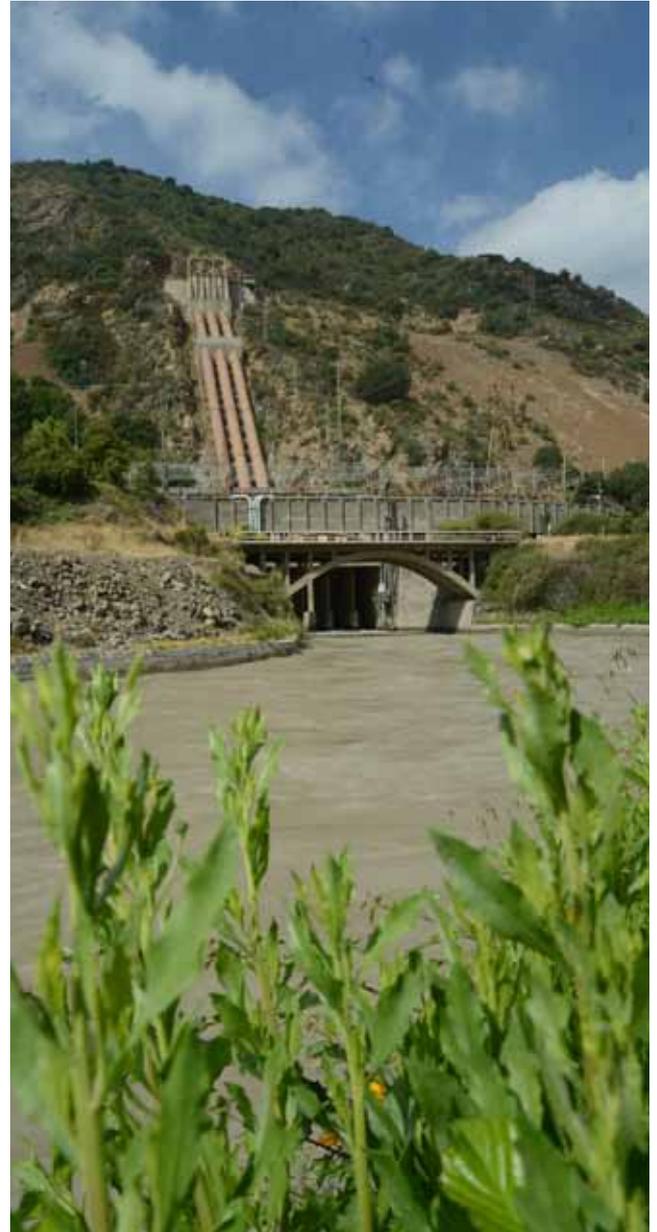
Corporate Object

The company's main purpose is to exploit the production, transportation, distribution and supply of electricity, for which it may obtain, acquire, and take advantage of the respective concessions and benefits.

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

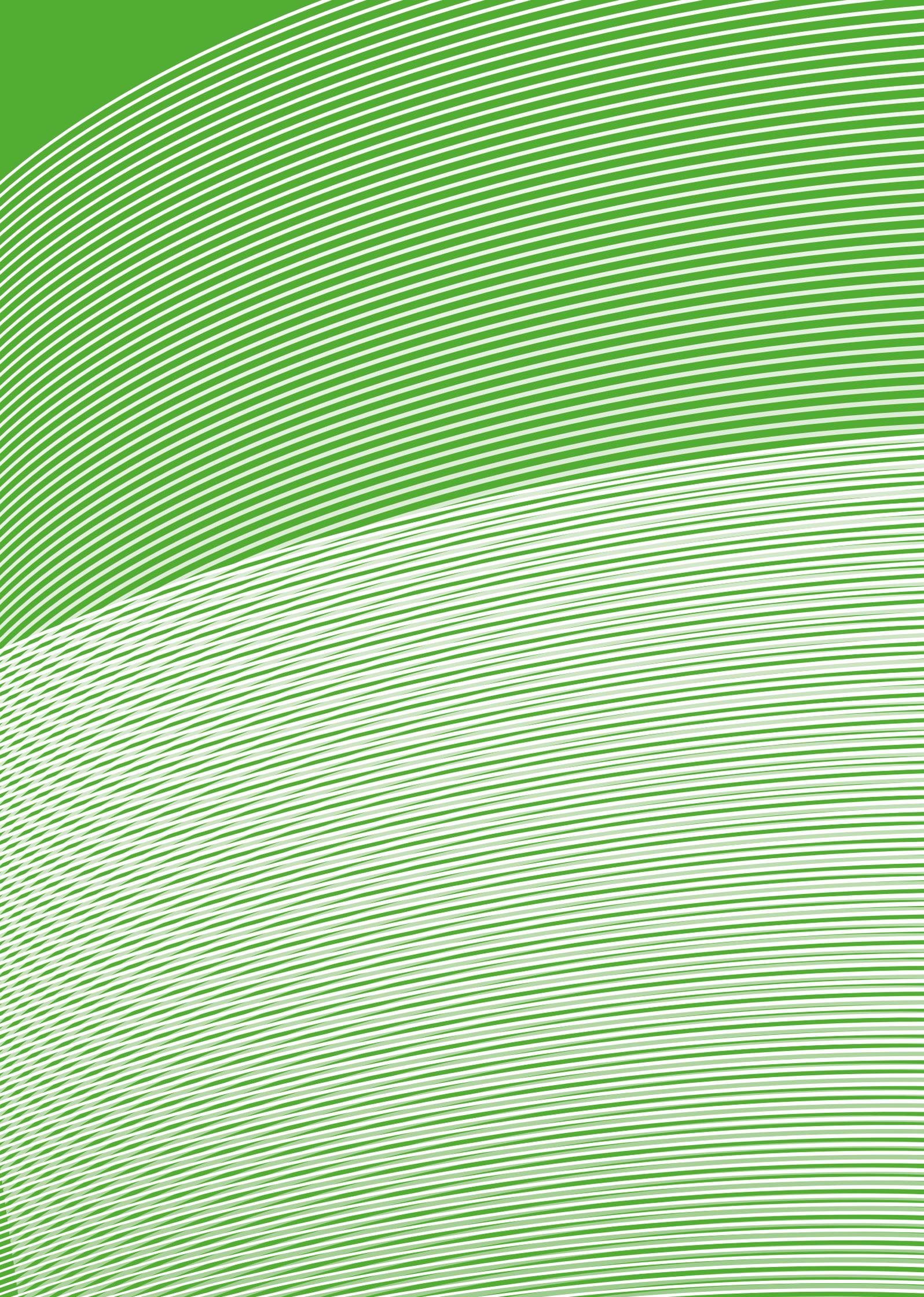
The company may also invest in, acquire, manage and sell real estate, financial assets, instruments or securities, equity in companies and commercial documents in general, provided they are related to its purpose.

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



Ownership and Control





Ownership Structure

As of December 31st, 2015, total share capital of the Company was 8,201,754,590 shares, subscribed and paid, held by 16,058 shareholders.

Shareholders	Number of shares	Shareholding
Enersis S.A.	4,919,488,794	59.98%
Pension Funds	1,240,717,438	15.13%
Others	516,303,427	6.30%
Stockbrokers, insurance companies & mutual funds	442,841,952	5.40%
Foreign investment funds	383,726,198	4.68%
Banco de Chile on behalf of third parties	370,816,851	4.52%
ADRs (Citibank N.A. per SVS Letter 1,375)	327,859,920	4.00%
TOTAL	8,201,754,580	100%

Identification of the Controlling Shareholder

Enersis S.A. is the controlling shareholder of Endesa Chile, holding a 59.98% direct shareholding and does not have an agreement with other shareholders.

During 2015, there were no transactions among major shareholders of the Company.

The Company's Twelve Largest Shareholders

Name	TAX ID. N°	Number of Shares	% Share
ENERSIS SA ⁽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	370,816,851	4.52%
Citibank N.A. PER SVS LETTER 1,375	59,135,290-3	327,859,920	4.00%
BANCO ITAU ON BEHALF OF FOREIGN INVESTORS	76,645,030-K	230,551,267	2.81%
AFP PROVIDA S.A. FOR PENSION FUND C	76,265,736-8	204,359,844	2.49%
AFP HABITAT S.A. FOR PENSION FUND C	98,000,100-8	178,282,952	2.17%
BANCO SANTANDER ON BEHALF OF FOREIGN INVESTORS	97,036,000-K	138,558,361	1.69%
AFP CAPITAL S.A. FOR PENSION FUND C	98,000,000-1	127,626,754	1.56%
AFP CUPRUM S.A FOR PENSION FUND C	98,001,000-7	127,132,172	1.55%
BANCHILE Corredores de Bolsa S.A.	96,571,220-8	79,761,315	0.97%
SUBTOTAL		6,704,438,230	81.74%
Others		1,497,316,350	18.26%
TOTAL		8,201,754,580	100%

(1) (1) Enersis is controlled directly by ENEL SpA., holding 60.62% of ownership.

Most Important Changes in Ownership Share

The most important changes in the ownership of Endesa Chile between 2014 and 2015 are as follows:

Name	Tax ID. N°	N° of Shares 12/31/2014	N° of Shares 12/31/2015	Variation
Banco de Chile on behalf of Non-resident third parties	97,004,000-5	334,625,984	370,816,851	36,190,867
AFP Provida S.A.	98,000,400-7	356,250,716	352,958,517	-3,292,199
AFP Habitat S.A.	98,000,100-8	329,344,372	332,063,197	2,718,825
Citibank N.A. per SVS Letter 1,375	59,135,290-3	264,879,750	327,859,920	62,980,170
AFP Cuprum S.A.	98,001,000-7	248,685,594	254,625,895	5,940,301
AFP Capital S.A.	98,000,000-1	263,611,529	237,344,943	-26,266,586
BANCO ITAU on behalf of investors	76,645,030-K	239,164,021	230,551,267	-8,612,754
Banco Santander on behalf of foreign investors	97,036,000-K	161,639,195	138,558,361	-23,080,834
Banchile Corredores de Bolsa S.A.	96,571,220-8	85,375,399	79,761,315	-5,614,084
BTG Pactual Chile S.A. Corredores de Bolsa	84,177,300-4	56,583,486	44,414,145	-12,169,341
AFP Planvital S.A.	98,001,200-K	36,027,708	36,022,517	-5,191
Larrain Vial S.A. Corredora de Bolsa	80,537,000-9	34,097,530	35,075,823	978,293

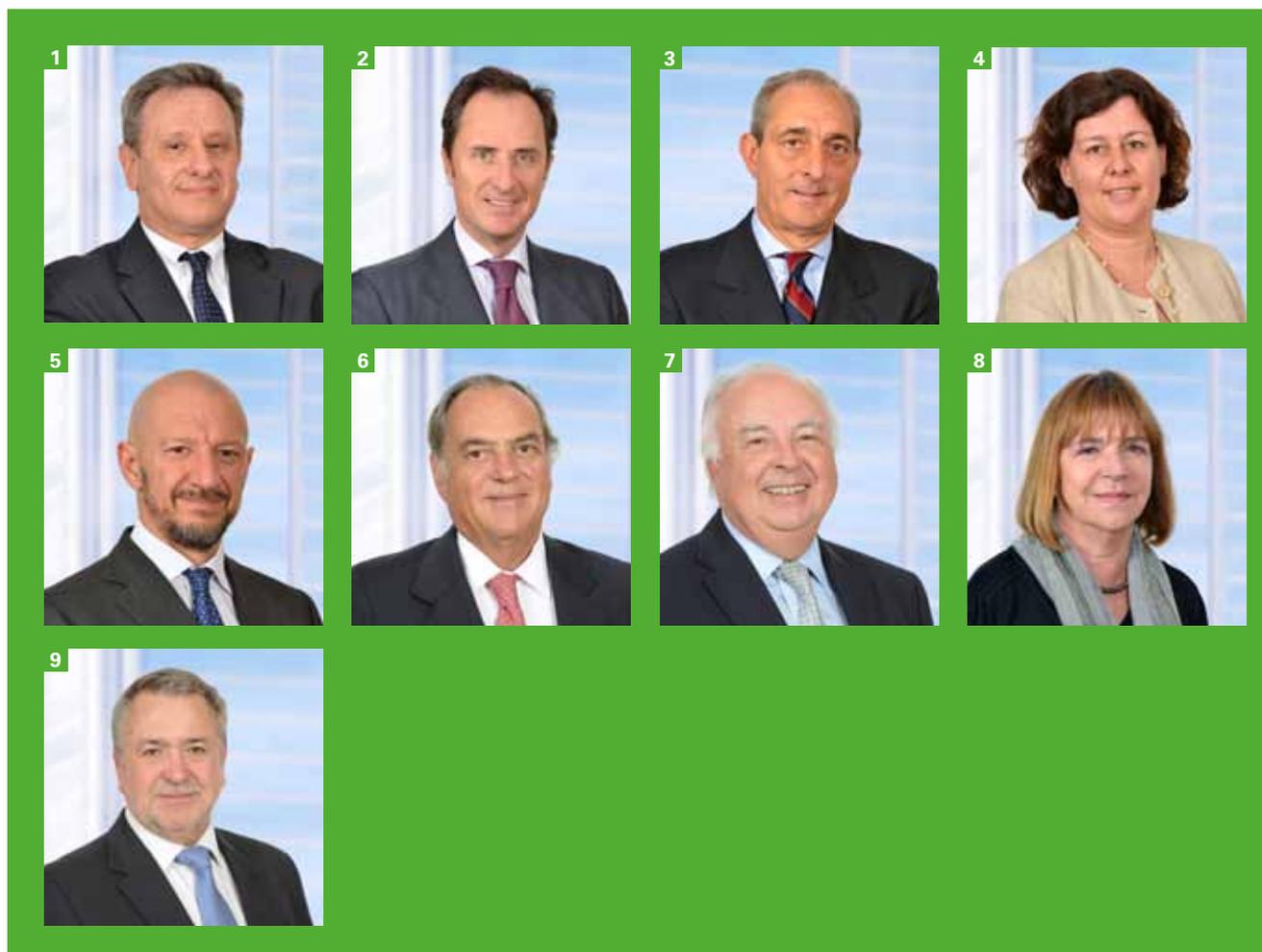
Related Parties Stock Transactions

There were no share transactions in 2015 made by directors or senior executives.

Summary of Comments and Proposals by the Directors Committee and Shareholders

The company received no comments regarding the progress of the corporate businesses between January 1st and December 31st, 2015, from the 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 No 18,046 and articles 82 and 83 of the Rules and Regulations to the Chilean Companies Law, nor from the Directors' Committee, notwithstanding what is mentioned in the committee's report that is included in this report.

Board of Directors



1. CHAIRMAN

Enrico Viale

Civil Hydraulic Engineer
University of Santa Clara, California
Passport: YA5599835
Since 11.04.2014

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 11.04.2014

3. DIRECTOR

Vittorio Vagliasindi

Nuclear Engineer
Universidad La Sapienza, Italy
Passport: AA3780593
Since 11.04.2014

4. DIRECTOR

Francesca Gostinelli

Environmental Engineer
Masters in Management,
Energy Economy and Environment
La Scuola Enrico Mattei (MEDEA)
Passport: YA5001859
Since 04.28.2015

5. DIRECTOR

Francesco Buresti

Electronic Engineer
Universidad Degli Study de Bolonia
Passport: YA610409
Since 04.26.2012

6. DIRECTOR

Felipe Lamarca Claro

Commercial Engineer
Pontificia Universidad Católica de Chile
Tax ID.: 4,779,125-1
Since 04.26.2012

7. DIRECTOR

Enrique Cibié Bluth

Commercial Engineer,
Public Accountant & Auditor
Pontificia Universidad Católica de Chile
Masters in Business & Administration
Stanford University
Tax No: 6,027,149-6
Since 04.26.2012

8. DIRECTOR

Isabel Marshall Lagarrigue

Degree in Sociology & Economics
Universidad Católica de Chile
Masters in Economics
Pontificia Universidad Católica de Chile
Masters in Public Administration & PHD in
Economics & Government
University of Harvard
Tax ID.: 5,664,265-K
Since 11.04.2014

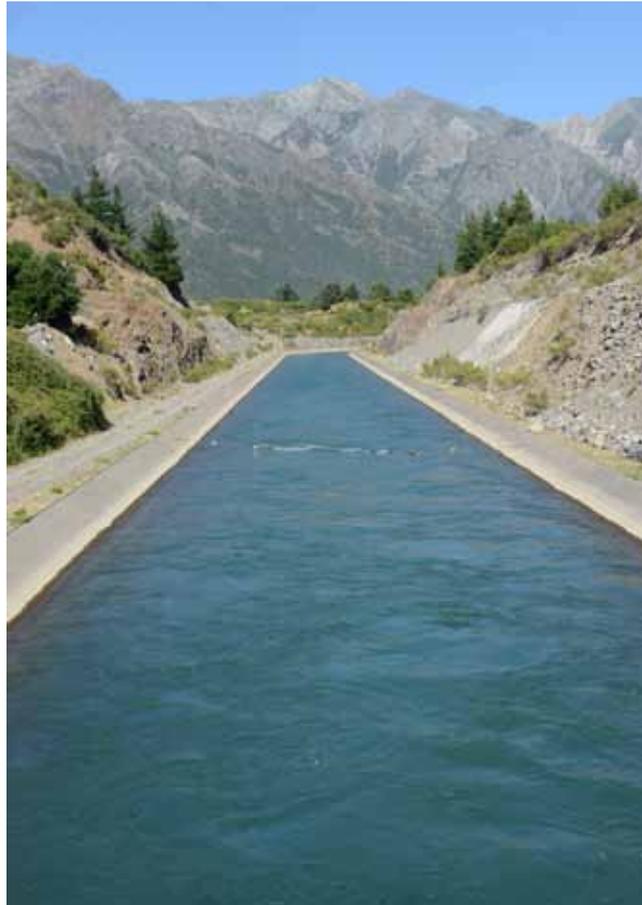
9. DIRECTOR

Jorge Atton Palma

Electrical Engineer
Universidad Austral de Chile
Postgraduate in Project Management and
Assessment
Tax ID.: 7,038,511-2
Since 04.27.2015

The company is managed by a Board of Directors formed by nine members. They are elected at the shareholders' meeting for a three year term and may be reelected.

In the event of death, resignation, bankruptcy, incompatibilities or limitations or other impossibility preventing directors 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.



Compensation

In accordance with article 50 bis of the Chilean Companies Act, the ordinary shareholders' meeting must establish the compensation of the Board of Directors and the Director's Committee.

The total compensation expense during 2015 amounted to Ch\$480 million, and is detailed in the following table.

Directors' Compensation Received in 2015 (thousands of pesos)						
Name of Director	Position	Fixed Compensation	Ordinary & Extraordinary Sessions	Variable Compensation	Directors' Committee	Total
Enrico Viale ⁽¹⁾	Chairman	-	-	-	-	-
Ignacio Mateo Montoya ⁽¹⁾	Vice Chairman	-	-	-	-	-
Vittorio Vagliasindi	Director	-	-	-	-	-
Francesco Buresti	Director	-	-	-	-	-
Isabel Marshall Lagarrigue	Director	45,121	46,311	-	-	91,432
Alfredo Arahuetes García ⁽²⁾	Director	9,944	8,122	-	-	18,065
Susana Carey Claro ⁽²⁾	Director	9,944	8,122	-	7,336	25,402
Felipe Lamarca Claro	Director	45,121	46,311	-	32,038	123,469
Enrique Cibié Bluth	Director	45,121	46,311	-	32,038	123,469
Jorge Atton Palma	Director	35,177	38,189	-	24,454	97,820
Francesca Gostinelli ⁽¹⁾	Director	-	-	-	-	-
Total		190,428	193,364	-	95,866	479,657

(1) Mr. Enrico Viale, Ignacio Mateo Montoya, Francesca Gostinelli, Vittorio Vagliasindi, and Francesco Buresti, waived their fees and allowances due as Endesa Chile Directors.

(2) Mrs. Susana Carey Claro and Mr. Alfredo Arahuetes García, served on the Endesa Chile Board of Directors until April 27th, 2015.

The total compensation expense during 2014 amounted to Ch\$406 million, and is detailed in the following table:

Directors' Compensation Received in 2014 (thousands of pesos)						
Name of Director	Position	Fixed Compensation	Ordinary & Extraordinary Sessions	Variable Compensation	Directors' Committee	Total
Viale Enrico (2)(3)	Presidente	-	-	-	-	-
Montoya Ignacio Mateo (2)(3)	Vicepresidente	-	-	-	-	-
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)	Presidente	48,907	44,060	-	-	92,967
Bondi Paolo (1)(3)	Vicepresidente	-	-	-	-	-
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 waived their fees and allowances due as Endesa Chile Directors.

Incentive plans

The company has no incentive plans for the directors.

Consultancy expenses

The Board did not incur in additional expenses for external consultancies during 2015.

Management

Directors' Committee

At the Extraordinary Board meeting of the company held on April 27th, 2015, Felipe Lamarca Claro, Jorge Atton Palma and Enrique Cibié Bluth were elected as members of the Directors' Committee of Empresa Nacional de Electricidad S.A.. Mr. Enrique Cibié was elected Chairman of the Committee and also financial expert, pursuant to the Sarbanes Oxley Act of the United States of America.

In accordance with the Chilean Companies Act, the members of the Directors' Committee are all independent Board members.

Report of the Directors' Committee

The Chairman of the Directors' Committee, Mr. Enrique Cibié stated that according to article 50 bis of Law No 18,046 the Chilean Companies Act, the Annual Management Report prepared by the Directors' Committee of Endesa Chile must be included in the Annual Report of the Company and must be presented at the Ordinary Shareholders Meeting of the Company, highlighting the activities of the Committee during the year 2015 and also the expenses incurred, including advisor expenses.

In this regard, the Chairman proposed to the Committee the approval of the following wording:

Directors' Committee Report 2015

In accordance with article 50 bis of the Chilean Companies Act, amended by Law N° 20,382, published in the Official Gazette on October 20th, 2009, the following report is submitted regarding the activities of the Directors' Committee, its annual performance and the expenses incurred during the year 2015.

Composition of the Committee. At the extraordinary Board of Directors' meeting of Endesa Chile held on April 27th, 2015, Felipe Lamarca Claro, Jorge Atton Palma y Enrique Cibié Bluth were appointed as members of the Directors' Committee.

Enrique Cibié was elected Chairman of the Committee and financial expert pursuant to the Sarbanes Oxley Act of the United States of America.

In accordance with the Chilean Companies Act, the members of the Directors' Committee are all independent Board members.

The Directors' Committee met on 24 occasions during 2015, 12 occasions were ordinary sessions and 12 were extraordinary sessions, proceeding to review the company's operations and contracts with related companies and in general pronouncing on those matters referred to in article 50 bis of the Chilean Companies Act, reporting its decisions to the company's Board of Directors. The Committee also pronounced, when required, on the services provided by external auditors other than the regular audit services and also regarding the accusations originated from the company's Ethics Channel. Of the 24 Directors' Committee sessions, 7 sessions referred to and pronounced on the corporate reorganization. During the extraordinary session held on August 13th, 2015, the Committee appointed the company Asesorías Tyndall Limitada as financial advisor, to assist the members of the Directors' Committee on the evaluation of the corporate reorganization process. The fees of such service amounted to 18,000 Unidades de Fomento (UF, Chilean inflation-indexed, Chilean peso denominated monetary unit)

The report prepared by Asesorías Tyndall Limitada may be found at the following address:

<http://www.endesa.cl/es/Reestructuracion/Paginas/DocumentosdeInteres.aspx>

On November 4th, 2015, the Directors' Committee prepared a report regarding the corporate reorganization that may also be found at the previously mentioned address.

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 their first option, in compliance with Bulletin N° 718 of the Superintendence of Securities and Insurance. The Committee also approved the budget for the fees of the external auditors for the year 2015 and approved the fees for the services provided in 2014.

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

During the ordinary session held on April 24th, 2015, the Committee pronounced on the 20-F document and authorized its submission to the United States Securities and Exchange Commission.

In 2015, the Directors' Committee informed the Board that the following related party transactions had been performed at arm's length, and 2 of them through tenders:

1. Endesa Chile was authorized to purchase, through *GNL Chile S.A.* an additional shipment (spot) of 3.1 tons of BTU of LNG from Endesa Energia.
2. Authorization to perform a hedging operation through *Endesa Generacion*. A short position of 348 thousand barrels of Brent crude for February, 2015; and 2.1 million MMBTU of Henry Hub gas for March 2015.
3. Authorization to purchase, through GNL Chile S.A. an additional shipment (spot) of 3.1 tons of BTU of LNG from *Endesa Energia*.
4. Authorization to purchase up to 200 GWh green attributes from Enel Green Power in order to cover Endesa Chile's and its subsidiaries' deficits of the 2014 balance.
5. Transfer of the coal supply contract subscribed by Endesa Chile and *Endesa Generacion* to Compañía Eléctrica Tarapacá S.A. maintaining Price and conditions of the assigned contract.
6. Authorization to sell up to a daily maximum of 3.2 MMm3/d of gas to Gas Atacama S.A. until December 31st, 2015.

7. Authorization to subscribe the mandates in order to reimburse expenses related to expatriates between Endesa Chile and its related companies Edegel S.A.A. (Peru); Emgesa S.A. ESP (Colombia); Endesa S.A. (España); Enel Servizi (Italia); Endesa Brasil S.A. (Brazil); Endesa Generación S.A. (Spain); Endesa Costanera S.A.(Argentina); Enel SpA (Italia); Enel Trade SpA (Italia) Endesa Latinoamérica (Spain); and Enel Produzione SpA.
8. Authorization to perform a hedging operation through Endesa Generacion. A short position of a total 305 thousand barrels of Brent crude for March, 2015; and Henry Hub gas for April 2015.
9. Authorization to perform a hedging operation through Endesa Generacion. A short position in barrels of Brent crude for May, 2015; and a long position of Henry Hub gas for June 2015.
10. ISDA Master Agreement and Schedule with Enel Trade SPA.
11. Authorization of Pehuenche to render an easement to Endesa regarding its transmission lines for Los Cóndores project.
12. Authorization to subscribe a coal supply contract between Endesa Generacion, Endesa Chile and CELTA.
13. Approval of an intercompany loan from Enersis to Endesa Chile.
14. Approval of an agreement with Masisa.
15. Authorization to sell a shipment of LNG to Endesa Energia.
16. Authorization to sign a short position contract for 279 barrels of Brent for June 2015 and a long position of 0.8 million MMBTU of Henry Hub gas for July, 2015, with *Endesa Generacion* (Spain).
17. Sublease contract with GasAtacama Chile S.A. for offices 1202, 1203, parking space No 57 and storage room No 10, all located in Building *Edificio Torre Centenario* on 383 Miraflores St., Santiago.
18. Authorization to cover short and long positions of Brent, Henry Hub gas, AP12 gas, and BC17 transportation

- through a contract with EnelTrade and Endesa Generacion (Spain).
19. Bocamina 2 power plant 10 month coal supply contract covering transportation and delivery with Endesa Generacion (Spain) to begin in July 2015.
 20. Sale of up to 3 shipments of LNG during the second semester of 2016 to Endesa Energia, coming from the LNG sales contract between Endesa Chile, GNL Chile and British Gas.
 21. Agreement with Chilectra S.A. to put an end to the conflict related to Supreme Decree No 14 that fixed sub transmission tariffs for the 2011-2014 period and the modification of the contracts signed with Chilectra through tenders, so that, they adjust according to the supreme decree referred to and others to be enacted in the future.
 22. Contract with Italian company, CESI, related to Enel, regarding environmental consultancy services for Bocamina power plant.
 23. Extension of mandates subscribed in order to reimburse expenses related to expatriates.
 24. Subscription of mandate granting Enel Italia S.R.L. representation of Chilean employees, expatriates in Italy, before the Italian Social Security Service.
 25. Renewal of all risk and liability insurance contracts for the 2015-2016 period for the Enel Group.
 26. Extension of the resolutive condition agreed upon in the transfer agreement of the Renaico Project subscribed between Endesa S.A. and Celta and between Endesa S.A. and Parque Eolico Renaico SpA, subsidiary of EGP.
 27. Sublease contract with the company *Servicios Informáticos e Inmobiliarios Limitada* for the office 1203, parking space No 57 and storage room No 10, all located in building *Edificio Torre Centenario* on 383 Miraflores St., Santiago.
 28. Service contract with the company *Servicios Informáticos e Inmobiliarios Limitada* for strategic IT services with a 5 year term renewable for 2 year periods.
 29. NCRE energy purchase contract with EGP for energy from *Campos del Sol solar* project, subject to the condition that Endesa be awarded the tender 2015-2 to supply distribution companies. Sale subject to the condition that Endesa is awarded the tender. Endesa was not awarded the tender.
 30. Postponement of Enel Brasil's dividend payment from December 2015 (fiscal year 2014) to December 2017, amounting to ThR\$ 176 (approx. ThEUR 40) in order to maximize Enel Brasil's cash flow and have funds available to pay intercompany loans in the following months.
 31. Contracting financial operations with Enersis S.A.: i) bank financing for Endesa Chile of up to US\$200 million in local or foreign currency, for up to a 4 year term. If financed with existing committed international credit lines, they request increasing maximum amount from US\$200 million to US\$400 million; ii) the renewal and increase of local committed credit lines to up to US\$100 million (or equivalent in UF) for up to a 5 year term; iii) restructuring loans in favor of Endesa Chile for up to US\$250 million with a term of up to 12 months, denominated in dollars, and iv) performing the exchange rate and/or interest rate hedges that are considered necessary.
 32. The Collaboration Agreement between Endesa Chile and *Fundación Pehuen*.
 33. Master LNG SPA contract between Endesa Chile and EnelTrade to sell LNG shipments of Endesa Chile.
 34. The sale of LNG shipments to *Endesa Energia* programmed for March 16th, 2016 and April 15th, 2016.
 35. Engineering services contracts with related parties.
 36. Modification of the commodity price hedging procedure with Enel Trade SpA.

Regarding all contracts and operations aforementioned, the market conditions were verified through bids, requests for comparable offers or otherwise by observing the relevant market conditions.

The Ordinary Shareholders Meeting of Endesa Chile held on April 27th, 2015 agreed to pay each member of the Directors' Committee an unconditional monthly compensation of UF 58 and an additional UF 28 per session attended, without fixing a limit to the number of sessions; and an annual expense budget of UF 6,000, stating that if an additional amount is required for outside counsel, it should adjust to the business condition of the Company.

During 2015, the Directors' Committee spent Ch\$448,509,075 of the annual expense budget approved by the Ordinary Shareholders' Meeting.

Agreement 212 – 3: The Directors' Committee, by a unanimous vote, agreed to approve the Annual Management and Expenses Report to be included in the Annual Report and informed in the next Ordinary Shareholders' Meeting of the Company.

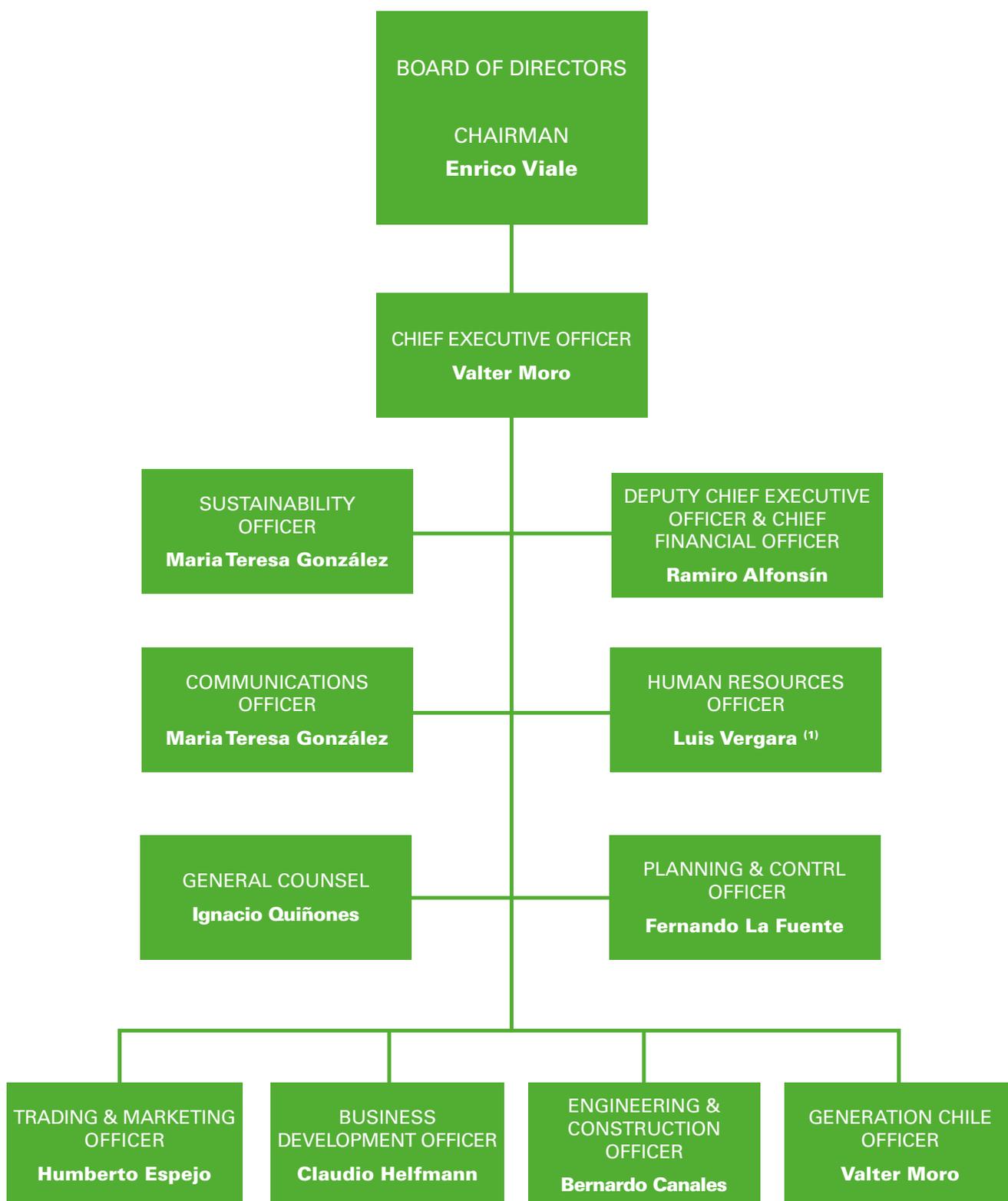
Expenses of the Directors' Committee

The Ordinary Shareholders Meeting of Endesa Chile held on April 27th, 2015 agreed to pay each member of the Directors' Committee an unconditional monthly compensation of UF 58 and an additional UF 28 per session attended, without fixing a limit to the number of sessions; and an annual expense budget of UF 6,000, stating that if an additional amount is required for outside counsel, it should adjust to the business condition of the Company.

During 2015, the annual expense budget approved by the Ordinary Shareholders' Meeting, for the Directors' Committee was UF 6,000 and total amount spent was Ch\$449 million.

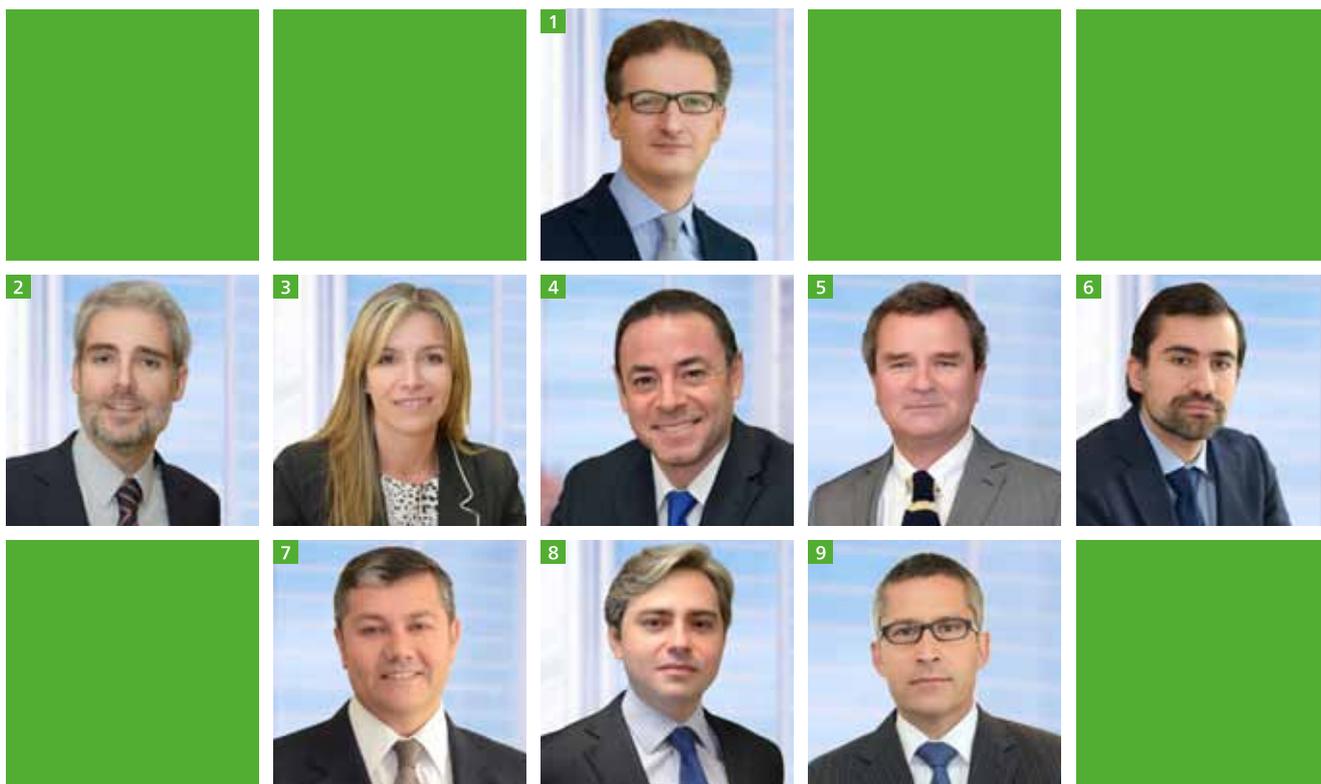


Organizational structure



1. Luis Vergara was appointed on April 1st, 2016, in replacement of Federico Polemann.

Senior executives



1. CHIEF EXECUTIVE OFFICER & GENERATION CHILE OFFICER
Valter Moro

Mechanical Engineer
Universidad Politécnica de Marche
PHD in Electrical Engineering
Universidad Politécnica de Marche
Tax ID No: 24,789,926-K
Since 11.01.2014

2. DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

Ramiro Alfonsín
Degree in Business Administration
Pontificia Universidad Católica de Argentina
Tax ID No: 22,357,225-1
Since 02.26.2015

3. COMMUNICATIONS & SUSTAINABILITY OFFICER
María Teresa González

Journalist
Universidad de Concepción
Masters in Strategic Communications
Universidad del Pacífico
Tax ID No: 10,603,713-2
Since 04.01.2014

4. HUMAN RESOURCES OFFICER

Luis Vergara
Electronic Engineer
Universidad Técnica Federico Santa María
MBA Pontificia Universidad Católica de Chile
Tax ID No: 8,586,744-k
Since 04.01.2016

5. GENERAL COUNSEL
Ignacio Quiñones

Lawyer
Universidad Diego Portales
Tax ID No: 7,776,718-5
Since 11.01.2013

6. PLANNING & CONTROL OFFICER

Fernando La Fuente
Civil Electrical Engineer
Universidad de Chile
Tax ID No: 12,403,710-7
Since 06.01.2013

7. TRADING & MARKETING OFFICER

Humberto Espejo
Civil Industrial Engineer
Pontificia Universidad Católica de Chile
Masters in Engineering Sciences
Pontificia Universidad Católica de Chile
Tax ID No: 11,629,179-7
Since 02.26.2015

8. BUSINESS DEVELOPMENT OFFICER

Claudio Helfmann
Civil Industrial Engineer with minor in Electrical Engineering
Pontificia Universidad Católica de Chile
Tax ID No: 13,191,190-4
Since 02.26.2015

9. ENGINEERING & CONSTRUCTION OFFICER

Bernardo Canales
Degree in Mechanical Engineering Sciences
Universidad de Chile
Diploma in Economics
Pontificia Universidad Católica de Chile
Tax ID No: 11,565,097-1
Since 02.26.2015

Senior Executives and Managers Compensation

During 2015, the compensation and benefits received by the Chief Executive Officer and senior executives of the Company amounted to Ch\$1,582 million of fixed compensation and Ch\$1,156 million of variable compensation and benefits.

The total compensation and benefits received by the Chief Executive Officer and senior executives of the company in 2014 amounted to Ch\$2,145 million of fixed compensation and Ch\$1,250 million of variable compensation and benefits.

This amount included managers and senior executives active at the end of each year and also those who left the company during the respective year.

Benefits for Senior Executives and Managers

The company maintains complementary health insurance and catastrophic insurance coverage for senior executives and their accredited dependents. The company also has life insurance coverage for each senior executive. These benefits are granted according to the managerial level of each employee at the time executed.

In 2015, the amount spent on these benefits was Ch\$17 million, which is included in the compensation received by the senior executives.

Incentive Plans for Managers and Senior Executives

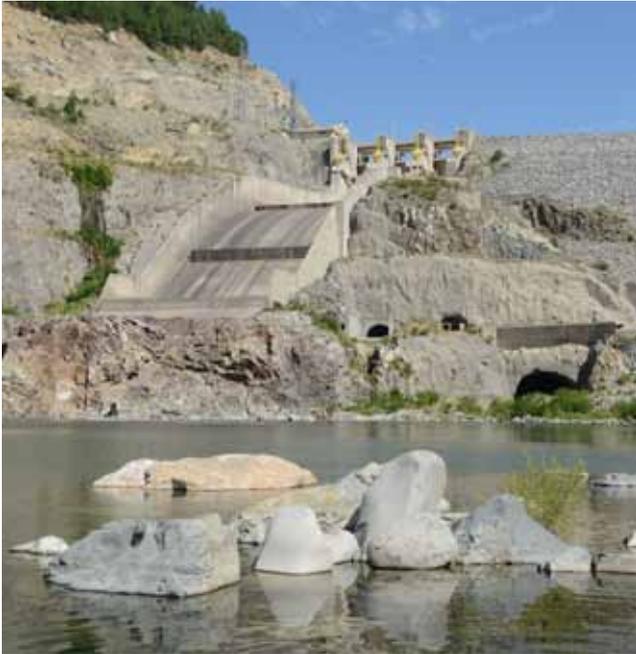
Endesa Chile has an annual bonus plan for its executives based on achieving objectives and the level of individual contribution to the company's results. This plan defines a bonus range for each management or hierarchical level. Executive bonuses are expressed as a specific number of monthly gross salaries.

Severance payments

The company made severance payments to senior executives of the company amounting to Ch\$1,118 million in 2015.

Shareholdings in Endesa Chile

Based on the shareholders register, as of December 31st, 2015, the Company's Senior Executives did not hold any shares of the Company.



Management of Main Subsidiaries

ARGENTINA

Costanera

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

Hidroeléctrica El Chocón

Néstor Carlos Srebernic
Industrial Engineer with Electro technical minor
Universidad Nacional de Comahue



CHILE

Pehuenche

Carlo Carvallo Artigas
Civil Engineer
Universidad de Chile

Compañía Eléctrica Tarapacá

Valter Moro
Mechanical Engineer
Universidad Politécnica de Marche Italia

Gas Atacama

Valter Moro
Mechanical Engineer
Universidad Politécnica de Marche Italia

COLOMBIA

Emgesa

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

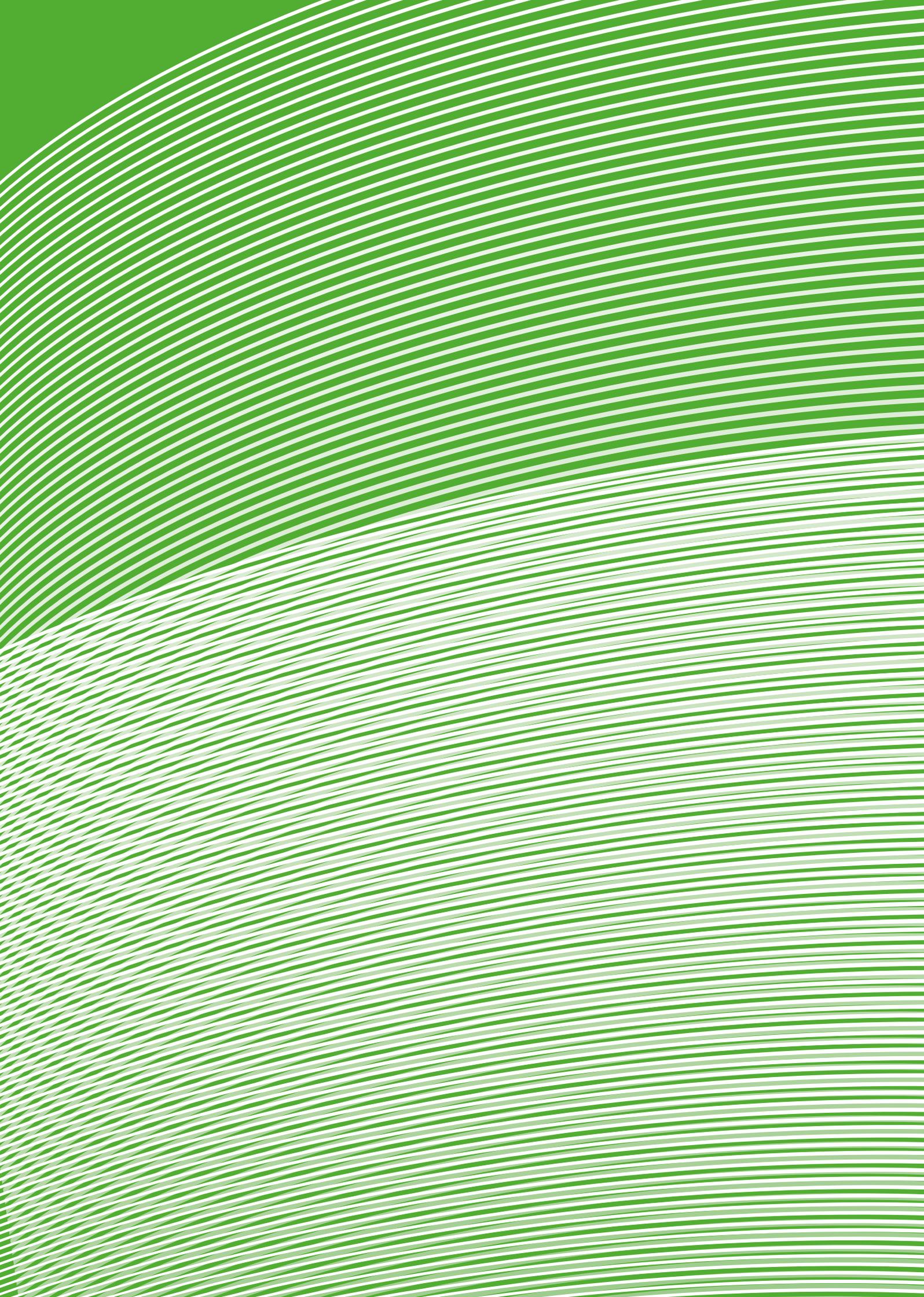
PERÚ

Edegel

Francisco José Pérez Thoden Van Velzen
Industrial Engineer
Escuela Técnica Superior del ICAI,
Universidad Pontificia Comillas en España

Human Resources





Workforce

The following table includes permanent and temporary personnel of Endesa Chile and its subsidiaries as of December 31st, 2015:

Companies	Managers & Senior Executives	Professionals & Technicians	Other employees	Total
ARGENTINA				
Costanera	4	422	59	485
Hidroeléctrica El Chocón	2	34	11	47
Gas Atacama Argentina	-	11	18	29
Total Workforce in Argentina	6	467	88	561
CHILE				
Endesa Chile	9	870	46	925
Pehuenche	-	2	-	2
Pangue	-	-	-	-
Celta	-	-	-	-
San Isidro	-	-	-	-
Gas Atacama	-	68	2	70
Central Eólica Canela	-	-	-	-
Endesa Eco	-	-	-	-
Túnel El Melón	-	-	-	-
Total Workforce in Chile	9	940	48	997
COLOMBIA				
Emgesa	12	484	14	510
Total Workforce in Colombia	12	484	14	510
PERÚ				
Edegel	15	245	-	260
Total Workforce in Peru	15	245	-	260
Total Workforce Endesa Chile y filiales	42	2,136	150	2,328

Diversity of the Board of Directors

Number of employees by gender

	Endesa Chile
Female	2
Male	7
Total	9

Number of employees by nationality

	Endesa Chile
Spanish	1
Italian	4
Chilean	4
Total	9

Number of employees by age group

	Endesa Chile
Between 41 and 50	2
Between 51 and 60	2
Between 61 and 70	5
Total	9

Number of employees by years of service

	Endesa Chile
Less than 3 years	6
Between 3 and 6 years	3
Total	9



Diversity of Chief Executive Office and other Departments that Report to the CEO Office or to the Board

Number of employees by gender

	Endesa Chile
Female	1
Male	8
Total	9

Number of employees by age group

	Endesa Chile
Between 30 and 40	2
Between 41 and 50	6
Between 51 and 60	1
Total	9

Number of employees by nationality

	Endesa Chile
Argentine	1
Chilean	6
Spanish	1
Italian	1
Total	9

Number of Employee by years of service

	Endesa Chile
Less than 3 years	3
Between 3 and 6 years	1
More than 6 and less than 9 years	1
Between 9 and 12 years	1
More than 12 years	3
Total	9



Diversity in the Organization

Number of employees by gender

	Endesa Chile	GasAtacama	Pehuenche
Female	134	6	
Male	782	64	2
Total	916	70	2

Number of employees by nationality

	Endesa Chile	GasAtacama	Pehuenche
American	1		
Argentine	1		
Bolivian	1		
Chilean	885	70	2
Colombian	3		
Spanish	8		
French	1		
Mexican	1		
Peruvian	2		
Italian	13		
Total	916	70	2

Number of employees by age group

	Endesa Chile	GasAtacama	Pehuenche
Less than 30 years old	31	2	
Between 30 and 40	383	18	
Between 41 and 50	287	30	1
Between 51 and 60	138	16	
Between 61 and 70	69	4	1
More than 70 years old	8		
Total	916	70	2

Number of employees' by years of service

	Endesa Chile	GasAtacama	Pehuenche
Less than 3 years	137	4	
Between 3 and 6 years	212	6	
More than 6 and less than 9 years	155	17	
Between 9 and 12 years	85	6	
More than 12 years	327	37	2
Total	916	70	2

Average fixed salary of women compared to men within the same professional category

Category		CHILE
Senior Management	%	117.5
Middle Management	%	92.3
Administrative	%	87.0
Average	%	98.9

Labor Relations

During 2015, two collective bargaining processes were carried out; one with the Regional Union in June, which was held within a rule based framework and within the established legal dates. The negotiation with the 7th Union of Endesa Chile concluded in November, sooner than expected. Both processes concluded reaching collective contracts to be effective for four years.

The continuity of the program of periodic meetings with the Unions is worth highlighting. They have enabled the consolidation of an open, honest and unrestricted dialogue with the representatives of the workers. This benefits the improvement of working conditions and the environment for our employees.

Training

Endesa Chile's 2015 training program was constructed and executed based on two fundamental management principles. First, obtaining the right balance between training activities focused on the development of technical skills and knowledge essential to the performance of our workers, and those training activities focused on the development of behavioral skills that will allow our employees to improve their possibilities of development within the Group.

The second principle is to build the training program on a mechanism that allows the collaborator and his manager to jointly identify the technical and behavioral gap that needs to be addressed, in terms of both individual productivity in the workplace and access to future opportunities of development. The mechanism of identification of needs is known as IDP, in its Spanish acronym, (Professional Development Itinerary) which has an implementation period of two years. During 2015, the percentage of workers that accepted at least one of the three activities declared in their IDP reached 47.9%.

Overall, the performance of training activities in Endesa Chile during 2015 have a coverage of 63.7%, which implies that 589 workers had at least one training activity during the year. The total amount of hours of training was 35,810 hours, which results in a training rate (hours of training for every 100 hours worked) of 1.7%.

In terms of technical training, which constitutes the main focus when it comes to training due to the need of updating



technical knowledge and procure the acquisition of new management tools, the percentage of training hours dedicated to this item reached 67.8%, involving 651 workers. Regarding technical formation, we highlight those linked to knowledge management; that is, the implementation of activities related to the transmission of knowledge and experiences on behalf of workers that have a greater expertise in certain subjects towards developing workers. A total of 14 activities of knowledge transmission were conducted, which reinforces the commitment that the company has with the development, recognition and dissemination of knowledge.

In terms of the development of new behavioral and management skills, different programs were implemented during 2015. The in-house diploma programs in Electricity Markets and Performance Analysis, both given by the University of Chile and designed especially for the needs of the company stands out. Each diploma program was attended by 13 and 14 workers, respectively. Within this context, activities linked to the development of leadership skills are also worth highlighting, as they are particularly relevant to the management program, which seeks to identify the leadership deficiencies in each manager and establish a training plan specific to their individual needs. During the year 2015, 33 managers participated in this program.

Finally, and just as we have stated in all levels and categories of personnel within the organization, risk prevention, health, and the overall safety of our employees are focal points particularly relevant and have permanent attention. In this context, training activities linked to Safety and Occupational Health involved a total of 471 workers.

Work Environment Management

Management of the work environment and commitment is a fundamental pillar of the company's strategy. During 2015, initiatives that seek to maintain worker's motivation, satisfaction and commitment have continued.

These programs seek to improve the following categories, which are part of the instruments used to evaluate the company's environment: leadership, communication, meritocracy and development, conciliation methods, and good work practices.

In terms of leadership, Endesa Chile has implemented a program which focuses on strengthening managers, which aims towards promoting and strengthening the important role of managers in the generation of organizational climates that facilitate the satisfaction and development of their workers. "Dejando Huellas" (Leaving Traces) has been designed as a comprehensive personalized training program to develop skills, and develop the individual. It includes establishing an itinerary for each manager that includes, amongst other activities, workshops for skills training, individual coaching, guided meetings, and the creation of a network of best practices in personnel management.

Seeking to establish a permanent connection with workers, Endesa Chile has implemented communication initiatives through which several interesting topics focused on personnel management come about. In order to discuss them, we have developed a weekly radio program, website, handbooks of good practices, and a monthly bulletin for managers, amongst other things.

Regarding programs that aim towards meritocracy and development, the Company has the management of professional development program that offers promotions by merit and through job opportunities, locally and abroad, where the Group has presence.

We highlight, during 2015, the IDP "Personal Development Itinerary", a development need identification mechanism through which workers and managers jointly define their current and future development needs. Based on those identified needs, the training unit elaborates the annual training program.

We continued with the "Recognize Ourselves" program, which seeks to foster a culture of recognition within the company and generate instances of formal recognition by having ceremonies in the different departments as well as larger company wide ceremonies where outstanding employees and career path are recognized, amongst others.

Diversity

Endesa Chile, as a part of the Enel Group, is developing a Diversity Policy as part of their strategy, addressing practices linked to gender, age, nationality and disability. This policy promotes the principles of nondiscrimination, equal opportunities, inclusion, and balance between personal life and the workplace, as fundamental values of the companies that are part of the Group.

In terms of diversity, one of the new programs launched in 2015 is the Tutorship program. This is an initiative that seeks integration. It allows the preparation and orientation of the worker when facing an important transition in his/her professional and personal life, such as recruitment, maternity leaves, and working in a foreign country.

Conciliation Methods and Work Flexibility

As part of the measures taken in terms of conciliation and flexibility, the Telework program has reinforced itself as one of the most valued measure within the company since it began in 2012. Today, there are 85 teleworkers of the group in the program, 18 from Endesa Chile. Teleworkers work from their homes one day a week, improving the conciliation between family life and work, and quality of life.

Contractor

Work Environment

The objective of the Work environment program for Endesa Chile's contractors is to cause a positive impact on the indicators of environment perception, which are determined by the customers based on their particular interests, and measured by the customers.

There are fourteen aspects that seek to identify the degree of satisfaction of workers with the relationship they have with their employers. Teamwork, development, recognition, impression of supervision, interpersonal environment, communication, and risk prevention, are among the most relevant aspects of the general perception of work environment.

The main goals of the program include:

1. Measure work environment through a group survey.
2. Deliver results to the areas that receive the service rendered by the contract and contractors.
3. Develop an action plan focused on the results of the survey.
4. Carry out the follow-up of the action plans in order to manage the work environment.
5. Transverse activities financed and coordinated by the customers for the contractors.



During 2015, actions focused on generating commitment, so that the contract administrators (counterpart in the contracting company) could develop the corresponding work environment actions with independence.

In total, 232 workers belonging to the companies Reparalia, IMA, JIF, IKA, IMAN, Frallesa, Velazquez, Compass and Ultraport were surveyed.

The overall work environment index of Endesa Chile's contractors during 2015 ascended to 81.4%.



Accreditation of Occupational Skills

The purpose of the Accreditation of Occupational Skills program for contractor workers is primarily to determine the key profiles of each service related to the generation business, in order to evaluate the workers associated to such profiles and identify those that meet the performance requirements, thus achieving accreditation.

Contractor workers that aren't accredited for their profiles must participate in a training program in order to close the gaps and then go through a reevaluation for accreditation.

The first semester of 2015 was dedicated mainly to the determination and validation of profiles. The second semester was dedicated to the initial evaluation phase.

In total, Endesa Chile currently has 58 validated profiles, and by December 2015, 132 workers had been evaluated.

Within the framework of this program, 56 contractor companies of Endesa Chile are accredited, which represent 42% of the evaluated workers.



Contract Managers Program

This is a permanent training program for Contract Managers of Enersis Group companies.

The main purpose is that Contract Managers have a training program related to their role as Contract Managers, in order to have the fundamental tools to do their job adequately.

To accomplish this, during 2015, we established "The Contract Manager Profile" through focus groups and by interviewing key people in the realm of generation and distribution. During the third quarter of 2015, the Contract Manager Training Program was finalized and its application, for the universe of Endesa Chile Managers, will begin in 2016.

Monthly Control of Pension Obligations

Aiming to strengthen the process of Labor and Pension Control, during the fourth quarter of 2015 Endesa Chile implemented the Previred Contractor Control software application. It is a tool with an internet platform that provides information regarding the pension payments of contractors and sub-contracting companies in a quick and safe way, at any time, and with autonomy.



On-site Labor and Pension Inspections

Complementing the process of labor controls and with the purpose of verifying contractor companies' on-site compliance with labor and pension obligations, during 2015, we intensified the inspections to contractor companies and at the works location. During this period, we carried out 32 audits to power plant contractors of Endesa Chile, and 22 audits to contractors working on generation projects. It is noteworthy that, as of today, the incidents detected in this process have all been resolved.

Online Labor and Pension Inspections

In 2015, we implemented a new on-line inspection method, which consists in carrying out an on-line control of labor and pension documentation, with a maximum 48 hour response deadline. The information sent by the contractor is then validated on-site.

This method complements the control activities in order to verify the compliance of the Contractor. During 2015, eleven inspections were carried out and, as of this date, all incidents detected have been resolved.

Documentary Access Control

In 2015, we began implementing the Facial and Fingerprint Access Control Project in the Group's facilities. This consists in verifying that all of the labor documentation of the contractor personnel is up to date and within regulatory standards before entering the Group's facilities.

We have controlled 2,319 contractor workers that operate at the facilities of the Bocamina power plant and Los Cóncores project using this technology during 2015, and we hope that during 2016 we can apply this technology to all of the contractor workers that operate in the company's facilities.

Safety and Occupational Health

In Endesa Chile, safety and occupational health are goals closely related to the business. In the on-going improvement process in which everyone contributes, we especially highlight leadership, in terms of real integration of security and occupational health in all levels and in all of the activities that the company develops, reinforcing the priority of leadership in the management of the company due to its strategic importance. In terms of leadership we stress the importance of the active participation of all levels within the company in controlling the risks that workers face in their respective activities, through the revision of preventive management in the Safety committees and revision of the security conditions on the field through the Safety Walks, Ipal, One Safety, and StopWorks programs, which are risk prevention and security campaign formation plans. Additionally, we have also implemented innovations that have allowed us to provide risk-exposed workers with equipment such as fireproof clothes, protective face-shields against the electric arc, systems for working at heights, and other elements with high security standards that guarantee maximum protection for workers. With the purpose of reaching the zero accidents goal, we have established security alliances with the contracting companies, hoping to equalize the better practices in this field, in which One Safety stands out.

Within the programs intended to contribute to safety and occupational health, we highlight:

Dissemination and Promotion of Health 2015

The purpose of this program is to educate and contribute in the formation of the company's workers through activities that develop the quality of life and biopsychosocial well-being.

Massive dissemination activities include posters, graphic material, and lectures dictated by specialists regarding cyclic thematic focuses, such as:

- > Breast cancer prevention: Educating women about the importance of breast auto examination and, in specific cases, about ultrasounds and mammograms.
- > Prostate cancer prevention: Promotion and prevention activities for men regarding early diagnosis and treatment.



- > Colorectal cancer prevention: Promotion and prevention activities regarding early diagnosis and treatment of pathologies associated to colorectal cancer.
- > Skin cancer prevention: Inform and sensitize regarding prevention, early diagnosis and treatment of this disease.
- > Prevention of musculoskeletal injuries
- > Prevention of sexually transmitted diseases and HIV
- > Control of tobacco use, mental health, and quality of life
- > Prevention of cardiovascular risks "Heart Month"
- > Spring allergy prevention

Dissemination and Implementation of MINSAL Protocols



In collaboration with an external consultancy firm, we initiated the operations in order to comply with each and every protocol established by MINSAL:

- > PREXOR: Protocol of minimum standards for the development of surveillance programs concerning hearing loss due to exposure to noise in the workplace.
- > PSYCHOSOCIAL RISKS: Protocol of Psychosocial Risk Surveillance at the Workplace.
- > TMERT: Technical Standard for the identification and evaluation of risk factors and musculoskeletal disorders related to work with upper limbs.
- > MMC: Manual Load Manipulation standard
- > PLANESI: National Plan for the Eradication of Silicosis.

2015 Immunizations

Immunization in workers is a preventive measure that, through a medical process, seeks to generate an immune memory in people that will allow them to form protective antibodies against the antigen that the person might be exposed to. Hence, the objective of the implementation of this program in Endesa Chile workers is to prevent massively contagious diseases that may cause high absence rates and harm the well-being and quality of life of the person.

This program is directed to all Endesa Chile workers, and consists in the application of the Stationary Trivalent Influenza vaccine during the first trimester of each year, thus preventing the outbreak that usually initiates in the beginning of June.



Healthy Women 2015



The object of this program is to reduce the occurrence of death through breast and/or cervix-uterine 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.

Periodic Preventive Exams Program 2015

The purpose of this program is to carry out periodic medical evaluations to workers, with the purpose of detecting disorders or pathologies that may potentially damage their health in advance. This program is directed to all of the company's workers, and it is carried out through a protocol defined by gender, age and occupation.



Applied Labor Safety Programs 2015

The purpose of these programs is to apply preventive planning in a way that will maintain the control of risks in maintenance activities in power plants. They specifically refer to the development of actions and the implementation of standards of Risk Prevention, seeking to avoid serious or disabling accidents. Complying with these standards will be the responsibility of the Administration, on-site managers, Supervisors, and Risk Prevention of the participating companies.



Security Standards and Occupational Health Manual

The main goal of the manual is to establish the Safety and Occupational Health provisions that govern the activities that are carried out in the contracting and subcontracting companies that provide services in Endesa Chile's facilities. The Safety and Occupational Health provisions established in this document are mandatory for the contracting and subcontracting firms that participate in projects or services in their own facilities or third-party facilities.



Safety Campaigns

In terms of the security week, and with the purpose of disseminating and reinforcing preventive actions that tend to inhibit work accidents, amongst the training workshops we carried out with certified external organisms we highlight that for driving four-wheel drive vehicles and driving defensively. These workshops seek to develop conscience and provide fundamental theoretic and technical foundations for each one of the workers that use vehicles daily. We also highlight the acquisition of equipment for these vehicles (snow chains, first aid kits, fog lights, and spare tires).

Program for the Withdrawal of Material that Contains Asbestos (MCA in its Spanish acronym)

We continued with the program for the withdrawal of material that contains asbestos from the power plants, which consists in the elimination and disposal of all of the materials that contain this mineral.



Recruitment and Selection

Covering Vacancies

For Endesa Chile, the main goal is to incorporate the best people possible to the vacant positions, privileging internal candidates.

During 2015, 150 vacant positions were generated in Endesa Chile, of which 97% corresponded to internal coverings. In order to fill these positions, we carried out internal competitions locally and internationally, processes of horizontal mobility, and promotions.



Internships and Talented Youth Attraction Program

An outstanding project in terms of establishing new recruitment sources is the incorporation of young, future professionals from top universities in the country as interns, who are granted the opportunity of gradually learning about the complexity and style of Endesa Chile. Through this project we accomplish two goals; first, a relatively quick access to close, available recruitment sources, which is beneficial due to the possibility of relying on direct references and evaluations of students that stand out and can meet not only the technical competence required, but also the values associated to our company, and additionally, mark the presence of Endesa in the main higher-learning facilities in the country.

This internship program is carried out permanently throughout the year, reaching its peak of admissions during the summer period. In 2015 a total of 133 students participated in the program.

In order to create bonds with universities and attract the best students, during 2015 Endesa Chile participated in Universidad de Chile's Business and Economics Job Fair, Universidad de Chile's Business Fair, and Universidad Catolica de Chile's Engineering Job Fair. The company's stand was visited by students studying Civil Industrial Engineering, Civil Electrical Engineering, Civil Mechanical Engineering, Geology, and Civil Hydraulic Engineering.

Additionally, we highlight the participation of Endesa Chile in the seventh version of the Inacap's Job Fair "Connected Chile", carried out in Los Angeles, Bio Bio Región.

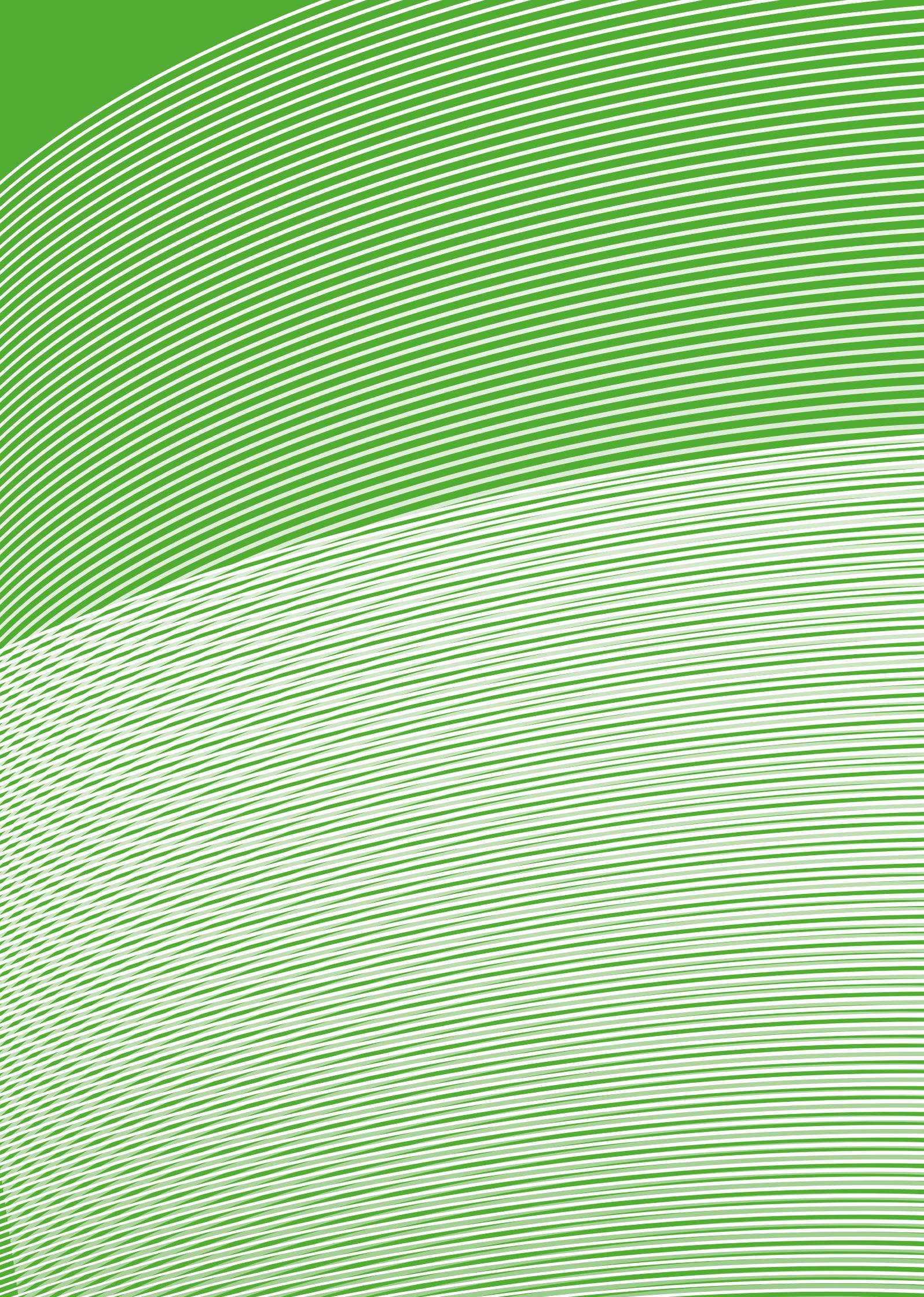
Diversity

For Endesa Chile, relying on diverse work teams is essential; as a company, we are in a constant search of new forms that allow the awareness and facilitate the construction of a diverse workforce in a work environment in which individual differences are respected and valued. Hence, and aligned with encouraging diversity and contributing to the creation of development alternatives, we highlight the growing participation of women in internal contests, reaching 42% of total applications, evidencing an increase in female participation. We stress the fact that 33% of external incomes correspond to women.



■ Stock Markets Transactions





During 2015, the Santiago Stock Exchange traded 1,009.2 million shares of Endesa Chile for an amount of Ch\$901,320 million. Also, 70.9 million shares of Endesa Chile were traded on the Chilean Electronic Stock Exchange amounting to a total value of Ch\$63,952 million. The Valparaíso Stock Exchange traded 2,052 million shares of Endesa Chile, amounting to Ch\$1.7 million.

In 2015, the Endesa Chile share closed at a price of Ch\$878.61 on the Santiago Stock Exchange, at Ch\$876.75 on the Electronic Stock Exchange and at Ch\$840.20 on the Valparaíso Stock Exchange.

Santiago Stock Exchange

Quarter	Units traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2015	201,733,273	186,445,052,457	924.11
2nd quarter 2015	268,980,813	251,504,812,678	933.42
3rd quarter 2015	247,884,649	215,248,572,236	866.15
4th quarter 2015	290,618,546	248,121,641,665	853.70

Chilean Electronic Exchange

Quarter	Units traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2015	-	-	-
2nd quarter 2015	52	49,192	946.00
3rd quarter 2015	-	-	-
4th quarter 2015	2,000	1,680,400	840.20

Valparaíso Stock Exchange

Quarter	Units traded	Volume traded (Ch\$)	Average price (Ch\$)
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
1st quarter 2015	0	0	0
2nd quarter 2015	52	49,192	946.00
3rd quarter 2015	0	0	0
4th quarter 2015	2,000	1,680,400	840.20

In the United States of America, 27.4 million Endesa Chile ADSs were traded during 2014, amounting to a total US\$1,119.9 million. One ADS currently represents 30 Endesa Chile shares. The year price of an Endesa Chile ADS closed at US\$ 37.06.

New York Stock Exchange (NYSE)

Quarter	Units traded (N° of ADS)	Volume traded (US\$)	Average price of ADS (US\$)
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
1st quarter 2015	4,548,130	202,131,937	44.42
2nd quarter 2015	6,967,163	317,082,107	45.21
3rd quarter 2015	8,232,748	320,146,178	38.59
4th quarter 2015	7,665,071	280,573,904	36.68

Approximately 1.1 million trading units of Endesa Chile were traded on the Latin American Securities Market of the Madrid Stock Exchange (Latibex), for a value of €1.3 million. Each trading unit represents 1 company share, and the year-end price of the trading unit closed at €1.12.

Latibex

Quarter	Units traded	Volume traded (€)	Average price (€)
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
1st quarter 2015	207,447	260,436	1.27
2nd quarter 2015	116,644	157,155	1.33
3rd quarter 2015	36,500	44,264	1.15
4th quarter 2015	782,812	880,398	1.10

As of December 4th, 2015, Endesa Chile delisted from the Latibex, and therefore its shares will not be traded on that stock exchange from that date on. This request was presented by the company itself and approved by the executive committee, Consejo de Administración de Bolsas y Mercados Españoles, Sistemas de Negociación S.A.



Market Information

The global economic scenario in 2015 followed the 2014 trend, not showing any improvement that would allow the recovery or stabilization of emerging market economies. The low level of growth in countries, such as, China and the recession in Brazil created significant uncertainty in Latin America that strongly affected economic growth in the region. Also, the price of commodities that is relevant for these countries, did not recover forcing them to constantly lower their growth projections. The FED interest rate increases led to the revaluation of the US dollar with respect to emerging market currencies. With regard to Chile, in 2015 the Selective Stock Price Index, IPSA in its Spanish acronym, that groups the 40 main shares in Chile in terms of transaction volume, decreased 4.4% when compared to 2014. This performance was mainly due to the legislative reforms and the uncertainty caused by the reduction in foreign investment and the discouraging external scenario.

During 2015, the price of Endesa Chile's shares declined 4.7%, in line with the IPSA that fell 4.4%. In terms of the accumulated variation, Endesa Chile's shares increased 23.3% from 2014 to 2015 while the IPSA for the same period, slightly decreased 0.5%. Furthermore, despite the devaluation of the Chilean peso with respect to the US dollar during 2015, the ADS's of Endesa Chile declined 16.9% on the New York Stock Exchange, similar to the 11.1% fall on the Madrid stock exchange.

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	2014	2015	Accumulated 2014-2015
Endesa Chile	17.8%	-4.7%	12.3%
IPSA	4.1%	-4.4%	-0.5%

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	2014	2015	Accumulated 2014-2015
EOC	0.4%	-17.2%	-16.9%
Dow Jones Industrial	7.5%	-2.2%	5.1%
Dow Jones Utilities	26.0%	-6.5%	17.8%

Latin American Securities Market Prices of Endesa Chile on the Madrid Stock Exchange (Latibex)

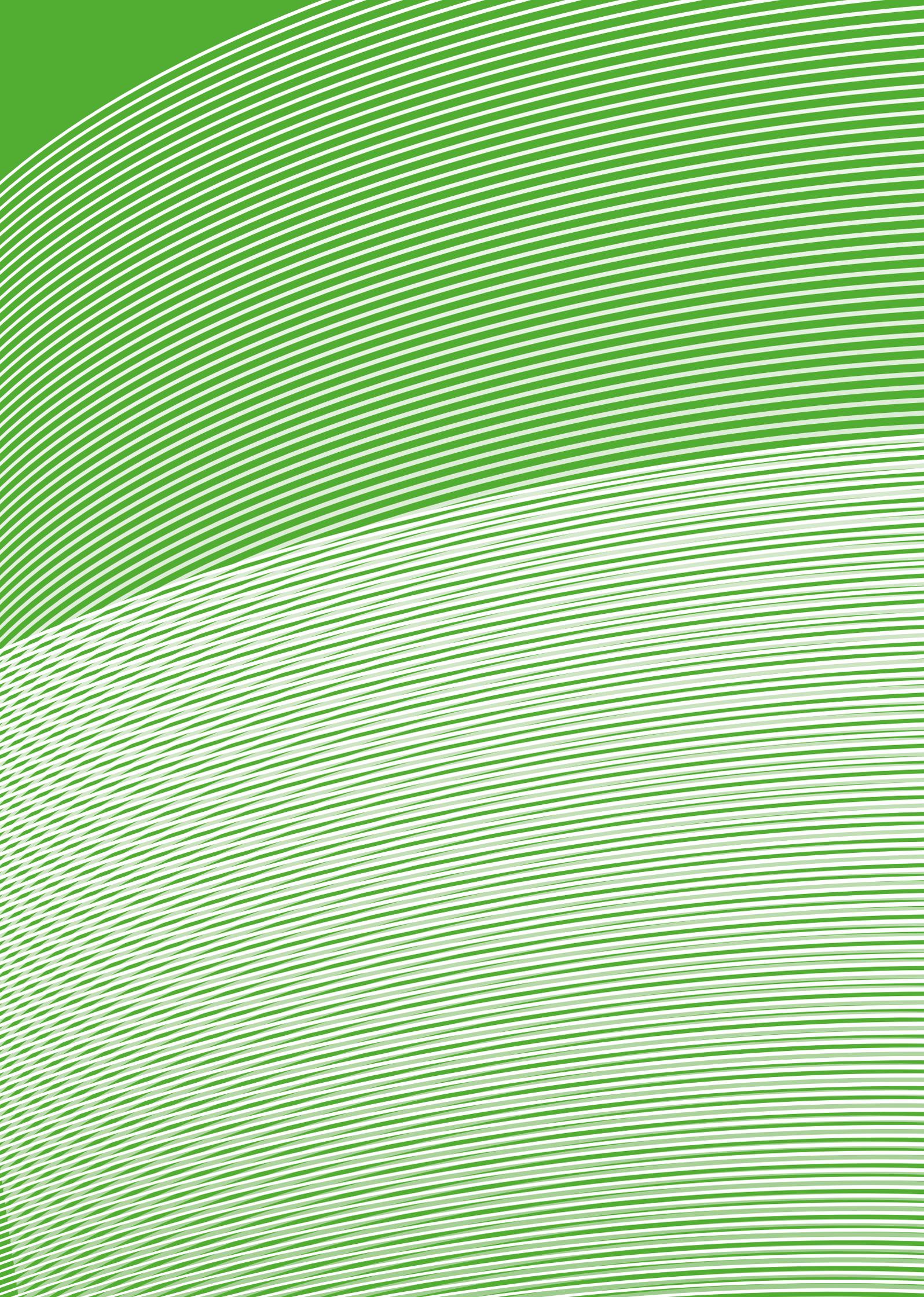
The table shows the performance of Endesa Chile's shares (XEOC) listed in the Madrid Stock Exchange (Latibex) over the last two years, with respect to the IBEX Index.

Variation	2014	2015*	Accumulated 2014-2015
XEOC	23.8%	-11.1%	10.0%
LATIBEX	-16.1%	-39.2%	-49.0%

(*): As of December 4th, 2015, Endesa Chile delisted from the Latibex, and therefore its shares will not be traded on that stock exchange from that date on.

▮ Dividends





Dividend Policy 2016

General

In accordance with the provisions of Superintendence of Securities and Insurance (SVS in its Spanish acronym) Circular Letter No687 dated February 13th, 1987, the Dividend Policy of the Company's Board of Directors is presented to the shareholders below:

Dividend Policy

The Board intends to distribute an interim dividend of up to 15% of earnings to September 30th, 2016, as shown by the financial statements as of that date, payable in January 2017.

The Board will propose to the ordinary shareholders' meeting, to be held during the first four months of 2017, to distribute a final dividend equal to 50% of net profit for 2016.

The final dividend will be determined by the ordinary shareholders' meeting to be held during the first four months of 2017.

Compliance with the aforementioned dividend plan is subject to the actual net profit earned by the Company during the year, and to the results of the Company's periodic income projections or to the existence of certain conditions, as applicable.

Dividend Payment Procedure

The payment of dividends, whether interim or final, and in order to avoid payment mistakes, 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 certified mail to the address of the shareholder's residence recorded in the shareholders' register.
4. Collection of a check or cashier's check from the offices of DCV Registros S.A., as the registrar of Endesa Chile's shares, or from the bank and branches defined for this purpose and informed in the dividend payment notice published.
5. For this purpose, 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 dividend payments unless the shareholder communicates in writing the intention to change it and record a new option.

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

If checks or cashier's checks are returned by the post office to DCV Registros S.A., they 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, they be verified by the respective bank. If there is an objection to the account indicated by a shareholder, whether in the prior verification process or for any other reason, the dividend will be paid according to method No. 4 indicated in above.

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

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(1) On November 30th, 2015, in accordance with articles 9 and 10.2 of Law 18,045 and SVS General Rule No 30, it was informed as an essential event that the Board of Directors of Empresa Nacional de Electricidad S.A agreed to distribute a Ch\$3.55641 per share interim dividend, corresponding to 15% of net income as of September 30th, 2015, payable as of January 29th, 2016 conforming to the Company's current dividend policy currently.

Distributable Net Income 2015

Millions of Chilean pesos	2015
Net Income for the year attributable to the dominant company	392,868
Distributable Net Income	392,868

Dividends Distributed

Dividend N°	Dividend Type	Closing date	Payment date	Pesos per share	Input to the year	Annual dividend	% of earnings
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		
58	Final	18/05/15	25/05/15	16.95495	2014	20.39541	50%
59	Interim	23/01/16	29/01/16	3.55641	2015		

Investment and Financing Policy

During 2016, the company will invest, both directly and through its subsidiaries and associates, according to 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 object (the production, transportation, distribution and supply of electricity), and not to exceed 50% of Endesa Chile's net equity according to the respective figure in the balance statement as of December 31st, 2015.

Capital Contributions to Subsidiary and Associate Companies

Contributions will be made to 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 2016 will be the amount equivalent to 50% of Endesa Chile's net equity according to the respective figure in the balance statement as of December 31st, 2015.

Other Investments

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 related to energy sources, and those in which electricity is essential, decisive and intensively used in such processes, for an amount not to exceed 50% of Endesa Chile's net equity according to the respective figure in the balance statement as of December 31st, 2015.





Investment in Financial Instruments

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

Within this policy that has been approved by the Shareholders' Meeting, the Board of Directors must decide the specific investments to be carried out by the Company, defining the amount and financing strategy in each case, and adopting the necessary mechanisms to control these investments.



2016 Financing Policy

The company's financing policy considers that the level of indebtedness, defined as the ratio of total consolidated liabilities to equity plus minority interest, 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,
- > Revenue from the sale of assets and/or services provided by Endesa Chile,
- > Intercompany loans.

Other Matters

As established by article 120 of Decree Law No 3,500, the sale of goods or rights declared in these policies as essential for the Company's business, as well as constituting 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 operations:

The shareholdings of Endesa Chile that allow it to control Empresa Eléctrica Pehuenche S.A. and Celta S.A., either by having the majority of stocks or through a shareholders agreement.

The extraordinary shareholder meeting is also required to approve the granting of liens on these essential assets to secure third party obligations.

Finally, regarding management's' authority to decide on Endesa Chile dividend payment restrictions, they may only agree on such restrictions if they have been previously approved by the Shareholders Meeting (ordinary or extraordinary).

Description of the Company's Business

The main activities of Endesa Chile, its subsidiaries and jointly-controlled companies are related to the generation and commercialization of electricity, plus consultancy and engineering services in all areas. Endesa Chile and its subsidiaries operate 192 units in four South American countries, with a total installed capacity of 15,148 MW.

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

Endesa Chile is the leading electricity generation company in Chile and one of the largest companies in the country. It operates a total 6,351 MW of capacity and represents 32% of the country's installed capacity. Hydroelectricity represents 54% of the installed capacity of Endesa Chile, its subsidiaries and jointly-controlled companies in Chile, thermal capacity represents 44% and wind power the remaining 2%. The company participates in the Central Interconnected Electricity Grid (SIC in its Spanish acronym), the country's main electricity system, covering the territory from Taltal to Chiloé, and approximately 93% of the population. The installed capacity of Endesa Chile, its

subsidiaries and jointly-controlled companies contribute a total of 5,389 MW to this network, equivalent to roughly 34%. The company also participates in the Norte Grande Interconnected Electricity System (SING in its Spanish acronym), through its subsidiaries Celta and Gas Atacama, supplying several mining companies. The total installed capacity connected to the SING is 963 MW, representing 23% of that network.

In Colombia, through Emgesa, the Company operates a total of 3,459 MW, equivalent to 21% of Colombia's installed capacity.

In Peru, through Edegel, the Company operates a total of 1,686 MW, representing 18% 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 987 MW installed generation capacity, 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.

Endesa Chile Consolidated Installed Capacity, Generation and Electricity Sales

Installed Capacity (MW) (1)	2013	2014	2015
Argentina	3,652	3,652	3,652
Chile (2)	5,571	6,351	6,351
Colombia	2,925	3,059	3,458
Perú	1,540	1,652	1,686
TOTAL	13,688	14,715	15,148

Electricity Generation (GWh)	2013	2014	2015
Argentina	10,840	9,604	11,405
Chile (2)	19,438	18,063	18,294
Colombia	12,748	13,559	13,705
Perú	8,391	8,609	8,218
TOTAL	51,417	49,835	51,622

Electricity Sales (GWh)	2013	2014	2015
Argentina	12,354	10,442	11,969
Chile (2)	20,406	21,156	23,558
Colombia	16,090	15,773	16,886
Perú	8,904	9,320	8,633
TOTAL	57,754	56,692	61,046

(1) These figures result from the maximum capacities determined by Endesa Chile Operating Standard No 38: "Standard for determining Endesa Chile's Maximum Capacity in Hydroelectric and Thermal Power Plants" as of December 31st each year. They are the maximum design capacity of generation units; most of them corroborated by tests conducted by the suppliers to demonstrate that they meet their respective contract guarantees. In some cases, the maximum capacity figures may differ from the capacity declared to the regulatory body and clients in each country, due to the criteria defined by said entities and in compliance to the pertinent contract terms and conditions.

(2) Endesa Chile consolidated GasAtacama since May 2014.

Historic Summary

Empresa Nacional de Electricidad S.A. was created on December 1st, 1943 as a subsidiary of *Corporación de Fomento de la Producción* (CORFO in its Spanish acronym, 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 Eléctricas Cachoeira Dourada S.A. in Brazil.

On July 27th, 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 13th, 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 18th, 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. Therefore, in October 2005, Endesa Chile ceased to consolidate Cachoeira Dourada, while Enersis started to consolidate Enel Brasil S.A.

On September 29th, 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 22nd, 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, in Colombia, 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 operational, representing an additional 145 MW. In December 2013, the Concepción Appeals Court ordered the shutdown of the second unit of Bocamina II.

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 reached 98% ownership of the controlling shareholder of Gas Atacama, a 781 MW installed capacity natural gas thermal plant connected to the SING, and the Mejillones-Taltal gas pipeline and the Atacama gas pipeline between Chile and Argentina. The construction of the Los Cóndores hydroelectric plant began in 2014 in Chile, which will have an installed capacity of approximately 150 MW.

On April 2nd, 2015, Bocamina II plant obtained the Environmental Qualification Resolution (RCA, in its Spanish acronym), which approves the “Bocamina thermoelectric plant Optimization, Second Unit” project.

On April 28th, 2015, the Board of Directors of Endesa Chile approved to begin the analysis of a possible corporate reorganization consisting of separating Endesa Chile for the segregation of businesses inside of Chile from those outside of Chile, and eventually merging the resulting companies into a sole company.

In July 2015 the Bocamina II power plant became available for dispatch by the CDEC – SIC Operation Center, after obtaining the required authorizations and completing an operational testing period that began the first week of June. At the end of the month the Bocamina I power plant became available after extensive maintenance, which has affected its availability since September 30th, 2014.

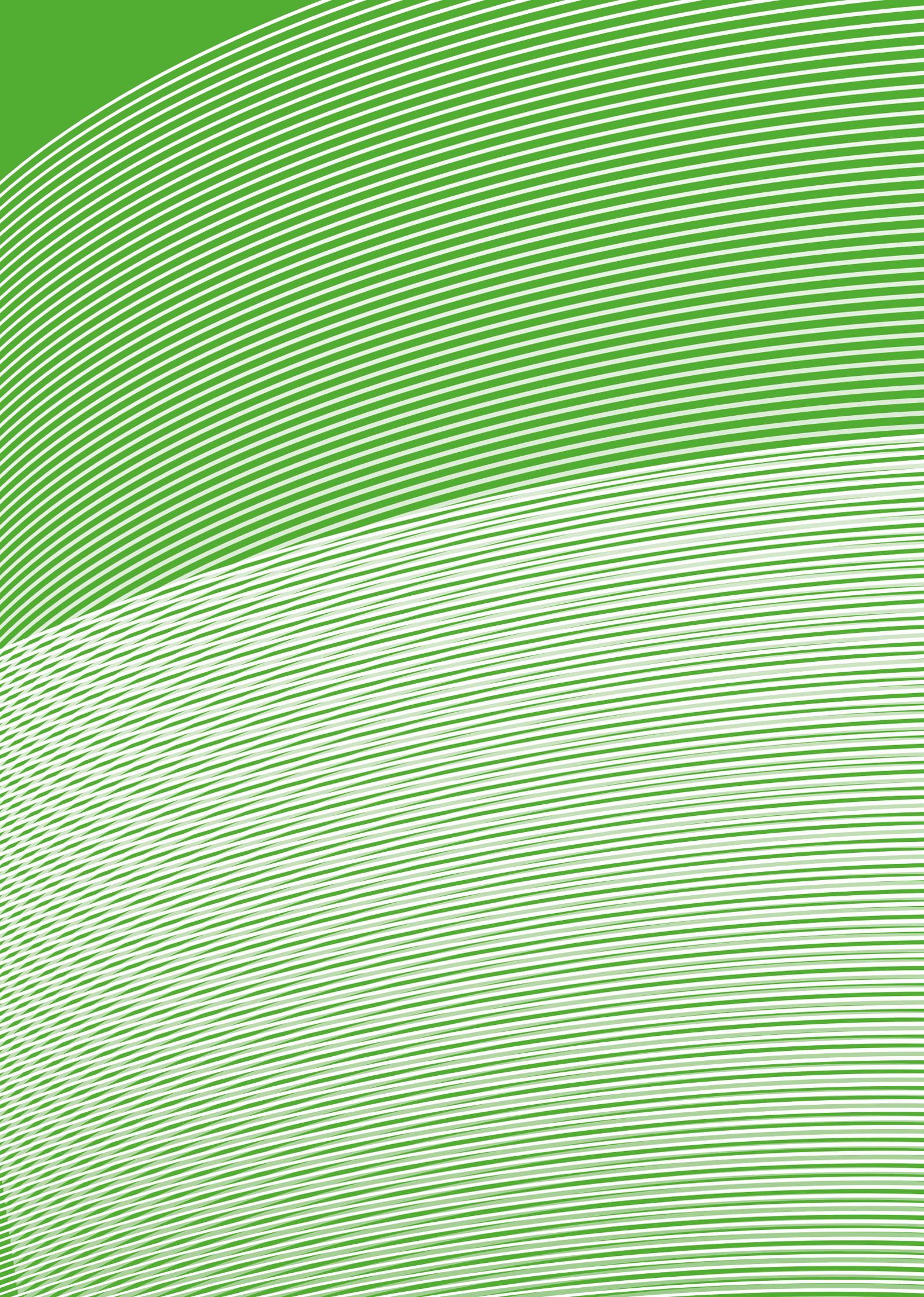
On November 16th, 2015, the 400 MW power plant in Colombia El Quimbo initiated commercial operations, after 5 years under construction.

On December 18th, 2015, the company's Extraordinary Shareholders' Meeting took place, where members approved the first phase of the corporate restructuring plan, which divides business in Chile from the rest of Latin America.





Investment and
Financing Policy



Investments

Endesa Chile coordinates the global financing strategy of its subsidiaries, including the terms and conditions of disbursements and credits between companies of subsidiaries, in order to optimize the management of debt and liquidity. The operating subsidiaries generally develop their capital expenditure plans independently, financed by 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 is intended to reduce the level of investment necessary at the individual level of each subsidiary, in areas such as, acquisition systems, telecommunications and information technology. While the form of financing these investments has been considered 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 cash flows are needed.

Endesa Chile's investment policy is sufficiently flexible to adapt to changing circumstances, prioritizing each project differently, based on profitability and strategic objectives. Current investment priorities include developing environmentally conscious hydroelectric and thermal projects in Chile and Colombia, in order to ensure reliable levels of supply.

From 2016 to 2019, Ch\$1,412 billion are expected to be disbursed, on a consolidated basis, relating to investments currently underway, maintenance on existing installed capacity, and studies necessary for the development of other potential generation projects.

The following table shows the expected capital expenditure for the period 2016 – 2019 and that incurred by our subsidiaries over the last three years:

Capital Expenditure (Millions of Ch\$)	2016-2019	2015 ⁽¹⁾	2014 ⁽¹⁾	2013 ⁽¹⁾
Chile	786,802	263,905	155,753	85,169
Outside Chile	625,671	261,850	265,561	206,848
Total	1,412,473	525,755	421,314	292,017

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

Capital Expenditure in 2015, 2014 and 2013

Capital investments for the last three years are related primarily to (i) the 350 MW Bocamina II Optimization project in Chile, (ii) the 400 MW El Quimbo project in Colombia, (iii) the 150 MW Los Cóndores project in Chile, and (iv) maintenance of existing installed capacity. El Quimbo began its commercial operations in November 2015, with 400 MW installed capacity.

In December 2014, the optimization process for the Salaco project was completed, adding a total of 145 MW to the Colombian grid. These capital investments were financed as follows:

- > **El Quimbo:** Issuance of domestic and international bonds.
- > **Bocamina II Optimization:** Funds generated by the company.
- > **Los Cóndores:** Funds generated by the company.
- > **Salaco:** Funds generated by the company.

Projects Currently Under Development

Los Cóndores project: 150 MW hydroelectric power plant located in the Maule region of Chile; construction began in 2014.



Financial Activities

Domestic Finance

As of the end of 2015, Endesa Chile have committed credit lines for an equivalent of US\$ 286 million.

Similarly, Endesa Chile and its Chilean subsidiaries have uncommitted credit lines available for an equivalent of US\$159 million.

As of the end of 2015, the commercial credit lines for a maximum total amount of US\$200 million remain unutilized. These were registered in the Securities Register of the SVS in January 2009.

In addition to the revolving credit contracts and bond programs mentioned above, Endesa Chile and its Chilean subsidiaries ended the year with available cash amounting to US\$72 million.

The consolidated financial debt of Endesa Chile reached US\$ 3,065 million. This debt is mainly comprises bank debt and local and international bonds. Endesa Chile's consolidated cash closed at US\$ 211 million, with which the net consolidated debt amounted to US\$ 2,853 million as of December 2015.

During 2015, a Yankee bond amounting to US\$200 million expired.



International Finance

Latin America in 2015 was affected by the contraction of demand for commodities, partly explained by a decrease in China's economic dynamism. Furthermore, an excess supply of oil disrupted international markets throughout the year. Within this context, copper and oil suffered considerable setbacks throughout the year, registering losses of 26.1% and 35.0%, respectively. This decrease directly impacted the relative devaluation of the Peruvian Sol, Brazilian Real, Chilean Peso, and Colombian Peso to the American Dollar.

The political, economic and social situations in some countries in the region deteriorated, affecting local financial conditions. This is the case of Brazil, where Endesa Chile participates through Enel Brasil. During 2015, Brazil suffered an institutional and political crisis, along with an economic recession that caused the downgrade of the country's sovereign credit rating to levels below the investment grade, by two of the most important credit rating agencies.

Developed economies, especially the United States, are recovering from the financial crisis that occurred towards the end of the past decade. This is why the FED announced, in mid-December 2015, the first interest rate increase in a decade of 25 base points, to a 0.25% - 0.50% range. This has supported the dollar's strength when compared to emerging market currencies.

Financial markets remained open in countries where Endesa Chile is present, which enabled foreign subsidiaries to obtain the funds necessary to finance their projects and investments and to continue refinancing their debts, extending maturity to the long-term, allowing to control financial risk.



Main Financial Operations Completed

Argentina

During 2015, liabilities in Chocón and Costanera were refinanced for a total of US\$ 3.9 million.

Colombia

Emgesa carried out several financing activities during 2015 to fund the *El Quimbo* project and working capital requirements, including several short-term bank loans, some that were then refinanced into the medium-term, ending the year with a balance of US\$ 188 million. In addition, US\$ 127 million in local bank loans were refinanced.

Perú

Edegel prepaid US\$ 32.5 million in bank loans and refinanced the remaining US\$ 21 million through bank loans. They also renewed committed credit lines with local banks for an equivalent of US\$ 29 million.

Chinango refinanced a US\$ 28 million bank loan, maturing in February 2018.

Hedging Policy

Exchange Rate

Endesa Chile's exchange rate hedging policy is based on cash flows, and its purpose is to maintain a balance between flows indexed to foreign currency (US\$) and the levels of assets and liabilities in that currency. The objective is to minimize the exposure of cash flows to exchange rate risk.

As part of this policy, Endesa Chile purchased forwards for a total of US\$190 million to hedge flows in different currencies coming from its subsidiaries in Latin America. Similarly, currency hedges were placed for investment projects in Chile.

Interest Rate

The Group's interest rate policy consists of maintaining levels of fixed-rate and hedged debt over total net debt within $\pm 10\%$ of the ratio established in the annual budget. In the event of any budget deviation, hedge operations are carried out, as a function of market conditions. At year-end, the ratio of consolidated fixed-rate and hedged debt to net debt was 68%.

Credit Rating

Endesa Chile's current credit rating is explained by its diversified asset portfolio, the strength of its financial indicators, the appropriate debt-maturity profile, and ample liquidity. The company's geographic diversification in South America provides a natural hedge against different regulations and climatic conditions. Endesa Chile's subsidiaries also hold leadership positions in different markets where they operate.

On June 16th, 2015, 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), with a stable outlook.

On November 13th, 2015, Standard & Poor's confirmed the international rating for Endesa Chile as "BBB+," with a stable outlook.

On December 15th, 2015, Feller Rate confirmed its "AA" local rating on bond programs, shares, and commercial papers, ratifying a stable outlook.

On December 31st, 2015 Moody's ratified its corporate rating of Baa2 for Endesa Chile, with a stable outlook.

Insurance

Operational

All Generation companies of the Group are insured by a global risk coverage program covering material damage, terrorism, interruption of business and civil liability, led by Enel. The renewal process of insurance policies was carried out through an international tender to which the world's main insurers were invited. The policies were renewed on November 1st, 2015 and expire on October 31st, 2016.

The characteristics of the insurance policies currently in force for all Generation subsidiaries in Argentina, Brazil, Chile, Colombia and Peru are as follows:

- > Fixed assets and business interruption are covered by an all-risk insurance policy, with an indemnity limit of €1,000 million per claim (except earthquakes and floods, with an indemnity limit of €700 million per claim). This coverage is intended to provide greater protection for generation power plants and main substations against the risk of earthquakes, avalanches, fires, explosions, floods, machinery breakdowns and operational faults. In addition, this policy now covers terrorist acts with a limit of €150 million.

- > Non-contractual civil liability insurance for the sum of €500 million a year, covering damage caused by the company's activities to third parties to which it is obliged to compensate.

The Group's Generation companies also have maritime, air and land transportation insurance policies to cover the machinery, equipment and supplies. Life, accident and other insurance policies required by current legislation also exist for traveling personnel.

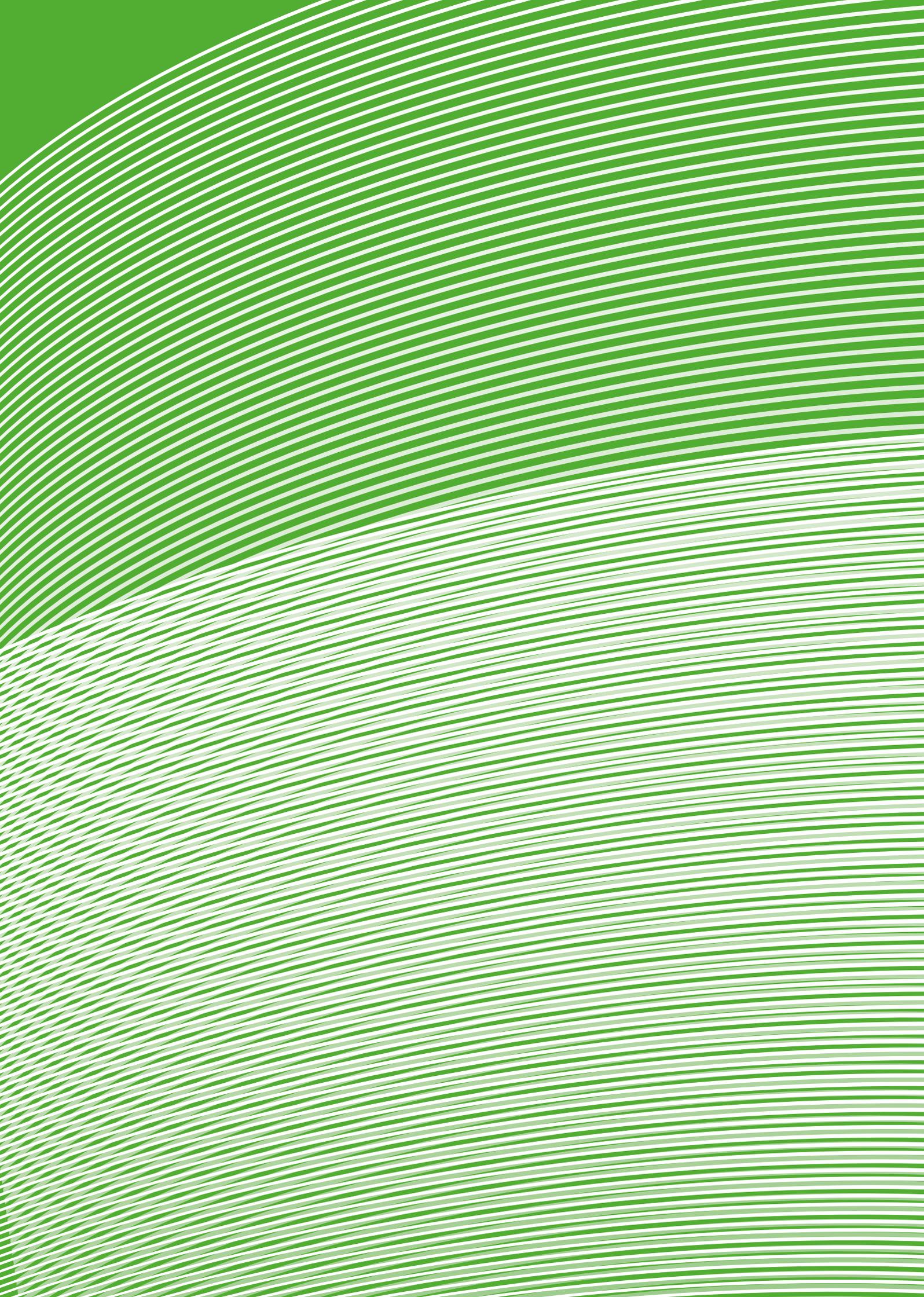
Works Insurance

The Group's Generation projects have insurance policies for construction and start-up delays for all construction works. These insurance policies were contracted through a private bidding process with the participation of main insurance companies.

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

■ Risk Factors





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 establishment of its risk management policy include the following:

- > Comply with the rules of good corporate governance.
- > Comply strictly with Group norms and procedures.
- > Each business and corporate area defines:
 - The markets in which it can operate based on having sufficient knowledge and abilities to ensure effective risk management.
 - Criteria on counterparties.
 - Authorized operators.
- > The businesses and corporate areas establish, for each market in which they operate, their position regarding risk in accordance to the strategy they have defined.
- > All operations of businesses and corporate areas are carried out within the limits approved in each case.
- > The businesses, corporate areas, business lines, and companies establish the risk management controls necessary to ensure that market transactions are carried out according to the policies, rules and procedures of Endesa Chile.

Interest rate risk

Interest rate fluctuations modify the fair value of assets and liabilities that accrue 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 that allows minimizing the cost of debt and maintaining low income statement volatility. In compliance with the current interest rate hedging policy, the amount of fixed and/or hedged debt, as a percent of total net debt, was 96% at December 31st, 2015.

Depending on the Group's estimates and objectives in terms of debt structure, hedging operations are performed by contracting derivatives to mitigate such risks. The instruments currently used to comply with this policy are interest rate swaps, transforming variable rates into fixed rates. The Group's financial debt structure, in terms of fixed or hedged versus variable interest rate, as a percent of total net debt, including derivatives, is the following:

Net position (%)	Dec-14%	Dec-15%
Fixed interest rate	96%	96%
Variable interest rate	4%	4%
Total	100%	100%

Exchange rate risk

Exchange rate risks are primarily related to the following transactions:

- > Debt contracted by Group companies in currencies different than their respective operational cash flow currency.
- > Payments of project-related materials purchased in currencies different than their respective operational cash flow currency.
- > Revenues of Group companies that are directly linked to currencies different than their respective operational cash flow currency.

In order to mitigate the exchange rate risk, the Group's exchange rate hedging policy is based on cash flows and establishes maintaining equilibrium between US dollar-indexed cash flows and the levels of assets and liabilities in such currency. The objective is to minimize cash flow exposure to exchange rate fluctuations.

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



Commodities risk

Endesa Chile 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 extreme drought conditions, Endesa Chile has designed a commercial policy that defines levels of sales commitments according to its power plant generation capacity in a dry year. Including also risk-mitigation clauses in some of its contracts with non-regulated customers. In the case of regulated customers that are subject to long-term tender processes, indexation clauses are included to reduce commodity price exposure.

Considering the operating conditions faced by the electricity generation market in Chile, drought and volatility of commodity prices in international markets, the Company is constantly evaluating the convenience of contracting hedges to mitigate the impact of price changes on profits. As of December 31st, 2015 there were swap operations outstanding for 133,000 barrels of Brent Oil. As of December 31st, 2014, the Company held swaps for 266,000 barrels of Brent Oil for January 2015 and 350,000 MMBTU of Henry Hub gas for February 2015.

According to the operating conditions that are constantly being updated, these hedging measures may be modified, or include other commodities.

Liquidity risk

The Group maintains a liquidity policy that consists in contracting long-term credit commitment facilities and temporary financial investments for amounts sufficient to support the projected needs of a given period; which, in turn, is a function of the overall situation and expectations of the debt and capital markets.

The aforementioned forecast includes net financial debt maturities; in other words, after financial derivatives. For further detail regarding the characteristics and conditions of financial debt and financial derivatives, see Notes 18, 20 and appendix No 6, respectively.

As of December 31st, 2015, Endesa Chile Group's liquidity was ThCh\$37,425,233 in cash and other cash equivalents and ThCh\$142,032,000 in long-term committed credit facilities. As of December 31st, 2014, Endesa Chile Group's liquidity was ThCh\$336,629,803 in cash and cash equivalents, and ThCh\$179,926,296 in long-term committed credit facilities.



Credit risk

Endesa Chile conducts a detailed credit risk follow-up.

Trade Accounts Receivable

In relation with the credit risk associated with accounts receivables stemming from commercial activity, it has historically been limited due to short-term payment deadlines that prevent clients from accumulating significant individual amounts.

In the event of non-payment, discontinuing the power supply is possible. Almost all contracts stipulate that payment default is a cause for contract termination. Credit risk and the maximum amounts exposed to payment risk are monitored constantly, although, as mentioned above, this risk is limited.

Financial Assets

Investments of cash surpluses are made in first class domestic and foreign financial entities (with investment grade credit ratings, as far as possible), within established limits for each entity.

These investments may be backed by Chilean treasury bonds and/or by securities issued by first-class banks, preferring the latter as they offer better returns (always within the existing investment policy guidelines).

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

Risk Measurement

Endesa Chile measures the Value at Risk of its debt and financial derivative positions with the purpose of monitoring the company's risk, thus circumscribing Income Statement volatility.

The portfolio included for the purposes of calculating the present Value at Risk is comprised of:

- > Financial debt.
- > Debt hedging derivatives.

The calculated Value at Risk represents the potential loss of value of the portfolio previously described in 1-day with 95% confidence. To that effect we have studied the volatility of the risk variables that affect the value of the portfolio, which includes:

- > US dollar LIBOR rate.
- > The different currencies of our companies' operations, the local indexes regularly used by banks.
- > The exchange rates of the various currencies involved in the calculation.

The Value at Risk is based on the extrapolation of future market value scenarios (one quarter out) of the risk variables according to scenarios based on actual observations for the same period (quarter), for five years.

The Value at Risk for the next quarter, with 95% confidence, is calculated as the percentile of the most adverse 5% of the possible quarterly changes.

Considering the hypotheses stated above, the Value at Risk of the above-discussed positions one quarter out is ThCh\$95,917,431.

These values represent the potential increase in the debt and derivatives portfolio. Therefore, these Values at Risk are intrinsically linked, among other factors, to the value of the portfolio at the end of each quarter.

Other risks

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 of Endesa Chile debt, following any applicable grace period, whose individual outstanding principal exceeds the equivalent of US\$ 50 million and whose past due amount also exceeds the equivalent of US\$ 50 million, could lead to the acceleration of the international credit line (currently not drawn). This facility also contains provisions under which certain events other than nonpayment, by 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 its acceleration.

Also, the non-payment, after any applicable grace period, of any debt of Endesa Chile or of any of its Chilean subsidiaries, with an outstanding principal in excess of US\$ 30 million, could lead to the mandatory acceleration of the Yankee bonds. In the specific case of the Yankee bond issued in April 2014, maturing in 2024, the threshold is US\$ 50 million.

Finally, in the case of Endesa Chile's local bonds and credit lines, acceleration is only triggered by the issuer's default. This credit line was closed early, on January 18th, 2016, and no withdrawals were made from them since their subscription. Negotiations are underway in order to contract a new credit line, expected to be signed in February 2016, under similar conditions as the previous one and considering the new corporate structure.

There are no credit-agreement clauses stating that changes in the corporate or debt rating of these companies, performed by credit-rating agencies, would result in the need to prepay debt.

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 in which we operate and therefore adversely affect our operations and liquidity.

The five countries where Endesa Chile operates 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 what is expected or a recession, customers will probably 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 thermal generating plants and adversely affect our operating results and financial condition.

In addition, 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

Endesa Chile owns assets, and the international capital markets for other sources of liquidity, or increase the interest rates offered to the company. 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, which was considered very volatile until the recent change in government. The generation of insufficient cash by the subsidiaries in volatile economies has, in some cases, led to incapacity to meet their obligations and the need to request waivers with respect to compliance



with restrictive financial conditions. The Group also participates in Enel Brazil, which consolidates all its operations in Brazil, including distribution, generation and transmission assets. In that sense, Endesa Chile is exposed to the recent volatility in that country's domestic market, which has affected the financial condition of its associate companies.

Most of the operating income is generated in Chile, Colombia, and Peru, and 95% of the operating revenue comes from operations in those countries. Consequently, and due to the fact that the electricity industry is closely related to GDP fluctuations, the financial conditions and operating results are fundamentally dependent on the performance of the Chilean, Colombian and Peruvian economies.

During 2015, the Chilean economy was struck by economic uncertainty stemming from contractions in the global raw material market, which includes copper, which affected the exchange rate, increasing its depreciative tendencies since 2012, as well as the diverse reforms still being discussed by Chilean authorities (tax, labor, and education, among others) and the possibility of reforms to the Chilean Constitution (Constitutional reforms).

Future adverse events in these economies may hinder the Group's ability to carry out its strategic plans, which could adversely affect the operating results and financial position.

In addition, the financial and securities markets in South America are influenced to different degrees by the economic conditions and markets of other countries. Financial and securities markets in Chile, Colombia and Peru could be adversely affected by events in other countries, which could affect the value of our securities.

Certain South American economies have historically been noted for the frequent, and occasionally drastic interventionist measures of state authorities, including expropriations, which can adversely affect the business and financial results.

Government authorities have modified the monetary, credit, tariff, taxation and other policies in order to influence the direction of the economies of the region. To

a lesser extent, the Chilean government has also exercised and continues to exercise an important influence in many aspects of the private sector, which can result in changes in the economic policy and other policies. For example, in September 2014, the Chilean government approved a progressive tax increase on corporate profits, which can have an additional negative effect on foreign investors or ADS holders. Additionally, on February 8th, 2016, Law 20,889 was enacted, which included adjustments to the tax law reform. These government actions in these South American countries have meant the application of wage, tariff, and price controls, as well as other interventionist measures, such as 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, expropriated 51% of Repsol's shareholding in YPF in 2012 and imposed 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 floods, 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, LNG regasification plants, and ships to transport and store LNG. These installations could suffer damage due to earthquakes, floods, fires and other catastrophic disasters caused by nature or human accidents, and also acts of

terrorism. A catastrophic event could cause interruptions in our business and significant reductions in our revenues, due to reduced demand or additional significant costs not covered by insurance clauses regarding 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 May 6th, 2013, a turbine blade of turbine No 7 in Edegel's Santa Rosa power plant broke, causing catastrophic damage to the unit as a consequence of the combustion of lubricant oil. The damaged turbine was declared a total loss, and its reposition cost was over US\$ 60 million in material damage and loss of income. Even though the insurance companies hired by Edegel absorbed the costs, the unit was out of order for 19 months, with its operations delayed until December 5th, 2014. Accidents like these can affect operations, profit and cash flow.

Another example occurred in Chile on February 27th, 2010, when Chile suffered an earthquake with a magnitude of 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 damage as a consequence. More recently, on September 16th, 2015, Chile suffered another earthquake, measured at a magnitude of 8.3 on the Richter scale in the Coquimbo region, which was also followed by a tsunami. It did not generate significant damage to any of Endesa Chile's facilities.

Endesa Chile is subject to financing risks such as those associated to financing new projects and capital expenditures, or those 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 31st, 2015, the financial debt of Endesa Chile amounted to Ch\$2,177 billion.

The financial debt has the following maturity schedule:

> Ch\$374 billion in 2016;

- > Ch\$208 billion in 2017 –2018;
- > Ch\$287 billion in 2019 – 2020, and
- > Ch\$1,307 billion thereafter.

The following is a detail of the financial debt maturing in 2016:

- > Ch\$185 billion for Chile;
- > Ch\$110 billion for Colombia;
- > Ch\$26 billion for Argentina;
- > Ch\$53 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, mergers and significant divestitures, among others.

Some of the foreign debt contracts limit or prohibit transactions that involve a change of control in the company. They are defined contractually on a case-by-case basis, or need a minimum quorum requirement from lenders. Therefore, in some cases, waivers or declarations of consent might be necessary.

A significant portion of the company's financial debt is subject to cross-default clauses with different definitions, criteria, materiality limits, and applicability in terms of subsidiaries that may give rise to a cross default.

In case that Endesa Chile or its subsidiaries fails to comply any of these significant provisions, its creditors and bondholders 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, El Chocón was in conversations with the creditors, but it had 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, the principal and interest would immediately become due and payable on this loan. Due to the cross acceleration of other loans of El Chocón, other debts would also be accelerated and El Chocón would be declared bankrupt.

It is possible that Endesa Chile is unable to refinance its debt or unable to 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 the best price for those assets. Moreover, it is possible that the assets will not be sold as soon as necessary or for an amount large enough 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 with the highest risk of refinancing. However, the recent changes in government could lead to positive changes in the country's economic administration, which could decrease Argentina's perspective of risk.

As of December 31st, 2015, the financial debt with third parties of the Argentine subsidiaries amounts to Ch\$69 billion. While the fundamental matters referring to the electricity sector remain unsolved, Endesa Chile will renew its Argentine debt, pending payment, as and when the company is 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, it might fall into default on that debt.

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

The company may be unable to make investments, partnerships or appropriate acquisitions

The company is constantly reviewing the prospects of acquisitions that might increase its market coverage or

complement its existing businesses, although it cannot be certain 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 that takes time, and requires considerable effort and expenditure. If an acquisition takes place, the company may incur in large debts, assume unknown obligations, suffer the potential loss of key employees, amortize charges relating to tangible assets, and distract 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 an example, on April 22nd, 2014, Endesa Chile acquired the remaining 50% participation in GasAtacama Holding, which implied fully consolidating GasAtacama Holding and GasAtacama in our consolidated financial statements and incorporating these companies into the regular operations of Endesa Chile.

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

Approximately 58% of the consolidated installed capacity in 2015 was hydroelectric. Extreme hydrological conditions can therefore affect the business and cause an adverse effect on its 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 lead to droughts.

For example, the “El Niño” phenomenon has affected Colombia's hydrologic conditions since May 2015, increasing rainfall deficit and high temperatures, which has as a consequence increased prices. According to the National Oceanic and Atmospheric Administration (NOAA) of the U.S., this event could last until at least the first trimester of 2016. Each “El Niño” event is different, and depending on its duration and intensity, the social and economic effects could be greater. Peru has also experienced rainfall deficits, especially towards the end of 2015, and projections include a decrease in the natural flow of the power plants where Endesa Chile operates. The hydrologic situation will depend on the water reserve levels that remain towards the end of April 2016. In Chile, hydrologic contributions have been

below the historical average, thus affecting results. This situation not only reduces the capacity to operate the hydroelectric plants entirely, but also increases the costs of transporting water, destined for cooling purposes, to the San Isidro thermal plant. While Endesa Chile has subscribed agreements with the Chilean government and local farmers regarding water usage for hydroelectric generation, especially in periods of lower water levels, if drought-like conditions persist or worsen; the company might face increased pressure from the Chilean government or third parties to further restrict water usage.

Droughts also affect operations in thermal plants, including the installations that use natural gas, oil or coal, as fuel, in the following way:

- > During periods of drought, thermal plants are utilized with greater frequency, and 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 electricity purchases 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.
- > Thermal plants require water for cooling purposes, and droughts not only reduce water capacity, but also increase the chemical concentration of water destined for cooling, increasing the risk of damage to the plant's equipment, as well as the risk of failing to comply with environmental regulations. As a consequence, water must be purchased from farming areas, which may also suffer from water shortages. These purchases can increase operational costs and also require negotiations with local communities.
- > Thermal plants that use gas as fuel generate gas emissions, such as sulfur dioxide (SO₂) and nitrogen monoxide (NO). Therefore, frequent use of thermal plants during periods of drought increases the risk of producing higher levels of air pollutants.

In addition, and according to certain time prediction models, the drought that is currently affecting the region where most hydroelectric plants are located could continue in the future. A prolonged drought could exacerbate the

aforementioned risks and have greater adverse effects on the company's business, operational results and financial condition.

Government regulations can adversely affect the business.

Endesa Chile is 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 plant failures. 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 "failure cost" set by the National Energy Commission (CNE in its Spanish acronym). This "failure cost" is updated semiannually by the CNE and is the quantification of the price that end users would pay for an additional MWh under rationing conditions. If the company were 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 generating subsidiaries could therefore be obliged to pay regulatory penalties if they fail to provide the adequate service in accordance to their contractual obligations. Important rationing policies imposed by the regulatory authorities in any of the countries where the company operates could adversely affect company's business, operating results and financial condition.

The electricity regulations established by the government authorities in the countries where Endesa Chile operates may affect the capacity of its generating companies to obtain sufficient revenues to cover their costs.

The inability of a company in the consolidated group to obtain sufficient revenues to cover its operating costs may affect the ability of the company involved 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, they can have an important adverse effect on our business. For example, a change in the Chilean Waters Code in 2005 established the payment of a permit for unused water rights.

In addition, the Chilean government is initiating a review of the current energy policies through an energy agenda presented in May 2014 and complemented in December 2015. This strategy aims to improve the electricity service in impoverished sectors, to generate 70% of national electricity from NCRE, and to have 100% of new construction with energy control systems and smart energy management by 2050. However, external factors, primarily commodity prices, low local energy prices, and restrictions in the transmission system have hindered the development of Non-Conventional Renewable Energy projects and some unrelated companies have rendered the contracts that they were awarded in the last two tenders for distribution companies. For example, deterioration provisions were registered for Ch\$2.5 billion in December 2015, related to the 200 MW capacity wind project, Waiwen, since it was determined that the project's profitability is uncertain under current conditions.

As an example of governmental regulations, on October 6th, 2015, the Colombian government enacted decree No 1979/2015, which authorized energy generation in El Quimbo starting on October 7th, 2015. On November 16th, 2015, El Quimbo initiated commercial operations after successfully passing all required tests. However, on December 15th, 2015, Colombia's Constitutional Court declared decree No 1979/2015 unconstitutional, stating that the injunction dictated by Huila's Administrative Court was still in effect, and the reasons given to authorize the power plant's launch were incorrect. Therefore, Emgesa suspended the operations in El Quimbo at midnight on December 16th, 2015. El Quimbo exhausted all the legal resources available to revert the injunction, and at midnight on January 10th, 2016, El Quimbo initiated commercial operations once again.

These changes could adversely affect our business, results of operations and financial condition.

Business and profitability could be adversely affected if water rights are denied or if water concessions are granted with limited duration.

Approximately 54% of our installed capacity is hydroelectric. Endesa Chile owns water rights for the supply of water from rivers and lakes near our production facilities, granted by the Chilean Water Authority (DGA in its Spanish acronym). In Argentina these rights are granted by the Argentine State; in Colombia, by the Ministry of Environment, Housing and Territorial Development, and in Peru by the National Water Authority. In Colombia, all water rights and concessions are granted for 50 years, renewable for the same amount of time; however, these concessions can be revoked, for reasons such as a progressive decrease or depletion of water. In Colombia, human consumption of water will always take precedence over any other use. A similar scenario could exist in Peru, and water rights could be lost, even when concessions are agreed upon for indefinite amounts of time, due to scarcity or a decrease in quality. Under Chilean standards, water rights are (i) for unlimited duration, (ii) absolute and unconditional property rights and (iii) not subject to further challenge. Chilean generation companies must pay an annual license fee for unused water rights. New hydroelectric facilities are required to obtain water rights, the conditions of which may impact design, timing or profitability of a project.

In addition, the Chilean Congress is currently discussing amendments to the Water Code in order to prioritize the use of water by defining its access as a human right that must be guaranteed by the State. The amendment will establish that water use for human consumption, domestic subsistence and sanitation will always take precedence, in both the granting and limiting the exercise of rights of exploitation. Under the proposal: (i) water use concessions would be limited to 30 years, which would be extendable with respect to water rights actually used during the 30-year period, unless the Chilean Water Authority demonstrates the water rights have not been used effectively; (ii) new non-consumptive water rights would expire if the holder does not exercise the rights within eight years; (iii) existing non-consumptive water rights which have not been used would expire within eight years from the date of enactment of the new Water Code; and (iv) late in 2015, a new requirement regarding the

preservation of water flow to protect ecology for existing and future water rights was added for both consumptive and nonconsumptive water use, which would reduce water availability for generation purposes.

In summary, any limitations on our current water rights, our need for additional water rights, or our current unlimited duration of water concessions could have a material adverse effect on our hydroelectric development projects and our 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 failures in energy supply. In Chile, these fines can amount to a maximum of 10,000 Annual Tax Units (UTA in its Spanish acronym), or Ch\$5.4 billion, using in each case the value of the UTM (Monthly Tax Units), UTA and the exchange rates as of December 31, 2015. In Peru, fines can amount to a

maximum of 1,400 Tax Units (UIT for its Spanish acronym), or Ch\$1,103 million using the rates as of December 31st, 2015; in Colombia, fines can amount to a maximum of 2,000 Minimum Monthly Wages, or Ch\$286 million, using the rates as of December 31st, 2015. In Argentina there is no maximum limit on such fines.

The generating subsidiaries are supervised by local regulatory bodies and may be fined if, in the opinion of the regulatory body, the operational failures 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 August 2014 the Superintendence of the Environment fined Endesa Chile with 8,640 UTA (roughly Ch\$4.5 billion) for alleged environmental damage related to the Bocamina II power plant. Also, in April 2013, Edegel, the generation company in Peru, was fined Ch\$73.9 million by the Osinergim, Peru's electricity regulatory body, for a lack of



availability in some of its units in 2008 on many occasions. Edegel paid two of the four fines and appealed the others, which are still in dispute.

The company depends in part on payments from our subsidiaries, jointly-controlled entities and associates to meet our payment obligations.

In order to pay its obligations, Endesa Chile relies partly on the cash from dividends, loans, interest payments, capital reductions and other payments from its subsidiaries and associate companies. The ability of the subsidiaries to pay dividends, interest payments, loans and other distributions to the Group is subject to legal constraints such as dividend restrictions, fiduciary duties, contractual limitations and foreign currency exchange controls that may be imposed by local authorities in any of the five countries where it operates.

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

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 dividend payments. Other legal restrictions like foreign currency exchange controls can also limit the ability of subsidiaries and associate companies 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. Moreover, some of the subsidiaries may also be obliged by the local authorities to reduce or eliminate dividend payments. As a result of these restrictions, any of the subsidiaries could, under

certain circumstances, be unable to provide cash to the company.

Contractual Constraints. Distribution restrictions included in some loan agreements of the subsidiaries Endesa Costanera and El Chocón may prevent dividends and other distributions to shareholders if they are not in compliance with certain financial ratios. Generally speaking, credit agreements prohibit any type of distribution if there is an ongoing default.

Operating Results of Our Subsidiaries. The ability of our subsidiaries to pay dividends or make loan payments or other distributions to us is limited by their operating results. To the extent that the cash requirements of any of our subsidiaries exceed their available cash, the subsidiary will not be able to make cash available to us.

Operating Results of the Subsidiaries. The ability of the subsidiaries and associate companies to pay dividends, make loan payments or other distributions to Endesa Chile is limited by their operating results. To the extent that the cash requirements of any of the subsidiaries exceed their available cash, the subsidiary will not be able to make cash available.

Any of the situations described above could adversely affect the business, operational results and financial condition.

Foreign exchange risks may adversely affect the results and the U.S. dollar value of dividends payable to ADS holders.

Future volatility in the exchange rate of the currency in which we receive revenues or incur expenditures may adversely affect our business, results of operations and financial condition. The currencies of the South American countries in which Endesa Chile and its subsidiaries operate have been subject to devaluations and appreciations against the US dollar and may be subject to significant fluctuations in the future. Historically, a significant part of the Company's consolidated indebtedness has been denominated in U.S. dollars. Although a substantial part of its revenue is linked to the U.S. dollar, it has generally been and will continue to be

materially exposed to fluctuations in the local currencies against the U.S. dollar, due to time lags and other limitations on adjusting the Company's tariffs to the U.S. dollar. In countries where the operating cash flows are denominated in local currency, the Company will seek to maintain debt in the same currency, but due to market conditions it may not be possible to do so. Because of this exposure, the cash generated by the subsidiaries can decrease substantially due to devaluations of local currencies against the U.S. dollar. Future volatility in the exchange rates of the currencies in which the Company receives its revenues or incurs expenditures may affect the operational results and financial condition.

As of December 31st, 2015, the consolidated debt of Endesa Chile is Ch\$2,177 billion (net of exchange hedging instruments). Of this amount, Ch\$1,170 billion, or 54%, was denominated in U.S. dollars. As of December 31st, 2015, the consolidated debt in foreign currency (other than U.S. dollars and Chilean pesos) includes the equivalent of:

- > Ch\$899 billion in Colombian pesos;
- > Ch\$64 billion in Argentine pesos, and
- > Ch\$129 billion Peruvian soles.

Litigation Proceedings

The company is currently involved in various litigation proceedings that might result in unfavorable decisions or financial penalties against the company. The Group will continue to be subject to future litigation proceedings that could cause significant adverse consequences for the business.

For example, in 2001, the inhabitants of Sibate (part of the Cundimarca Department, Colombia) sued Emgesa and two other unrelated parties for the possible contamination of the El Muña Reserve, asking for CP\$ 3 billion in damages (Ch\$675 billion approximately). The plaintiffs argued that the contamination was a result of pumping water from the Bogota River. Emgesa asserted that it was not responsible because the water they received was already contaminated, and appealed for the inclusion of several public and private entities that discharge polluting materials into the river, or

whoever is responsible for the environmental management of the river as additional plaintiffs in the litigation proceedings. The Court originally accepted this appeal, but in June 2015 this decision was revoked, and the newly added parties were excluded as plaintiffs. Emgesa appealed that determination and the case is currently pending.

The financial condition or operational results could be adversely affected if the company is unsuccessful in defending lawsuits and proceedings against it.

The values of our generation subsidiaries' long-term energy supply contracts are subject to fluctuations in the market prices of certain commodities and other factors.

Endesa Chile has an economic exposure to fluctuations in the market price of certain commodities as a result of the long-term energy sales contracts it has entered. The company and its subsidiaries have important obligations under long-term fixed-price electricity sales contracts. Prices in these contracts are indexed according to the prices of different commodities, the exchange rate, inflation, and the market price of electricity. Adverse changes to these indices could reduce the tariffs that Endesa Chile charge under these long-term fixed-price electricity sales contracts, which could adversely affect the operational results and financial condition.

Controlling shareholders might have conflicts of interest related to the business

Our controlling shareholder may exert a substantial influence over us and may have a different strategic view for our development than that of our minority shareholders. Enel beneficially owns 60.6% of Enersis Chile's share capital and Enersis Chile owns 60.0% of our outstanding capital stock. Enel, our ultimate controlling shareholder, has the power to determine the outcome of substantially all material matters that require shareholder votes, such as the election of the majority of our board members and, subject to contractual and legal restrictions, our dividend policy. Enel also exercises decisive influence over our business strategy and operations. Its interests may in some cases differ from those of our minority shareholders.

For example, Enel conducts its business operations in the field of renewable energies in Chile through Enel Green Power S.p.A., in which Endesa holds no shares. Any present or future conflict of interest affecting Enel may be resolved against our best interests in these matters. As a consequence, our growth may be potentially limited, and our business and results of operations may be adversely affected.

Environmental regulations and other factors in the countries where Endesa Chile operates may cause delays, impede the development of new projects or increase the costs of operations and capital expenditures.

The operating subsidiaries are subject to environmental regulations which, among other things, require environmental impact studies for future projects and obtain permits from both local and national regulators. The approval of these studies may take longer than originally planned, and may also be withheld by governmental authorities. Local and ethnic communities, and environmental activists may intervene in the approval process to delay or prevent a project's development. They may also seek injunctions or other actions, which could bring negative consequences.

Environmental regulations for existing and future generation capacity may become stricter, requiring greater capital investments. For example, Decree 13 of the Chilean Ministry of the Environment, which was promulgated in January 2011 and published in June 2011, defined stricter emission standards for thermoelectric plants that must be met between 2014 and 2016 and stricter standards for new facilities or additional capacity in existing plants. In September 2014, the Chilean government enacted Law 20,780, which established an annual tax on the polluting emissions of stationary power generators that use boilers and turbines for installations of at least 50 MW. The law, which applies to practically all the country's conventional thermal generation, will enter into force in 2018.

In compliance with these environmental regulations, all thermoelectric power plants are expected to incur in increased investments in order to meet the new regulations by installing abatement systems to control pollutant

emissions. Any delay in these implementations could constitute a violation of regulation, which establishes emission limits effective on June 23rd, 2015 or June 23rd, 2016, depending on the plant's location.

In addition to environmental matters, there are other factors that may adversely affect the ability to build new facilities or to complete projects currently under development on time, including delays in obtaining regulatory approvals, shortages or increases in the price of equipment, materials or labor, strikes, adverse weather conditions, natural disasters, accidents and other unforeseen events. Such difficulties could negatively impact the operational results and financial condition.

For example, in response to concerns among residents of the Neltume lake surroundings, the discharge to the lake was redesigned. As a result, the company booked an impairment loss of Ch\$2.7 billion in the financial statements of 2015. The environmental impact study has been withdrawn and there are studies underway to present it again. This is not related to the transmission line project, which continues as planned.

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

The business may be adversely affected by judicial decisions on environmental qualification resolutions of electricity projects in Chile.

The amount of time necessary to obtain an environmental qualification resolution for electricity generation or transmission projects in Chile has increased significantly, primarily due to judicial decisions against such projects, environmental opposition and social criticism, which can cast doubt on the ability of a project to obtain such approval and increase the uncertainty of investing in electricity generation and transmission projects in Chile. Uncertainty is forcing companies to reevaluate their business strategies as the delay in the construction of electricity generation and transmission projects may result in a supply constraints

over the next five or six years. If any plant within the system unexpectedly ceases operations, the company could experience supply shortages in the system, which could lead to power cuts. Difficulties like these could adversely affect our business, operational result and financial condition.

Generation plant projects may encounter significant opposition from different groups that could delay their development, increase costs, and damage the reputation of the company in the eyes of different related parties, including shareholders.

Endesa Chile's reputation is the foundation of its relationship with main shareholders and other support groups. If the company is unable to effectively manage or perceive problems that might negatively impact the public opinion, its operational results and financial position could be adversely affected.

The development of new generation plants may encounter opposition from several interest groups, such as ethnic and environmentalist groups, landowners, farmers, local

communities and political parties, among others, all of which could impact the company's reputation and brand. For example, the El Quimbo hydroelectric plant project in Colombia faced constant social demands, which have delayed construction and increased costs. Between April 27th, 2014 and May 12th, 2014, a nationwide farmer strike affected nearby communities, blocking roads and occupying neighboring land. Further protests during 2014 blocked the entrance to the construction site of the Balseadero viaduct and the reservoir basin. Also, the Bocamina II plant has encountered considerable opposition from local fishermen's unions since 2013, who claim that the facility negatively affects marine life and causes pollution, which ultimately resulted in the temporary closure of the energy plant. On July 1st, 2015, the Bocamina II power plant resumed operations after the approval of a new RCA in April 2015. Also, between September 23rd, 2015 and January 7th, 2016, a new group of fishermen illegally occupied the first high-tension pylon, which supports the 154 kV and 220 kV circuits owned by Transelec S.A. and serve the Bocamina I and II power plants, and resulted in a temporary shutdown of both plants. This prevented energy transmission from the Bocamina thermal plant towards Chile's SIC. This group



claimed that they should receive the same package of benefits that was granted to the rest of fishermen in the zone. The financial effects of this illegal occupation and electricity transmission interruption amounted to US\$ 3.8 million of contribution margin loss between November 23rd, 2015 and January 7th, 2016. At the electrical system level, this situation affected the rising global costs of supply, increasing spot prices and the anticipated use of hydroelectric reserves, which will not be available in the following months.

The operation of the present thermal plants may also affect support groups' opinion regarding the brand due to emissions, such as particulate matter, sulfur dioxide and nitrogen oxides, which could negatively affect the environment. Negative impacts on reputation may exert considerable pressure on regulators, creditors, and other stakeholders and could ultimately lead to projects and operations that are not developed optimally, causing the share price to drop and hindering our ability to attract or retain valuable employees, all of which could lead to damages.

Endesa Chile may be exposed to liabilities and additional expenses related to Asbestos.

Several of Endesa Chile's facilities contain asbestos, in line with construction standards of the time. The existing policy regarding asbestos control and sanitation includes a detailed action plan to detect asbestos and measure air quality, complying with health requirements and safeguarding employees' safety. Since 1998, Costanera has been removing detectable asbestos from its plant, and has removed a total of approximately 500 tons of asbestos. Edegel has removed approximately 303 tons of asbestos since 2013, and plans to continue to do so in the future. In April 2015, the removal of identifiable asbestos from the Bocamina I power plant was completed. Endesa Chile implements the highest international standards, even higher than local requirements.

The company may have to incur additional costs to remediate and implement the asbestos control and sanitation policy, or be subject to legal action, which may turn into negative effects on our business, operational results and financial condition.

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

A large percent of the employees of Endesa Chile and its subsidiaries are members of unions and have collective bargaining agreements that must be renewed regularly. The business, financial condition and operational results could be adversely affected by a failure to reach agreements with any labor union representing these employees, or an agreement with a labor union that contains conditions deemed unfavorable for the company. Laws in various countries where the company operates establish legal mechanisms so that judicial authorities can impose a collective agreement if the parties are unable to reach an agreement, which may increase costs beyond the budgeted amount.

In addition, we employ several highly specialized employees, and certain actions such as strikes, walkouts, and suspensions by these employees could negatively impact the company's operational and financial performance, as well as its reputation.

Interruption or failure in the information technology and communications systems or external attacks to or breaches of these systems could have an adverse effect on operations and results.

The company depends on information technology, communication and processing systems (collectively "IT systems") to operate its business, the failure of which could negatively affect its financial condition and operating results.

IT systems are vital for the generation subsidiaries' ability to monitor the operation of the plants, maintain generation and network performance, correctly generate customer invoices, achieve operational efficiency and meet service objectives and standards. Temporary or long-lasting operational failures of any of these IT systems could have a material adverse effect on operational results. In addition, cyber-attacks can have an adverse effect on the company's image and its relationship with the community.

In the last few years, global cyber-attacks on security systems, treasury operations, and IT systems have

intensified. The company is exposed to cyber-terrorist attacks that aim to damage assets through computer networks, cyber-spying involving strategic information that may benefit third parties, and cyber-theft of confidential and proprietary information, including customer information. During 2014, the company suffered two cyber-attacks perpetrated by a cyber-terrorist group, affecting public websites in Chile, Argentina, Colombia and Peru. In one case, the attack caused a 90 minute service interruption.

Endesa Chile depends on electricity transmission systems that it does not own or control. If these facilities do not provide an adequate transmission service, it may prevent the supply of energy to reach final customers.

To supply the energy it sells, Endesa Chile relies on transmission systems owned by other unrelated companies operated independently. This dependence exposes the company to severe risks. If transmission is interrupted or the transmission capacity is inadequate, the company would be unable to sell and supply electricity. If a region's energy transmission infrastructure is inadequate, the recovery of sales costs and profits may be insufficient. If restrictive transmission price regulations are imposed, the transmission companies on whom Endesa Chile relies on may have insufficient incentives to invest in the expansion of their transmission infrastructure, which could adversely affect the operations and financial results. Currently, 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.

In addition, the increase in non-conventional renewable energy is congesting the current transmission system, as these projects can be built relatively quickly, while new transmission projects may take longer to be built. In May 2014, the Chilean government announced the Energy

Agenda, which establishes a plan to create and execute long-term energy policies that include amendments to the legal framework of electricity transmission systems, mainly the interconnection between the SIC and the SING.

On September 24th, 2011, nearly 10 million people located in central Chile experienced a blackout (affecting more than half of the Chilean population), due to failure in Transelec's Ancoa substation. The failure led to the disruption of two 500 kV transmission lines in the SIC (Sistema Interconectado Central de Chile), and the subsequent failure of the remote recovery computer software used by the CDEC to operate the grid. This blackout, which lasted two hours, exposed weaknesses in the transmission grid and its need for expansion and technological improvements to increase the reliability of the transmission grid.

Any such disruption or failure of transmission facilities could interrupt our business, which could adversely affect our operational results and financial condition.

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

Chilean securities markets are substantially smaller and less liquid than the major securities markets in the United States. In addition, the Chilean markets may be significantly affected by events in other emerging markets. The low liquidity of the Chilean market may impair the ability of ADS holders to sell shares of common stock, withdrawn from the ADS program, in the Chilean market, in the amount, price and time of their convenience. Also, the liquidity and the market for shares and ADS may be affected by a number of factors, including variations in exchange rates, depreciation, and volatility of the markets for similar securities and any other change that might affect the company's liquidity, financial condition, creditworthiness, results and profitability.

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

All the Endesa Chile's assets are outside the United States. All directors except one and all senior executives reside outside the United States, and most of their assets are also outside the United States. If any shareholder were to file a lawsuit in the United States against any board member, senior executive or expert, carrying out legal proceedings within the

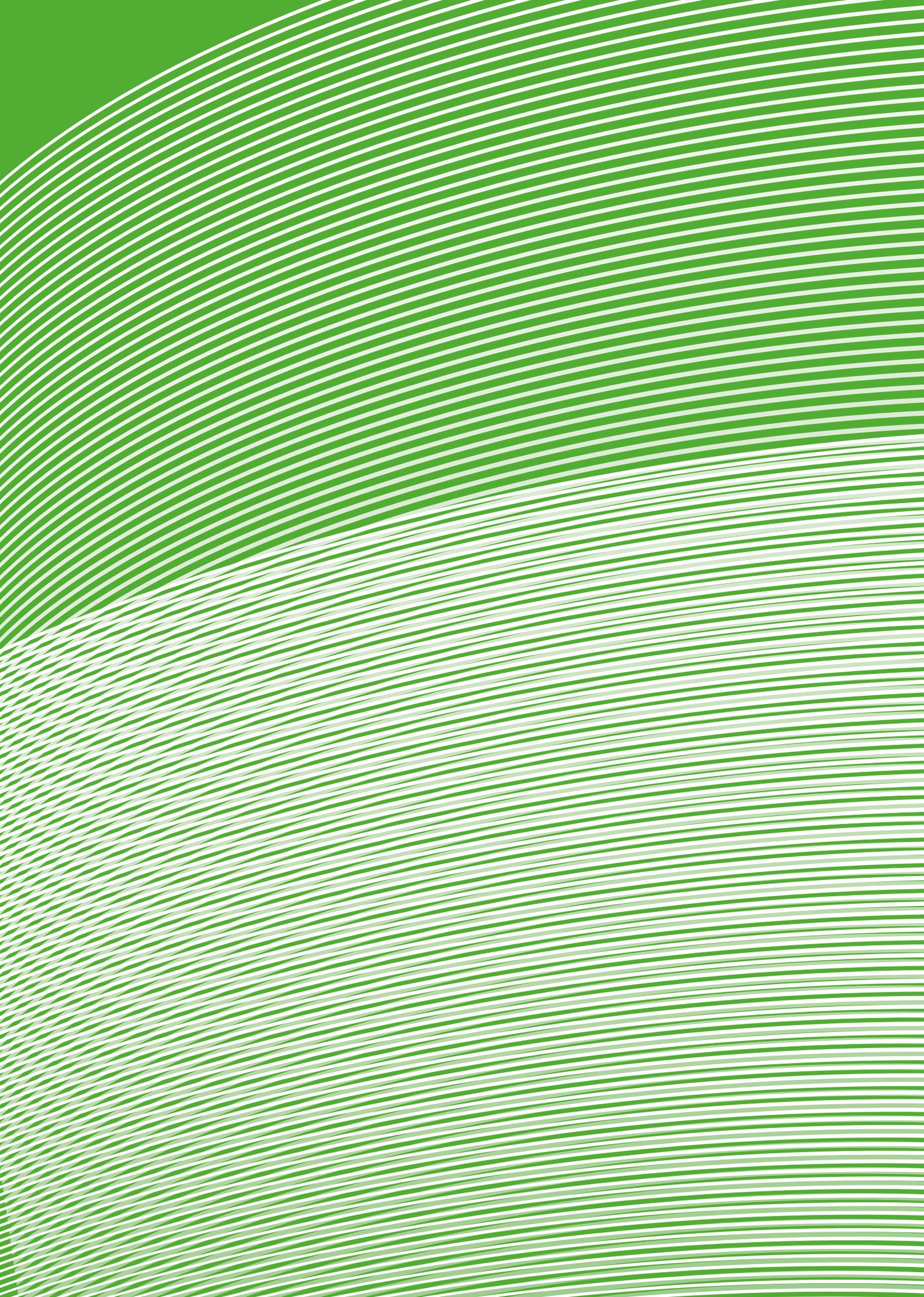
United States against these persons, and enforcing sentences dictated in American courts, based on the civil liability provisions of federal securities laws of the United States or Chilean courts, could be hard to achieve.

In addition, there are also doubts as to whether an action could be brought successfully in Chile on the basis of liability, based solely on the civil liability provisions of the federal laws on securities in the United States.



Company
Restructuring





Corporate Reorganization

The Corporate Reorganization proposal of Enersis (parent of Endesa Chile) and Endesa Chile, began in April 2015, when the Board of Directors of Enersis informed the Company of its intention to analyze a corporate reorganization with the purpose of separating the activities of power generation and distribution in Chile from other activities conducted outside of Chile.

In April, 2015, the Boards of Directors of Empresa Nacional de Electricidad S.A (Endesa Chile) and Chilectra S.A (Chilectra) also agreed to initiate studies to analyze possible reorganizations that would determine the division of each company, Endesa Chile and Chilectra.

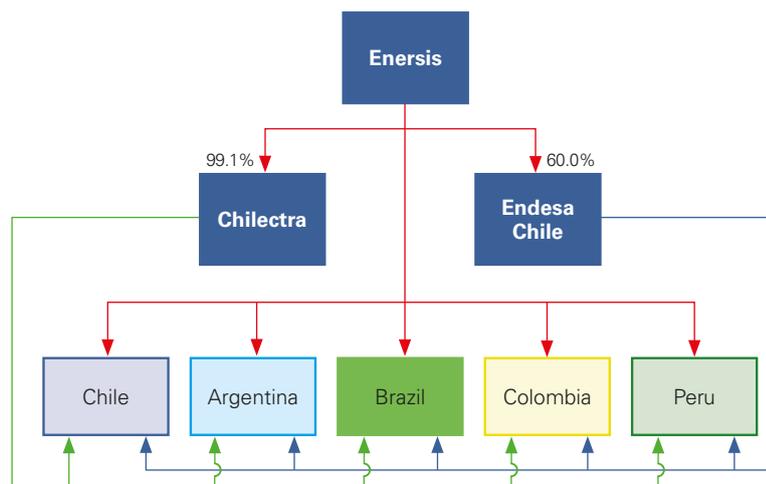
Both the Board of Directors and the Directors' Committee reviewed the background information and, by a majority of its members, resolved that the reorganization operation, as it was proposed, does contribute to the best interest of the Company.

The Reorganization has basically two stages: first, the separation of the Chilean activities from the activities performed in the rest of the countries by dividing Endesa Chile and Chilectra, and creating two new companies (Endesa Américas S.A. and Chilectra Américas S.A.) Within this first stage Enersis would also be divided creating a new company named Enersis Chile S.A. (Enersis Chile) changing the name of the existing Enersis to Enersis Américas S.A. (Enersis Américas).

Later, in a second stage, these three companies with assets from outside Chile would merge. Enersis Américas S.A would absorb the other two new companies.

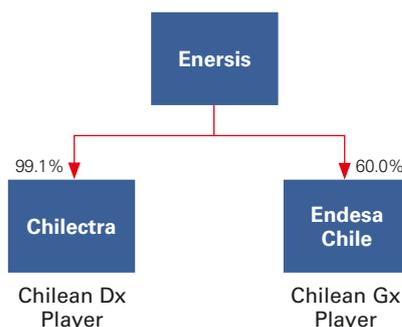
The following chart summarizes the corporate structure before and after the proposed Reorganization.

Current structure

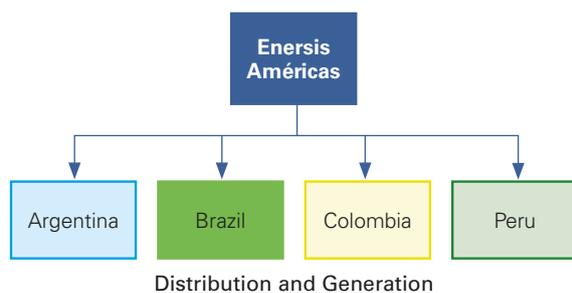


Proposal structure

Pure Chilean Player



Chilean Latam Investment vehicle





The Divisions

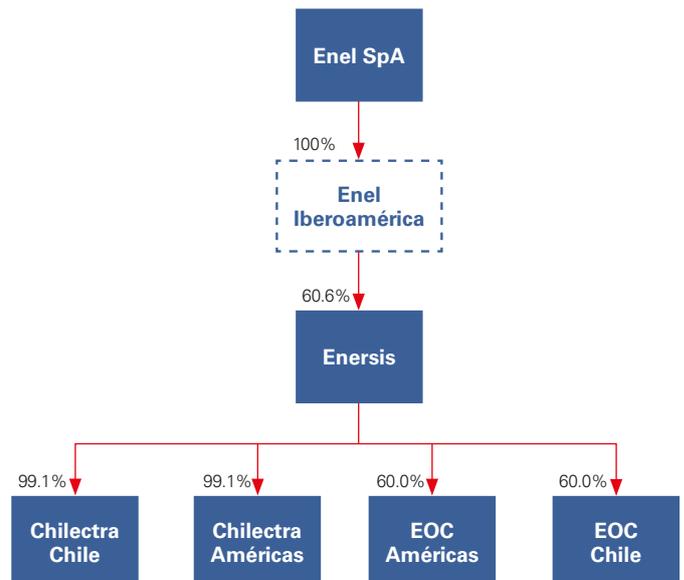
After more than nine months of work and analysis, on December 18th, 2015, the Extraordinary Shareholders' Meeting of Enersis, Endesa Chile and Chilectra, by a vast majority of their shareholders, approved the separation of Chilean operations from the operations in other countries, completing the first stage of the reorganization.

Therefore, as of March 1st, 2016, both Endesa Chile and Chilectra have divided, leading to the following:

- (i) A new company arising from the division of Endesa Chile (Endesa Américas). The shareholdings and other assets and liabilities owned by Endesa Chile outside Chile were transferred to this new company.
- (ii) A new company arising from the division of Chilectra (Chilectra Américas). The shareholdings and other assets and liabilities owned by Chilectra outside Chile were transferred to this new company.

Each one of the companies subject to the division maintain the respective business they currently develop in Chile, including the portion of equity equivalent to their assets, liabilities and business authorizations.

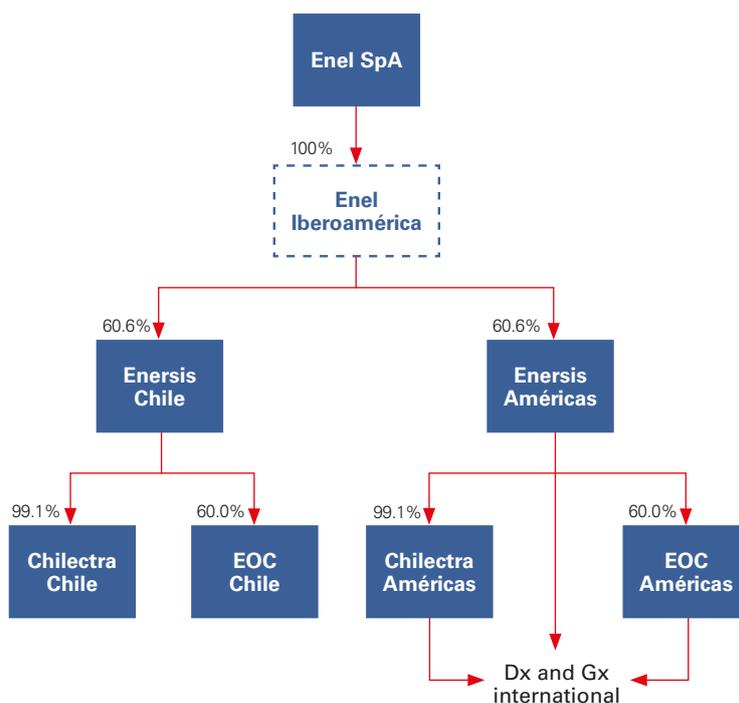
The objective of the Reorganization is on the one hand to differentiate geographical areas that currently have different growth drivers allowing to focus on the problems and opportunities in each region; and on the other hand, continue simplifying the structure of the Group in Latin America, reducing the consolidation of minority shareholdings and improving the consistency with strategic interests; and finally, implement a strategy that allows to increase operational efficiency, increase business growth, and differentiate shareholder return policies.



Furthermore, on the same date, Enersis has been divided and a new company has been created (Enersis Chile). The shareholdings and other assets and liabilities owned by Enersis in Chile were transferred to this new company, including the shareholdings in the divided Chilectra and Endesa Chile. The shareholdings of Enersis outside Chile, including its share of Chilectra Américas and Endesa Américas and their respective liabilities remain in Enersis Américas.

during the Shareholders' Meeting, were informed of other arguments to be considered regarding the Reorganization as a whole and the estimated terms of the future merger.

Among other aspects, the following was informed: (a) an estimated exchange ratio equal to 2.8 shares of Enersis Américas for each share of Endesa Américas (must be submitted to the consideration of the Shareholders' Meeting to decide the merger) (b) the conditions related to the right



Other considerations referred to in the Extraordinary Shareholders' Meeting regarding the Reorganization process.

Conforming to the instructions given by the Superintendence of Securities and Insurance through Official Letter N° 15,452 dated July 20th, 2015, the shareholders of Endesa Chile,

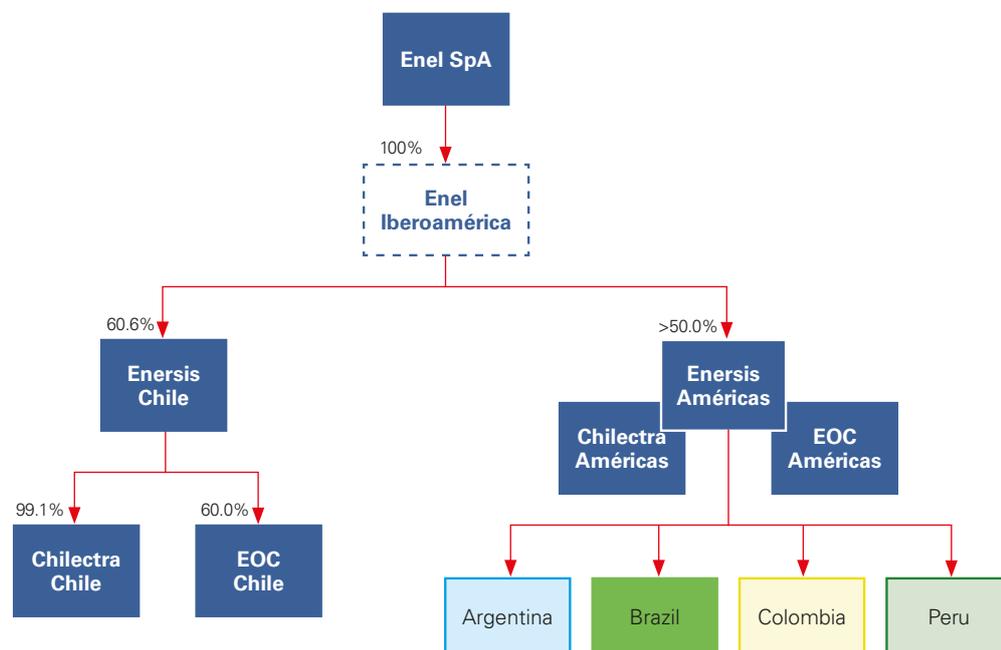
of withdrawal limited to 10.0%, 7.72% and 0.91% of the capital of Enersis Américas, Endesa Américas and Chilectra Américas, respectively and (c) Enersis Américas public offering to purchase shares of Endesa Américas for ChP\$ 285 per share (will be subject to the success of the merger).

Second Stage: The Merger

According to the information that shareholders had at their disposal at the Shareholders' Meetings held on December 18th, in the second stage of the Reorganization, Enersis Américas would merge by absorption with Endesa Américas and Chilectra Américas, which would be dissolved without liquidation. Enersis Américas will assume all rights and obligations of the absorbed companies and their shareholders will become shareholders of Enersis Américas according the exchange ratio agreed upon, with the exception of shareholders that decide to exercise their right of withdrawal according to the law.

As mentioned before, the merger would be subject to the condition precedent that the right of withdrawal exercised by shareholders of Enersis Américas, Endesa Américas and Chilectra Américas, due to the merger, not exceed 10.0%, 7.72% and 0.91% of capital, respectively.

Once the new companies are registered and trading on the markets in which the three original companies traded, the merger process described will begin. The Reorganization, including all of its stages, is expected to be completed during the second semester of 2016.



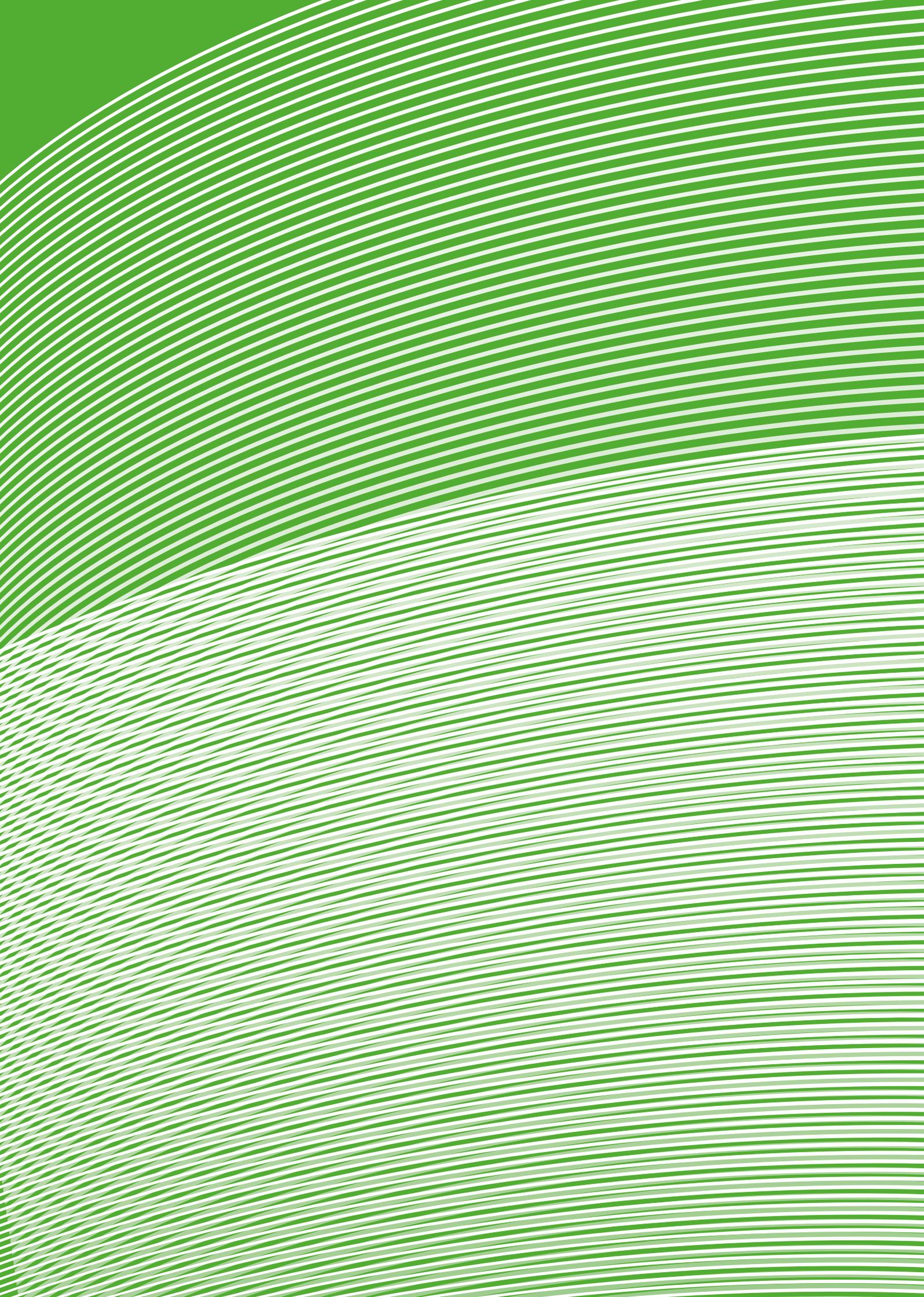
Court of Appeals Ruling

On March 22nd, 2016, the Santiago Court of Appeals partially upheld the complaint presented by the pension fund, AFP Habitat, against the SVS. The complaint stated that the SVS should have declared the operation an Operation among Related Parties (OPR in its Spanish acronym), but didn't do so. The Court of Appeals determined that the first stage of the operation, that is, the division that was approved by the vast majority of the shareholders at

the Shareholders' Meeting held on December 18th, was not an OPR, and therefore rejected the claim in terms of declaring the division of the companies illegal, and consequently confirming all actions carried out up to that date. Notwithstanding the above, the Court ruling states that regarding the announced merger, the rules of Title XVI of the Chilean Companies Act that regulate "operations among related parties" as well as the provisions of Title IX of the same rules that refer to mergers among companies, are applicable.

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Regulatory Framework of the Electricity Industry



Argentina

Industry structure

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

The generation sector was originally organized on a competitive basis (marginalism), with independent generators selling their energy on the spot market of the MEM, or under private contracts to customers within the MEM market, or to *Compañía Administradora del Mercado Eléctrico Mayorista S.A.*, CAMMESA (in its Spanish acronym), through special transactions such as 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 CAMMESA of all the energy produced. This new remuneration scheme became effective from February, 2013, and was updated by means of Resolution SE N° 529 and N° 482 in 2014 and 2015 respectively.

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 N° 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, approved through Law N° 26,896, it was extended until December 31st, 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 until this period, as will be explained below.



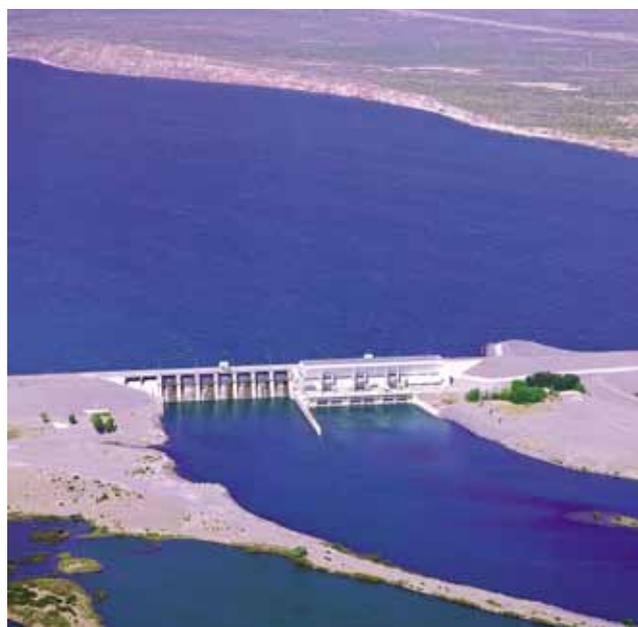
No generator, distributor, large user or any other company controlled by any of these or under the same control, can be the owner or majority shareholder of a transmission company or its controlling companies. At the same time, transmission companies are not allowed to generate, distribute, buy and/or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

Electricity generation regulation

The regulation applicable to electricity generation companies has suffered important changes since the promulgation of Law N° 24,065 and until Resolution 482/2015. By this law, all the generator agents of the WEM/MEM must be connected to the national electricity grid, SIN (in its Spanish acronym), 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 in its Spanish acronym). 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 applicable to 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. A stabilization reserve 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 withdrawn from the reserve to compensate the generation; otherwise, funds are contributed to the reserve. Since 2002, the Secretariat of Energy has in fact maintained the average



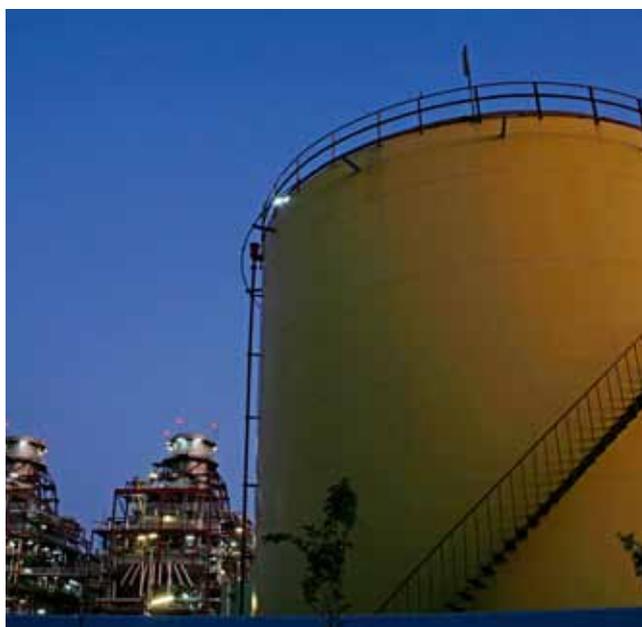


seasonal Price without significant changes. This has therefore created a large deficit in the stabilization reserve which the Argentine state has been covering by increasingly larger subsidies.

The resolutions approved following the Emergency Law had a significant impact on energy prices. These included Resolution SE 240/2003 which modified the way the spot price was determined by delinking the calculation from the marginal operating costs. The purpose of Resolution SE 240/2003 is 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, such as diesel, due to the lack of natural gas. The value of water is not considered if its opportunity cost is greater than the cost of natural gas generation. The resolution also sets a limit to the spot price at 120 Ar\$/MWh, which is still in force. The real variable costs of the thermal units using liquid fuels are paid by CAMMESA through a mechanism called the Transitory Dispatch Cost Overruns (STD in its Spanish acronym).

Additionally, based on the Emergency Law, the payment for capacity was reduced from US\$10 to Ar\$10 per MW-hrp (hrp: capacity remuneration hours in its Spanish acronym). Later, the price of guaranteed capacity was slightly raised to Ar\$12 pesos, approximately 1/3 of the price paid before the crisis of 2002.

In December 2004, the Secretariat of Energy, by means of 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 Enersis' generation company investees. By this resolution, the Secretariat created a fiduciary fund named FONINVEMEM, to which private generators contributed part of their credits for the energy sold between 2004 and 2007 for the construction of two new combined-cycle power plants. In addition to this new capacity, the generating company investees Enersis, in 2010 and jointly with other companies, took part in the creation of another trust for the construction of another combined-cycle, expected to become a combined cycle by October 2016.



Part of the credits for energy sold from 2008-2011 were also contributed to this new project.

In 2012, 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 12th, 2012 for the implementation of an investment plan for the generating units of the Costanera plant in order to optimize the reliability and availability of the equipment, amounting to a total US\$304 million over a 7 year period. The agreement also contemplates the payment of the maintenance contract obligations (Long-Term Service Agreement, LTSA) of the power plant's combined cycles.

Later, Resolution S.E. No 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 are remunerated (in Ar\$/MWh-hrp) according to 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 \$/MWh), the fuel used and the respective technology (generators have no fuel cost as fuel is 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 since 2005, nuclear plants and bi-national hydroelectric plants; it reserves and centralizes the commercial management and fuel dispatch in CAMMESA, and suspends bilateral energy contracts between the generators and agents of the MEM; these have to acquire their electricity demand from CAMMESA. Resolution SE N° 529/2014 mainly updates the values of Resolution SE N° 95 and includes the remuneration of power plant non-recurring maintenance.

The Secretariat of Energy, through Resolution N° 482/2015 updated the remuneration of generators that had been in

force since February 2014 by means of Resolution 529/2014. The recognition of the fixed costs of combined cycles and large hydroelectric power plants increased 28% and the fixed costs of medium sized hydroelectric plants increased 64%. Variable cost were adjusted by 23% except the variable cost of transporting electricity to the hydroelectric plants. A new production and operational efficiency incentive plan for thermal power plants is also defined. The additional remuneration increased 26% for thermal plants and 10% for medium sized hydroelectric plants. The non-recurring maintenance cost fee was increased by 17% and the same concept is created for hydroelectric plants amounting to Ar\$8/MWh. Finally, a new charge of Ar\$15.8/MWh for thermal plants and Ar\$6.3/MWh for hydroelectric plants was set in order to finance investments and to be effective from February 2015 to December 2018, but only for those generators that participate in the projects. The new generation will be given an additional charge equivalent to 50% of the direct additional remuneration based on the respective technology for a 10-year period. Also, distribution companies are excluded from paying the variable collections related to energy transportation and the remuneration for wind power plants, solar photovoltaic, those that use biomass, biogas and internal combustion motors is determined. The resolution is retroactive to February 2015.

Electricity distribution regulation

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 terminate 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, (in its Spanish acronym) is still pending.

Given these conditions, during 2006, the distribution company Edesur signed an agreement, "Acta de Acuerdo para la Renegociación del Contrato de Concesión." This agreement determined, 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 (in its Spanish acronym), to be implemented by the electricity regulatory body, ENRE (in its Spanish acronym). The semi-annual tariff adjustment mechanism was fixed according to changes in an ad hoc inflation index, known as the costs monitoring mechanism, MMC (in its Spanish acronym). 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 distribution companies to continue providing the electricity service.

One of these alternatives has been called the rational use of electricity program (PUREE in its Spanish acronym). 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 7th, 2013, the Secretariat of Energy approved Resolution 250/2013 which determines the amounts the MMC to be received until February 2013 and allows compensation with the debts resulting from the PUREE program and other debts that Edesur has accumulated with the system.

Following this important Resolution, the Secretariat of Energy, on November 6th, published Note 6852 authorizing Edesur and Edenor to compensate the MMCs from March thru September 2013 with debts generated under the PUREE program.

During 2014, by Notes S.E. N° 4012 and ENRE N° 112,606, the compensation MMC PUREE was again authorized to cover the October 2013-March 2014 period. In addition, by Notes S.E. N° 486 and N° 1136 the compensation MMC-PUREE was authorized to cover the April-August 2014 period and then the September-December 2014 period. The accounting effects of these compensations positively affect the Company's financial results. Additional fees have also been approved to be included in customers' tariffs to finance the new expansion and quality investment projects of distribution companies. In November 2012, Resolution ENRE 347 was approved which authorizes the application of this fee, differentiated by customer, on account of future RTI. The application of this fee represents additional annual revenue of 437 million Argentine pesos for Edesur, equivalent to a 40% increase in VAD and a 20% in tariffs.

Electricity transmission regulation

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 allow 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 N° 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 N° 26,190, enacted 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.

The new Law 27,191 regarding Renewable Energy in Argentina, and modifying the current Law No 26,190, was published on October 21st, 2015. The new regulation postpones until December 31st, 2017 the goal to reach an 8% share in the national demand of energy with renewable sources for generation and establishes as a goal of the second stage to reach a 20% share in 2025 setting interim goals equal to 12%, 16% and 18% by the end of 2019, 2021 and 2023, respectively. The enacted Law creates a Fiduciary Fund ("FODER" in its Spanish acronym) to finance works, grant tax benefits to renewable energy projects and establish exemptions for specific taxes, national, provincial and municipal royalties until December 31st, 2025. The customers categorized as Large Customers (> 300 kW) shall comply on an individual basis with the renewable market share goals, establishing that the prices of these contracts are not to exceed 113 US\$/MWh, and setting penalties to those not fulfilling the goals. The regulations of the law are pending.

Brazil

Although Endesa Chile does not have subsidiaries in Brazil, the Company holds a 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, Sistema Interligado Nacional, 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 in its Portuguese acronym) and also the National Electric Energy Agency, ANEEL.

Under Law N° 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 operates 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 operates under monopoly conditions and is provided by companies that have also

received concessions. Distribution companies 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 out activities unrelated to their respective concessions, except as permitted by law or in the respective 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 (i) demand a capacity of at least 3,000 kW and choose to contract their energy supply directly from generators or traders, or (ii) demand a capacity within the range of 500 to 3,000 kW and choose to contract their energy supply directly from generators or traders.

The Brazilian grid is coordinated by the Operator of the Brazilian Grid (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, that is, 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.

Electricity generation regulation

Generator agents, whether public generation concessionaries, IPPs or self-producers, as well as traders, can sell electricity within two contracting environments (i) the regulated contracts environment (ACR) where the distribution companies operate and where energy purchases must be

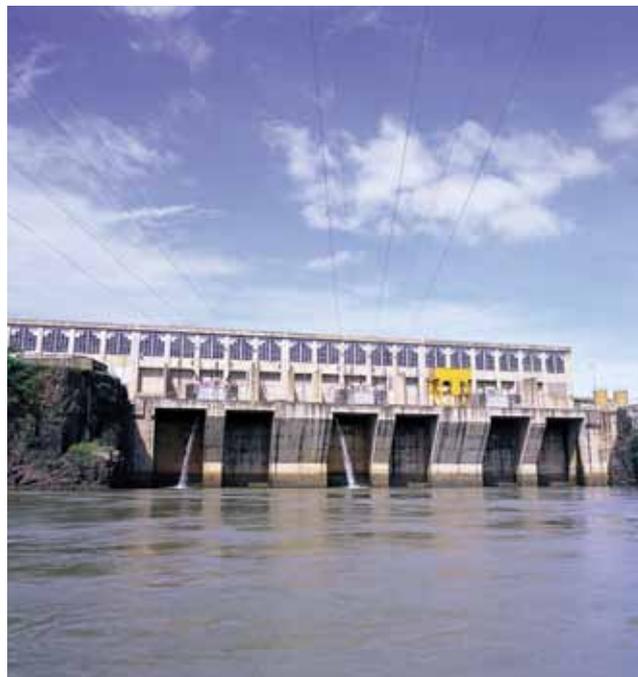
carried out within the tenders process coordinated by ANEEL or (ii) the free contracts environment (ACL in its Spanish acronym) where energy purchase conditions are negotiated directly, between suppliers and their customers. Regardless of ACR or ACL, generators' sales contracts are registered with the Electric Energy Trading Chamber Comercialização de Energia Elétrica, CCEE, and form part of the basis for the accounting and determination of adjustments related to differences in the short-term market.

According to market regulation, 100% of the energy demanded by distributors has to be met through long-term contracts in the current regulated environment. The regulated purchase price, as part of end-user tariffs, is therefore based on the average tender prices. Independent tender processes are carried out for "new energy" and "existing energy".

New energy tenders contemplate long-term contracts (20-25 years for thermal plants and 30 years for hydroelectric plants) 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 at the expiration 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 and 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 11th, 2012 approved its Provisional Measure 579 (later converted into Law 12,783 of January 11th, 2013) which sets the conditions for electricity sector concessions that expire between 2015 and 2017 can be renewed and the reduction of taxes in the electricity tariff. The measure was approved to reduce the



final price of the electricity tariff and reactivate 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 also due to other factors (such as delays in the construction of thermal plants, low hydrology, among others), during 2013 and 2014 distribution 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 paid for within two years by the tariff. Until December 31st, 2014, distributors used approximately 18 billion Reais from the ACR account, but this was insufficient to cover the total deficit to be recovered through the tariff using the Compensation Clearing Account ("CVA" for its acronym in Portuguese) mechanisms.

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

The main effect of the new limit is to reduce the financial

impact of distributors to possible future risks of energy contractual exposure to the spot market, when in 2014 the spot price was at the maximum for a long time of the year. From the generation point of view, the new maximum price is also mitigates the risks of un-recoverable economic and financial exposure, when generation is below the contractual amounts. On the other hand, the possibility of selling non-contractual energy at highest prices is reduced. Generators today may spread their non-contractual energy over the months of the year (seasonality) in order to be able to boost their revenues by selling more energy during the months when the highest prices are expected.

Annually the ANEEL ratifies by resolution the minimum and maximum limits of PLD. By 2016, the maximum and minimum PLD are fixed at R\$422.56/MWh and R\$30.25/MWh, respectively. These PLD limits incorporate the estimation of Itaipú mega hydro costs, in 2016 will be US\$25.78/kW.

In search for a solution to the problems caused by the drought, in November, ANEEL approved the conditions required to renegotiate hydrological risk with the generation segment agents that participate of the Energy Reassignment Mechanism, MRE (in its acronym in Portuguese), but the approval by the Senate of the Provisional Measures is still pending. Currently, a significant number of generation companies have preliminary judicial rulings that limit their risk and transfer part of the costs to consumers.

Regarding energy bidding processes within the regulated framework, 6 biddings to assign energy have taken place:

- > 1 bid A-1: 1,954 average MW assigned to Hydro (94%) and Biomass (4%) and Gas (2%) from 1 to 3 years of energy supply.
- > 4 bids A-3:
 - 97 average MW assigned to Wind (30%) and Biomass (70%) at an average price of 200 R\$/MWh;
 - 233 average MW assigned to Solar at an average price of 301.8 R\$/MWh;
 - 314.3 average MW assigned to Wind (72%), Hydro (15%), Gas (7%) and Biomass (6%) at an average price of 189 R\$/MWh.
 - 508 average MW assigned to Wind (52%) and Solar (48%) at an average price of 249 R\$/MWh.

- > 01 bid A-5: 1,160 average MW assigned to Gas (73%), Hydro (20%) and Biomass (7%) at an average price of 259.2 R\$/MWh.

Additionally, a Hydroelectric Power Plant Concessions Contracting Bid took place within the quota framework in which the seller grants his firm energy (3,223 average MW) and capacity (6,061 MW) in exchange for the Generation Operations Annual Revenue.

Electricity distribution regulation

In the regulated market, distribution companies have to purchase electricity through tenders regulated by ANEEL and organized by the CCEE. Distributors must purchase electricity through open tenders. The government also has the right to call special tenders for renewable electricity (biomass, mini-hydro, solar and wind farms). ANEEL and CCEE perform bids annually. The contracting system is multilateral, generation companies sign 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 Index (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 takes place that significantly affects the value of the tariff. The law thus guarantees the company an economic and financial equilibrium if there is a substantial change to operating costs. If the components of the cost of Part A (described in following paragraph), such as energy purchases or taxes, significantly increase in between two annual tariff adjustments, the concession-holder may formally request ANEEL that these costs be passed on to end customers.

All tariff reviews are approved by ANEEL. In the reviews (RTO and RTE), ANEEL reviews the tariffs due to changes in energy purchase costs and market conditions. When adjusting the distribution tariffs, ANEEL divides the Annual Reference Value, that is, 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”), known as the Value Added Distribution (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 also the return for the investor. According to concession contracts, Coelce and Ampla are subject to tariff reviews every 4 and 5 years respectively. The asset base for calculating the permitted rate of return to the investor is the market replacement value, depreciated throughout its useful life from an accounting perspective, and the rate of return on distribution assets is based on the weighted average cost of capital (WACC) for a model company. The WACC is reviewed in every tariff cycle. The value of the WACC for distribution is currently 11.4% before tax expressed in real terms.

Regulatory mechanisms ensure the creation of regulatory assets. Tariff adjustment to cover 2014 deficits, were performed in the tariff adjustments taken place in 2015 (March for Ampla and April for Coelce). This mechanism has existed since 2001, and is called the Compensation Clearing Account - Part A (Cuenta de Compensación de Valores – Parcela A, “CVA”). They aim to maintain constant operating margins for the concession holder by allowing tariff increases due to the costs of Parcel A.

The Compensation Clearing Account (“CVA” for its acronym in Portuguese) helps maintain market stability and enables the creation of deferred costs, which is compensated through tariff adjustments based on the fees necessary to compensate for previous year deficits.

In December, 2014, distributors in Brazil (including Ampla y Coelce), signed an addendum to the concession contract that allows these regulatory assets (CVA’s and others) to be included as indemnifiable assets at the end of the concession, if this is not possible over time through tariffs. Therefore, the recognition for these regulatory assets/liabilities is allowed under IFRS.

In 2014, Brazil continued to face a drought. In November, the system reached the maximum energy rationing risk. The average reservoir levels were 1% below the level reached when the last rationing occurred.

To cover the extra cost of energy, the government has created the ACR account through bank loans to be paid off within two years using funds from tariffs. Until December 31st, 2014 distributors used an amount of approximately 18 billion Reals of the ACR, however, it was not enough to cover the deficit. In March 2015, a new loan to the ACR account was approved to cover the November and December 2014 deficit. An extension of the deadline for repayment of all loans was also approved. The loans have to be paid within 54 months from November 2015.

Depending on the mismatches between costs incorporated in the tariffs and the actual costs not under the control of the distribution company, and intensified by the implicit costs caused by the drought, ANEEL, in January 2015, began the implementation of a system (known as “Tariff Flags”) which includes, as long as the marginal cost of the system reaches levels above the regulatory standard, an additional monthly fee to the consumers’ tariff. The goal of the regulator is to give the consumer an economic signal regarding the cost of generation for the subsequent month, and allow anticipating the amount (right) that the distribution company would receive only after the following tariff review.

The mechanism, described below, is comprised by three flag levels: red, yellow and green.

	Generation Condition	Applied when CMO is... (R\$/MWh)	Additional in Tariff (R\$/kWh)
Green	Favorable	< 200	no additional
Yellow	Less Favorable	> 200 < 388.48	+ 0.025
Red	Expensive	> 388.48	+ 0.045

In short, this mechanism allows the generation cost that is currently transferred to customers once a year (when the annual tariff adjustment process takes place) to become a monthly event and therefore allow customers to improve the management of their consumption. In other words, the consumer will experience a lower adjustment to the tariff, given the monthly adjustments.

But the discussion among the Aneel, agents and the community regarding the flag system continues through public hearings that began on December 15th, 2015. The main change Aneel is proposing is to break down the red flag into two levels as of February 2016.

2015 Tariff Adjustments and Reviews (Ampla, Coelce and CIEN)

On March 1st, 2015, by means of Resolution N°1858/2015, Coelce was subject to an extraordinary review. Coelce's tariff had been increased by 10.28% in order to face the Energy Development Account (CDE) fee increases and the costs of energy purchases.

The previous regular tariff review of Coelce was performed in 2015 for the 2015-2019 period and applicable as of April 22nd, 2015. The review was provisional because the methodology applied for tariff revision over time was not approved. According to Resolution N°1882/2015, the average additional tariff increase was 11.69%. The final review will be calculated in 2016. The positive and negative differences that arise as a consequence of the application of the new methodology will be included in the 2016 tariff adjustment.

Pursuant to its concession agreement, Ampla received a tariff increase on March 15th, 2015. The average increase was 42.19% as approved in Resolution N°1861/2015 and was reviewed on April 8th due to an extension granted to the time frame to pay the ACR account. The average tariff impact of this new approval, Resolution N°1869/2015, on regulated customers is 37.43%.

Aneel approved the outcome of the first regular tariff review of CIEN. As of July 1st.2015, the tariffs will increase 7.49%, as approved by Resolution N°1902/2015.

Electricity transmission regulation

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. Open access 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 dispatch of energy 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 5th, 2011 which make both interconnection lines of Compañía de Interconexión Energética S.A. public utility concessions, that receive the payment of a regulated toll. The Allowed Annual Revenue (RAP in its Portuguese acronym) is adjusted annually in June according to the Broad National Consumer Price Index (IPCA in its Portuguese acronym) with tariff reviews every four years. A gross base remuneration was defined amounting to R\$1,760 million (US\$885 million) and a net base amounting to R\$1,160 million (US\$585 million). In 2012, ANEEL authorized the implementation of reinforcements to the transmission installations, recognizing an additional R\$47 million (US\$23 million) investment in the base remuneration. The rate of remuneration applicable was defined according to current regulations at 7.24% (in real terms and after tax). The term of the authorization is until June 2020 for Line 1 and July 2022 for Line 2, and considers 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 environment protection laws, most environmental regulations in Brazil are passed at the state and local government levels.

Hydroelectric plants must obtain concessions for water rights and environmental approvals. Thermoelectric generation companies, transmission companies and distribution companies 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 comprised by electricity generation 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 the minimum cost and conforming to the quality and safety standards required by law. Due to their essential characteristics, transmission and distribution activities are natural monopolies and are therefore 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 Chilean Electricity Law, Ministry of Mining DFL No 1, 1982, whose restated and coordinated text was determined by Ministry of the Economy DFL No4, 2006 (the "Electricity Law") and its corresponding regulations contained in DS No327, 1998. Three government entities are responsible for the application and compliance with the Electricity Law: National Energy Commission (CNE in its Spanish acronym), 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 in its Spanish acronym), which controls and monitors compliance with the laws, regulations and technical standards for electricity generation, transmission and distribution, liquid fuels and gas; and lastly, the Chilean Ministry of Energy, which is responsible for proposing and conducting public policies regarding energy and oversees the SEC, CNE and the Chilean Nuclear Energy Commission (CChEN in its Spanish acronym), strengthening coordination and allowing for an overall view of the sector. It also oversees the Energy Efficiency Agency and the Center for Renewable Energies that was replaced by the National Center for Innovation and Development of Sustainable Energies (CIFES in its Spanish acronym) in November, 2014. The law also establishes the

existence of a Panel of Experts whose primary objective is to solve the discrepancies 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 in its Spanish acronym), the Northern Electricity Grid (SING in its Spanish acronym), and four medium-sized isolated systems in Aysén and Magallanes, Easter Island and The Lakes. The SIC is the main grid, where roughly 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 northern part of the country, from Arica to Coloso, and extends 700 km, where a large portion of the mining industry is located.

According to the Electricity Law, generation and transmission companies that are connected to the interconnected electricity system with an installed capacity of 200 MW or more must coordinate their operations efficiently and in a centralized way with the operator, the Economic Load Dispatch Center (CDEC in its Spanish acronym) in order to preserve the reliability of the service and operate at the minimum cost. To do so, The CDEC plans and operates the system, including the performing the calculation of the marginal hourly cost, which is the price assigned to energy transfers among power generating companies on the CDEC. The CDECs (CDEC-SIC and CDEC-SING) are autonomous entities that coordinate the operation of generation, transmission, sub-transmission companies and non-regulated customers connected to the electricity system.

Electricity generation regulation

The generation segment comprises companies that own power plants to generate electricity that is transmitted and distributed to end consumers. This segment is characterized as a competitive market where production is sold (i) to distribution companies for supply to their regulated customers; (ii) to free or non-regulated customers, mainly industrial and mining companies; and (iii) to other generation companies on the spot market.

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 among available alternatives. The marginal cost is used as the price of transactions between generation companies, on an hourly basis, related to deficits or surpluses of energy determined by contractual obligations. Transactions include system injections or withdrawals and purchases in order to supply their customers.

In January, 2015, Law No 20,805 was enacted, which states that generation companies must take part in tenders for energy to supply the regulated market for periods up to 20 years. These bids are supervised by the National Energy Commission (CNE in its Spanish acronym) and are carried taking into consideration future demand requirements for, at least, the following 5 years of regulated customers supplied by distribution companies. This allows generators to obtain stable and foreseeable revenue, avoiding marginal cost volatility and encouraging investment in the sector.

In Chile, there is a payment for capacity, whose calculation depends on the price used and the amount of capacity of each power plant. The price calculation is updated by the CNE every four years and aims to remunerate a gas turbine as the marginal unit injecting capacity to satisfy the system's demand. The amount of capacity of each power plant is annually calculated by CDEC and is used to determine the balance of capacity among generators. The charge for capacity of each plant is independent of its dispatch and remunerates the availability and contribution of such power plant to the reserve margin of its respective interconnected system.

On December 30th, 2015, the President, Michelle Bachelet, signed a Supreme Decree that approved the new long-term strategy for the energy industry. It is described in detail in the document "*Energía 2050 Política Energética de Chile*" prepared by the Minister of Energy and includes the guidelines to be carried out during the following years.

Several changes to the regulations applicable to the industry have been included in this long-term agenda. Among them, a law that modifies the tender system regarding regulated customers enacted in early 2015 and the adjustment of the transmission segment and the system operator to the current regulatory framework, which by the end of 2015, was being considered by Congress.

Electricity distribution regulation

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 their demand. Regulated customers are those whose connected capacity is equal to or less than 500 kW. Free or non-regulated customers are those whose connected capacity is greater than 5,000 kW, a new limit established by Law No 20,085. Customers whose connected capacity ranges between 500 and 5,000 kW may choose 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 determined by tender processes regulated by the National Energy Commission, and non-regulated customers, through bilateral contracts with the generators in which conditions are freely negotiated and agreed.

Since January, 2015, as a consequence of the enactment of Law No 20,805, distribution companies must permanently have the supply to satisfy their total projected demand for five years. In order to do so, they must call public tenders for long-term supplies of up to 20 years.

The distribution tariff-setting processes are performed every four years to determine the so called Distribution Value Added (VAD in its Spanish acronym). Both the CNE and the company that is considered to represent the profile of the area in which it operates, commission studies from independent consultants to determine the VAD for the area. The preliminary basic tariffs are obtained by weighting the results of the study commissioned by the CNE and that by the company on a 2/3rd – 1/3rd basis, respectively. These basic tariffs are used to verify that the aggregate return of the industry is within 6% and 14%.

The Chilean distribution model is a consolidated one, which, to date, has carried out eight tariff setting processes since the privatization of the industry. The next process is to take place in 2016.

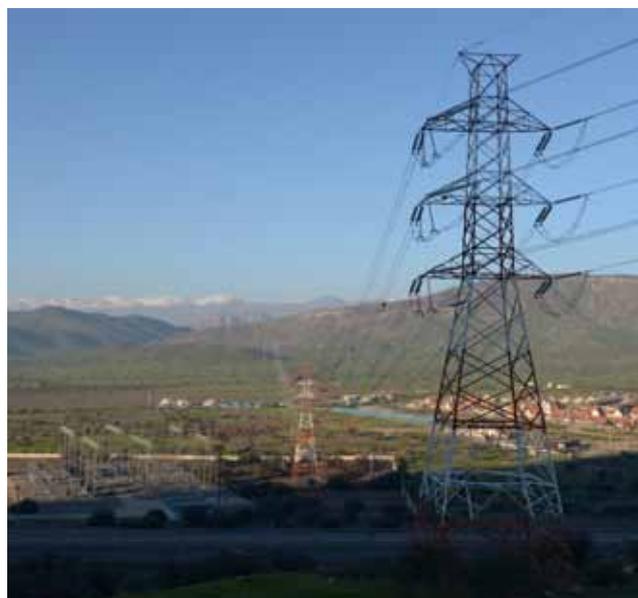
Sub transmission system (high-tension substations that connect the distribution and transmission networks) tariff reviews are also performed every four years. This process is followed alternately with the distribution tariff review process, so that, they are two years apart from each other.

In addition, services related to distribution, not included in the VAD but that must be provided by the distribution company that covers such concession area, are reviewed every four years.

Electricity transmission regulation

The transmission segment or electricity transportation 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 above 23 kV. The transmission infrastructure that is classified by the authority as trunk or sub transmission is open access. Facilities defined as additional are not open access. Transmission companies receive a return for the transmission service they provide, without discrimination, to any user, by charging a regulated toll that is determined according to current regulation.

On January 8th, 2014 a law was passed that authorizes the



government to promote electricity interconnections between grids as part of the annual planning process. By virtue of this new legal framework, on April 21st, 2015, the Ministry of Energy published Decree No 158 in the Official Gazette, which identifies the Interconnection of the SING and SIC systems as an expansion project that should be operational by late 2018.

Environmental regulation

The current environmental regulation is the outcome of a complete redefinition developed in 2010, which began with 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 Authority (SEA in its Spanish acronym), has inspection powers and is in charge of the administration of the Environmental Impact Evaluation System, and the Superintendence of the Environment

(SMA in its Spanish acronym). This institutional structure also includes three environmental courts.

In terms of regulations, Law No 19,300 refers to the Basics of the Environment, enacted in 1994 and updated in 2010, Law No 20,417, which creates the Ministry of the Environment, the Evaluation Authority and the Superintendence of the Environment (in 2010) and the Environmental Impact Evaluation System Regulations in 2012.

Non-conventional renewable energies (NCRE)

With regard to NCRE, in October 2013, the Law No 20,698 was enacted to promote the use of NCRE, establishing that 20% of energy commercialized by generation companies in 2025 must be produced by non-conventional sources. This law replaces the previous one that established a target of 10% by 2024.



Colombia

Industry structure

The Colombian electricity sector was structurally reformed by the Residential Public Utilities Law No 142 and the Electricity Law No 143, both enacted in 1994. According to Law No 143, different economic agents, public, private or mixed agents may participate in the sector's activities and have the liberty to develop their functions in a competitive free-market. To operate or initiate projects, permits should be obtained from the competent authorities with respect to the environment, sanitation and water rights, and those that may be required at a municipal level.

The Ministry of Mines and Energy (MME) defines the government's policy for the energy sector. Other government entities that play an important role in the electricity industry are: the Superintendence of Residential Public Utilities (SSPD in its Spanish acronym), which supervises and audits all public-utility companies; the Energy and Gas Regulations Commission (CREG in its Spanish acronym), which is the electricity, natural gas, liquefied petroleum gas (LPG) and liquid fuels regulatory organism; the Mining Energy Planning Unit (UPME in its Spanish acronym), which is responsible for the planning and expansion of the network, and the Superintendence of Industry and Commerce (SIC in its Spanish acronym), which is the authority in charge of competition protection matters.

The CREG is authorized to issue regulations that govern technical and commercial operations, and also the tariffs for regulated activities. The main functions of the CREG are to establish the conditions to progressively move the electricity sector towards a more open and competitive market, approve network tolls and transmission and distribution costs to supply regulated customers; establish the methodology to calculate and determine 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 in its Spanish acronym) 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, comprised by the Commercial Exchange System Administrator (ASIC in its Spanish acronym) and the National Dispatch Center (CND in its Spanish acronym).

The generation sector is organized on a competitive basis. Electricity transactions on the MEM are carried out on the electricity spot market (short term or daily market); Bilateral Contracts (long-term market) and the charge for reliability. Generation plants or units connected to the Colombian grid with 20MW or more installed capacity must be part of the central dispatch system (plants with capacity between 10 MW and 20MW have the option to participate). Generation companies that participate in the central dispatch must declare the commercial availability of their generation units and the price at which they will sell it. This electricity is centrally dispatched by the National Dispatch Center (CND) based on economic optimization criteria and respecting the system's electrical and operational restrictions.

Trading is the intermediary phase between the actors that provide the generation of electricity, transmission and distribution services and the end users of such services. Trading may be carried out, or not, with other electricity industry activities.

Transmission operates under monopolistic conditions and with a guaranteed fixed annual income that 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 in its Spanish acronym). This value is distributed among traders in proportion to their energy demand. The National Electricity Grid (SIN) supplies 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 must be paid. Distributors and network operators are responsible for the planning, investment, operation and maintenance of electricity networks under 220 KV.

Regulation of generation companies

The Colombian state and the private sector may participate in the execution and development of generation projects. Law No 142 of 1994, which established the legal regime for residential public utilities, and Law No 143 of 1994 determined the types of entities authorized to provide residential public utilities and created the “public utility company” as the fundamental vehicle to do so.

In the short-term energy market, the CND receives the daily price offers and the declaration of available capacity for each hour of the next day from all the generators participating in the wholesale market. Based on this information, the CND determines the economic dispatch, optimizing the 24 hours of the following day, taking into account the network’s electrical and operational limitations and other necessary conditions to meet the next day’s expected energy demand in a reliable and efficient way from a cost perspective. In contrast to other countries, in which centralized dispatch is based on variable production costs, in Colombia, dispatch is based on the prices offered by the agents.

The energy spot market is an adjustment market where the surplus or deficit of energy, resulting from compliance with contractual obligations of generators and commercializers given the actual demand of energy, is sold or bought. A spot price is established on the spot market by the ASIC after the operating day by applying an optimized procedure for the 24 hours of the day he so called ideal dispatch, which assumes an infinite network transmission capacity and takes into account the initial operation conditions, thus establishing which generators should have been dispatched to meet the actual demand. The price paid to all the generators which result dispatched due to price, is the price of the most expensive generator dispatched each hour under the ideal dispatch model.

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

Generators connected to the Colombian grid may also take part in the “reliability fee”, which is a mechanism that intends to encourage investment in generation facilities to ensure focus on the country’s long-term electricity demand. The fee is the assignment of Firm Energy Obligations (OEF in its Spanish acronym) through a descending tender for new generators interested in developing generation projects, which must guarantee the system that 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, to produce firm energy. The generator that purchases an OEF will receive a fixed compensation during the commitment period, whether the fulfillment of its obligation is needed or not.

The price of every KWh of OEF is the closing price of firm energy or the reliability charge at the auction. When this firm energy is needed, which happens when the spot price exceeds the scarcity price, a balance of the agent’s compliance is performed. The ideal dispatch is checked to verify if the agent covered his OEF with his own resources, surplus were delivered or another agent covered his OEF. If the latter is the case, the differences, valued at spot price, are balanced.

Regulation of distribution companies

Distributors in Colombia are free to purchase their supply and define the conditions of the public tenders to purchase the energy needed to service the regulated market. They may also purchase energy in the spot market. The price paid by the end user is the average of the purchase price. CREG has been working since 2004 on a proposal to modify the Colombian market method of contracting, called Regulated Organized Market (MOR in its Spanish acronym), which would become an electronic system. This mechanism would replace the current tenders with energy auctions having standardized commercial conditions in which the demand to be contracted would be considered only one aggregate demand.

Distribution charges are determined by the CREG based on the new replacement cost of the existing distribution

assets, the capital cost, non-electricity related assets, as well as the operational and maintenance costs of each company. They are defined for four levels of voltage: Level 1 is less than 1 kV, Level 2 is equal to 1 and less than 30kV, Level 3 is equal to or greater than 30 kV and less than 57.5 and Level 4 is equal to or greater than 57.5 kV and less than 220kV. Levels 1, 2 and 3 of tension are called Local Distribution Systems (SDL in its Spanish acronym) and Level 4 is called Regional Transmission System (STR in its Spanish acronym).

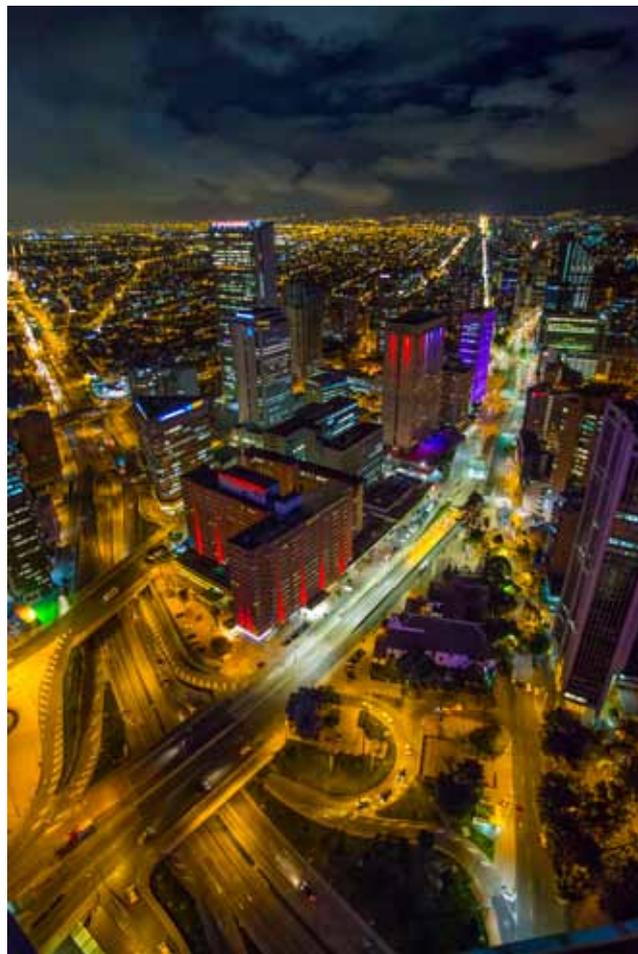
During 2009, after auditing the information reported by the companies, the CREG determined the distribution charges that are applicable for a 5 year period, and are updated monthly according to the producer price index. The revision process of distribution charges for the period 2015 – 2019 is currently in progress. One of the aspects under discussion is the rate of return acknowledged, currently fixed by the CREG at 13.9% before taxes for local distribution assets and 13% for regional transmission assets, based on the WACC/ CAPM method. The methodology for the calculation of distribution charges includes an incentives plan for administration, operation and maintenance costs based on service quality. Regarding energy losses, regulation includes an energy loss index path within the tariff calculation.

Regulation of transmission

Transmission networks that operate at 220 kV or more constitute the National Transmission Grid (STN in its Spanish acronym). The transmission toll 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 an annual fixed revenue to transmission companies. This revenue is determined by the new replacement value of the network and equipment, and by the value of new projects for the expansion of the STN resulting from tenders. This value is paid to the STN traders in proportion to their respective energy demand.

The construction, operation and maintenance of new projects is awarded to the company that bids the lowest present value of cash flows necessary to carry them out.



Trading regulations

The trading market is divided into regulated and non-regulated customers. Customers in the free or nonregulated market can freely contract their electricity supply directly from a generator or distributor acting as traders, or from an exclusively trading company. The non-regulated customer market consists of those with a maximum demand of 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. Parties freely agree the trading prices for non-regulated customers.

The energy trader is responsible for billing the electricity costs to final 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 determined 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 tolls, 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, applicable to regulated customers are revised every five years and adjusted monthly according to the consumer price index. The review of current tariffs is in progress. New tariffs are expected to be applicable in 2016.

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 that are focused on the recovery, conservation, protection, organization, administration, and use of renewable resources.

Any entity that considers developing projects or activities relating to the generation, interconnection, transmission or distribution of electricity, which could cause an environmental impairment, must first obtain an environmental license.

According to Law N° 99, generation plants having a total installed capacity of over 10 MW and that use hydro resources, must contribute toward the conservation of the environment by paying a regulated fee for their activities to the municipalities and environmental corporations of the district 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.

In 2011, Decree No 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 were performed by the Ministry of Housing). The same year, Decree No 3,573 created the National Environmental Licenses Authority as the entity responsible for the granting and follow-up of licenses, permits and environmental formalities of competence of the Ministry of the Environment and Sustainable Development.

In recent years, the environmental regulation of the electricity sector has been focused on regular aspects related to: i) power plant emissions; ii) the formulation, enactment and implementation of the National Integral Management of Water Resources Policy, updating regulations relating to discharges, the regulations regarding the methodology of environmental flow calculation, and water basin management; iii) the publication of a manual referring to compensations for the loss of biodiversity for projects subject to environmental licensing; iv) updating the regulatory framework of environmental licensing and the regulations for the environmental sanctions.

There is currently in Colombia of NCREs in the National Energy System that amounts to 3.5% in 2015 and 6.5% by 2020. In 2014, Law No 1,715 was passed, regulating the integration of NCRE into the National Energy System in order to promote the development and use of non-conventional energy sources and efficient energy management.

In 2015, the Ministry of Mining and Energy passed Decree No 2,143 that defines the guidelines for the application of the fiscal and tax incentives established by Law No 1,715. The procedures to take advantage of the benefits are being designed based on such Law.

Peru

Industry structure

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

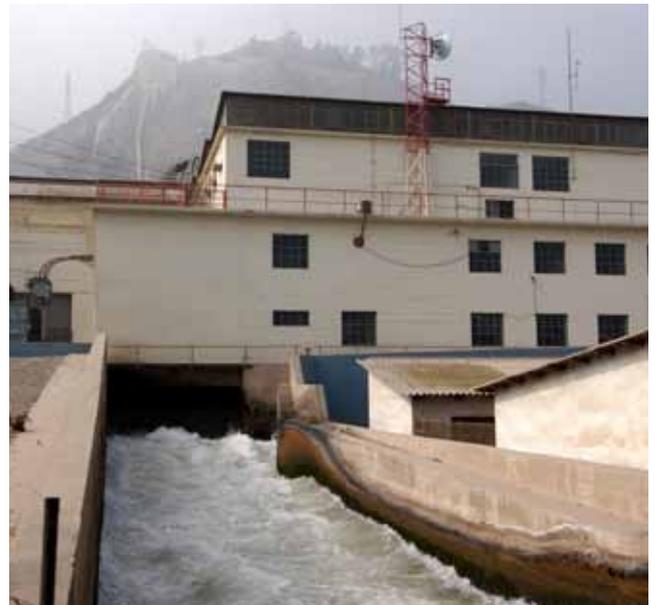
The Ministry of Energy and Mines (MINEM in its Spanish acronym) defines the national energy policies, and, along with the Ministry of the Environment, regulates environmental matters applicable to the energy sector. The MINEM is also the competent authority responsible for granting and terminating authorizations and concessions for generation, transmission and distribution activities.

The Energy and Mines Investment Supervisor Organism (Osinerghmin in its Spanish acronym) is the regulatory authority that controls and inspects compliance with legal and technical regulations relating to the activities of electricity, hydrocarbons, and mining, ensures compliance with obligations contained in concession contracts. Osinerghmin's Tariff Regulation Management Department (GART in its Spanish acronym) is the authority that determines the regulated tariffs. Osinerghmin also controls and supervises the tender processes required for distributor companies to buy energy from the generators.

The Environmental Evaluation and Inspection Organism (OEFA in its Spanish acronym) dependent of the Ministry of the Environment, is responsible for the supervision and inspection of the environmental obligations stated in environmental approvals.

The Economic Operation of the System Committee (COES in its Spanish acronym) is the operator of the National Interconnected Electricity Grid (SEIN in its Spanish acronym), coordinates the dispatch of generation units based on minimum cost criteria, prepares several studies used in the annual calculation of bar prices, manages the short-term market and prepares the Guaranteed System Transmission Plan. The generation, transmission and distribution companies are represented on the COES, as well as Large Customers (non-regulated customers over 10MW).

In rural areas, there are small isolated electricity systems that supply electricity in specific areas, which represent less than 7% of total national generation.



The main characteristics of Peru's electricity industry are (i) the separation of the 3 main activities: generation, transmission and distribution, (ii) a competitive market for the supply of energy to non-regulated customers, (iii) a price system for the regulated market, based primarily on long-term and short-term bidding processes.

Regulation of generation

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

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

Generators can sell their energy directly to distribution companies and non-regulated customers and trade their electricity balances, either deficits or surpluses, on the spot market at the marginal cost. 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 the case, compensation for the use of distribution networks.

The Electricity Concessions Law allows signing bilateral contracts with regulated customers at a price no higher than the bar price and in the case of regulated customers, at a price agreed upon by both parties. In addition to this bilateral

method, Law 28,832 enacted in 2006, referred to as the Ensuring Efficient Development of Electricity Generation Law, allows distributors to meet the demand of their regulated and non-regulated customers with contracts signed following capacity and energy tenders supervised by the Osinergmin. The approval of the mechanism is important to generation companies because it offers them a stable price for the life of the contract that can reach up to 20 years, and is not determined by the regulatory authority.

Following the introduction of the public tender mechanism, most contracts regarding electricity sales to distribution companies to service their customers are based on these tenders. Only a small portion of the electricity purchased by distribution companies is based on the bilateral agreement method.

The Urgent Decree No 049-2008 introduced the so called "Idealized Marginal Cost", applicable to economic dispatch, and defines as the short term marginal cost of the SEIN

assuming no natural gas restrictions (production nor transportation), no electricity transmission restrictions, and limited to a maximum value determined by the Ministry of Energy and Mining. Such Urgent Decree is to be in force until December 31st, 2016.

In Peru, there is a capacity payment that is determined by the return on a gas turbine as the marginal unit supplying electricity to satisfy demand. As in Chile, the capacity payment does not depend on dispatch. It compensates the availability and contribution to the system's reserve margin target, which is established by the competent authority.

Regulation of distribution

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 distribution energy losses.

Legislative Decree No 1221, published in September, 2015, establishes that the VAD (Value Added Distribution) will be set every four years and will be calculated for every company (it was previously calculated for a company that was considered to represent a group or typical area and then was applied to all the companies belonging to that group). Also, it establishes an additional charge to be included in the tariff for technological innovation and energy efficiency previously approved by Osinermin, and incentives to improve service quality and the possibility to expand the concession zone adding surrounding rural areas.

The real rate of return on the investment of a distribution company depends on its performance with respect to the standards set by Osinermin for a theoretical model company. The tariff system offers a higher return for distribution companies that are more efficient than the model company. Preliminary tariffs calculations are based on the results of the study commissioned by the company, adjusted according to observations by Osinermin. Preliminary tariffs are verified to ensure that the internal rate of return is 12%, with a variation of roughly $\pm 4\%$. The tariffs are also indexed to the currency exchange rate and to the price of commodities, such as, copper and aluminum. Tariffs are therefore not exposed to foreign currency exchange risk

During the last tariff setting process Osinermin set the tariffs of Edelnor applicable from November 2013 until October 2017.

Regulation of transmission

Transmission activities are subject to different frameworks depending on the year in which the facilities were built. Those built before 2006 are divided into Main System facilities, for common use and allow energy to flow through the national grid, and the Secondary System that are mostly unidirectional flow lines that are used to transmit energy from the generation power plant to the system or from the system to the final customer. Those built after 2006 are

divided into the Guaranteed System, which are lines for common use that are part of the Transmission Plan being developed by COES and whose toll is paid for by the entire demand of the system, and the Complementary System, which are the lines that connect a power plant or a final user to the system and that are paid for by the such power plant or end user.

The Transmission Plan, defined by COES and approved by MINEM, establishes that the construction of the lines of the Guaranteed System are tendered through a BOOT with a 30 years term. The transmission concession holders of the guaranteed system receive fixed annual revenue resulting from the tenders.

The lines of the complementary system are developed through investment plans presented by the agents and approved by Osinermin, entity that calculates the average annual cost to be paid for each installation, considering standard investment, operation and maintenance costs, at 12% before taxes discount rate and a 30 year useful life period.

Environmental regulations

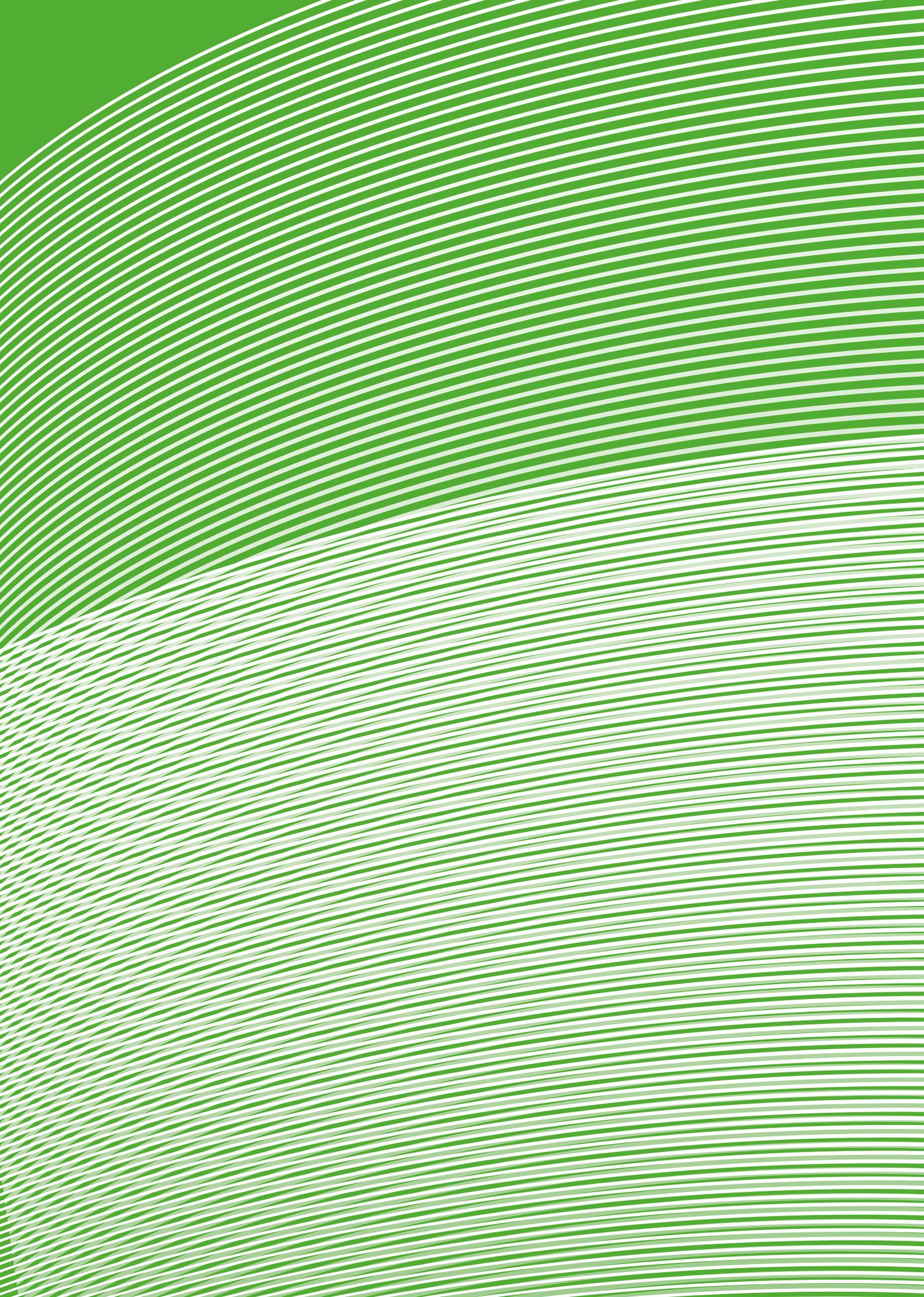
The environmental legal framework applicable to activities related to energy in Peru is established in the General Environmental Law (Law No 28,611) and in the Environmental Protection Regulation for Electricity Activities (Supreme Decree 029-94-EM).

In 2008, the MINEM promulgated Supreme Decree 050-2008 to provide incentives for the generation of electricity through Non-Conventional Renewable Energies (NCRE). Such Decree stipulates that up to 5% of the demand of SEIN may be supplied by NCRE. This 5% limit may be reviewed by the competent authority based on the National Renewable Energies Plan. The technologies considered as renewable resources are biomass, wind, tidal, geothermal, solar and mini-hydroelectric (hydroelectric below 20 MW).

This percentage of NCRE is currently 2.1% of the SEIN's demand. The recent tender called by the Government could lead to reaching the 5% limit.

■ Company Businesses





Description of the electricity business by country

Operations in Argentina

Installed Capacity, Generation and Energy Sales

Installed capacity (MW) ⁽¹⁾	2014	2015
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	6,972	8,167
El Chocón	2,632	3,239
Total generation in Argentina	9,604	11,406
Electricity sales (GWh)		
Costanera	7,051	8,168
El Chocón	3,391	3,801
Total sales in Argentina	10,442	11,968

(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 31st of each year.

(2) Refers to total generation minus 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, in which it holds, directly and indirectly, 75.68% and 65.37% of shareholdings respectively.

These companies together have 3,652 MW installed capacity. This capacity represented 10.9% of Argentina's SIN installed capacity at the end of 2015. The electricity generation of these companies in 2015 amounted to 11,406 GWh, 8.3% of the country's total generation.

Costanera and Hidroeléctrica El Chocón participate in companies that operate of 2 combined-cycle plants, with a 5.326% and 18.85% of the ownership, respectively. These power plants are coordinated by the Fund for Needed Investments to Allow Increasing Electricity Supply for the Wholesale Electric Market (FONINVEWEM in its Spanish acronym).

Regarding the Vuelta de Obligado S.A. (VOSA) project, which involves the installation of a combined cycle of roughly 800 MW, Costanera and Hidroeléctrica El Chocón during 2015 continued to comply with their obligations with respect to the VOSA generation project, which was the outcome of an agreement signed by the Secretariat of Energy and the main electricity generation companies, including Costanera and Chocon. The plant began to operate two 270 MW gas turbines in Simple Cycle and by October 2016, all the installations of the new plant, comprised by a Combined Cycle with two gas turbines and one steam turbine.

Once the combined cycle is operating, and according to the Generators Agreement 2008-2011, CAMMESSA's debt with generation companies related to their contribution to the project by means of a 10 year supply contract at a $\text{libor} + 5\%$ interest, will begin to be amortized.

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

Moto generators project

The timeline of the installation and start-up of the project set the commercial operation of the 4 moto generators to begin on June 1st, 2015.

By early 2015, the project had faces some delays but without affecting the commercial service start-up date.

In March 2015, due to the delays caused by the contractor, Ingenieria Ronza, a contingency plan was developed in order to try to start-up the motors on the planned date. Despite the measures taken, Ingenieria Ronza was not able to deliver on time in order to begin commissioning by Wärtsilä on April 30th, 2015.

Consequently, July 31st, 2015 was as the new start-up date and Wärtsilä's work was extending increasing costs by € 364,000.

The commissioning of the 4 moto generators using gas oil took place in November, start-up testing and verification of guaranteed values worked out as expected, with no surprises.

In early December, commercial clearance was requested from CAMMESA with a presentation of the Stage II Studies, conforming to the procedures for the connection of new generation units.

Although greater costs and additional works were required, the development of the works amounted to a figure below the US\$43.5 million (including sales tax) approved for the project.

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 units of 859 MW and 327 MW respectively, with a total installed capacity of 2,324 MW.

In 2015, the net generation was 8,167 GWh and energy sold reached 8,168 GWh.

The demand of Argentina's electricity system, as a whole, increased 4.4% when compared to 2014.

During 2015, CAMMESA dispatched the SADI, in accordance with resolutions of the Secretariat of Energy, giving priority to the dispatch of the most efficient thermal units using natural gas and steam-turbine units using 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 industrial sector.

As in previous years, a maintenance program was carried out. The most important tasks were centered on using own personnel to carry out the complementary works of the Rehabilitation of the Steam Turbine Units Project and at the same time maintaining the rest of the units in service.

Regarding the rehabilitation of the conventional units, the rehabilitation of units No 2 and No 4 during 2015 was successful.

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

With respect to the Combined Cycles, the performance of the Mitsubishi Combined Cycle (CCII) stands out by generating more than 5,000 net GWh.

In another matter, regarding the methodology applied to make the compensation stated by Resolution SE No 95/2013 compatible with the Availability Contracts of the

Combined Cycles and Steam Turbine, after negotiating with the Secretariat of Energy, an Agreement with the Government was reached to deal with the overlapping revenue of the availability contracts of Endesa Costanera through SSEE No 476/2015. On July 3rd, 2015 Addendums I and II of the Combined Cycles and Steam Turbine contracts were signed.

The implementation of Resolution 482/2015 increased the remuneration of Costanera's combined cycles and steam turbine fixed charges in about 28% and the remuneration of variable charges in about 23%. The Additional Remuneration concept increased 25%, while the non-recurring maintenance remuneration increased 17.5%. The resources for the investments of the FONINVEMEM 2015-2018 and the electricity generation and operational efficiency incentives were contributed and are only applicable if the Agreement of Management and Operation of Projects to Increase the Availability of Thermal Generation and Adjustment of the Generation Remuneration 2015-2018 are in place.

In July, 2015, the inclusion of the complementary works contained in the Combined Cycles Availability Contract was requested to the Secretariat of Electricity. The works to be included are: extending the useful life of the Siemens CC for US\$7.94 million; concluding the works related to the injection of water to control NOx emissions of the Siemens CC for US\$2.92 million; spare part for the generator of the MHI CC steam turbine for US\$2.25 million; the modernization of the MHI CC control system for US\$3.00 million. The Company is awaiting the response. Cammesa has been requested an advancement of funds in order to finance the advance payment requested by Siemens to perform the programmed maintenance of the combined cycle.

In the financial front, the strategy adopted in previous periods, prioritizing a conservative financial management in order to ensure the necessary resources to adequately operate the power plant, continued during 2015.

Regarding the restructuring in 2014 of the Company's most important liability with Mitsubishi Corporation, the US\$3.0 million scheduled payment took place on December 15th, 2015.

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 includes 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.

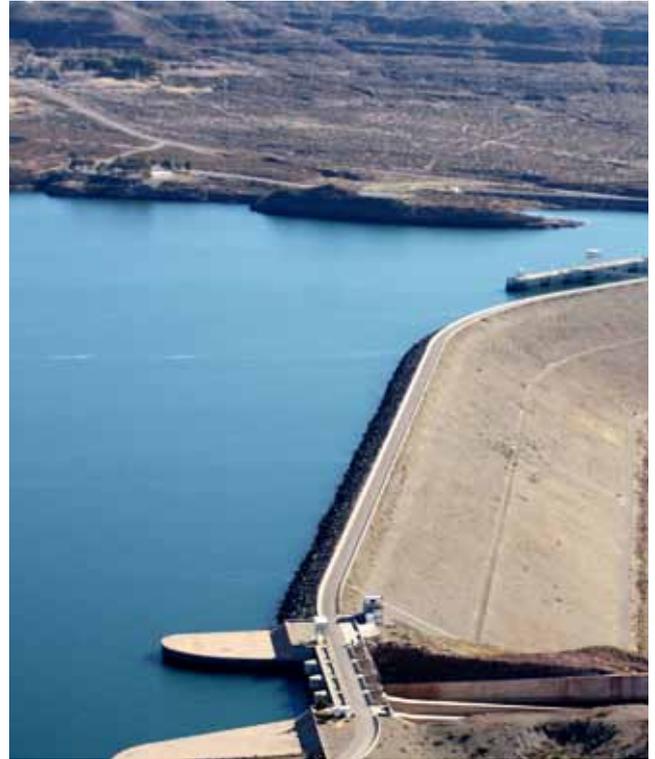
The El Chocón hydroelectric complex is located in a region called Comahue, formed by Argentina's provinces of Río Negro, Neuquén and the southern part of the province of Buenos Aires. El Chocón is on the river Limay, some 80 km upstream from its confluence with the river Neuquén. Arroyito is the compensator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

The hydrological year that began on April 1st, 2015 was a dry one after five consecutive dry years. Therefore, the water flows in the basins of the rivers Limay and Collón Curá were similar to the previous years. The Dispatch Entity therefore restricted the use of the accumulated strategic reserves. This resulted in the maintaining and slight reduction of the energy reserves of Comahue compared to 2014.

As a result of the dispatch of the El Chocón reservoir at the end of 2015, the net generation of the El Chocón-Arroyito complex was of 3,235 GWh, the water level reaching 379.78 meters over sea level as of December, 31st, 2015. The energy reserve in the Comahue reservoirs was 6,582 GWh, of which 2,512 GWh correspond to El Chocón's reserves, both values measured with respect to the Extraordinary Operation Band (FOE in its Spanish acronym) minimum water level condition.

With regard to operations, the accumulated availability in 2015 of the El Chocón-Arroyito complex was of 97.89%, having satisfactorily completed the programmed maintenance plan 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 completed.

During 2015, Hidroeléctrica El Chocón completed the replacement of mineral oil by biodegradable in 2 of the 6



gates of the water intake of El Chocón plant, an important improvement from an environmental viewpoint. The replacement of the remaining 4 gates is expected to take place in 2016.

Three hydrocarbon separators installed in the Arroyito power plant became operational during 2015 to avoid that potential oil losses in the exchangers of the turbine bearings could reach the River Limay.

The implementation of Resolution 482/15 increased the variable remuneration for Hidroeléctrica El Chocón S.A in roughly 23% and for fixed costs, more than 27%, for large hydroelectric and 64% for medium sized hydroelectric. The additional remuneration was not changed and the concept of Non-recurring Maintenance Remuneration was introduced. The positive effect of the resources for the investments of Foninvenem 2015-2018 and the energy production and operational efficiency incentives were also introduced.

Regarding the cost of electricity transportation, Resolution 482/15 considers such cost for hydroelectric power plants.

There were no accidents among employees nor contractors' personnel while performing company activities during 2015. The indicators IFG and IGG were zero, confirming a very good year regarding safety of these workers.

Regarding finances, the Company repaid the syndicated loan debt maturities for 2015 amounting to Ar\$58.3 million and also the maturities of Deutsche Bank AG, Standard Bank Plc, Itau BBA securities bilateral loan amounting to US\$14.8 million.

With reference to the US\$ 6.89 million loan 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 31st, 2015 was Ar\$35.1 million.

The main investment projects for 2016 are i) to carry out the Major Maintenance of the switches on the 5 main machines ii) to replace the speed/load controllers of the turbines of the El Chocón Power Plant.



Generation costs remuneration model – Resolution S.E. No 482/15

Resolution SE No 482/15 of the Secretariat of Energy register was published on July 17th, 2015, replacing Resolution SE No 529/2014 that adjusts the remuneration of the different components of the cost structure of thermal conventional or national hydroelectric MEM agents for the blocks of energy that are not commercialized through contracts regulated by the Secretariat of Energy. This resolution involves the incorporation of different mechanisms to assure the supply of electricity at reasonable prices, compatible with the sustainable competitiveness of the local economy and promoting sustainable growth of the industry. In order to increase available capacity and operational efficiency of electricity generation units, the remuneration methodologies applicable to thermal generation are adjusted establishing a mechanism to modify remuneration of variable costs (non-fuel) according to a dispatch factor of the generation units and to the efficiency of its actual fuel consumption as compared to the reference values used. Resources are included to develop the investments of FONINVEMEM 2015-2018.

The content of the Resolution is applicable to the economic transactions that take place as of February, 2015, of generators that have adhered to Resolution No 95/13 of the SE.

By means of this new resolution, the SE solves the following:

- (i) Replaces Schedules I, II, III, IV and V of Resolution S.A. N° 529/14, adjusting the remuneration of fixed and variable costs, additional remuneration and non-recurring maintenance.
- (ii) Exempts hydroelectric and renewable power plants from the payment of variable collections for transportation of energy and capacity
- (iii) Includes, for transaction that take place between February 2015 and December 2018, inclusively, a new specific contributions model named “Resources for FONINVEMEM 2015-2018 investments” hereinafter, Resources for Investments, given to generators that are participating in the investment projects approved or to

be approved by the Secretariat of Energy, which will be determined monthly and calculated as a function of total energy generated. Cammesa is instructed to retroactively allocate the new charge once the supply and construction contracts are signed. The Secretariat will establish the methodology to do so. If contractual commitments are infringed, the Secretariat may reallocate the resources, without generators having a right to complain.

- (iv) Within a period of up to 10 years from the beginning of the commercial operation of each generation unit built within the framework of the FONINVEMEM 2015-2018, a remuneration equal to 50% the Direct Additional Remuneration is granted.
- (v) Establishes a new Energy Production and Operational Efficiency Incentive Plan.
- (vi) The only values to be recognized for generators are those established in this resolution and those from expired contracts regulated by SE (res. 220.etc)
- (vii) This resolution is applied retroactively from February 2015.

On June 5th, 2015, the Company and other MEM generators entered into the "Agreement of Management and Operation of Projects to Increase the Availability of Thermal Generation and Adjustment of the Generation Remuneration 2015-2018"; hereinafter FONINVEMEM 2015-2018, and adhered to all the terms established in such agreement on July 2nd, 2015. Adhering includes the irrevocable commitment to participate in the formation of FONINVEMEM 2015-2018, undertaking according to point 3.2.v of the Agreement to contribute with the Sales Statements with a Maturity to be defined (LVFVD) and/or collectibles accrued or to be accrued during the entire period between February 2015 and December 2018 not previously committed to similar programs, together with all unused collectibles. Both the Secretariat of Energy and the generating agents that adhered to the Agreement reserve their right to consider this Agreement lawfully terminated if during the 90 days indicated in point 9 of the Agreement the corresponding supplementary agreements are not signed.

By adhering to such Agreement, the Company along with other generation agents, will participate in the construction of a Combined Cycle of about 800 MW +/- 15%, which shall generate both with natural gas and with gasoil and biodiesel. The new combined cycle will be subject to a bidding in order



to be implemented no longer than 34 months after the work is granted. As of the date of the presentation of these financial statements, there has been no progress in terms of the formalization of the complementary agreements previously mentioned. Therefore, such Agreement is not yet in force.

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 Latinoamérica (now Enel Latinoamérica), Enersis, Endesa Chile and Chilectra.

Endesa Chile therefore ceased to consolidate Cachoeira Dourada, and Enersis 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 Goiás, 240 km south of Goiania. It has 10 generation units with a total installed capacity of 665 MW. It is a pass-through hydroelectric power plant that uses the waters from the river Paranaíba.

Its net generation in 2015 was 2,057 GWh, while sales amounted to 3,215 GWh.

Fortaleza

Fortaleza is located in the municipality of Caucaia, 50 km from the capital of the State of Ceará. It is a thermal electric power plant with a 322 MW combined-cycle unit that uses natural gas and has the capacity to generate one-third of the electricity needed by Ceará, with a population of roughly 8.2 million.

Built over a 70,000 m² area, and is part of the infrastructure of the Pecém Industrial and Port Complex located in the municipality of Caucaia. It participates in the federal government's Priority Thermolectricity Program (PPT in its Portuguese acronym). Its location is strategic in terms of promoting regional growth as well as making the installation of other industries viable. Its main customers are Coelce and Petrobras.

The 2015 electricity generation was 22,342 GWh, while its sales amounted to 3,326 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). Endesa Cien controls 100% of the capital of both companies.

The interconnection system consists of two transmission lines, 1,000 kilometers long, and the Garabi conversion station. The value of the Annual Remuneration Allowed (Remuneración Anual Permitida – RAP in its Spanish acronym) for Cien was published in the Official Gazette on April 5th, 2011. The regulatory authority thus equates Cien (whose assets consist of the Garabi 1 and 2 lines) with the public utility transmission concession-holders. The RAP value is adjusted annually and the tariff-revision process takes place every 4 years. Therefore, as of April 2011, Cien was officially authorized to receive payments according to this new vision of its business.



Ampla

Ampla is an electricity 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 Niterói, São Gonçalo, Petrópolis, Campos and Cabo Frio.

During 2015, Ampla delivered electricity to 2,875,292 customers, 2.6% more than in 2014. Of that total, 90% were residential customers, 6% commercial and 3% other users.

Energy sales in 2014 were 11,547 GWh, which represents a 1.1% reduction when compared to 2014, with residential customers representing a significant 41% of physical sales, followed by commercial customers with 19%, non-regulated customers with 14%, industrial customers with 8% and other customers 19%. Since 2003, Ampla has placed great emphasis on reducing energy theft, achieving a 3.5 percentage point reduction in this indicator (from 23.64% to 20.11%). The sustained reduction has been possible because of the success of a combination of Ampla's projects (the use of technology and social activities). For several years, the company has won a series of prizes proving the excellence of our projects.

However, energy losses today continue to represent one of Ampla's main challenges. The year 2014 closed with a 0.75 percentage point increase, going from 20.11% to 20.86 % energy losses, managing to partly contain the market aggressiveness which has increased in the risk zones within the company's concession area.

Coelce

Coelce is the electricity distribution company of Ceará, state located in the northeast of Brazil, covering a concession area of 148,921 km². The company serves a population of over 8 million.

The electricity sold in 2015 reached 11,229 GWh representing a 0.6% increase when compared to 2014. Residential customers' sales amounted to 35% of total electricity sales, commercial customers accounted for 19%, followed by industrial and non-regulated customers that represented 11% of electricity sales each. Other customers received 24% of electricity sales.

By year end 2015, Coelce had a total of 3,757,651 customers, representing a 3.7% increase when compared to 2014. The classification of customers, according to type shows that 76.2% are residential customers, 6.2% are commercial, 0.2% are industrial customers and others represent 17.4%.

Operations in Chile

Endesa Chile and its subsidiaries in Chile have a generating park comprised by 103 units spread out on the Central Electricity Grid (SIC in its Spanish acronym) and 8 units on the Northern Electricity Grid (SING in its Spanish acronym).

Generation Power Plants of Endesa Chile and Subsidiaries

Power Plant	Company	Technology	Installed capacity (Mw) ⁽¹⁾	
			2014	2015
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/Gas Natural	245	245
Diego de Almagro	Endesa Chile	Fuel/Gas Natural	24	24
Huasco TG	Endesa Chile	Fuel/Gas Natural	64	64
Bocamina	Endesa Chile	Coal	478	478
San Isidro	Celta	Fuel/Gas Natural	379	379
San Isidro 2	Celta	Fuel/Gas Natural	399	399
Quintero	Endesa Chile	Fuel/Gas Natural	257	257
Ojos de Agua	Celta	Hydroelectric	9	9
Pehuenche	Pehuenche	Hydroelectric	570	570
Curillínque	Pehuenche	Hydroelectric	89	89
Loma Alta	Pehuenche	Hydroelectric	40	40
Pangue	Celta	Hydroelectric	467	467
Canela	Celta	Wind	18	18
Canela II	Celta	Wind	60	60
Tarapacá TG	Celta	Fuel/Gas Natural	24	24
Tarapacá carbón	Celta	Coal	158	158
Atacama ⁽²⁾	Gas Atacama	Diesel/Gas Natural	781	781
Total			6,351	6,351

(1) These values result from the maximum capacities established by Endesa Chile's Operational Norm No 38: "Norm for determining the maximum capacity in Endesa Chile's hydroelectric and thermo-electric power plants" as of December 31st each year. These correspond to the hydroelectric and thermal generating units' maximum design capacity, for the most part substantiated by the contractual satisfaction guaranteed tests performed by the manufacturer of such generating equipment. In some cases, the maximum capacity values may differ from the capacities declared to the regulatory authorities 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 consolidates into Endesa Chile since May 2014.

The electricity sales of Endesa Chile and its subsidiaries on the SIC amounted to 21,129 GWh in 2015. This represents a 43% share of total sales on the SIC, including sales to customers and net sales on the spot market. Sales to regulated customers represented 83% and non-regulated customers 15%, with 2% in net operations on the spot market. Energy sales on the SING reached 2,429 GWh in 2015, representing 10% share of total sales on that grid.

Installed Capacity, Generation and Energy Sales from Endesa Chile and Subsidiaries

Installed capacity (MW) ⁽¹⁾	2014	2015
Endesa Chile	3,757	3,757
Pehuenche S.A.	699	699
Celta S.A.	1,115	1,115
Gasatacama ⁽²⁾	781	781
Total	6,351	6,351

Generation ⁽³⁾	2014	2015
Endesa Chile	10,092	10,450
Pehuenche S.A.	2,902	2,959
Celta S.A.	4,553	3,624
Gasatacama ⁽²⁾	516	1,270
Total	18,063	18,294

Sales	2014	2015
Sales to end customers		
Endesa Chile	18,438	20,490
Pehuenche S.A.	293	281
Celta S.A.	1,007	981
Gasatacama ⁽²⁾	165	189
Spot market sales	1,253	1,618
Total	21,156	23,558

(1) These figures result from the maximum capacities determined by Endesa Chile's Operational Norm No 38 "Regulation for defining maximum capacity in the hydroelectric and thermal plants of Endesa Chile," as of December 31st each year. They are the maximum design capacity of the generating units, mostly corroborated with contractual satisfaction guaranteed tests made by the manufacturer of the generating equipment. In some cases, the figures of maximum capacity may differ from the capacity declared to the regulatory authority and customers in each country, due to criteria defined by these entities and compliance to the corresponding contractual frameworks.

(2) Gas Atacama consolidates into Endesa Chile since May 2014

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



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 and GNLO), Endesa Generación (España) and Transelec.

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

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

General Scenario of operational and commercial performance

The Central Electricity Grid (SIC) presented an average hydrologic condition, similar to 2014, although with significant differences between the first and second semester of the year. The first semester was very dry but showed significant improvement during the second semester. The costs of generation followed the same trend for both periods, although the averages were below the previous year.

Within this context, the greater procurement costs during the first semester are due to the extension of the drought that has affected the country for the past 5 years and particularly during the first few months of 2015 that were among the driest ever registered. There was almost no rainfall in the south central area of the country. Costs were also affected by the lack of generation of the Bocamina I



power plant. Operations of Bocamina I were interrupted in order to perform activities related to complying with environmental requirements. A court order caused the interruption of Bocamina II operations.

During the second semester, supply costs, therefore electricity prices, decreased significantly due to a substantial improvement in the SIC's hydrology that shifted towards a normal condition for such time of the year.

The lower average procurement costs when compared to 2014 are also explained by a widespread fuel cost reduction, the entrance of new electricity supply to the system and the re-entry of Bocamina I and II during the second semester. The lower level of electricity consumption dynamism reaching a 1% growth rate, representing an important reduction, when compared to the 2.5% growth rate in 2014, and even more so when compared to the 4.5% average growth rate from 2010 to 2014.

Main events that affected operational and commercial performance

The re-entry of Bocamina II operations to the SIC in June, which had been interrupted since mid-December, 2013 due to a court order was an important event. The Supreme Court resolution disclosed in November, 2014 allowed Endesa Chile to develop an optimization project in order to guarantee the power plant compliance with the environment requirements stated in the judicial ruling. The project, which has the Environmental Authority Approval⁽¹⁾, considers, among other main technical environmental improvements, covering the coal storage yard, installation of advanced technology filters in the water suction unit of the refrigeration system and air quality real-time monitoring. By committing to implement these optimization measures, the Company obtained the authorization to re-start power plant operations. The above mentioned optimization measures in addition to the community activities being carried out in the area (Social Plan with the Coronel Community) represent a significant

(1) Environmental Qualification Resolution RE No 128 issued April 2nd, 2015, Environmental Evaluation Authority of the Bio-Bio Region and Superintendence of the Environment Resolution dated May 20th, 2015.



event regarding consolidating the sustainability of this facility and secure the contribution of this power plant to the operating margin of the Company.

Furthermore, during 2015, Endesa Chile reached agreements with the Hydraulic Works Department (DOH in its Spanish acronym), which reports to the Ministry of Public Works, as the guarantor authority of reservoir management, and with the farmers' irrigation association regarding the operation of the dams located in the Laja basin and the Maule River basin. These agreements allow adding flexibility to water extraction in critical situations.

The advantage of both agreements translates into a more efficient use of reservoir water and of existing water rights in ever geographical area, offering direct benefits to irrigation and electricity generation. They also allow reducing potential conflicting situations resulting from the drought, present in the country for some time.

The events that Endesa Chile has faced during 2015, as in previous years, mainly related to the persistent sequence of

dry years and other unfavorable conditions, proves Endesa Chile's strength to perform its operational and commercial activities well under adverse situations. The attributes, worth highlighting, that have allowed the Company to perform highly under these conditions are the following:

i) The Company's generation assets have significant installed capacity, different technologies types, are operationally competitive with high availability, and primarily comprised by efficient hydroelectric and thermoelectric power plants, which allows reaching low average operating costs;

ii) The commercial policy has been defined so as to be in line with the capacity of the Company's generation assets and the conditions imposed by a competitive market and strict regulation. In this regard, the objective of the policy is achieve an attractive return and a low level of hydrologic risk, subject to aspects, such as: the level of contacted energy, the diversification of its customer base and its price policy;

iii) The objective of operations policy has always focused on operating facilities with high quality and availability standards. In order to do so, it has permanently applied operating procedures and maintenance and modernization plans to comprehensively comply with technical and environmental requirements established by the regulatory authority.

Hydrologic Condition in the SIC

The year 2015 began with a level of snowmelt typical to very dry hydrologic conditions, without rainfall and that continued until May. From June on, rainfall reached a level regarded as normal and therefore 2015 was considered to fall within the semi-dry hydrologic condition. The first two quarters were drier, but later there were probabilities of accumulated excess flows reaching 95% and 85% respectively. This condition improved during the third quarter, enabling a recovery of the seasonal reservoir water levels, and allowing to reach a 52% probability of excess. The last quarter, considered to be the snowmelt period of the year, had semi-dry hydrology, roughly 70%. The effect of the last quarter added to the previous quarters, resulted finally in a 75%

average probability of accumulated excess flow for the year 2015, similar to 2014.

Generation and supply costs of the SIC

The hydrologic condition that was, on average, similar to 2014, also offered a similar level of electricity, amounting to 52,900 GWh for the SIC. Of this total amount, 49% was thermal electricity (slightly less than the 52% in 2014), 45% hydroelectricity (similar to 2014), and the remaining 6% was ERNC solar and Wind generation. Hydroelectricity's participation was higher during the second semester, reaching 61% of total generation for that period. Regarding thermoelectricity, coal represented 27% of total SIC generation, slightly lower than the 30% reached in 2014, followed by LNG with 16% of the total and biomass with 4%, moving diesel to reach 2%.

During 2015, Endesa Chile electricity generation reached a 34% share of total SIC generation, similar to the 33% for 2014. The Company's hydroelectricity share remained at 23% amounting to 12.000 GWh, similar to the 11.900 GWh generated in 2014. With regard to thermal electricity, Endesa Chile generated 5.900 GWh representing 11% of SIC, greater than the 5.100 GWh (10%) generated in 2014, partly due to the electricity generated by Bocamina power plant that restarted operations during the second semester of 2015 and due to greater LNG generation. Its electricity generation with LNG was 4,930 GWh, representing a 9.3% share of the SIC, greater than the 4,550 GWh (9%) in 2014. Electricity generation using coal amounted to 956 GWh, that is, 2% of the total amount, considering that Bocamina was not operating during the first semester. Endesa Chile fuel oil electricity generation was only 35 GWh, equivalent to less than 0.5%.

In terms of electricity generation by source, it is important to highlight that Endesa Chile continues to lead in hydroelectricity and LNG generation with a 51% share of the SIC's total hydroelectricity and 59% of the SIC's total LNG generation. The Company's wind generation reached 144 GWh, and represented 8% of the SIC's total wind generation.

During 2015, fuel prices fell significantly when compared to 2014. The average price of coal, the main fuel used in the SIC

in 2014, dropped approximately 16% from an average of US\$111 per ton in 2014 to US\$93 per ton in 2015. Regarding the average price of LNG, second in participation within the SIC and the main fuel used by Endesa Chile, it fell nearly 33% from US\$365 per Dm³ in 2014 to US\$246 per Dm³ in 2015. The price of the other liquid fuels, less important in terms of participation in the SIC, such as, diesel and IFO No 6, also decreased significantly, roughly 40% when compared to the crude oil international market trend. Consequently, the effect of the lower prices of fuel aforementioned, in addition to the better hydrologic conditions in 2015 when compared to the very dry previous years and until 2013, is the reduction of the Company's generation cost, positively impacting its operating margin.

Within the context of the abovementioned, both the average cost of generation and the average price of electricity in 2015 declined when compared to the year before. Regarding the price of energy, if using the spot market price at a relevant node in terms of consumption, such as 220 kV Alto Jahuel, it drops a significant 32% when compared to 2014. That is, it goes from an average US\$135 per MWh in 2014 to US\$92 per MWh in 2015, which is consistent with the fuel price reduction. Nonetheless, worth noting is that prices during the first semester of 2015 were very different from those during the second semester, which averaged at US\$135 per MWh and US\$48 per MWh, respectively. Second semester prices hadn't been seen since 2006, a year that registered a wet hydrologic condition.

The importance of liquefied natural gas (LNG)

The capacity of the LNG Terminal, located in the Valparaiso Region, was expanded twice. The first expansion project, which increased its regasification capacity by 4.8 MMm³/d to reach a total 14.4 MMm³/d, was completed and its commercial operation began in February 2015.

Of such expansion, Endesa Chile contracted and additional 2.1 MMm³/d regasification capacity to reach a total 5.4 MMm³/d (37% of the Terminal's total capacity) that will satisfy the regasification needs of its existing power plants and also the requirements to develop new natural gas generation and commercialization projects in the central region of Chile.



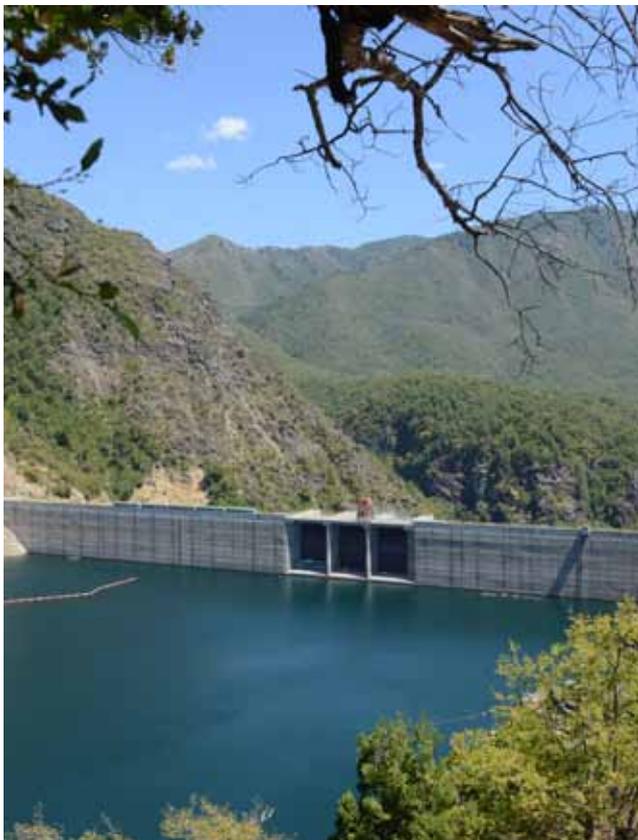
Regarding the commercialization of natural gas, two significant events took place during 2015. First of all, in the Norte Grande interconnected system (SING) Endesa Chile signed a contract, the Use of Terminal Contract (TUA) with GNL *Mejillones*, allowing Endesa Chile to unload its first LNG shipment in the northern part of Chile. This transaction allowed signing Gas Sales Contracts with industrial customers located in the northern part of Chile and the use of such fuel in the Company's power plants connected to the northern gas pipeline network (Taltal and GasAtacama). This has allowed Endesa Chile to become the leading industrial natural gas trader in Northern Chile. Second, Endesa Chile carried out its second international transaction by selling, through Endesa Energia, an LNG shipment to a customer in Argentina.

During 2015, the Quintero Terminal unloaded 39 shipments containing a total 3,130 MMm³ of natural gas. Of that total amount, 1,200 MMm³ were for Endesa Chile, and 660 MMm³ of gas was for other Terminal owners to be sold to other SIC generators to generate electricity.

Government policies that directly affect the electricity sector

According to the Energy Agenda, in mid-April the Ministry of Energy publishes the findings of the first phase of the Chilean basin studies performed by the Universidad de Chile along with the Teco Group Consortium.

Taking into consideration the importance of developing projects with the country's own resources, such as hydroelectric projects, and considering the current difficulty to carry out these projects, the objective of this study is to increase the project developers' and the community's level of certainty regarding the process, adding clarity so as to increase information symmetry among the different players involved and allow them to reach agreements required to carry out the projects. Within this context, the Energy Agenda proposes developing a Territorial Energy Plan for the future development of hydroelectricity based on technical, environmental, economic, and sociocultural criteria. The Agenda also commits to perform a mapping and global analysis of the country's basins, and to prioritize by means of a participatory process.



The study determined that the hydroelectric potential of the 12 main basins located between Maipo (Metropolitan Region) and Yelcho (X Region) is nearly 11,000 MW, and the three basins in the Aysen Region have a potential 4,500 MW. Consequently, the program is committed to continue into a second phase of the study and include more detail of the following basins: Biobio, Yelcho River, Maule River, Tolten River, Puelo River, Valdivia River and Bueno River. These basins together have a hydroelectric potential of 8,200 MW. The second phase is expected to be completed towards the end of the first semester of 2016.

Regulatory aspects related to the electricity sector: proposed legislation, regulations and technical standards

Within the context of the Electricity Interconnection of Independent Electricity Systems Law (Law No 20,726), enacted in 2014, the construction of the electricity interconnection of the SIC and SING project kicked-off. The company E-CL is developing the project, which involves



building a 500kV, double circuit transmission line, with 1,500 MW capacity that will connect the SING to the SIC, from the Los Changos substation located in Mejillones, to the Nuava Cardones substation located near Copiapo. This project is part of the Trunk Transmission System Expansion Plan 2014-2015 developed by the CNE. It is expected to be operational during the second semester of 2018.

On January 29th, 2015 Law No 20,805 is published. It modifies the bidding 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. The main modification included in this Law is that the state (CNE) takes responsibility for tenders and ensuring the supply of the regulated customers of the EEDD. Although tenders are considered for long term electricity supply, the CNE may also arrange short-term tenders to resolve supply problems of electricity distribution companies without contracts. The Law also considers special conditions for tenders that are backed with new generation projects and by type of generation technology (NCRE). Within the framework of this Law, in the month of April the CNE publishes the Final Technical Report on Tenders that includes an analysis of demand projections of the distribution companies that are obliged to tender for the 2015-20130 period, and also the analysis of the expected potential supply of electricity for the relevant period and a projection of the supply tender processes that should take place within the following four years. As a result of this study, the CNE prepares and publishes the terms and conditions of two supply tenders for distribution companies. The first one during May for 13,750 GWh/yr to satisfy regulated customer consumption to begin supplying one part in 2021 and the other in 2022 and in both cases for a 20 year period, the tender to take place in April, 2016. The terms and conditions of the second tender was published in June for 1,200MWh/yr., structured in hourly blocks adjusted to the needs of NCRE generators whose consumption begins in 2017 for a 20 year period, which was awarded in October 2015 at a price of roughly US\$79 per MWh.

The fair tariff bill "*Ley de Equidad Tarifaria*", was submitted to Congress in June. It proposes a mechanism to reduce the gap between the residential customers that pay a high tariff and those that pay a low tariff. It suggests that the

highest invoice not be more than 10% higher than the nationwide average invoice. The goal is to finance the discounts with funds from all regulated customers with the exception of residential customers. Only the residential customers that consume more than 180kWh per month with an invoice amount below the nationwide average would participate in financing. It also proposed to establish a discounted regulated tariff for the districts that are electricity generation intensive based on the installed capacity and the number of customers in the district. According to this bill, generation companies will not participate in this compensation system. At year-end 2015, the project is in the Senate and received a general approval by the Senate in October.

As established by the Energy Agenda, in August, the Electricity Transmission System bill that creates an Independent Coordinator of the National Electricity System. Regarding electricity transmission, the bill proposes changing the functional definition of the transmission system. It replaces the current definitions of Trunk, Sub transmission, and Additional with National, Zone, Development Poles and Dedicated. The purpose is to promote the development of sufficient transmission capacity, on both the national and zone level, in order to contribute to the development of generation facilities according to location and technology. It also proposes a new compensation system for transmission, based on fixed charges paid by customer demand. Regarding the Independent Coordinator, the bill modifies the current structure, proposing the following: i) The Board of Directors is replaced by an executive council composed by 7 members and elected by a special Nominations Committee (6 members coming primarily from state agencies); ii) It maintains its current responsibility to coordinate the system's operation and determine the spot market transfers and adds the responsibility to monitor competition and guarantee the payment value chain and iii) it assumes the SIC and SING is interconnected as it proposes one body for both systems. This Law also includes the regulation of Complementary Services and an Energy Planning System to be performed every 5 years and for a 30 year time horizon, and that would include a long-term scenarios definition, the identification of development poles, and citizen engagement in this activity and others. This project significantly increases the technical responsibilities of the CNE.



Worth mentioning is that the CNE has submitted this bill to a process of public discussion in which Endesa Chile has actively participated, both directly in committees organized by the CNE and indirectly, through the Chilean Professional Association of Generators

Actions taken by Endesa Chile in 2015

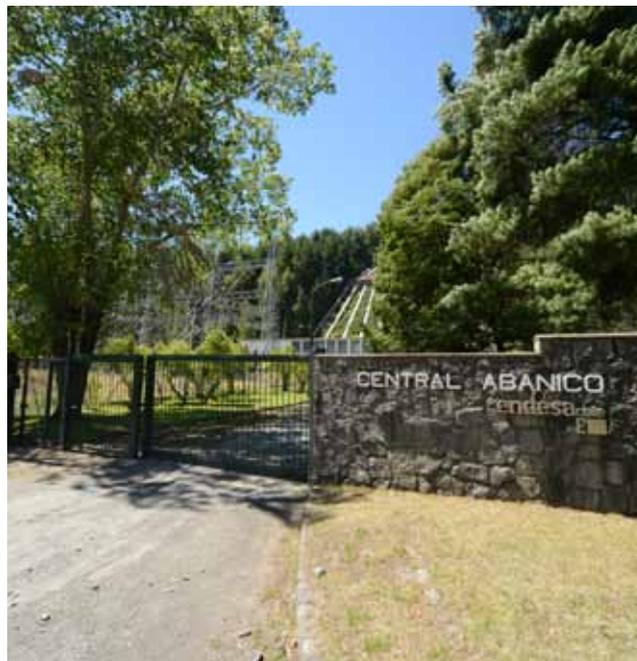
Maintaining high standards of availability, efficiency and safety in the operation of its power plants, in order to maintain its leadership position in the electricity industry, has been a constant concern for Endesa Chile.

The following events that took place in 2015 prove the Company's excellent level of operations:

- > All generation assets are certified under standards ISO14.001 and OHSAS 18.001, except Bocamina II that is expected for 2016. Six generation power plants are also certified under standard ISO 9,001.
- > Regarding the modernization of generation units, specifically in terms of remote control of hydroelectric units, during 2015 Cipreses, Isla and Ojos de Agua power plants became remotely controlled from the Company's National Operations Center (CEN in its Spanish acronym). The power plants already being remotely controlled by the CEN are Pehuenche, Curillinque, Loma Alta, Rapel, El Toro, Antuco, Abanico, Los Molles, Sauzal and Sauzalito. This means that 2,280 MW of hydroelectricity is being
- remotely controlled from the corporate building in Santiago, which represents 66% of Endesa Chile's hydroelectric power plants, equivalent to 35% of the Chile's hydroelectric installed capacity.
- > In line with the policy to improve standards of availability and assure the useful lives of the generating units, in July the stator coil of Unit No 1 of the Isla plant was changed.
- > The annual certification of the capacity of certain generation units to start autonomously continued in 2015. During the year, 27 of the 33 units that have that capability were certified.
- > In May, the overhaul of Bocamina's Unit 1 generator was completed, including the replacement of the stator coil, the rotor retention rings, the generator's excitation system and the excitation transformer. The fast closing valves and all the condenser tubes of the turbine were also replaced.
- > The overhaul of the gas and steam turbines of San Isidro's combined cycles took place during the second semester and an inspection program using non-destructive testing techniques was applied to both heat recovery boilers (HRSG) and to the piping of the steam turbine.
- > In December, within the context of using the most advanced methods to perform maintenance of very important installations, such as the dam of a reservoir, the inspection of the Ralco dam was performed with a robot, ROV, which works under water and is operated remotely from the surface. Ralco is Endesa Chile's highest dam in Chile meaning that the ROV was submerged more than 110 meters deep, allowing to determine that the dam is in good condition in terms of conservation and safety.
- > Regarding the elimination of asbestos from the generating plants, in March 2015 the process of removing it from Bocamina concluded, being declared free of asbestos. Also, studies were initiated to focus on removing asbestos from other facilities of the Company during 2016.
- > Within the context of Bocamina's Social and Technical Plan, high tech filters were installed on the sea water intake of the refrigeration system of both unit in order to minimize the suction of biota from the seabed.
- > During the first semester, the works to modify and replace equipment of Bocamina's Unit N° 1 in order to meet NOx emissions limits established in the new emissions regulations were finished. The project

consisted mainly in replacing the original burners with low NOx burners, making changes to the coal crushers, the air pre-heaters, of the air distribution system and the implementation of a new boiler control and instrumentation system.

- > During the first semester of 2015, the installation of the flue gas desulphurization system of Unit No 1 was completed. This desulphurization system included the installation of equipment to absorb the SO₂ from the gas by using lime slurry spray that is extracted as a solid and stowed in hoppers to be disposed of later.
- > During 2015, began the works to install the desulphurization system equipment at the Tarapaca Power Plant, in northern Chile. The start-up of the desulphurization system is expected to occur in April, 2016, during the programmed stoppage of the power plant.



In the commercial front

Endesa Chile's commercial actions in 2015 were consistent with its commercial policy whose purpose was to align the joint achievement of the following objectives: maintain industry leadership; manage risk properly and the company's return facing the unfavorable conditions in the SIC during 2015; comply with its permanent customer loyalty policy and increase internal commercial management efficiency. The main actions taken are the described below.

With regard to customer contract management, new electricity supply contracts were signed with Inchalam, Masisa's Mapal plant, CGED for some of its non-regulated customers and ACF Minera. Furthermore, and according to what was contractually considered for 2015, the following supply contracts expired on December 31st, 2015: Compañía Minera del Pacífico, Compañía Siderurgica Huachipato, Compañía Exploradora de Minas, and the contract with CGED for some of its non-regulated customers.

Also, natural gas supply agreements were reached with Codelco, Soquimich and Altonorte, making Endesa Chile the leading company in the industrial market of Chile's northern territory, Norte Grande. Additionally, during 2015 Endesa Chile began supplying demineralized water Molyb, subsidiary of Codelco located in Mejillones.

In terms of loyalty management, customers were taken to the Rapel power plant in September. In December, a customer satisfaction survey was performed. The Customer Satisfaction Index result was 16.8 that means that customers have a favorable perception of the Company's service, even better than in 2014 when the result was 16.6.

The aspects that obtained the best evaluation, as in previous years, were those related to commercial staff, indicating that there is a positive opinion of the Company's customer account executives, and the invoicing process increasingly more complex.

Endesa Chile Projects under Construction and Optimization

Los Cóndores Project

The Los Cóndores project, a hydroelectric power plant in the San Clemente district, province of Talca, Maule region, involves the construction of a power plant with a nominal installed capacity of approximately 150 MW, through 2 vertical axle pelton units, with a maximum flow of 28 m³/s, 48% load factor and with an expected annual average electricity generation 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.

During July 2015, the scale model tests of the turbines were conducted in the laboratory of Voith Hydro in Heidenheim, Germany. The results were satisfactory and enabled a hydraulic design, giving rise to the detailed design of the main generating equipment, a process that will take approximately eight months.

In August 2015, Endesa Chile participated in the assembling tests of the Tunnel Boring Machine, which is used to build the headrace tunnel of the project that was manufactured by Robbins (Ohio, USA) under the supervision of the civil works contractor Ferrovia Agroman. By the end of 2015, all components of the tunnel boring machine were received and assembly was started.

Regarding the transmission line, Endesa Chile has signed easement agreements for 218 structures, or 73.6% of the total structures required. In addition, the process of notification and publication of the Definitive Electricity Concession (CED in its Spanish acronym) began after the Superintendence of Electricity and Fuels (SEC in its Spanish acronym) issued the Resolution granting the admissibility of the concession presented by Endesa Chile on December 9th, 2015.



Main progress in 2015:

- > In January 2015, the first 10 meters of the Tunnel Ventana Lo Aguirre were finished. In April 2015, the digging of the access tunnel to the underground powerhouse (390 m long) was completed.
- > In July 2015, the turbines scale model tests were performed. In August 2015, the digging of the auxiliary tunnel to the discharge tunnel (141 m long) was completed.
- > In September 2015, the digging of the discharge tunnel of both units that connect the underground powerhouse to the main discharge tunnel of the power plant was completed.
- > In November 2015, the digging of the underground powerhouse was finished. In December 2015, the assembly, outside the tunnel, of the complete shield of the tunnel boring machine, which initiated the process to introduce the equipment into the tunnel.
- > By December 2015, 70 foundations for the transmission line structures were completed, progress in the construction and supplies reached 13.55% and 55.8%, respectively.

Optimization of Bocamina Plant's Second Unit

The optimization project of the second unit of the Bocamina power plant, located in the Coronel district, province of Concepción, Biobío region, involves the installation of a 350 MW coal-fired thermal unit, alongside the existing Bocamina plant, which uses crushed bituminous coal as fuel. The new unit connects to the Central Interconnected System, SIC, through a link with the Lagunillas substation that has been developed by Transelec.

On January 30th, 2015, Addendum No 2 of the Optimization of Bocamina Power Plant Second Unit Project was submitted to the Environmental Evaluation Authority, SEA, and on April 2nd, 2015, the SEA published the Environmental Qualification Resolution (RCA) approved on March 16th, 2015 by the Environmental Evaluation Commission of the Bio-Bio Region.

Later, after a Resolution issued on May 20th, 2015 by the Superintendence of the Environment (SMA), in which it pronounces in favor of the request to qualify the solution involving filters and meshes in the water suction unit of the refrigeration system, Endesa Chile began the process of restarting operations of the Bocamina facility.

During May and June the works to finish the power plant considered in the contract "Finishing Pending Mechanical and Electrical for Start-Up" was awarded to the company Mavitec and the contract "Bocamina II Finishing Paint and Isolation" was awarded to the company Akeron Caf.

On June 30th, 2015, the second unit of Bocamina power plant was declared to be in commercial operation and became available to be dispatched by the dispatch center of the interconnected electricity systems CDEC-SIC, after a period of operational testing that began during the first week of June.

In January, 2015, Endesa Chile approved the agreement reached with Technimont-SES consortium by means of which the arbitration proceedings presented at the International Chamber of Commerce (CCI in its Spanish acronym) are finalized due to the compliance with the obligations agreed upon the Power Plant Expansion Project contract.



Projects under Development

In Endesa Chile, different growth opportunities in the countries in which we operate are continuously analyzed. During 2015, our projects' portfolio has been modified to increase flexibility by having options when making investment decisions. The focus is placed on a portfolio with projects that are sustainable from a technical, environmental, social and economic perspective. Expected dates of commissioning of each of the projects are constantly reviewed and are defined based on commercial opportunities and on the Company's capacity to carry out these projects. The projects currently in development are the following:



Projects in the Evaluation Phase

Neltume Hydroelectric Project

The Neltume project will be located in Los Ríos region, on the upper part of the Valdivia River basin. The Neltume project consists of a 490 MW installed capacity run-of-the-river hydro power plant. It will be connected to the SIC through a 42 kilometer 220 kV transmission line from Neltume to Pullinque.

The Environmental Impact Study (EIA in its Spanish acronym) that was being evaluated by the Environmental Evaluation Authority (SEA in its Spanish acronym) of the Rivers Region was withdrawn on December 29th, 2015. This relates solely to the Neltume power plant project and not to the transmission line project, which is still going through the process of approval by the SEA.

The new design for the potential project will require additional technical and environmental studies, a process that will be carried out by creating opportunities for collaboration and common views, as far as possible, with communities and local authorities. Endesa Chile's purpose is to achieve the development of the project in a harmonious way with the geographic, social and environmental surroundings, in line with the energy requirements of the region and the country.

Regarding social aspects of the project, Endesa has established a work process that permanently involves the communities where its power plants and projects are located, supporting round table discussions and promoting competitive funds so that it be the community and its members who define which projects to develop, based on their interests and needs.

Taltal Thermoelectric Combined Cycle Project

The project involves the installation of a steam turbine allowing to convert the existing Taltal gas-fired open cycle plant into a combined-cycle plant, by using the steam generated by the gas turbines to produce energy, which will considerably improve its efficiency. The Taltal power plant is located in the Antofagasta Region (II Region). The existing Taltal power plant currently has two 120 MW (net

capacity) gas turbines. The additional capacity to be added by the steam turbine would be approximately 130 MW and therefore, the Taltal power plant would achieve a total capacity of 370 MW. The energy produced would be supplied to the SIC through the existing 220 kV double circuit Diego de Almagro – Paposo transmission line.

In December 2013, an Environmental Impact Declaration (DIA in its Spanish Acronym) was submitted to the SEA for approval, in order to optimize the project. The main modification relates to a change in the cooling system, which was originally designed as a wet system (using sea water) and is being modified to a dry cooling system (using air condensers). During the second quarter of 2015, Addendum No 2 was submitted, responding to the second round of observations formulated by the SEA, after the first Addendum had been submitted. During the third quarter of 2015, the SEA formulated its third round of observations (only 3). Endesa Chile decided to postpone the response (Addendum No 3) until the end of 2016. This decision was made to create opportunities for discussion and work with the local community and thus, build a collaborative, transparent and constructive relationship, enabling move forward in agreement with the communities involved.

The project is being financed with the company's operational cash flow.

Land Reserved for Future Projects

As of December 2015, Endesa Chile has one immovable property (lot), approximately 250 ha in size, to be used for thermoelectric or hydroelectric projects. These assets are located in the Atacama region (208.9 ha.) and the Los Lagos region (42 ha.).



Operations in Colombia

Installed Capacity, Generation and Electricity Sales

Installed Capacity (MW) ⁽¹⁾	2014	2015
Emgesa		
Guavio (hydroelectric)	1,213.0	1,213.0
Guaca (hydroelectric)	324.6	324.6
Paraíso (hydroelectric)	276.6	276.6
Cartagena (thermoelectric)	208.0	208.0
Termozipa (thermoelectric)	235.5	235.5
Darío Valencia (hydroelectric) (2) (4)	150.0	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)	0	0
Salto II (2) (4)	35.0	35.0
Laguneta (2) (4)	18.1	18.1
Betania (hydroelectric)	540.9	540.9
El Quimbo (hydroelectric) (6)	0	400
Total	3,059	3,459
Electricity Generation (GWh)	2014	2015
Emgesa (3)	13,559	13,705
Total generation in Colombia	13,559	13,705
Electricity sales (GWh)	2014	2015
Emgesa	15,773	16,886
Total Sales in Colombia	15,773	16,886

(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 plants"; as of December 31st each year.

(2) Unit 2 of the Darío Valencia plant has been operational since January 2014, with an installed capacity of 50 MW. Unit 3 of Darío Valencia added an additional 50 MW in April 2014. The commercial operation of the 20 MW San Antonio plant was withdrawn in March 2014. Since June 2014, 35 MW of the Salto II plant was added and as of December 17th, 2014, 18 MW of the Laguneta power plant began operations.

(3) Total generation minus own power plant and external ancillary consumption.

(4) The Salto II, Darío Valencia & Laguneta plants are part of the Salaco project.

(5) Installed capacity of Limonar differs from the figure reported in the previous Annual Report due to a correction.

(6) The new hydroelectric power plant El Quimbo began commercial operations on December 17th, 2014.

Activities and projects

Favorable hydrology for Emgesa in 2015

The supply of electricity in Colombia in 2015 was similar to 2014. It was characterized by relatively dry conditions, reflected by hydrological contributions to the reservoirs of the National Grid (SIN in its Spanish acronym) amounting to 89.6% when compared to the historic average (in 2014, these were 93.3% of the historical average). Hydrological contributions below the historical average, together with the occurrence of El Niño phenomena, which began to gain strength in September, caused the spot market price to exceed the scarcity price. Consequently, the average price for the year was COP \$378.2/kWh (a 68% increase compared to 2014), primarily due to the high level of prices that began on October 17th. The spot market price reached a maximum

COP\$ 2,817 per kWh (October 5th, period 9). This situation led the CREG to establish a maximum spot market price (75% of the cost of the first rationing step or stage – CREG Res. 172, 2015).

In this scenario, Emgesa's contribution margin was COP\$ 1,918.3 million, 3.1% higher than 2014, positively affected by the increase in annual generation, which reached 13,705 GWh, representing a 0.5% increase when compared to 2014.

Despite the hydrological conditions of the system, the hydrology of El Guavio reached 116.9% when compared to the average historical level.

Effective maintenance management of generation power plants and production highlights in 2015

Net electricity generation increased 0.8% when compared to 2014. This result responds to the effective technical management of generation power plants including proper planning and implementation of preventive and corrective maintenance. The Availability Index of total generation capacity was 91.2%, representing a 0.3% increase when compared to 2014.

In terms of production management highlights, worth mentioning is the level of generation of three power plants breaking their respective historical records: Guavio power plant generated 6,603 GWh (5.8% more than the 6,241 GWh in 2012) as a result of the development of special water resource optimization projects; Termozipa power plant generated 1,150 GWh (15.9% more than the 992 GWh reached in 1997), and; Cartagena power plant generated 362 GWh (50.8% more than the 240 GWh reached in 2010). The increase in thermal electricity generation is proof of effective maintenance management of power plants as they were able to adequately respond to the need of the National Interconnected System resulting from the El Niño phenomenon.



Río Bogotá Popular Action Ruling

In April 2014, the appeals court ruling related to cleaning the Bogotá River and the Muña reservoir was disclosed.

The following are the most relevant aspects of the ruling from Emgesa's perspective:

- > Emgesa was not found responsible for the environmental damage caused to the waters of the Bogotá River.
- > The alternative chosen by the judicial entity to decontaminate the Bogotá River is compatible with the process of electricity generation.
- > The ruling acknowledges and validates the agreements signed and resources already appropriated for the construction of the Canoas treatment plant and lift station. Emgesa and Empresa de Acueducto y Alcantarillado de Bogotá (EAAB in its Spanish acronym) must comply with the inter-institutional agreement 9-07-10200-0688-2011 (contributions to the construction of the Canoas Lift Station).
- > Emgesa was ordered, as long as the Muña reservoir water concession for the generation of electricity is effective, to finance the operation and maintenance of the Canoas lift station.

- > The difference in the contributions of funds, within the framework of the agreements signed to finance the works, activities, plans, projects and programs regarding the management of the basin of the Bogotá River, is declared to be the responsibility of the entities involved and according to their respective participation and commitment.
- > The Ministry of the Environment and Sustainable Development (MADS in its Spanish acronym) was ordered, in coordination with the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM in its Spanish acronym), to develop and adopt a specific methodology for the estimation of the environmental and ecological flow of the river Bogotá within 24 months.
- > Emgesa and the Corporación Autónoma Regional de Cundinamarca (CAR in its Spanish acronym) were ordered to coordinate with Empresa de Energía de Bogotá (EEB) to perform all the activities necessary to operate and maintain the Muña reservoir (dredging, mud disposal, operation and maintenance of the ventilation system, crops and disposal of "buchón" weed).
- > As a consequence of aforementioned during 2015, the Company along with EBB and in coordination with CAR, performed the operation and maintenance of the Muña reservoir (dredging, mud disposal, rim maintenance, monitoring, among others). CAR also requested that an environmental management plan of the reservoir be presented in 18 months.
- > With regard to the Canoas Lift Plant, the final review of conditions was performed in order to begin the tender for the design and engineering necessary for the construction, equipment supply, testing and start-up of the Lift Station. The tender will be carried out by Empresa de Acueducto de Bogotá in 2016.

Water concessions management for electricity generation

During 2015, actions were adopted before the Corporación Autónoma Regional de Cundinamarca, CAR in its Spanish acronym, to modify and expand the Bogota River concession. Consequently, a clarification of the request regarding the concession that was presented in 2011 was submitted to the CAR. The argument of the request to modify the concession is that it would offer the necessary resources to take advantage of the maximum capacity of the generation power plants that use the Bogota River.

Power Plant	Capacity MW	Concession Expiration date
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
Diario Valencia	150	July 30, 2018

Port Company in Cartagena- Sociedad Portuaria Central Cartagena S.A. -SPCC

Once the 12 month period since the subscription of the Request No1 of the Port Concession Contract No 006 between the national port concession agency, Agencia Nacional de Concesion Portuaria (ANI in its Spanish acronym) and the company Sociedad Portuaria Central Cartagena (SPCC in its Spanish acronym), had expired, on December 22nd, 2015, and considering that the competent environmental authority CARDIQUE had not pronounced to that date regarding the resolution authorizing the Environmental Management Plan in order to begin the construction of the dock despite SPCC diligently performing such action, SPCC requested the ANI to change the schedule of investments in the contract postponing it one more year.

Furthermore, the ANI has urgently requested the SPCC to present a maintenance plan for the floating dock (Jupiter barge) located in public use area within the concession zone, due to its deterioration, considering that this asset must be recovered by the concession holder and returned to the

Nation (INVIAS) in good condition once the permanent dock has been built, as stated in the contract. The Board of Directors of SPCC, on December 16th, 2015, authorized the investment to urgently buy a new barge because it was currently not possible to receive fuel by sea given the deterioration of the Jupiter barge.

Finally, during the meeting attended by SPCC and ANI on December 9th, 2015, SPCC spoke to the ANI about the complicated energy situation of the thermal generation power plants were facing, including Central Cartagena and Emgesa, and that CREG resolution 109 would place the Charge for Reliability revenue of these power plants at risk as of 2019. This would represent a threat to SPCC, because its only (or main) customer may not be able to operate in the future and therefore not justify the 2 million dollar investment to build the concrete dock as agreed in the concession contract given the current uncertainty. During 2016, the Company and ANI will review the alternatives the SPCC has to avoid noncompliance with the concession contract and the agreed investment plan.

Commercialization of Gas

During 2015, Emgesa consolidated its entrance into the gas commercialization market in Colombia, reaching total sales

amounting to 55 Mm³ and a variable margin amounting to US\$0.6 million, servicing 9 industrial customers (Non-regulated) in Bogota and Manizales, and 13 wellhead customers (Secondary Market). Additionally, the long-term (until 2020) gas supply of the Cusiana-Cupiagua field and the Clarinete 1 field was ensured and a high percent of contract sales to final customers were signed for this same period.

Salaco project

The total expected investments related to the Salaco project have concluded with the implementation of the SCADA system on November 31st, 2015, in the three power plants. The previously expected start-up date of each unit were: November 6th, 2013 for unit 2 (50 MW); January 28th, 2014 for unit 1 (50 MW); March 28th, 2014 for unit 5 of the Darío Valencia Samper power plant; June 25th, 2014 for unit 2 of Salto II power plant (35 MW); December 13th, 2014 for unit 1 of Laguneta power plant (18 MW); and December 22nd, 2014 for unit 3 of Limonar Power Plant (18 MW).

The investment approved, including contingencies, was US\$43.7 million. The investment executed was US\$40.6 million. Total Man-hours worked for the project were 835 thousand, with the highest safety and environment protection standards.



Project and Commercial Start-Up of El Quimbo

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. It is a 400 MW installed capacity toe-of-dam power plant, capable of generating an average 2,216 GWh/yr.

Given the emergency the country is facing due to El Niño phenomenon, on October 6th, 2015, the Ministry of Mines and Energy enacted Law N° 1,979/2015 that authorizes Emgesa to begin electricity generation on October 7th, 2015. The first synchronization of U1 to the Colombian national transmission system took place on October 11th, 2015.

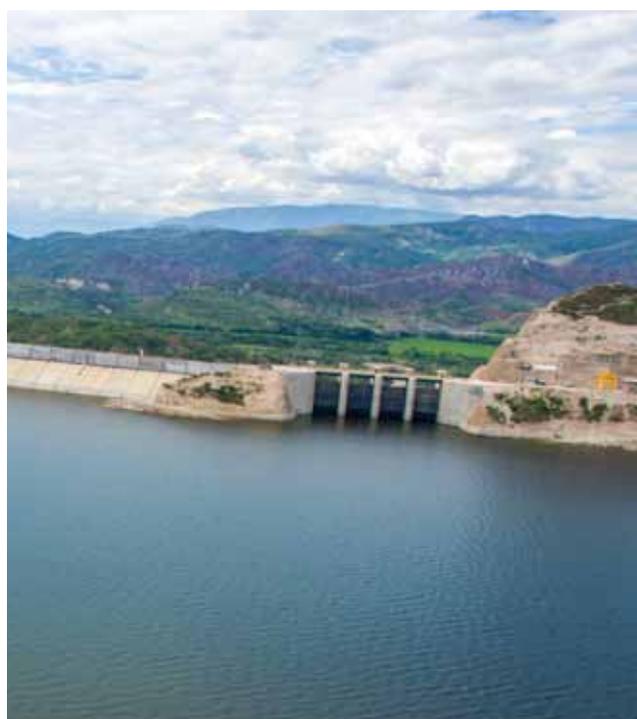
The progress highlights of the project during 2015 are the following:

- > The filling of the reservoir began in June 2015.
- > The minimum level to operate (675 m.a.s.l) was reached in July 2015.
- > The first rotation and over speed testing of Unit 1 was performed in August 2015.
- > The first rotation testing of Unit 2 was performed in September 2015.
- > The over speed testing of Unit 2 was performed in October 2015.
- > The synchronization tests of both Units were performed in October 2015.

After the official announcement of the Constitutional Court was published on December 15th, 2015 declaring Decree No 1,979 unconstitutional, Emgesa decided to suspend El Quimbo electricity generation as of December 16th, 2015 and asked the Administrative Court of Huila to temporarily suspend the precautionary measure. On January 8th, 2016, the third Criminal Court of Neiva ruled on the protection action presented by the Ministry of Mines and Energy and the National Aquaculture Authority and ordered El Quimbo to immediately temporarily reinstate electricity generation. As of January 10th, 2016 Emgesa reinstates El Quimbo generation

Land Reserved for Future Projects

In Colombia there is no land reserved for future projects.



Operations in Peru

Installed Capacity, Generation and Electricity Sales

Installed capacity (MW) ⁽¹⁾	2014	2015
Edegel		
Huinco (hydroelectric)	247	268
Matucana (hydroelectric) ⁽²⁾	137	137
Callahuanca (hydroelectric)	80	84
Moyopampa (hydroelectric)	66	69
Huampani (hydroelectric)	30	30
Yanango (hydroelectric)	43	43
Chimay (hydroelectric)	151	152
Santa Rosa (thermal) ⁽³⁾	413	419
Ventanilla (combined cycle)	485	484
Total	1,652	1,686
Electricity generation (GWh) ⁽⁴⁾	2014	2015
Edegel	8,609	8,218
Total generation in Peru	8,609	8,218
Electricity sales (GWh)	2014	2015
Edegel	9,320	8,633
Total sales in Peru	9,320	8,633

(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 plants", as of December 31st each year.

(2) In July, the capacity of Matucana was increased due to the measurement of effective capacity by the system operator (COES)

(3) As of 00:00 hrs. on 12/5/2014, Unit TG 7 of the Santa Rosa plant (121 MW) was once again declared in commercial operation. The rest of the variations of Santa Rosa installed capacity are due to measurements by the COES (-13 MW)

(4) Relates to total generation after deducting own consumption and transmission losses. The 2012 figures differ from the figures reported previously when just own consumption was deducted.

Activities and Projects

Edegel

Investments

The investments of Edegel as the market leader in the generation sector of the electricity industry are focused on maintaining supply reliability.

The investments described below comply with this premise and prove the commitment to the Peru's sustainable development.

Hydroelectric Power Plants

Repairs of Hydraulic Civil Works

The repairs of ducts to seal the cracks causing water loss in the Antashupa duct, Marcapomacocha canal and Huampaní canal were carried out.

High technology materials were used for repairs, such as, hydraulic cement especially designed to work quickly, not shrink and very resistant to repair concrete, and stop water flow in seconds, seal cracks, perforations and other defects in crystal based concrete.

Investment amounted to US\$1.4 million and the benefits include improved security of facilities, and eliminating water losses. Water losses represent electricity that is not generated.

Construction of walls and roofing of Huampaní Canal

During the month of May of 2015, works to prepare Canal Huampani for the construction of retaining walls, screeds and roofing for the canal. The goal of the works was to add stability to slopes, roof the canal because it represents a risk to the population or to operations and ensure the water carrying capacity of the canal. Works included 250 meter walls, 90 meters of screeds and 600 square meters of plaster. The investment amounted to US\$0.7 million.

Major maintenance to Francis turbines

Major maintenance performed entailed replacing turbines with more efficient models and refurbishing our Francis turbines that showed excessive deterioration caused by water with river sediment. The investment amounted to US\$1.9 million that will allow recuperating efficiency, improve power plant load factor and reduce maintenance interventions, therefore increasing economic benefits.

Yanango Turbine Refurbishment

The major maintenance of the Yanango power plant that has a year 2000, 42.6 MW vertical axis Francis turbine, with 53,713 service hours was programmed because it has suffered the deterioration due to the erosion caused by water with sediment from river Tarma.

The works entailed refurbishment of rotors, guide blades, turbine lids and coating the parts of the turbine most exposed to deterioration with tungsten carbide to increase their resistance to erosion. The investment amounted to US\$0.4 million.

Replacing Group 1 Turbine of Chimay

During the month of November, after 350 continuous hours of operation, the following works were carried out:

- > Dimensional controls and non-destructive testing of rotors and labyrinths made by ALSTOM,
- > Planning safety of Group 1 of Chimay.
- > Turbine replacement.

The investment amounted to US\$1.4 million.

Niño Phenomenon Prevention Actions

Having been warned about the presence of Niño Phenomenon in Colombia, a series of preventive actions were adopted to reduce and control risks faced by our facilities and neighbors. The investment amounted to US\$0.8 million.

The main actions carried out are the following:

- > Left side protection of CCHH Moyopampa
- > Repair of highway Taza Moyopampa
- > Protection of Huinco Callahuanca Canal
- > Maintenance of CCHH Moyopamapa, Huampaní discharge
- > Reinforcement of walls and roofing of Huampaní Canal
- > Maintenance of the intake screeds of Huampaní
- > Protection of Huampaní intake (raising height of walls).



Thermoelectric Power Plants

Major Maintenance, LTE and TG-3 Ventanilla thermal plant

After 100,000 service hours, from April 7th thru June 1st, the first major maintenance of the 155 MW Siemens TG3 turbine was carried out, including the Life Time Extension activities. This maintenance implied completely dismantling the turbine and the compressor, changing parts and elements not regularly changed, with the purpose of extending the useful life of the turbine and be able to operate another 100,000 hours with the same availability, capacity and efficiency.

Important maintenance activities were also included to the HRS11 boiler and chimneys, expansion joint, main transformer and other electric equipment, such as, the inspection of the electricity generator with a removed rotor.

A total of 100 local and 60 foreign specialized technicians participated in the maintenance process.

Control System Upgrade TG3 - Ventanilla

The final stage of Ventanilla combined cycle's DCS project involved changing the control system of the TG3 unit, which included changing S7 software, T3000 software, allowing all generation units of Ventanilla combined cycle to operate with a standardized, open architecture, control system. This upgrade offers greater control system reliability and spare parts availability for repairs and emergency situations.

Inspection of TG6 A, B UTI - Santa Rosa

The preventive inspection of the gas turbine was performed by a specialist sent by the manufacturer. It allowed knowing the interior condition of the turbine, evaluating the thoroughness of the next programmed inspections and increasing the reliability to operate for longer periods of time and reducing maintenance expenses.

Repair of TG8 Chimney - Santa Rosa

The maintenance of chimney TG-8 was carried out from May 27th thru June 7th due to the deterioration of silencers which caused the unexpected shut down of the power plant. The specific damages were repaired and preventive measures were taken in critical areas allowing to rapidly start-up again and offer a reliable and continuous service.

Projects in the Evaluation Phase

Curibamba Hydroelectric Power 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 involves the construction of a 192 MW pass-through power plant, with a design flow of 86 m³/s to generate 1,013 GWh/yr, and a 220 kV simple circuit transmission line to the Pachachaca substation, 135 km long. This solution is being revised and evaluated because the Binding Transmission Plan 2015-2024 would enable an interconnection at the New Yanango substation, 40 km. from the Curibamba power plant.

During 2015, the bidding processes continued for the project's main contracts, that is, civil works; equipment; transmission line; and interconnection with the grid. The goal is that the project participate in the tender Supply of New Energy from New Hydroelectric Power Plants organized by Proinversion, to reach the final stages of the power plant civil works and equipment bids. The tender was postponed in July and until further notice. At the same



time, a two year extension for the Environmental Impact Study of the power plant was obtained and the activities to ensure obtaining the permits to connect the power plant to the Yanango substation, by means of the approval of the Preoperational Study, were initiated.

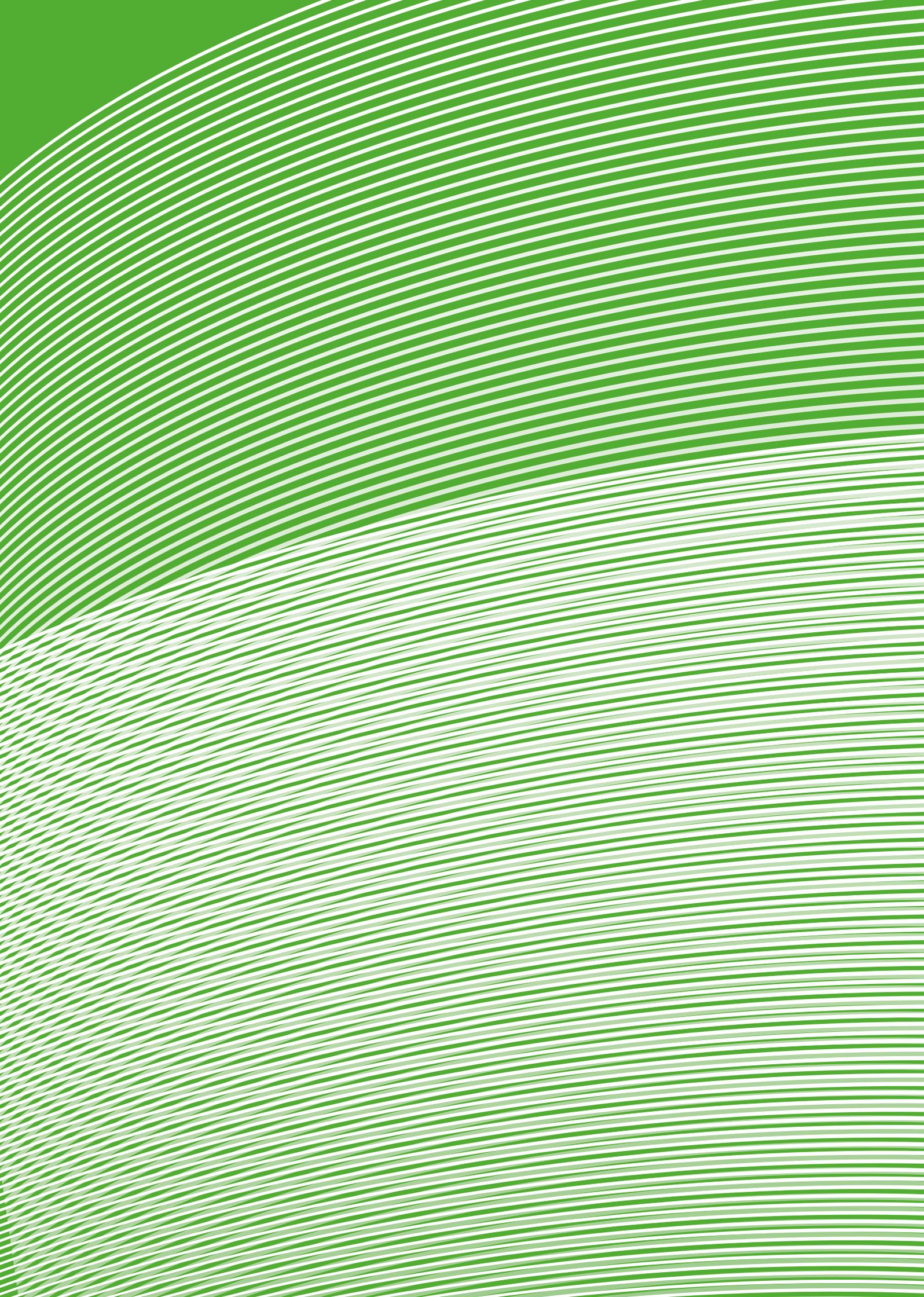
Regarding the permits, the power plant has the final generation concession, the Environmental Impact Study of generation, transmission and also the Absence of Archeological Remains Certificate (CIRA in its Spanish acronym).

Land Reserved for Future Projects

As of December 2015, Edegel has one immovable property (lot), approximately 10 ha in size, to be used for a thermoelectric project. It is located in the Ica region, south of Lima.

Environment







Environment

Endesa Chile's 29 facilities located in Chilean territory, have implemented environmental management systems (EMS) based on Norm ISO 14,001 (with the exception of Bocamina Unit 2), and all of them, with the exception of thermal plant Atacama which will begin its follow up audit in January, 2016, have successfully passed their follow up audits or recertification procedures. By December 31st, 2015, 94.5% of Endesa Chile's installed capacity had a verifiable EMS and is Norm ISO 14,001 certified.

Due to the water scarcity afflicting the central regions of Chile, thermal plant San Isidro has lowered water quality used for refrigeration purposes; the deterioration in quality is reflected by a higher sulfate content, which limits unit power generation. This change has been in effect since 2014, and has compelled the implementation and maintenance, throughout most of 2015, of an external complementary supply of crude water as a means to lift generation restrictions.

Additionally, the company analyzed the possibility of delivering industrial water resulting from the cooling process for external reutilization. The Company submitted a proposal to the governmental agency, Environmental Evaluation Service (SEA), titled "Valuation of the cooling waters of thermal plant San Isidro for the delivery and use of industrial processes by third parties". On October 13th, 2015, the SEA released Resolution 336, which stated that the project "needs not be submitted to the SEA prior to its execution". This endeavor is currently undergoing its implementation process.

As a permanent solution to this issue, the installation of a well water treatment facility is being analyzed, which would allow the extraction of sulfate before water is inserted into the cooling system. The objective of this water treatment plant is to maximize water use, particularly with water that is currently deemed unfit. Currently, project technical feasibility and design (construction stages, operation, and dismantling) is being evaluated.

Regarding the progress in environmental management thermal plant Bocamina, it is worth highlighting that in April, 2015, the Evaluation Commission of the Biobío Region, through Exempt Resolution No 128/15, approved the Bocamina Unit 2 thermal plant Optimization project. As part of the project's environmental evaluation process, Endesa Chile withdrew its application to raise its water volume capture by 5,000 m³/h of cooling water and an additional 20 MW in generation capacity, keeping the limits stipulated in the original approved environmental qualification resolution (Exempt Resolution No 206/2007). Moreover, additional environmental improvements applied, such as the installation of cutting-edge technology filters for cooling water suction system and coal field roofing.

On May of 2015, through Exempt Resolution No 405, the Superintendence of Environment pronounced favorably on the matters of power plant adduction filters and nets. Furthermore, this resolution states a series of measures that must be implemented in order to control biomass intake while the definitive filters are fitted, and leaves the operation of Unit II conditional upon the full operation of the Unit I desulfurizer. On May 8th, 2015, Endesa Chile notified the Superintendence of Environment the synchronization and commissioning of Unit I's desulfurizer. Taking into account this event, on May 22nd of 2015, Endesa Chile sent a letter informing the appropriate authorities that Unit II was operational, which was originally expected to be operational on July 1st of 2015. By December 31st, 2015, both Bocamina units had Johnson screen passive filters installed (October 24th and December 18th of 2015 for Unit II and I, respectively). Additionally, during the second semester of 2015, the necessary works for the Norte y Sur coal field roofing were launched; at December of 2015 sectorial permits were being processed, while excavation for foundations, framework placement, and wall cementing, among other activities, were underway.



On April 24th of 2015, Celta S.A., through Central Termica Tarapacá, signed the Tarapacá Region Shoreline Clean Production Agreement (APL in its Spanish acronym). This agreement falls under a voluntary coalition between a corporate association representing a productive sector and a public organization engaged in matters of environmental, sanitary, and work hygiene and safety, took on energy efficiency and hydrological productive development initiatives, aiming to apply Clean Production measures through specific targets and actions by predetermined deadlines.

Concerning activities related to all commitments stated in Ralco's Exempt Resolution, the following carried out in 20 are worth highlighting:

- > The autonomous electrification of four remote housing complexes that had nonexistent technical feasibility to connect to power lines. The system applied the installation

of photovoltaic panels, storage batteries, and power-generating equipment.

- > Dialogue with relocated communities and local authorities was established to jointly design the "Long-Term Program" category. Having concluded the Assistance and Continuity Plan established by the Exempt Resolution of Central Hidroeléctrica Ralco, through this program, Endesa Chile will implement a joint future work plan with the communities of El Barco and Ayin Mapu.
- > In the social sphere and promoting education, Endesa Chile continued its high school and university-level scholarship program, as well as promoting access to professional training.
- > Endesa Chile also encouraged cultural preservation by supporting cultural ceremonies and observances.
- > Production-wise, shared governmental programs were reinforced: alliances with the Programs for Indigenous Territory Development (PDTI in its Spanish acronym) and Programs for Local Development (Prodesal in its Spanish acronym), and several agricultural public tender project applications are worth underscoring.

In 2015, and as part of a larger ongoing environmental awareness process that is taking place in various facilities, activities and alliances with State organizations materialized, highlighting the following:

- > In the VIII Region, residence of the power plants located on the Laja and Biobío river basins, an alliance was formed with the Biobío Region's National Fisheries Service (Sernapesca in its Spanish acronym) as a means to reinforce the diffusion of the organization's "Alto al Dydimó" campaign. This alliance has brought on momentous diffusion of the control plan, its implementation being materialized in the installation of disinfection stations and the delivery of educational brochures to direct employees, contractors, and facility visitors, among others.
- > In the Rapel power plant area, an alliance was formalized with the O'Higgins Region General Water Authority (DGA in its Spanish acronym). Said alliance translates to the development of a project to be executed in the Rapel reserve, contemplating the installation of a buoy that monitors environmental variables. The agreement arose as a Rapel Environmental Committee initiative, being fully integrated by public and private sector entities of which Endesa Chile actively participates.

> In the IV Region, where the Los Molles power plant is located, Endesa Chile collaborated with the Andean Cat Alliance (AGA in its Spanish acronym)—a multinational and interdisciplinary network that brings together professionals from Argentina, Bolivia, Chile, and Peru to develop coordinated courses of action that favor the conservation of the Andean cat and its habitat. In this context, AGA specialists, through camera traps placed in the CH Los Molles facilities, were able to surveil the area and ascertain that both the Andean cat (*Leopardus jacobita*), a currently endangered species, and Puma (*Puma concolor*), a protected species labeled as threatened, are present in the high Andean areas of the Coquimbo Region.

With regards to the compliance of requirements established within D.S. N° 13/11 Thermoelectric Power Plant Emissions Norm, all of Endesa Chile's thermoelectric plants hold proper certifications. The units in the Atacama power plants, that is, Huasco, Diego de Almagro, and Tarapacá TG, are authorized to implement composite emissions calculations. In the particular case of Atacama, due to the increase in its dispatch, during 2015 it received the resolutions for certification for its 1B unit, and is currently in the execution process of validation trials for its remaining gas/petroleum units.

Going on with D.S. N° 13/11 compliance, more specifically concerning emission limits set for sulfur dioxide (SO₂) and nitrous oxides (NO_x), in 2015 the company moved forward with the following projects:

Bocamina - Unit 1 Thermal Plant	The construction and operation of semi-dry desulfurizers allow the mitigation of SO ₂ present in the gas stream; the implementation of the NO _x abatement system, composed by a low NO _x burner system, air over fire (OFA) system, improvements in mill grading, among others.
Taltal Thermal Plant	In an attempt to implement the needed improvements for the thermal plant Taltal units to meet the NO _x limits established in the D.S. N° 13/11, during September of 2015, a consultation pertaining to the "Demineralized Water Injection System for the Reduction of NO _x Production in the Operation of the TalTal Petroleum-Diesel Open Cycle Thermoelectric Plant" was submitted to the Antofagasta Region Superintendence of Environment. On October 22nd, 2015, through the Exempt Resolution N° 0426, the Environmental Authority resolved that this project did not require screening from the Environmental Impact Assessment System.
Tarapacá Thermal Plant	The Environmental Impact Declaration of the "Tarapacá Thermal Plant Vapor Modification" project, which included the SO ₂ and NO _x abatement systems that meet D.S. N° 13/11 stipulations, was approved on July 14 th , 2015, through RCA N°055. Regarding the desulfurizer, during 2015 all excavations were finalized, the vast majority of supplies were received, and civil works for the main equipment and the assembly of fundamental structures were launched.

The penal processes launched by the Superintendence of Environment displayed the following progress throughout 2015:

- > CT Bocamina: the claim filed by Endesa against the Exempt Resolution N° 421 was resolved, with the Valdivia Environmental Court ruling on March, 2015, rejecting the arguments presented by the company. Endesa Chile challenged the verdict, submitting an appeal before the Supreme Court, which rejected the claim on December 31st, 2015.
- > CT Tarapacá: the power plant continued its promised actions in its Compliance Program (sanction process ORD. U.I.P.S. N° 706), reporting its progress through bimonthly reports. At the beginning of 2016, the consolidated final report will be presented to conclude the program and officially close the sanction process.

Regarding Ralco, by December 31st, 2015, Endesa Chile had not received official information on behalf of the Superintendence of Environment of the audit performed by the Service in October of 2014, which was focused on checking the fulfillment of reforestation requirements associated to the project's construction phase, advancements in the Agricultural Plan and continuity in the Relocation Plan, as well as other measures expressed in Resolution N°133/2006.



Sustainable Development

Along with focalized efficiency and growth, sustainability is one of the pillars of Enel Group's generation business, which is directly reflected in all Endesa Chile projects and actions.

From a field work perspective, since 2004 Endesa Chile voluntarily adheres to the United Nations Global Pact, an initiative that promotes corporate commitment on human rights, labor conditions, environmental protection, and anti-corruption measures.

At the outset of 2015, the Superintendence of Environment carried out the verification of emissions compliance of all Company power plants based on the emissions reported quarterly and uploaded by each power plant to the "Thermoelectric Power Plants" website of the Superintendence.

Sanction processes against San Isidro I, Bocamina I, Huasco and Diego de Almagro, and Tarapacá were initiated. By December, 2015, all processes remained open, pending the Superintendence of Environment's final verdict.

As a member of the Global Pact, through the "Communications on Progress" (COP), the company must annually report on its corporate behavior regarding the ten principles of the international agreement.

The annual elaboration and publication process of the Endesa Chile Sustainability Report follows international standards set by the Global Reporting Initiative (GRI), and also acts as a sign of transparency for the company's stakeholders and society.

Sustainability and Shared Value Creation

In 2015, the company worked particularly hard on promoting the integration of sustainability into its business practices and entire value chain. This working methodology is aligned with the focus on Shared Value Creation (CVC in its Spanish acronym), which works towards meeting two key sustainability objectives:

- > Establish long-term relationships with local groups
- > Integrate ethical, social, and environmental objectives with profitability and business development goals.

This emphasis based on shared responsibility in decision-making processes was expressed, for example, in the search for sustainable agreements for the mid and long-term.

Community Relationship Progress

In December of 2015, Endesa Chile subscribed to a protocol in agreement with the water-rights owners of the Laja River, as well as the public sector through the participation of the Public Works, Energy, and Agriculture Ministries, which sought to facilitate collaboration among parties concerning the operation of the Laja reservoir. Effective responses are achieved towards agricultural and touristic sectors concerns, which are compatible with the security of our country's electricity supply system.

Along a similar line of collaboration, the company joined a joint action agreement constituted by the Maule Supervision Committee and the Hydraulic Works Authority, intending to optimize water resource use in risk and energy generation activities in the Maule basin. This instrument permits operational flexibility in the Maule reserve that abides by regulatory standards in force since 1947.

This renewed modus operandi has also allowed Endesa Chile to attain a better understanding of the productive, social, and cultural environment where the company develops its projects, which is directly related to its business and operations strategy.

Consequently, another 2015 highlight was Endesa Chile's decision to study and pursue new design options for the Neltume hydroelectric power plant project. The new designs pay particular attention to discharge procedures in the Neltume lake, which has been a concern voiced by indigenous communities on several dialogue instances. For this investment project, Endesa Chile is maximizing operational and financial sustainability, based on the duly consideration of specific territorial, social, and environmental characteristics.

Endesa Chile seeks to have this integrated working method become a differentiating factor respecting interactions with its social milieu, introducing variations in the way it bonds with communities in settings where sustainability conditions have not been fully met.

In this vein, for example, in 2015 a commitment to inclusive dialogue with the Alto Biobío "El Avellano" Pehuenche community was established, with the objective of creating joint collaborative development plants. This agreement belongs to the greater action plan of Plan Ralco, which involves the Pehuenche communities that inhabit the area of influence of the Ralco, Pangué, and Palmucho power plants.

In this same territory, Endesa Chile's Pehuén Foundation continued the work it has been carrying out since 1992, which focuses on providing the tools that allow the socioeconomic conditions and quality of life of Pehuenche families to improve. Particular attention should be given to the support granted to self-management projects catering to the recovery and conservation of cultural traditions, such as with the unique loom weaving techniques employed by women.

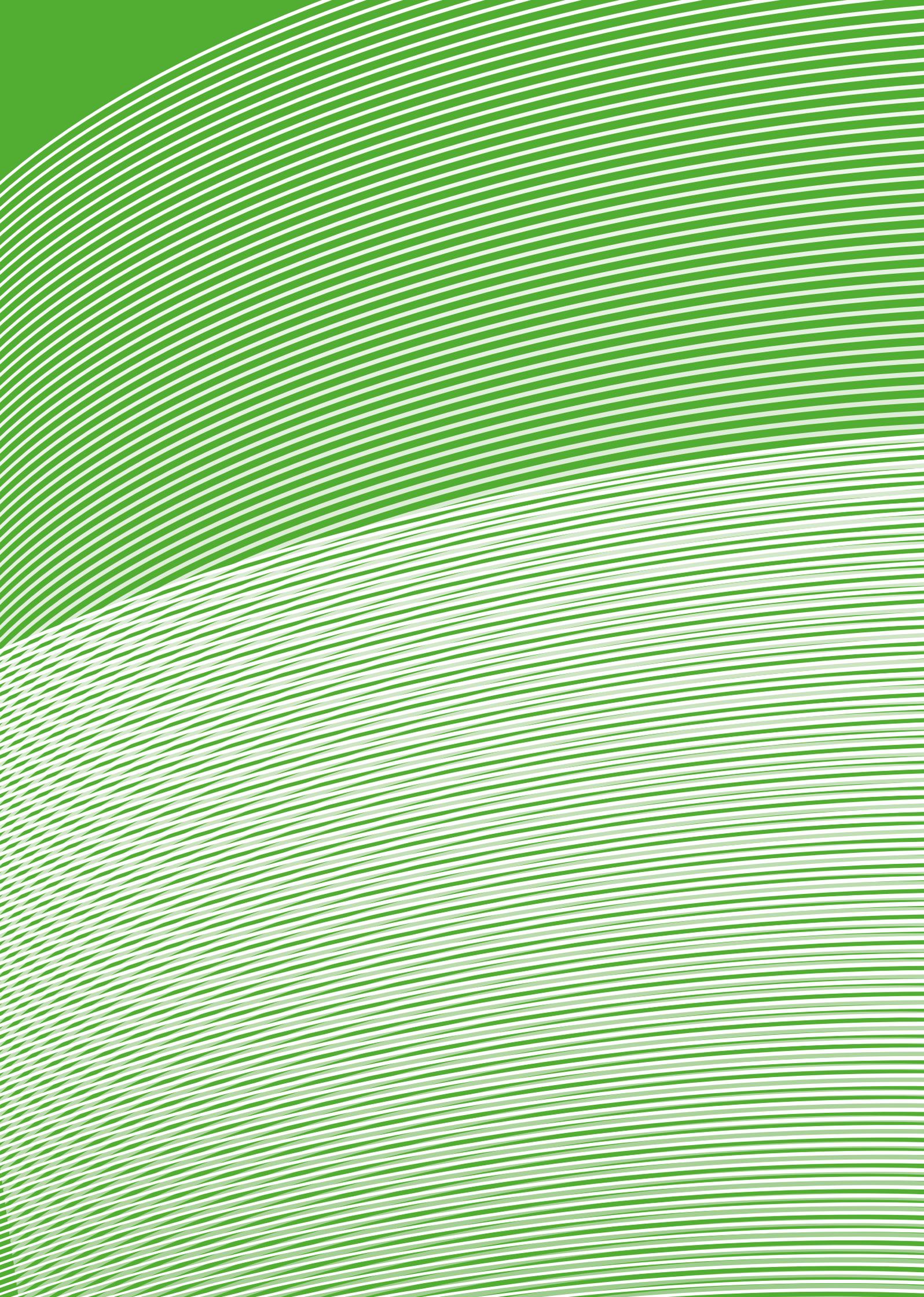
Furthermore, the Social Plan of the Coronel Community (area of influence of the Bocamina thermoelectric complex) has also incorporated this new perspective into its community relationship dealings, striving to propel initiatives rooted in the communication, participation, and responsibility of different social players.

Proof of this new mindset was the inauguration of the Rayún nursery school and daycare center (in the La Peña area) in 2015, servicing over 100 children, developed through the agreement reached by the Municipality of Coronel, Integra Foundation, and Endesa Chile.

The Endesa Chile-Coronel school soccer cup, which is part of the Energy for Education program, also contributes to this task. The 2015 cycle included over 300 students and 19 educational establishments, in an activity that contends reinforcing positive values associated with sports and recreational activities.

Research, Development,
and Innovation





Innovation Culture in the Company

Management Approach

For Endesa Chile, innovation is a differentiating factor that provides a competitive advantage in the electricity generation market.

Therefore, the company aspires to maintain and improve its leading position in this area, working in a systematic, organized, and cross-disciplinary way around four main focuses that are aligned with the company's strategic plan. They are:

- > Building a sustainable integration with the communities (social, political and environmental).
- > Proactively collaborating in order to come up with solutions to the energy challenges that the country faces in terms of its sustainable growth.
- > Enhance the value of the company's assets, identifying initiatives that will provide additional or more efficient uses than the ones originally thought for them.
- > Attracting, managing, constructing and retaining talent and knowledge of high value for the company.

During 2015, the company continued to promote an innovative culture, an innovative work environment and innovative practices in order to eventually materialize in projects that add value to the Company. In order to accomplish this, it is fundamental to have an internal microclimate that favors the development of innovation within the company, and that it materializes in greater competitiveness and efficiency in all processes.

In 2015, the following activities were carried out in order to strengthen the innovation culture and motivate a creative attitude in the workers of the company.

Training activities

Training is a key element when it comes to creating an innovative culture, because it transforms a passive receptor of culture into an active one. As a result of this process, we developed a number of initiatives to increase employee participation:

Innovation Management Seminar, Los Andes University: this seminar was carried out collectively with Los Andes University's Business School, gathering workers from Santiago and other regions in Chile who had the opportunity of learning more about the basic tools and methodologies used when working in the area of innovation, such as NABC or Pitch Canvas, which aim towards the creation of ideas.

In addition, two important lectures were held in the context of a couple of projects that Research and Innovation are working on. One is related to the application of Last Planner, replacing the San Luis Substation control system, and the other project concerns hydrological modeling in terms of the Tools project for the Optimization of the daily programming of Endesa Chile's hydraulic power plants.

Innovation Week

Research and Innovation Endesa Chile participated in the Technological Fair developed during the Innovation Week, that this year had "Your Idea is the Future" as a slogan. In this fair, we had the opportunity of presenting two projects developed by our business line: the tool Octopull that applies the philosophy of Last Planner to projects, and the "Compost system" for the construction of Los C6ndores, that seeks to sustainably manage the organic residue produced by on-site worker installations in Campanario and Cipreses.

Capturing Ideas Program

This program concerns finding solutions to real challenges through the collaborative participation method. It works through Eidos Market, an IT platform that constitutes a meeting point for workers and a place where workers can express their ideas. This tool underwent a process of redesign, being reestablished towards the end of the year. Because of this, we took advantage of the innovation mail platform in order to develop three contests of ideas, where a total of 25 ideas were collected, 8 of which had potential.

The last contest had special relevance because it was an initiative directed exclusively towards the personnel in regions located in the Laja and Biobio basins, opportunity that allowed us to approach to on-site field requirements. Three ideas gathered from this process were prized and are currently under analysis for their potential implementation.



Technological innovation in generation processes

3D Visualization

This consists in a mobile application that allows the user to visualize an electric power plant in three dimensions, roam through it and to obtain technical information regarding equipment, such as plans, data sheets, and other relevant characteristics. Additionally, it can visualize equipment information in real time, available in the Monitoring and Diagnosis Center in the PI servers. This project is implemented in the San Isidro Thermal power plant and will soon be available in the Tarapaca power plant.

Meter Reading

Another application that is in development is Meter Reading. The system of analogue meter reading through increased vision operates through an optical system, using the camera of a Smartphone or Tablet. When this camera visualizes an analogue meter and a QR identification code, it transforms the measure into a digital format, finally writing the captured data on a database. This project is being implemented in Rapel hydroelectric plant as a trial, in order to eventually be able to implement it in other power plants to aid operators in their routes.



Last Planner Project

Octopull, a tool that may become the company's Whatsapp, originated in the Last Planner project. This application allows the participants of a project to communicate in real time through a chat that is available via the web application and Android or iOS cell phones.

The success of this app has been such that it was chosen by Google, amongst thousands of other proposals, to be presented in the WEB Summit held in Dublin in November 2015. This is a world-class event that brings together important and influential leaders of technological initiatives and entrepreneurship.

Dendrochronology

Dendrochronology is a discipline that studies environmental changes by analyzing the growth rings in trees. We have developed dendrochronological studies for the historic reconstruction of river Fuy's flow with 400 year old data. If we obtain positive results, we may use it in the reconstruction of basins that do not have hydrological history, saving in studies and increasing the security in project designs.

Filter for Sulfates in San Isidro

Alongside Santiago University we are building a prototype that will develop a low cost, high performance matrix to retrieve sulfate through the use of ashes gathered from a thermoelectric plant and that have been modified with mesoporous materials. The idea is to develop a certain material from ashes, using silicate and/or aluminum for the synthesis of the mesoporous material, nanomaterial, with absorption properties.

Social Innovation

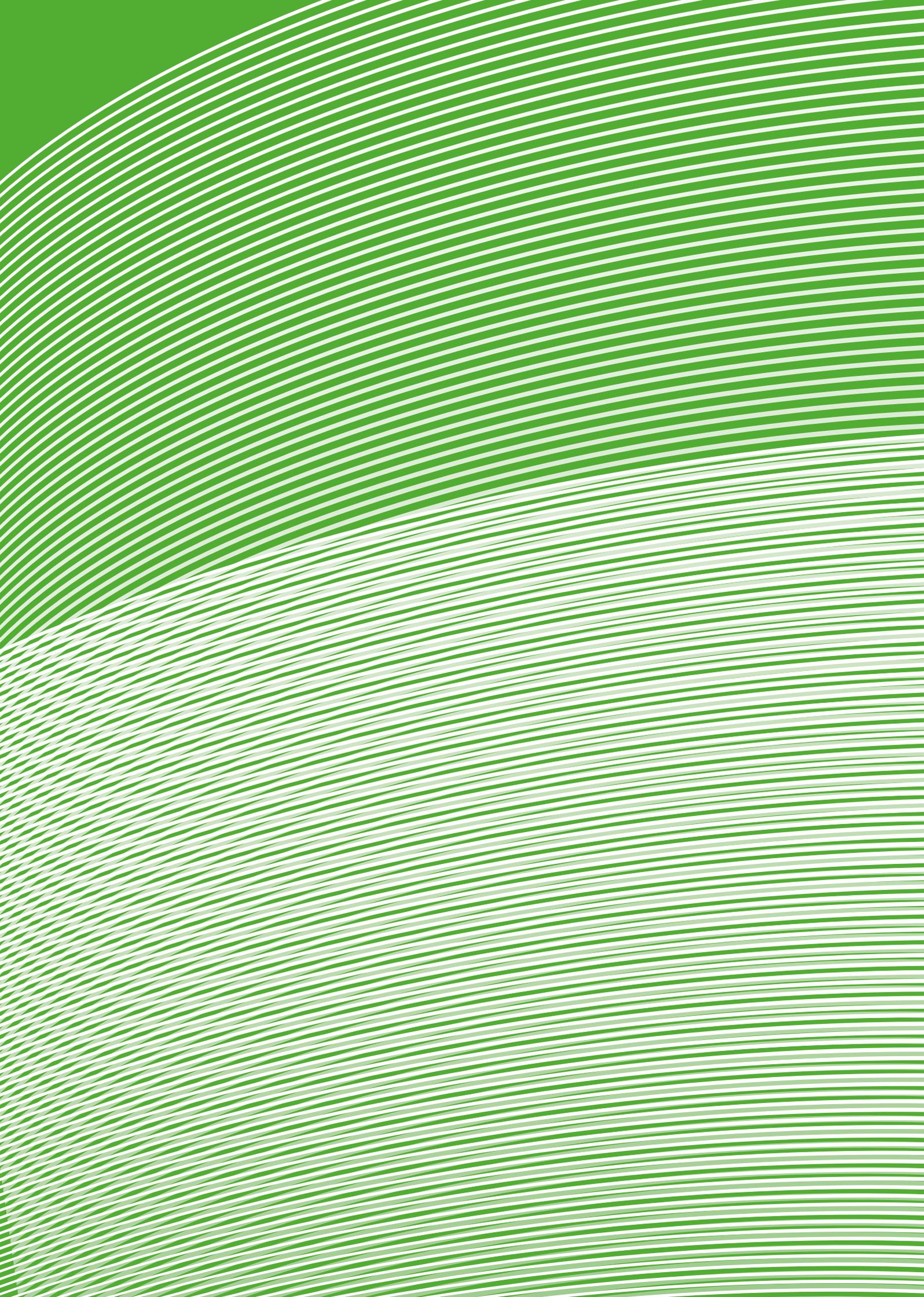
Entrepreneurship and social innovation have transformed into a global phenomenon, and the Company has not fallen far from this trend. Hence, Research and Innovation have been incorporating a new dynamic of innovation and social entrepreneurship that is capable of creating social value and contribute to the company's financial sustainability or competitiveness.

Within this context, two projects are being developed in order to support the fight against poverty. The initiatives concern working with the families of fishermen who live close to the power plants in Tarapaca and Bocamina, in order to capacitate them in tourism affairs so they can opt to become entrepreneurs and achieve better socioeconomic statuses, for their families and for the community as a whole.





Shareholding
Chart



Direct and Indirect Economic Shareholdings

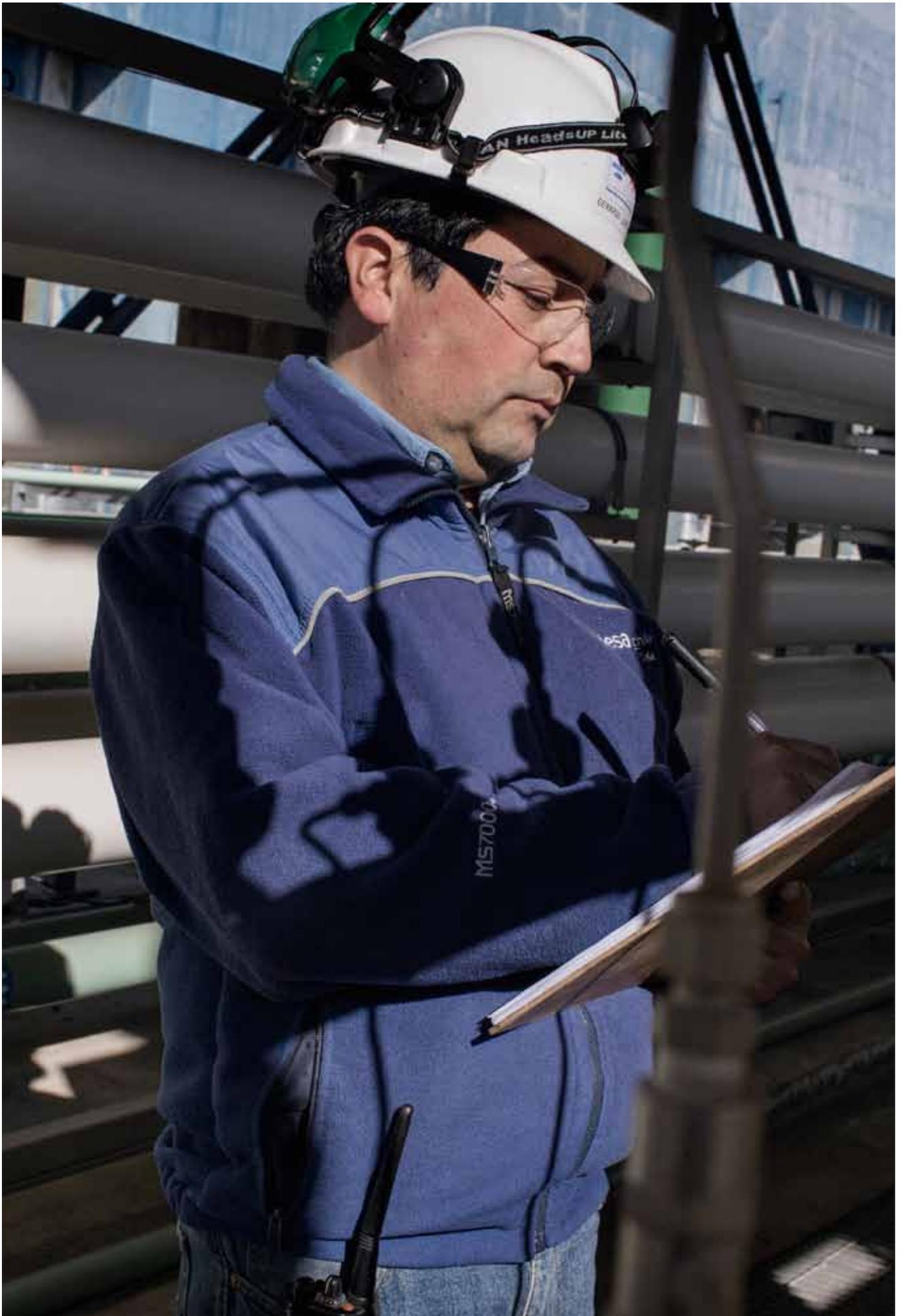
Subsidiaries	Shareholding	
	2014	2015
Argentina		
Endesa Argentina S.A.	99.99%	99.99%
Costanera S.A.	75.67%	75.67%
Hidroeléctrica El Chocón S.A.	65.36%	65.36%
Hidroinvest S.A.	96.09%	96.09%
Southern Cone Power Argentina S.A.	99.92%	99.92%
Brazil		
Ingendesa do Brasil Ltda.	96.25%	96.25%
Chile		
Central Eólica Canela S.A.	72.16%	72.16%
Compañía Eléctrica Tarapacá S.A (Celta S.A.)	96.21%	96.21%
Empresa Eléctrica Pehuenche S.A. (Pehuenche S.A.)	92.65%	92.65%
Gas Atacama Chile S.A.	98.06%	98.11%
GasAtacama S.A.	98.11%	98.11%
Gasoducto Atacama Argentina S.A	98.05%	98.11%
Gasoducto Taltal S.A.	98.06%	98.11%
Inversiones GasAtacama Holding Limitada	98.11%	98.11%
Progas S.A.	98.06%	98.11%
Sociedad Concesionaria Túnel El Melón S.A. (1)	100.00%	0.00%
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 December 18th, 2014, the Board of Directors unanimously agreed to authorize the sale of the total shareholding held by Endesa Chile of the company *Sociedad Concesionaria Túnel el Melón S.A.*

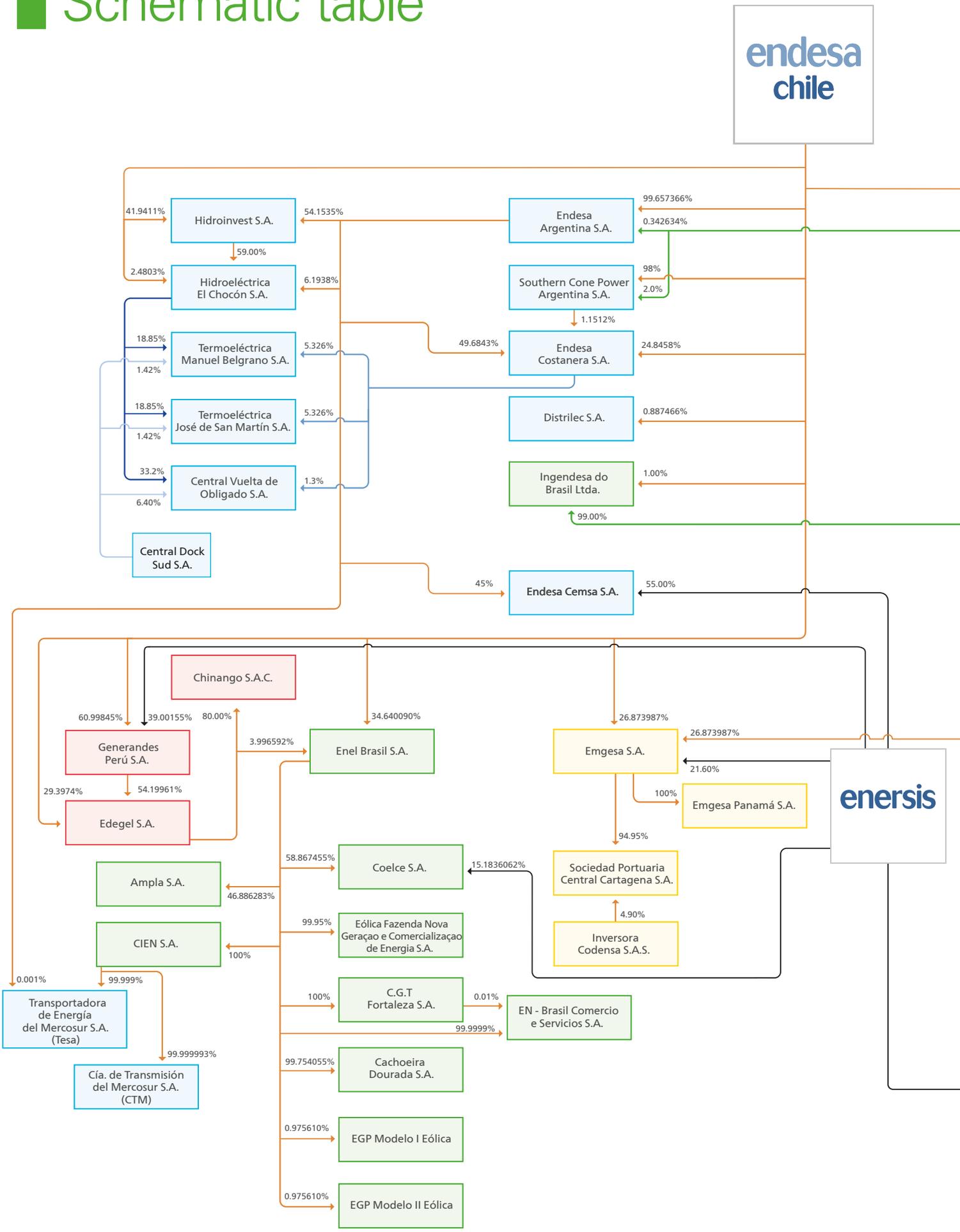
Associate and Jointly-Controlled ⁽¹⁾	Shareholding	
	2014	2015
Argentina		
Compañía de Transmisión del Mercosur S.A. (CTM)	37.14%	37.14%
Distrilec Inversora S.A.	0.89%	0.89%
Endesa Cemsa S.A.	44.99%	44.99%
Termoeléctrica José de San Martín S.A.	16.35%	16.35%
Termoeléctrica Manuel Belgrano S.A.	16.35%	16.35%
Transportadora de Energía S.A. (TESA)	37.14%	37.14%
Brasil		
Ampla Energia e Serviços S.A.	17.41%	17.41%
Centrais Elétricas Cachoeira Dourada S.A.	37.04%	37.04%
CGTF-Central Geradora Termelétrica 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 Serviços 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%
Chile		
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%
Transmisora Eléctrica de Quillota Ltda.	48.11%	48.11%

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

Financial Cost of Investment	ThCh\$	Shareholding as a % of Parent Assets
Endesa Brasil S.A.	423,383,417	10.17%
Celta (Cía. Elect. Tarapacá)	262,311,225	6.30%
Edegel	209,147,425	5.02%
Pehuenche	162,155,435	3.89%
Inversiones Gas Atacama Holding	156,064,525	3.75%
Emgesa	143,702,870	3.45%
Generandes Perú	127,817,912	3.07%
Endesa Argentina S.A.	114,230,438	2.74%
Hidroinvest	28,737,651	0.69%
Endesa Costanera S.A.	16,151,313	0.39%
GNL Quinteros S.A.	11,158,892	0.27%
Centrales Hidroeléctricas de Aysén S.A.	6,280,484	0.15%
Southern Cone Power Argentina S.A.	5,167,170	0.12%
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 Chile S.A.	132,681	0.00%
Gasoducto Atacama Argentina S.A.	24,658	0.00%
Gas Atacama S.A.	3,568	0.00%

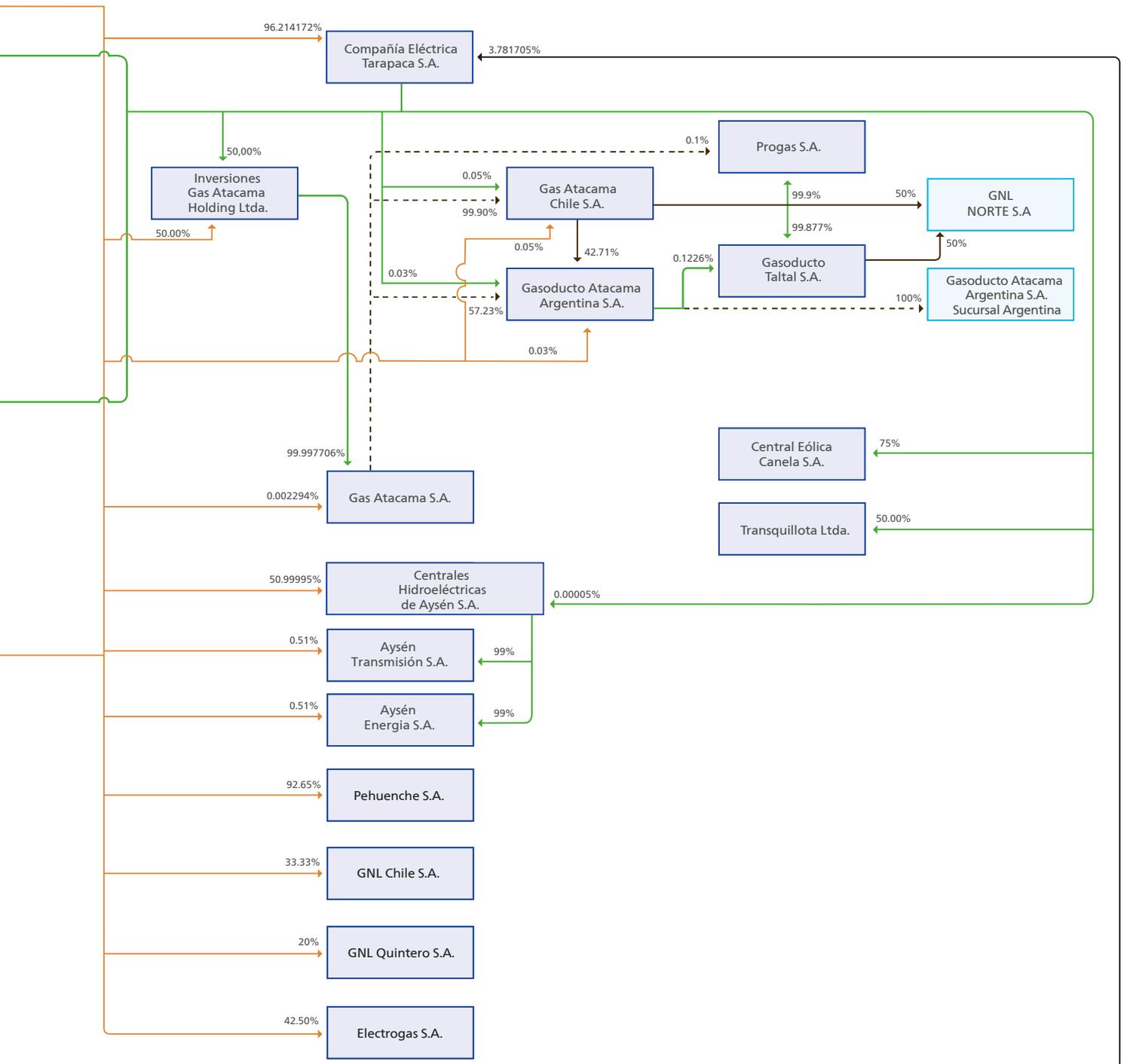


Schematic table



endesa
chile

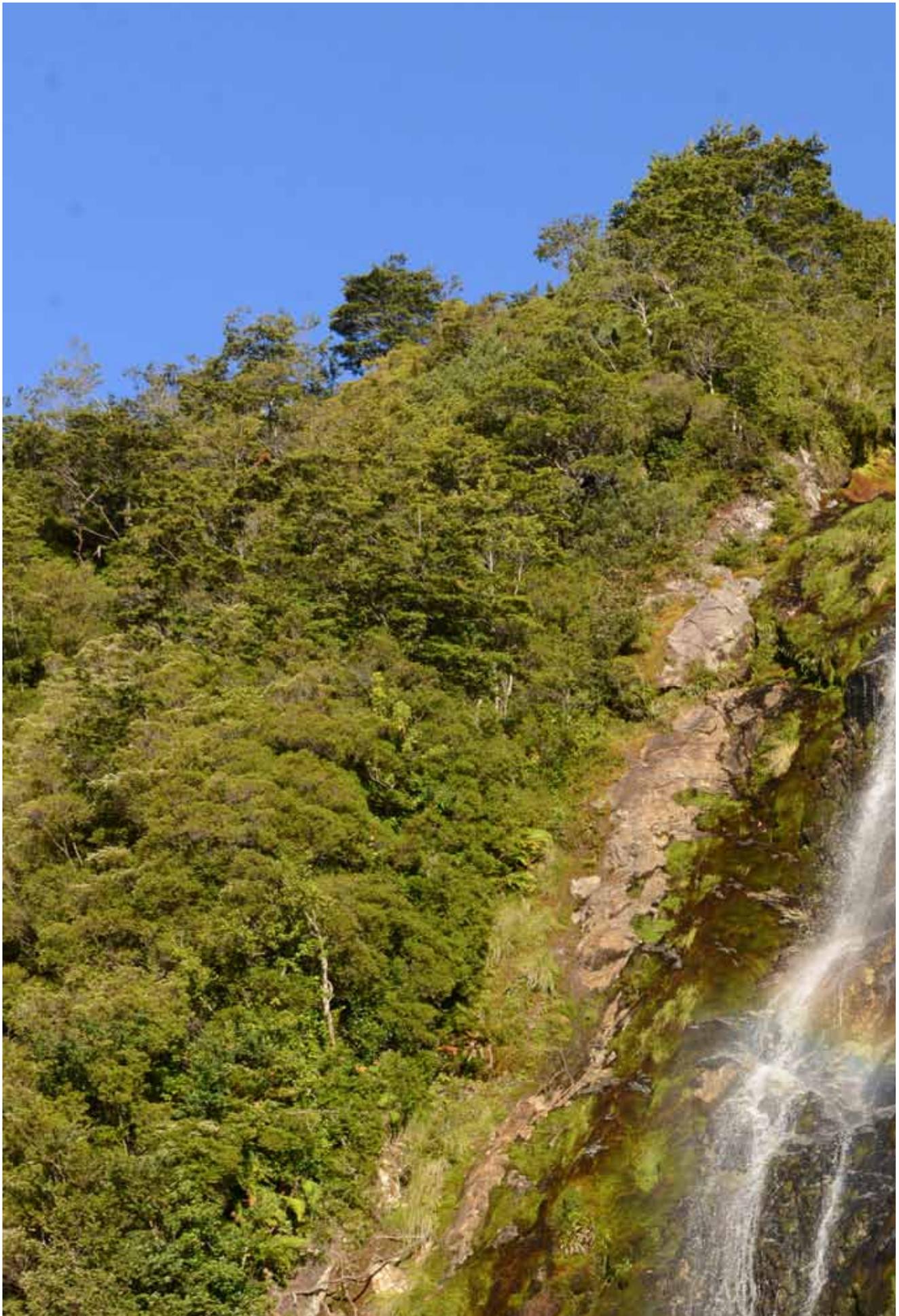
enersis



■ Significant Events







> On January 29th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and established under General Norm N° 30 of the Superintendencia, duly authorized on behalf of Empresa Nacional de Electricidad S.A. ("Endesa Chile" or the "Company"), it was informed as a significant event In its session held January 29th, 2015, Endesa Chile's Board of Directors adopted the following agreements:

a. Investment Evaluation of the Hidroaysén Project.

In May 2014, the Minister Committee revoked the Environmental Qualification Resolution ("RCA," in its Spanish acronym) of the HidroAysén project. It is public knowledge that this decision has been appealed before the courts of Valdivia and Santiago. Recently, on January 28th, Endesa Chile was informed that the request of water rights made by Centrales Hidroeléctricas de Aysén S.A. in 2008, was partially denied.

Endesa Chile expressed its intention to continue defending the water rights and the environmental qualification given to the project in the corresponding instances, by continuing legal actions already initiated or by implementing new administrative or judicial actions to this purpose. Endesa Chile maintains the conviction that the hydraulic resources of the Aysén region are important for the country energy development.

However, in the current situation, there is uncertainty about the recoverability of the investment made so far in HidroAysén since it depends on judicial decisions and definitions on matters that are in the agenda of energy that today we are not able to anticipate. The project is not part of the immediate projects of Endesa Chile's portfolio.

As a consequence, the Company has decided to book an impairment of Ch\$69,066 million (approximately US\$121 million) for its participation in HydroAysén S.A., which affects the company's 2014 year end net income.

b. Evaluation of the Punta Alcalde Project.

Punta Alcalde project has its "RCA" approved for the generation project (reaffirmed with additional requirements by the Supreme Court in January 2014). In order to complete its environmental approval, it is necessary the approval from the Environmental Impact Assessment (EIA) associated with the transmission line.

Endesa Chile's engineering team, with the support of ours experts in coal technology, have studied the possibilities to adapt Punta Alcalde in order to make it a profitable and technologically more sustainable project. The conclusion reached is that such adaptations would imply major modifications to the approved RCA with difficult processing.

Therefore, the Company has decided to stop the development of Punta Alcalde project as well as the Punta Alcalde - Maitencillo transmission project, waiting to clarify the uncertainty about its profitability, and has recorded a provision of the non-recoverable assets.

Consequently, the Company has decided to book an asset impairment amounting to Ch\$12,582 million (approximately US\$22 million), which affects the Company's 2014 year end net income in the amount of Ch\$9,184 million.

> On January 29th, 2015, In accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045 and established under General Norm N° 30 of the Superintendencia, and duly authorized on behalf of Empresa Nacional de Electricidad S.A., hereinafter "Endesa Chile," the following was informed as a significant event:

On October 17th, 2012, Endesa Chile submitted a request for arbitration to the International Court of arbitration of the Chamber of International Commerce ("ICC"), against the Chilean company "Ingeniería y Construcción Tecnimont

Chile y Compañía Limitada “; the Italian company “Tecnimont SpA”; the Brazilian company “Tecnimont do Brasil Construcao e Administracao de Projetos Ltda”; the Slovakian company ‘ Slovenske Energeticke Strojarnie a.s.” (“SES”); and the Chilean company “Ingeniería y Construcción SES Chile Limitada”, all collectively referred as “The consortium” (“el consorcio”). The objective of the arbitration request was to demand the full and timely compliance by the consortium of the agreed obligations under the contract “Proyecto Ampliación Central Térmica Bocamina,” contract ACP-003.06, the turnkey construction for a coal-fired thermal generation plant, the “Construction Contract”. This information was duly communicated on the abovementioned date, to the Superintendencia, as a significant event.

Subsequently, on January 29th, 2013, the Superintendencia was informed through a significant event, that Endesa Chile was notified by the Technical Secretariat of the aforementioned Court, that the members of the Consortium, individually had proceeded to answer the request for arbitration of Endesa Chile, which contained their claims and also had filed a counterclaim against Endesa Chile for an amount of US\$1,294 million in the case of Tecnimont firms, and US\$15 million in the case of the SES companies.

The Board of Directors of Endesa Chile, in an ordinary session held today, has accepted and approved all the terms and conditions of the document called “Conditional Transaction, Settlement and Cancellation”, hereinafter “the Transaction”, through which all parties (Endesa Chile and the Consortium) end the arbitration and provide a mutual settlement for liabilities under the Construction Contract. The acceptance and approval of the transaction by the Board of Directors of Endesa Chile has been agreed to the extent that the conditions precedent that is agreed upon in that instrument be properly and timely met, within which every Board and/or administrative bodies of the companies within the Consortium have accepted and expressly adopted all the terms and conditions of the Transaction. Under the terms of the Transaction, if the conditions precedent are not fulfilled in a timely manner, this approval would be null and void.

Finally, as a result of the transaction, the financial effects for Endesa Chile and Bocamina II project, in particular, will be the recognition of a greater investment of US\$125 million.

- > On February 3rd, 2015, in accordance with articles 9 and 10 of the Securities Market Law N°18,045, and established under General Norm N° 30 of the Superintendencia, a significant event informed that the following was presented to the Superintendencia through Official Letter No 2270 dated January 30th, 2015:

1. Main Agreements of the Transaction.

CONSORCIO (the “Consortium”) Concessions

Withdrawal of Filed Proceedings and Acceptance: Each company that comprises the Consortium (Tecnimont S.p.A.; Tecnimont do Brasil Construcao e Administracao de Projetos Ltda.; Ingeniería y Construcción Tecnimont Chile y Compañía Limitada (collectively known as “Grupo Tecnimont”); Slovenské Energetické Strojárne a.s., and Ingeniería y Construcción SES Chile Ltda. (collectively known as “Grupo SES”) withdraws all lawsuits presented by Grupo Tecnimont and Grupo SES against Endesa Chile and, in turn, cancels the proceedings presented during the arbitration process, and also forfeits all actions related to all parties involved in such proceeding that may have been awarded by the sentence of the respective trial. Additionally, every company in the Consortium unconditionally accepts every part of Endesa Chile’s settlement withdrawal regarding this Transaction.

Recognitions and Waivers: The Consortium declares and recognizes that Endesa Chile has faithfully, thoroughly, and opportunely fulfilled each and every obligation contracted. The Consortium permanently and irrevocably withdraws from any judicial action of any nature against Endesa Chile, its parent company Enel, or against any of its subsidiaries, related companies, parent companies, and respective members of the Board of Directors or representatives, lawyers or employees, related to the events or circumstances that led to the arbitration, and to any event,

circumstance, payment, any nature related to the Contract in any way.

Indemnity: The Consortium is obliged to indemnify Endesa Chile of all amounts that it may be forced to pay related to vicarious liability, expenses, professional services fees or pending payments that each and any of the Tecnimont Group or SES Group companies owe to their subcontractors and/or suppliers that were involved in any way in the works related to the contract. If Endesa Chile was ordered to pay any sum of money regarding these matters, the Tecnimont Group and/or SES Group companies will be required to reimburse Endesa Chile within 30 working days of the date that Endesa Chile notified them of the disbursements.

Endesa's Concessions

Acceptance of withdrawal: Endesa Chile accepts the withdrawal of the proceedings filed by the CONSORTIUM.

Withdrawal of Filled Proceedings: Endesa Chile discontinues its lawsuit and all filled proceedings presented during the arbitration process, and also declares the cancellation of all actions presented during such process related to all parties in dispute and every person that may have been affected by the sentence of the respective trial.

Recognitions and Waivers: Endesa declares and recognizes that the Consortium has faithfully, thoroughly, and opportunely fulfilled each and every obligation contracted. Endesa Chile permanently and irrevocably withdraws from any judicial action of any nature, against The Consortium or against any of its subsidiaries, related companies, parent companies, and respective members of the Board of Directors or representatives, lawyers or employees related to the events or circumstances that led to the arbitration, and regarding any event, circumstance, payment, any nature related to the Contract in any way. Additionally, Endesa Chile declares the waiver of the proceedings pending in the Slovak court in relation to the payment of the bank guarantee that the SES Group delivered regarding the Contract, within six business days following the date of the payment agreed upon in the fifth clause, letter D, of the Transaction.

2. Deadlines for the Fulfillment of the Conditions Precedent in the Transaction.

The conditions state : (i) that the Board of Directors/ management committees of Endesa Chile and of each company of the Consortium expressly accept and approve the terms of the Transaction and all elements in its essence, of its nature and merely accidental; and (ii) that, additionally, they expressly ratify all actions taken by the representatives of such companies acting in their name and on behalf of the Transaction and all elements in its essence, in nature, and those merely accidental, and must be fulfilled within the given deadline, which concludes on January 29, 2015. In any contrary situation, the Transaction will ipso facto and be considered invalid, having not satisfied the conditions precedent for its eligibility.

Additionally, the preceding agreements by the Board of Directors/management committees must be fully approved by Endesa Chile, within 10 business days following the arrival date of each and every one of the documents necessary to pronounce on this matter. If the powers of attorney are rejected justifiably by Endesa Chile, the Consortium is obliged to amend the objections within 10 business days of Endesa Chile's written communication. If the Consortium fails to correct the objections to Endesa Chile's satisfaction, within the period mentioned above, the Transaction and all of its depending authorizations will ipso facto and rightfully be considered invalid, having not satisfied the conditions precedent for its eligibility.

3. Detailed description of the concepts and amounts that derive from the recognition of a larger investment, specifying the payment period involved in the aforementioned transaction.

Endesa Chile, without implying any recognition of responsibility regarding any concept, but as a transactional concession, commits to pay: (i) Ingeniería y Construcción Tecnimont Chile y Compañía Limitada, the total and sole sum of US\$110,141,733.00, plus taxes, due to greater costs

incurred in the construction contracted to build the power plant; (ii) Tecnimont S.p.A., the total sum of US\$8,358,267.00 for the residual value due to the execution of the scope work considered in the Contract; and (iii) Ingeniería y Construcción SES Chile Ltda., the total sum of US\$6,500,000.00, plus taxes, due to greater costs incurred in the construction contracted to build the power plant. The companies Slovenské Energetické Strojárne a.s. and Tecnimont do Brasil Construcao e Administracao de Projetos Ltda. expressly declare and Endesa Chile recognizes, that they shall not receive any payment related to the Transaction, and therefore, permanently and irrevocably waive the right to present any action, of any nature, in order to claim the payment of any amount regarding the Contract for any reason. The above-mentioned payments must be completed within the deadline which concludes on April 6th, 2015, as long as the conditions agreed upon in the Transaction are met.

4. Any other information considered relevant for the appropriate understanding and evaluation of the significant event.

In this regard, due to the aforementioned, there is no other relevant information to be disclosed.

> On April 22nd, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendencia, duly authorized on behalf of Empresa Nacional de Electricidad S.A. ("Endesa Chile" or the "Company"), the following was informed as a significant event:

Endesa Chile has received notice of the Significant Event released today by the Italian company Enel SpA ("Enel"), parent company of Endesa Chile, in which Enel refers to the convening of the Boards of Directors of Enersis S.A., Endesa Chile and Chilectra S.A. to begin the analysis of an eventual corporate reorganization process, with the intention of separating the electricity generation assets in Chile with generation assets in other Latin American countries.

> Copies of the significant event, in both Italian and English are attached hereto, in order to make it known to all of

Endesa Chile's shareholders. Endesa Chile's Board of Directors must evaluate the possible reorganization by initiating a study of the aforementioned proposal at the upcoming Board of Directors meeting. Endesa Chile will duly inform the Superintendencia of Securities and Insurance, all of its shareholders and the market in general, regarding all the decisions adopted about this matter.

On April 28th, 2015, in accordance with articles 9 and 10 under Securities Market Law N° 18.045 and as established under General Rule N°30 of the Superintendencia, the following significant event was disclosed:

At the Endesa Chile's Ordinary Shareholders Meeting ("OSM") held yesterday, the new Board of Directors of the Company was elected for a period of three years starting from the date of the meeting.

The members of the Board of Directors are now the following individuals:

- Enrico Viale
- Ignacio Mateo Montoya
- Vittorio Vagliasindi
- Francesco Buresti
- Francesca Gostinelli
- Felipe Lamarca Claro
- Isabel Marshall Lagarrigue
- Enrique Cibié Bluth
- Jorge Atton Palma

At the Board of Directors meeting held on April 27th, 2015, the Board of Directors agreed to appoint Mr. Enrico Viale as Chairman of the Board of Directors and of the Company, and Mr. Ignacio Mateo Montoya as the Vice Chairman.

At the same meeting, it was agreed to appoint Mr. Enrique Cibié B., Mr. Jorge Atton P. and Mr. Felipe Lamarca C. as members of the Directors' Committee. Mr. Enrique Cibié B., Mr. Jorge Atton P. and Mr. Felipe Lamarca C. Mr. Enrique Cibié Bluth was appointed as the Committee's Financial Expert.

> On April 28th, 2015, in accordance with articles 9 and 10 under Securities Market Law N° 18,045, and as

established under General Norm N° 30 of the Superintendencia, duly authorized on behalf of Empresa Nacional de Electricidad S.A. (“Endesa Chile” or the “Company”), the following was informed as a significant event: at the Ordinary Shareholders Meeting held on April 27th, 2015, it was agreed to distribute a minimum definitive dividend (partially covered by the interim dividend N° 57 of Ch\$3.44046 per share and an additional dividend amounting to a total of Ch\$20.39541 per share). As the mentioned interim dividend N° 57 was already paid, the remaining amount of the definitive dividend N°58 be distributed and paid, which amounts to Ch\$16.95495 per share.

- > On April 28th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law No18,045, and as established under General Norm No 30 of the Superintendencia, the following was informed as a significant event:

The Board of Director of Enersis S.A.(“Enersis”) has informed to Endesa Chile its approval to begin the analysis of a corporate reorganization process, with the intention of separating electricity generation and distribution activities in Chile from those outside of Chile held by Enersis and its subsidiaries Endesa Chile and Chilectra S.A. (“Chilectra”), keeping the companies in the Enel Group.

In its session held today, the Board of Directors of Endesa Chile approved to begin the analysis of a possible corporate reorganization consisting of separating Endesa Chile for the segregation of businesses inside of Chile from those outside of Chile, and eventually merging the resulting companies into a sole company.

The objective of this reorganization is to create value for all of its shareholders.

None of these operations will require the contribution of additional financial resources by shareholders.

The Board of Directors agreed to study this possible reorganization taking into consideration both the Company’s best interest and those of all the shareholders, paying special attention to the interest of minority

shareholders. If the reorganization is approved, it will be submitted for approval at an Extraordinary Shareholders’ Meeting.

The Company will duly inform the market of the progress of this initiative.

- > On May 18th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendencia, the following was informed as a significant event:

In its meeting held on May 18th, 2015, the Directors’ Committee of Endesa Chile appointed Mr. Enrique Cibié Bluth as Chairman of the Directors’ Committee, effective as of the same date.

- > On July 2nd, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendencia, the following was informed as a significant event:

On July 1st, 2015, the Bocamina II power plant became available for dispatch by the CDEC – SIC Operation Center, after obtaining the required authorizations and completing an operational testing period that began the first week of June.

The commissioning of the power plant is the result of two events:

1. Obtaining the Environmental Qualification Resolution (RCA in its Spanish acronym) N° 128 dated April 2nd, 2015, issued by the Evaluation Commission of Biobío Region, approved the “Optimization Bocamina Thermoelectric Power Plant, Second Unit” project .
2. Obtaining a favorable Environmental Superintendencia pronouncement allowing the Bocamina Thermoelectric Power Plant, Second Unit to operate using a marine measurement system, as ordered by the Supreme Court. The Superintendencia made a pronouncement through Resolution. Ex. N ° 405, enacted on May 20th, 2015.

Regarding the financial effects caused by the interruption of the power plant, the Company's operating income was reduced by US\$370 million since the December 2013 interruption. This amount includes the financial effects which were informed in the significant event dated March 4th, 2014.

> On July 21st, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, the following was informed as a significant event:

Regarding the corporate reorganization described in the significant events dated April 22nd and April 28th, 2015, on July 21st, 2015, the Company received from the Superintendence of Securities and Insurance the Official Letter N° 15,452, which is described below:

With reference to corporate reorganization process reported by Enersis S.A. which, in summary, involves in a first stage the division of the company, Empresa Nacional de Electricidad S.A. and Chilectra S.A. and then the merger through absorption of some of the resulting companies from such divisions, and what was informed and instructed by this Superintendence to Enersis S.A. through the Official Letter N°15,443 of 07.20.2015 that is attached, I state the following:

1. As explained in the Official Letter, this Superintendence believes that the process of "corporate reorganization," which contains various stages, should be analyzed both individually and as one operation, as the intended objective is understood to be achieved only when each and every one of the proposed stages are carried out, i.e. the divisions and mergers to be carried out cannot each be examined as independent and autonomous operations.
2. Also, it should be borne in mind that all the obligations that the current legislation establishes for directors are based on the concept of "best interest of the company." In fact, we can mention various provisions of the Chilean Companies Act that establish this principle, such as the third paragraph of article 39, related to the obligation of directors to serve the "interests" of all shareholders and not just those that elected them; numeral 1 of article 42,

under which specify that directors may not act if is not in the "best interest of the company"; and numeral 7 of article 42 which sanctions "any act" contrary to the best interest of the company.

3. In that understanding, the law has established specific obligations for directors including i) to be informed "fully and based on substantiated information of everything related to the company's progress" (right-duty of being informed contained in the second paragraph of article 39 of the Chilean Companies Act, and ii) "to employ in the exercise of their functions the attention and diligence that men usually employ in their own businesses" (due diligence stated in article 41 under the Chilean Companies Act). Both duties, to be informed and to act with attention and diligence, imply observance of the provisions of article 78 under the Chilean Companies Regulations.

4. Regarding the legal responsibilities and obligations aforementioned, the company's Board of Directors must have sufficient, ample and timely information at the time to make their decisions regarding the "corporate reorganization" as a whole, with its various stages, as the divisions and mergers cannot be analyzed independently or autonomously. Such information should justify the proposal that is finally presented by the Board to the Shareholders' Meeting summoned to adopt the respective resolution, considering that such proposal is the most convenient, in best interest of the company.

The basis for the proposal which the Board of Directors will finally make should contemplate, among other things, the objectives and expected benefits of the corporate reorganization, as well as its terms and conditions, and the various consequences, implications or contingencies that the proposal might bring, e.g. operational and taxation matters, if applicable.

5. Such information should be at shareholders disposal on a timely manner, given that the various stages of the corporate reorganization will be approved by the respective Shareholders' Meetings of each of the companies involved, and therefore, whom should make the decision should have all the elements necessary to do so, which includes the benefits that the operation as a whole involves in terms of the company's best interest.

Under this context and in accordance with the provisions a) and g), article 4 under Decree Law N° 3,538 enacted on 1980, and article 147 of the Chilean Companies Regulations, it is necessary that the company's management provides the public in general and this Superintendence, as soon as the Board of Directors decides on the reorganization and at least 15 days prior to the date of the Shareholders' Meeting which should make a pronouncement on the division, with the following information:

- Detailed information on the objective and benefits expected from the division, and its terms and conditions;
- Report that includes the asset, liability and equity accounts of the entity to be divided, a column of adjustments, if necessary, and finally the balance of the accounts that represents the successor and the new entity, as corresponds; and
- A description of the main assets and liabilities that are transferred to the new entity.

Likewise and at the same time, in accordance with the provisions a) and g), article 4 under Decree Law N°3,538 enacted in 1980 and article 147 of the Chilean Companies Regulations, the company's management should provide the public in general and this Superintendence, the following additional and preliminary information referring to the merger:

- Detailed information on the objective and benefits expected from the merger;
- A report by an independent expert appraisal on the estimated value of the entities that are merging and estimates of the exchange ratio of the corresponding shares.

6. Considering the complexity of the operation, the management may consider other measures for shareholders to have additional elements in order to adequately analyze this operation, such as an express pronouncement by the directors' committee on the corporate reorganization.

7. Finally, the experts involved in this process should bear in mind their duties and responsibilities in accordance with current legislation, particularly the responsibility

established in article 134 of the Chilean Companies Act regarding experts.

8. Consequently, this Superintendence instructs the company's management with regard to the corporate reorganization, and especially its directors, to take into account that expressed above, which in no way is intended to thoroughly establish all the measures that should be implemented by the board of the Company and the other companies involved, in order to duly safeguard their best interest. The Superintendence also instructed that this letter be read completely at the next Board of Directors meeting held, recording such act in the minute of the meeting.

9. Finally, in accordance with the powers granted by Decree Law N°3,538 enacted in 1980, this Superintendence will continue to examine and oversee both the corporate reorganization described above and the activities performed by directors, experts and management of the companies involved that are subject to control.

> On July 27th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, the following was informed as a significant event:

Regarding the initiative informed by the Company through significant events dated April 22nd, 2015 and April 28th, 2015, and in compliance with provisions of the Official Letter N° 15,452 issued on July 20th, 2015 by the Superintendence of Securities and Insurance, we hereby inform that the Board of Directors of Endesa Chile has unanimously resolved that in the case that the transaction to separate the generation and distribution activities in Chile from those performed by the Enersis' Group outside Chile is approved, the corporate reorganization would be carried out through the following corporate transactions:

1. Each company, Chilectra S.A. ("Chilectra") and Empresa Nacional de Electricidad S.A. ("Endesa Chile") would be divided, and therefore: (i) a new company from the division of Chilectra ("Chilectra Américas") would emerge receiving all shareholdings, assets and liabilities of Chilectra abroad; and, (ii) a new company from the

division of Endesa Chile (“Endesa Américas”) would emerge receiving all shareholdings, assets and liabilities of Endesa Chile abroad.

2. Enersis, would also be divided, creating a new company (“Enersis Chile”) to which the shareholdings, assets and liabilities of Enersis in Chile would be transferred, including the shareholdings in Chilectra and Endesa Chile, (following the division of these companies as described previously. The international shareholdings of Enersis as well as its shareholdings in the new companies, Chilectra Américas and Endesa Américas, that were created as a result of the aforementioned division of Chilectra and Endesa Chile and the liabilities related to them, will remain in the divided Enersis (which will be denominated “Enersis Américas” following the division).
3. Once the aforementioned divisions are materialized, Enersis Américas would merge with Chilectra Américas and Endesa Américas through absorption, and therefore, the latter companies would be dissolved without liquidation, regrouping all the non-Chilean shareholding of the Enersis Group into Enersis Americas. This merger, which involves two newly-incorporated companies (Endesa Américas and Chilectra Américas), would be carried out as soon as legally possible pursuant to the provisions of the applicable regulations.

The resulting companies would be based in Chile and their shares would be listed on the same stock exchanges as the existing companies of the Enersis Group. None of these abovementioned transactions would require additional financial contributions from shareholders.

The Endesa Chile’s management has received a mandate from the Board of Directors to continue to carry out the above-described operation strictly complying with the provisions of the Official Letter N° 15,452, in order to propose, when required, to its shareholders, the necessary steps to complete this corporate reorganization. It is estimated that the first part of such transaction (referring to the aforementioned divisions of Enersis, Endesa Chile and Chilectra) may be agreed upon by their respective Board of Directors by

defining a proposal that would be submitted to the approval of the respective Shareholders’ Meeting during the last quarter of this year and that the corporate reorganization could conclude during the third quarter of 2016.

In this regard, it should be noted that the Superintendencia of Securities and Insurance has confirmed through the mentioned Official Letter N° 15,452 that this type of corporate reorganization would not constitute an operation between related parties pursuant to the provisions established in Title XVI under the Chilean Companies Act N°18,046. However, among other aspects, the Superintendencia pointed out that the information to be made available to all shareholders summoned to resolve the referred divisions (first step of the corporate reorganization), must include reports prepared by independent experts regarding the estimated value of the merging entities and corresponding exchange ratios.

Also, the Superintendencia of Securities and Insurance has suggested that, considering the complexity of the transaction, the Company’s management may consider other measures to enable shareholders to have additional elements in order to adequately analyze this transaction. To that effect, the Board of Directors of Endesa Chile has resolved to propose that the Directors’ Committee explicitly pronounce on the above-described corporate reorganization.

Endesa Chile will continue to keep the market informed on the progress of this proposal.

- > On August 13th, 2015, in accordance with articles 9 and 10 under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendencia, the following was informed as a significant event:

With respect to the proposed corporate restructuring reported by the Company through significant events dated April 22nd, April 28th, and July 21st and 27th of this year, we now inform you that the Directors’ Committee of Endesa Chile, at its extraordinary meeting held today, its members resolved unanimously to appoint Asesorías

Tyndall Limitada as Financial Adviser of the Directors' Committee, to work within the scope of The Chilean Companies Act Law, article 147, regarding independent appraisers, and also to comply with the information and documentation requirements of the reorganization transaction according to the terms and conditions set forth by the Superintendence for Securities and Insurance Companies in its Official Letter N°15,452 dated July 20th, 2015.

- > On September 15th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, the following was informed as a significant event:

- > Regarding the corporate reorganization initiative informed through significant events dated April 22nd, April 28th, and July 27th, 2015, and which is being studied and analyzed by the Board of Directors of the Company, the Board of Empresa Nacional de Electricidad S.A., at an extraordinary session held today, has decided by a majority of its members, with the 4 independent directors voting against the proposal, to appoint an independent expert for the purpose of complying with the requirements of the Superintendence of Securities and Insurance in its Official Letter No 15,452 dated July 20th, 2015, to issue a report of the estimated value of the companies that eventually will merge and estimations of the corresponding exchange ratios if the corporate reorganization is carried out under the terms described in the significant event dated July 27th, 2015. Mr. Colin Becker has been appointed as the independent appraiser.

- > On November 5th, 2015, in accordance with articles 9 and 10 under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, the following was informed as a significant event:

In its extraordinary session held today, the Board of Directors of Endesa Chile, by the majority of its members, agreed that after reviewing the studies, reports and opinions, and taking into account the expected benefits arising from the corporate

reorganization, its terms and conditions as well as its consequences, implications or contingencies, that the proposed corporate reorganization of the Enersis Group (the "Reorganization"), subject to what is said below regarding the exchange ratio, it does contribute to the best interest of the Company and thus, they decided to summon the Board members of ENDESA to an extraordinary session to take place on Monday, November 9th, 2015, in order to analyze the convenience of summoning an Extraordinary Shareholders' Meeting to inform shareholders about the Reorganization and, if it is the case, approve such proposal.

Directors Mr. Cibie, Mr. Lamarca, Mr. Atton and Mrs. Marshall concur in this vote, to the extent that the conditions included in Section 5 of the Report of the Directors' Committee dated November 4th, 2015 are included.

Regarding the exchange ratio referred to above, there is no unanimity among the directors. Directors Mr. Cibie, Mr. Lamarca, Mr. Atton and Mrs. Marshall, estimate that the minority shareholders' participation in the share capital of the company resulting from the merger, Enersis Américas should be at least 16.7%. The Directors Mr. Viale, Mr. Matthew, Mr. Vagliasindi, Mr. Buresti, and Mrs. Gostinelli estimate that the minority shareholders' participation in the capital of the company resulting from the merger, Enersis Américas, should be at least 15.5%.

In consideration of this difference of opinion regarding the minority shareholders' participation in the capital of the company resulting from the merger, it is considered appropriate to inform that the Board of Directors has unanimously agreed to submit the "estimated exchange ratio" as background information. Endesa Chile shareholders participation in the capital of the company resulting from the merger, Enersis Americas, should range between 15.5% and 16.7% (i.e., for each share of Endesa Americas, its shareholders will receive between 2.75 (minimum) and 3 (maximum) shares of Enersis Americas), and without dismissing all reports related to this referential exchange rate that are available to the shareholders of the Company and to the market, as noted below.

The Board of Directors has considered convenient to provide shareholders, as of today, with the documents listed below, which are related to and that have been used as the basis to evaluate the Reorganization, on the Company's website: www.endesa.cl

- (i) Audited Consolidated Financial Statements of Endesa Chile as of September 30th, 2015, which will be used for the Spin-off.
- (ii) Endesa Chile Board of Directors' report regarding the absence of significant changes to the assets, liabilities or equity that occurred after the reference date of the respective Spin-off balance sheet.
- (iii) Description of main assets and liabilities transferred to the new company resulting from the Spin-off.
- (iv) Proforma consolidated financial statement, with Endesa Chile and Endesa Americas external auditors' attestation reports, both as of October 1st, 2015 and which provide, among others, the distribution of the assets, liabilities and equity of both companies. The reference date of the Pro-forma balance sheet will be the day after the reference date of the balance sheet of the the Spin-off.
- (v) Report of the independent expert appointed by the Board of the Company, Mr. Colin Becker, including the estimated value of the entities that are to merge and estimates on the exchange ratio for the corresponding shares in the context of the Operation.
- (vi) Report of the financial expert appointed by the Board of Directors of the Company, Tyndall Group with its conclusions regarding the Reorganization.
- (vii) Report of the Directors' Committee of the Company with its conclusions regarding the Reorganization.
- (viii) The objectives and expected benefits of the Reorganization and its consequences, implications or contingencies, such as those of operational or tax nature.
- (ix) Descriptive document of the Reorganization and its terms and conditions.
- (x) The determination of the number of shares of Endesa Americas S.A. that the shareholders of the Company will receive.
- (xi) Board agreement with the proposal of the Board of Directors of the Company regarding the Reorganization.

(xii) Bylaws draft of both the Company and Endesa Americas after the Spin-off.

- > On November 10th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendencia, during the board meeting held today, it was informed as a significant event that the Board of Directors of the Company agreed to summon an Extraordinary Shareholders' Meeting to take place on December 18th, 2015 at 10:00 A.M. local time in Espacio Riesco, located at Av. El Salto 5000, Huechuraba, Santiago, Chile.

The matters that will be submitted to the shareholders to acknowledge and to rule are the following issues:

1. Acknowledge the proposed corporate reorganization (the "Reorganization") consisting of (i) the division of the Company (the "Spin-Off"), creating Endesa Américas S.A. ("Endesa Américas"), Enersis S.A. ("Enersis") and Chilectra S.A. ("Chilectra") in order to separate, on the one hand, the generation and distribution businesses in Chile, and on the other hand, the businesses outside Chile, and (ii) the subsequent merger of the companies that have ownership stakes in companies located in countries other than Chile.
2. Acknowledge the background information that underlies the proposed Reorganization, which is relevant in accordance with the provisions of Official Letter No 15,452 of the Superintendencia of Securities and Insurance dated July 20th, 2015 and made available to the shareholders as of November 5th, 2015, and consisting of:
 - (i) Audited Consolidated Financial Statements of Endesa Chile as of September 30th, 2015, which will be used for the Spin-Off.
 - (ii) Report of Endesa Chile's Board of Directors on the absence of significant changes to the assets, liabilities or equity accounts occurring after the reference date of the respective balance sheet of the Spin-Off.
 - (iii) Description of main assets and liabilities transferred to the new company resulting from the Spin-Off.

- (iv) Proforma Consolidated Financial Statements, including attestation report by the external auditors of Endesa Chile and Endesa Américas, both as of October 1st, 2015, which provide, among others, the allocation of assets, liabilities, and equity between both companies.
 - (v) Report of the independent expert appointed by the Board of Directors of the Company, Mr. Colin Becker, including the estimated value of the entities to be merged and the estimated exchange ratio of the corresponding shares in the context of the Reorganization.
 - (vi) Report of the financial expert appointed by the Directors' Committee of the Company, Tyndall Group, with its conclusions regarding the Reorganization.
 - (vii) Report of the Directors' Committee of the Company with its conclusions regarding the Reorganization.
 - (viii) Document describing the Reorganization and its terms and conditions.
 - (ix) The objectives and expected benefits of the Reorganization and its consequences, implications or contingencies, such as those regarding operational or taxation matters.
 - (x) Determination of the number of Endesa Américas shares to be received by the shareholders of the Company.
 - (xi) Board of Directors Agreement with the proposal of the Board of Directors of the Company with respect to the Reorganization.
 - (xii) Bylaws draft of the Company and Endesa Américas, subsequent to the Spin-Off.
3. Approve, pursuant to the terms of Title IX under the Chilean Companies Act Law 18,046 and paragraph 1 of Title IX under the Chilean Companies Act Regulation, subject to the conditions precedent listed in paragraph 4 below, the proposal to divide the Company into two different companies, creating a new publicly traded corporation, Endesa Américas, governed by Title XII of D.L. 3,500, which would be assigned all shareholdings and other related assets and liabilities that Endesa Chile would own outside of Chile. All Endesa Chile shareholders will hold the same percentage of Endesa Américas that they had in Endesa Chile's capital, with a number of shares equal to what they had in the divided company (ratio 1:1). Following the Spin-Off, Endesa Chile will retain all businesses currently developed in Chile, including assets, liabilities, and administrative authorizations in the country not explicitly assigned to Endesa Américas in the Spin-off.
4. Approve that the Spin-Off agreed to by the Extraordinary Shareholders Meeting will abide by the conditions precedent including the condition that the ESM minutes in which the spin-offs of Enersis and Chilectra are approved have been properly recorded as a public deed, and their respective excerpts have been registered and published duly and promptly according to the law. Additionally, and in accordance with article 5 regarding Article 148, both under the Regulations of the Chilean Companies Act Law No 18,046 relative to Publicly Traded Companies, approve that the Spin-Off shall take effect on the first calendar day of the month following the "Public Deed of the Conditions Fulfillment for the Spin-Off of Endesa Chile," as explained in the following numeral, notwithstanding the prompt fulfillment of the formalities of registration in the Commercial Registry and publication in the *Diario Oficial* of the excerpt and recording as a public deed of the Extraordinary Shareholders Meeting minutes that approves the Spin-Off of Enersis Chile and the creation of Endesa Américas.
5. Authorize the Board of Directors of Endesa Chile to grant the required powers to sign one or more documents that are necessary or appropriate to inform on compliance with the conditions precedent to which the Spin-Off is subject, and certify the assets subject to registration that are assigned to Endesa Américas, and any other representation that is considered necessary for these purposes, and especially grant a public deed within 10 calendar days of the date on which the last of the Spin-Off conditions is met. Such public deed shall be named the "Public Deed on the Fulfillment of the Conditions for the Spin-off of Endesa Chile," which should be registered in the corporate record of Endesa Chile and Endesa Américas in order to facilitate verification of compliance with the conditions to which the Spin-Off was subject.

6. Approve the capital reduction of Endesa Chile resulting from the Spin-Off, and the distribution of equity between the divided company and the created company.
7. Approve the new Bylaws of Endesa Chile, which reflect the Spin-Off and the subsequent capital reduction, by modifying the following articles:
 - (i) Amendment of Article Five, acknowledging the reduction of Endesa Chile capital resulting from the Spin-Off, maintaining the same number and type of shares;
 - (ii) Amendment of Article Six, which corrects the reference to the regulations of the Law;
 - (iii) Creation of a new Article Fifty, to state that the Company will continue to be subject to Resolution No 667 of the Honorable Resolution Commission, dated October 30th, 2002, with the understanding that the restrictions shall not apply to Endesa Américas.
 - (iv) Replacement and inclusion of other Transitory Provisions that apply as a result of the Spin-Off.
 - (v) Grant a revised text of the Bylaws of Endesa Chile.
8. Appoint the interim Board of Directors of Endesa Américas and define its compensation.
9. Approve the bylaws of the new company resulting from the division, that is, Endesa Américas, which in its permanent provisions differs from those of Endesa Chile in the following matters:
 - (i) Article One, in which the corporate name will be Endesa Américas S.A.
 - (ii) Article Six, in which the reference to the regulations of the Law is corrected;
 - (iii) Article Five, on share capital, which indicates that Endesa Américas will have a capital of Ch\$778,936,764,259, divided into 8,201,754,580 ordinary shares, all of the same series with no par value;
 - (iv) Article Forty -Two is not included because it was repealed by an applicable law;
 - (v) In Article Fifty, in which the Company is subject to Resolution No 667 of the Honorable Resolution Commission, dated October 30th, 2002; with the understanding that (i) the restrictions shall not apply with regard to Endesa Américas, and (ii) with the understanding that the companies shall not participate in any way in relevant markets located in Chile, the company may merge with Enersis Américas, which may also merge with Chilectra Américas.
- (vi) Replacement and inclusion of other Transitory Provisions that become applicable as a result of the division.
10. Approve the number of Endesa Américas shares to be received by Endesa Chile shareholders.
11. Introduce shareholders to the estimated terms of the possible merger of Endesa Américas and Chilectra Américas into Enersis Américas.
12. Appoint the external audit firm for Endesa Américas.
13. Appoint the Account Inspectors and alternates for Endesa Américas.
14. Inform shareholders of agreements regarding transactions with related parties under Title XVI of the Chilean Companies Act Law N°18,046, executed after the last shareholders' meeting.
15. Report on authorizations granted to KPMG Auditores Consultores Ltda., to deliver documents and reports related to external audit services provided to Endesa Chile, to the Public Company Accounting Oversight Board ("PCAOB") of the United States of America.
16. Entrust the Board of Directors of Endesa Américas that upon the effectiveness of the Spin-Off, and as promptly as possible, it should apply for the registration of the new company with the SVS and the Securities and Exchange Commission of the United States of America and on the stock exchanges where its shares will be traded.
17. Entrust the Board of Directors of Endesa Américas, to approve the powers of attorney of the company.

The Shareholders Meeting shall vote on all agreements necessary to carry out the Spin-Off, on the terms and conditions that the Extraordinary Shareholders Meeting ultimately approves the division, and also grant the powers of attorney deemed necessary, particularly those required to legalizing, materializing and carrying out the spin-off agreements and others adopted by said Shareholders' Meeting.

Shareholders may obtain a full copy of the documents that explain and support the matters that are subject to knowledge and resolution of the Shareholders Meeting at our registered office, located at 76 Santa Rosa St., 15th Floor (Investments Department), Santiago, Chile, as of this date. Also, they are available for shareholders on the company website: www.endesa.cl.

Additionally, the Board of Directors unanimously agreed to empower the CEO of the Company in order to, within a reasonable time, make an assessment on the feasibility of certain measures contained in the Directors' Committee report, as well as those suggested by shareholders, to determine the compatibility with applicable legal provisions and the terms and conditions of the corporate reorganization process that has been approved by the Board and which have been disclosed to the market and shareholders in general.

The Directors Messrs. Cibie, Lamarca, Atton and Ms. Marshall recorded their voting against summoning an Extraordinary Shareholders Meeting at this time, in order to allow shareholders to become informed and vote on the aforementioned subjects, for the following reason. The declaration of the SVS regarding the appropriate application of the rules related to operations among related parties of Title XVI of the Chilean Companies Act to the proposed "Corporate Reorganization", is currently before the Santiago Court of Appeals. The abovementioned directors believe that summoning a Shareholders' Meeting to vote on the proposed operation would not be advisable, and it would be best to wait for a decision from the Santiago Court of Appeals.

- > On November 11th, 2015, pursuant to articles 9 and 10, paragraph 2, under Securities Market Law N°18,045

and as established under General Norm N° 30 of the Superintendencia of Securities and Insurance, the following was informed as a significant event:

With regard to the Significant Event dated November 5th, 2015 related to the corporate reorganization operation, we hereby inform you that today, the report "Valuation Materials Project Carter II - Presentation to the Board" of Deutsche Bank, the financial advisor appointed by the Board of the Directors of the Company, will be to shareholders disposal at the Company's website (www.endesa.cl).

- > On November 24th, 2015, pursuant to articles 9 and 10, paragraph 2, under Securities Market Law N°18,045 and as established under General Norm N° 30 of the Superintendencia of Securities and Insurance, the following was informed as a significant event:

Endesa Chile received from its controlling shareholder, Enersis S.A. ("Enersis"), for its knowledge and consideration, the letter that Enersis received today from its controlling shareholder (Enel S.p.A., "Enel"), which is attached as an appendix, regarding several issues that directly affect Endesa Chile in relation to the reorganization process of Enersis, Chilectra S.A. and Endesa Chile (the "Reorganization").

In connection with the Official Letter No 25,411 dated November 18th, 2015 from the Superintendencia of Securities and Insurance, which instructs the Board of Directors of Endesa Chile to issue statements on the matters indicated in part 12, sections (a) to (c) and to make these statements available to shareholders on the company's website, we confirm that the majority of the Board of Directors (with the dissenting votes of Mrs. Marshall, and Messrs. Cibie, Atton and Lamarca) at the extraordinary meeting No 1509 held November 24th, 2015, adopted the following resolutions:

One: Consider Enel's proposal included in its letter dated November 23rd, 2015, which states that in the event that all stages of the transaction contemplated in the Reorganization are carried out successfully, Enel commits to negotiate or promote that one or more of its subsidiaries

will negotiate an agreement with Enersis' subsidiary, Endesa Chile, regarding a joint investment in renewable energy projects in Chile.

Two: Announce at this time and at the Shareholders' Meeting to be held on December 18th, 2015, that the Board of Directors has been informed that the controlling shareholder intends to propose at the Shareholders' Meeting of Endesa Américas on the subject of its merger with Enersis Américas, an exchange ratio consistent with the range adopted by the Boards of Directors of the three companies, that is, 2.8 shares of Enersis Américas for each share of Endesa Américas and 5 shares of Enersis Américas for each share of Chilectra Américas, in accordance with the terms and conditions contained in the "Descriptive Document of the Reorganization and its Terms and Conditions" (disclosed publicly on November 5th, 2015).

This exchange ratio would be equivalent to a 15.75% share in the resulting company, that is, Enersis Américas. Therefore, and consistent with what was announced, the Board of Directors acknowledges that the majority shareholder will take whatever actions are within its power to make this merger succeed, including voting in favor in such shareholders meeting. In any case, the aforementioned is subject to the absence of any relevant supervening events prior to such Shareholders' Meeting that may substantially affect the exchange ratio proposed above.

Three: Consider the announcement made by the controlling shareholder, indicating that as long as the divisions of Enersis, Endesa Chile and Chilectra take place as defined by the Reorganization operation, and unless any relevant supervening event occurs that would advise against it from the company's best interest perspective, it is the intention of Enersis (which will be by then known as Enersis Américas) to conduct a public tender offer to purchase the shares issued by the future company, Endesa Américas, when it is formed, subject to the approval of the merger by the respective Shareholders' Meeting of Enersis Américas, Endesa Américas and Chilectra Américas, and that the thresholds to exercise the withdrawal rights have not been surpassed.

The tender offer will be presented for all shares and American Depositary receipts ("ADRs") issued by such company that are not owned by Enersis Americas. Since Enersis Américas is expected to own 59.98% of the shares of Endesa Américas after the spin-offs, the tender offer will be for up to 40.02% of the share capital of Endesa Américas at a price of ChP\$236 per share (or its equivalent in U.S. dollars on the payment date in the case of ADRs) and subject to other terms and conditions, which will be detailed in due time.

Four: Instruct the CEO, to propose to the Board of Directors and, if appropriate, to the Directors' Committee, to negotiate with Enersis, in good faith, the terms of an indemnity commitment agreement, pursuant to which Enersis will indemnify the Company for certain duly verified tax costs incurred by Endesa Chile, minus any tax benefits obtained by Endesa Américas or Endesa Chile as a result of the spin-off, if the merger agreements are not approved by December 31st, 2017 for reasons not attributable to Endesa Chile, Endesa Américas, or an event of force majeure. The indemnity is expected to be offset by certain tax benefits obtained by Enersis.

Five: Consider the arguments presented by the Chairman of the Board of Directors and the CEO during the extraordinary Board of Directors meeting held on November 24th, 2015, and expressly approve the Board pronouncement regarding the issues contained in Official Letter, that is: (a) "The risks, consequences, implications or contingencies that could result from the Reorganization process for the shareholders of Endesa Chile including at least those mentioned in the report of the Directors' Committee"; (b) "Feasibility of the conditions set by the independent members of the Board of Directors, stating if the conditions may be fulfilled or not, and the consequences which non-compliance of such conditions would have on the corporate interests of the Company"; and (c) "Information regarding the exchange ratio and the estimated percentage that the minority shareholders should reach in the future merger process, so that the Reorganization is carried out conforming to corporate best interest, which entails benefits for all shareholders".

Endesa Chile shareholders may obtain a full copy of the

letter sent by Enel, the response of the Board of Directors to the Official Letter No 25,411, dated November 18th, 2015, the SVS (that will be submitted on November 25th, 2015, the Pronouncement and other documents that explain and support the matters presented above at the Company's registered office, located at 76 Santa Rosa St., 15th Floor (Investor Relations Department), Santiago, Chile, as of this date. They are also available to shareholders on the company's website: www.endesa.cl.

Additionally, during the same session, the Board of Directors unanimously agreed to propose to the Shareholders Meeting, convened to learn about the spin-off of Endesa Chile, that the by-laws of Endesa Américas S.A. include a transitional provision that submits such company as of its incorporation, in advance and voluntarily, to the rules and regulations established in Article 50 bis of the Chilean Companies Law regarding the election of independent directors and the creation of a Directors' Committee, and that in numeral 8 of the notice to convene an Extraordinary Shareholders' Meeting referring to the election of a provisional board of directors of Endesa Américas, such election be performed conforming to said Article 50 bis.

> On November 30th, 2015, pursuant to articles 9 and 10, paragraph 2, under Securities Market Law N° 18,045 and as established under General Norm N° 30 of the Superintendencia of Securities and Insurance, a significant event was disclosed informing that the Board of Directors of Empresa Nacional de Electricidad S.A., held on November 30th, 2015, agreed to distribute an interim dividend of Ch\$3.55641 per share on January 29th, 2016, attributable to the 2015 results, to be paid on January 29th, 2015. This amount is equal to 15% of net income as of September 30th, 2015, conforming to the Company's dividend policy.

> > On December 1st, 2015, pursuant to articles 9 and 10, paragraph 2, under Securities Market Law N°18,045 and as established under General Norm N° 30 of the Superintendencia of Securities and Insurance, disclosed a significant event, complementary to significant event disclosed by Empresa Nacional de Electricidad S.A. ("Endesa Chile") the past 24th of November, 2015 informing the following:

1. Endesa Chile has today responded to Official Letter N° 26,428 dated November 27th, 2015 of the Superintendencia of Securities and Insurance concerning the restructuring process of the Enersis Group.

2. The response, attached to this significant event, is complementary to the significant event disclosed by Endesa Chile on November 24th, 2015.

3. It has also been made available to shareholders and to the public in general on the Company's webpage.

> On December 1st, 2015 pursuant to articles 9 and 10, paragraph 2, under Securities Market Law N° 18,045 and as established under General Norm N° 30 of the Superintendencia of Securities and Insurance a significant event was submitted informing that yesterday, the "Consejo de Administración de Bolsas y Mercados Españoles, Sistemas de Negociación, S.A" (Board of Directors of Spanish Stock Exchanges), in exercise of the powers conferred by "Reglamento del Mercado de Valores Latinoamericanos, Latibex" (Regulation of Latibex), and in response to the request made by Endesa Chile, has agreed to suspend the inscription of Endesa Chile effective from December 1st, 2015 and has decided to exclude the trading of shares issued by the Company in Latibex, effective on December 4th, 2015.

The above implies that, from the aforementioned date, Endesa Chile will be delisted from Latibex and its shares will not be traded in the future on that stock exchange.

> On December 9th, 2015, the following was informed as a significant event:

Ref.: (i) SVS Official Letter No 26,428 dated November 27th, 2015, and (ii) SVS Official Letter No 26,625 dated December 1st, 2015 (the "Official Letters").

Regarding the responses to the Official Letters of reference, sent on December 1st and 2nd, 2015, respectively to the Superintendencia of Securities and Insurance (the "SVS") and communicated at the time as significant event to the Official Letter (i) of reference and

how responded Official Letter to Official Letter (ii) of reference (the " Endesa Responses "), we inform that the Board of Directors of the Company (" Endesa Chile ") has met today and a majority of the Directors approved the Endesa Responses in all their parts and with the dissenting vote of the Directors Mrs. Marshall and Messrs. Atton, Cibié and Lamarca.

The Directors Mrs. Isabel Marshall and Messrs. Enrique Cibié, Felipe Lamarca and Jorge Atton have justified their dissenting vote by stating the following regarding the responses to the Official Letters:

With regard to bullet 1 of the Official Letter

Regarding the response of Management to bullet 1(i) of SVS Letter N° 26,428 dated November 27th, 2015, the "Official Letter," relating to whether the commitments assumed by Enel in the letter dated November 23rd, 2015 have a binding nature and would be fully enforceable in the event of non-compliance, the signatories believe that the Management adheres to the opinion of Enel's lawyers. The reasonable course would have been that Management consult with independent legal advisers. In any event, what is most important to the signatories is not whether or not those declarations are enforceable but the content of such declarations, as explained with respect to bullet 1(ii).

Regarding Management's response to bullet 1(ii) of the Official Letter, the signatories reiterate what was stated at the Board of Directors' meeting held on November 24th, 2015, referring to the fact that Enel's proposal presents several concerns. First, the agreement is subject to the Corporate Reorganization in "all its instances or phases" being successful, i.e. would not apply if the merger does not take place. Second, it is simply a promise to "negotiate" or "promote one or more of its subsidiaries to negotiate" with Endesa Chile. In other words, there is no commitment to sign a defined agreement but simply to negotiate, allowing for such negotiations to possibly extend indefinitely over time, never conclude or be subject to conditions that are a burden to Endesa Chile. Third, it limits Endesa Chile's participation in the different projects to a maximum of 40%. Fourth, it states that Enel will acquire the renewable projects of Endesa Chile at "project value," leaving open the price

which Endesa Chile should pay to acquire its interest in the assets and projects of Enel.

Management's response does not explicitly refer to any of these aspects. Therefore, the signatories reiterate what was stated in the report of Endesa's Directors' Committee and the Board of Directors' meeting held on November 5th, referring to, first, the conflict of interest that the activities of Enel Green Power in the country represent to Endesa Chile should be regulated satisfactorily for the future, through obligations that are easily monitored and enforceable, and second that Endesa Chile should be the main growth vehicle in electricity generation. In the opinion of the signatories, for the reasons given, the proposal of Enel, regardless of whether its terms are legally enforceable, does not properly satisfy these requirements.

In the opinion of these Directors, the way to safeguard the interests of Endesa into the future is to merge the assets in Chile of Endesa with those of Enel Green Power or its successor.

With regard to bullet 2 of the Official Letter

Management's response to bullet 2 of the Official Letter, relating to whether the intention of Enersis to make a public tender offer for all of the shares and ADRs of the future Endesa Américas would be enforceable against Enersis, the signatories believe that Management gives a legal opinion without calling for the opinion of an independent expert to justify it. In the opinion of the mentioned Directors, reasonable course would have been to consult with independent legal advisers. In any event, what is most important to the signatories is not whether or not this intention is enforceable but if such public tender offer, as proposed, is or is not suitable for resolving the underlying problem.

Although at the Board of Directors' meeting held on November 24th, 2015 the signatories said that the announced public tender offer would be "conceptually" beneficial, as it would mitigate the risk relating to uncertainty about the exercise price of the right to withdraw, the offer, as it has been proposed by Enersis, presents two concerns.

First, as we said on November 24th, 2015, Ch\$236 Chilean pesos per share is insufficient. Regarding the tender offer of

Enersis: “as informed by Enersis, this price has been calculated on the basis of the average market price of Endesa Chile over the last three months, multiplied by the relative weight of Américas estimated by Tyndall, adviser to the Endesa Chile Directors’ Committee (c. 28%)”. When consulting the Tyndall report after the Board of Directors’ meeting held on November 24th, we noted that the implicit weight attributed by Tyndall for the future Endesa Américas was 35% and not 28%. If the relative valuation of Tyndall is used as criterion, the tender offer price should be close to Ch\$295 per share. This price would also coincide with the price indications given by market analysts after the Enersis announcement, confirming that the price proposed by Enersis is low.

Second, as warned at the Board of Directors’ meeting held on November 24th, the public tender offer would only proceed if the merger is approved by the Shareholder Meetings of Endesa Américas, Enersis Américas and Chilectra Américas and therefore provides no protection if the merger does not take place, in which case the share of Endesa Américas would not be very attractive as it would involve a collection of interests without its own business identity or organizational structure. No mitigation measure whatsoever has been proposed with respect to this risk.

With regard to bullet 3 of the Official Letter

Regarding Management’s response to bullet 3 of the Official Letter, relating to (i) what would be Endesa Chile’s obligation with respect to the compensation commitment, and (ii) the

legal definitions that would be applied to carry out this commitment, we believe that Management’s response should be limited to the indicated in the first paragraph, i.e. that these aspects may only be detailed at the time that the negotiation takes place, to which we would add “subject to its study by independent experts”.

Although the SVS does not ask it directly, while it does so with respect to the first two bullets, in the case of the third bullet, the enforceability of the proposal of compensation of the tax charge incurred by Endesa Chile due to the division proposed by the Corporate Reorganization and which would be compensated by Enersis, could also be asked. This compensation is conditioned to the approval of the merger by Endesa Américas, regardless of its terms, and the obtaining of tax benefits by Enersis with which to compensate the cost to Endesa, which would open a potential tax charge for Endesa and thus be against the Company’s best interest.

The Board of Directors unanimously resolved to make available to all shareholders and the market in general two legal opinions on the binding nature of the commitments that Enel S.p.A. has made, which have been the subject of several significant events. Both the secretary to the Board of Directors of Enel S.p.A., Mr. Claudio Sartorelli, and one of the main law firms in Italy, Chiomenti Studio Legale, represented by its partner, the jurist Michele Carpinelli, have pointed out the binding nature under Italian law of Enel’s commitments in the terms in which they are written.



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IL SEGRETARIO DEL CONSIGLIO DI AMMINISTRAZIONE

DECLARACIÓN

Yo, el abajo firmante, Claudio Sartorelli, en mi condición de Secretario del Consejo de Administración de Enel S.p.A. con domicilio en Roma, Viale Regina Margherita 137

certifico

por medio de la presente que:

- de conformidad con la decisión adoptada por el Consejo de Administración de Enel S.p.A. en su sesión celebrada el día 17 de noviembre de 2015, en relación con la operación de reorganización societaria de Enersis y de sus sociedades controladas en Sudamérica,
- de conformidad con el poder que dicho Consejo de Administración, en el ámbito de dicha decisión, ha otorgado a favor de la Presidente Doña María Patrizia Grieco para suscribir las declaraciones relativas a los compromisos asumidos por Enel para la realización de dicha reorganización, incluyendo expresamente la delegación de dicha facultad,
- de acuerdo con la delegación conferida por la Presidente de Enel Doña María Patrizia Grieco con fecha 23 de noviembre de 2015 (con base en la mencionada decisión) a favor de Don Giulio Fazio para suscribir las mencionadas declaraciones,

Don Giulio Fazio se encuentra plenamente investido de facultades para suscribir las declaraciones enviadas con fecha 23 de noviembre de 2015 y 25 de noviembre de 2015 al Presidente de Enersis S.A., Don Francisco de Borja Acha Besga, en relación con los compromisos asumidos por Enel en el ámbito de la mencionada reorganización.

En fe de todo lo anterior,

Claudio Sartorelli

Roma, 25 de noviembre de 2015

The legal opinion of the lawyer, Mr. Carpinelli's, is also included below, and translated to English:

Dear Sirs,

I have examined:

- The wording of the agreement adopted by the Board of Directors of Enel S.p.A. held on November 17th, 2015; and in particular, the content of the obligations accepted by Enel S.p.A. regarding the reorganization of Enersis, along with the implications of these obligations in terms of the benefits for the minority shareholders of the companies involved in the restructuring operation;

- The content of the agreement adopted by the Board of Directors of Enel S.p.A. in such session in which Enel S.p.A. and Enersis are explicitly authorized to accept the obligations and the content of the agreement and give the President of Enel S.p.A. the authority to subscribe to such obligations, and to delegate such power;

- The statement of the lawyer, Claudio Sartorelli, as Secretary to the Board of Enel S.p.A, the disclosure made by the Chairman of Enel S.p.A on November 23rd, 2015, by means of which he has given the lawyer Giulio Fazio the power to underwrite Enel S.p.A, in accordance to Italian regulation, in the name and on behalf of Enel S.p.A the statements regarding the mentioned obligations;

- The communications sent by attorney Giulio Fazio to attorney Borja Acha Besga.

Based on the aforementioned, my opinion is that the obligations accepted by Enel S.p.A. are valid, effective and binding and have been specifically and analytically authorized by the Board of Directors of Enel S.p.A.

I also express my legal opinion, stating that the actions subscribed by the lawyer Giulio Fazio, based on the specific powers of attorney he received from the Chairman of the Board of Directors of Enel S.p.A (based on the power the chairman received from the Board of Directors of Enel S.p.A. to delegate such power) are valid and effective, making the obligations of Enel S.p.A valid, effective and binding for Enel S.p.A.

Abogado Michele Carpinelli

Chiomenti Studio Legale

In addition, the Board of Directors unanimously agreed to disclose that according to the significant event of Enersis S.A. dated December 2nd, 2015, the author of the aforementioned commitments is Enel S.p.A. and not Enersis S.A., and therefore the Board of Directors of Enersis is not the entity that should modify or extend the contents of said commitments.

- > On December 18th, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, a significant event was disclosed informing that the Extraordinary Shareholders Meeting of Empresa Nacional de Electricidad S.A. ("Endesa Chile") has taken place today.

In the Meeting shareholders of Endesa Chile were informed about the Enersis Group's Corporate Reorganization proposal (the "Reorganization") which consists of (a) the spin-off of Enersis S.A. ("Enersis") and its subsidiaries Endesa Chile and Chilectra S.A. ("Chilectra"), and (b) the subsequent merger of the companies that own shares in businesses outside of Chile. Additionally, shareholders were provided with all background information regarding the Reorganization and estimated terms of this potential merger.

Subsequently, The Extraordinary Shareholders' Meeting, with the legal quorum required, approved the demerger of Endesa Chile into two companies (the "Spin-Off"). As a result of this Spin-Off, Endesa Américas S.A. ("Endesa Américas"), a new publicly held company, which will be governed under Chapter XII of D.L. 3,500 and which was allocated the shareholdings and other associated assets and liabilities of Endesa Chile outside Chile. All of Endesa Chile's shareholders will participate in Endesa Américas in the same proportion that they had in the Endesa Chile's capital, with a number of shares equal of what they had in the spun-off company (ratio 1:1); remaining in the demerged Endesa Chile all the respective business currently performed in Chile, including the equity comprising the assets, liabilities and administrative authorizations in Chile not expressly allocated to Endesa Américas in the Spin-Off.

The Spin-Off is subject to the conditions precedent, consisting of the Extraordinary Shareholders' Meetings

minutes, in which the spin-offs of Chilectra and Enersis are approved and are duly recorded as a public deed and their respective excerpts have been registered and published duly and promptly in accordance with the law. Additionally, it was approved that the Spin-Off will take effect on the first calendar day of the following month after the public deed of fulfillment of the conditions for the Spin-Off is granted, notwithstanding the prompt fulfillment of the registration formalities in the corresponding Commercial Registry and the publications of the excerpt recorded as public deed of the Extraordinary Shareholders' Meetings minutes that approved the Spin-Off in the Official Gazette.

As part of the Spin-Off agreement, among other amendments to the bylaws of Endesa Chile, it was agreed to reduce the capital of Endesa Chile as a consequence of the Spin-Off from Ch\$1,331,714,085,130, divided into 8,201,754,580 registered shares of the one series and without par value, to the new amount of Ch\$552,777,320,871 divided into 8,201,754,580 registered shares of the one series and of no par value. Additionally, it was also agreed to (i) establish the capital of Endesa Américas, corresponding to the amount by which the capital of Endesa Chile has been decreased, divided into 8,201,754,580 registered common shares, all of the same series and without par value, and (ii) distribute the company's equity interest between Endesa Chile and Endesa Américas, allocating assets and liabilities as indicated by the aforementioned meeting, to Endesa Américas.

The bylaws of Endesa Américas were approved, which, as of its effectiveness, shall be subject, in an anticipated and voluntarily manner, to the norms set forth in Article 50 Bis of the Chilean Companies Law related to the election of independent directors and the creation of the Directors' Committee. Pursuant to the above, an interim Board of Directors Endesa Américas was appointed in accordance with Article 50 bis and its compensation was determined, appointing Mrs. María Loreto Silva Rojas, Mr. Eduardo Novoa Castellon and Mr. Hernan Cheyre Valenzuela as independent directors, and Messrs. Enrico Viale, Ignacio Mateo Montoya, and Mrs. Francesca Gostinelli and Messrs. Francesco Buresti, Vittorio Vagliasindi, and Mauro Di Carlo as non-independent directors, recording as evidence the vote of the controller of Endesa Chile, its members and its related persons.

The shareholders agreed to appoint KPMG Auditores Consultores Limitada as the external audit company of Endesa Américas, and Messrs. Rolf Heller Ihle and Manuel Oneto Faure as Accounts Inspectors of Endesa Américas, with Mrs. Marcela Araya Nogara and Mr. Ignacio Rodriguez Llona, as Alternate Accounts Inspectors.

Finally, the meeting agreed that Endesa Chile will continue to be, and Endesa Américas will be, subject to Resolution No 667 of the Honorable Resolution Commission, dated October 30th, 2002.

> On December 31st, 2015, in accordance with articles 9 and 10, paragraph 2, under Securities Market Law N° 18,045 and General Norm N° 30 of the Superintendencia, the following was informed as a significant event:

- 1) Since December 17th, 2015, three people have illegally occupied the first high-tension pylon which supports the 154 kV and 220 kV circuits owned by Transelec S.A. and serve the Company's Bocamina power plant.
- 2) The people occupying the pylon are not only putting their lives at risk, but are also affecting the electricity system as a whole. Transelec S.A. has therefore, and on several occasions and for different periods of time, disconnected such circuits, thus interrupting the energy supply from the Bocamina power plants 1 and 2.
- 3) The Concepción Court of Appeals, through protective order No 10162-2015, dated December 30th, 2015, informed and ordered Transelec S.A. "...to discontinue the transmission of electricity to the pylon where the people referred to in the petition are located as soon as possible..." which impedes the transmission of the energy produced by the Bocamina Thermoelectric Complex to the Central Electrical Grid, through the Bocamina-Lagunillas 220 kV and Bocamina-Lagunillas 154 kV lines;
- 4) Endesa Chile has taken the necessary legal measures to defend its interests. Despite these legal actions, it has not been possible to obtain the necessary legal action to remove these people from the mentioned pylon.

- 5) We have informed the CDEC-SIC of the indefinite disconnection of the 220 kV and 154 kV lines, informed by Transelec, due to the judicial ruling mentioned, and that the Bocamina I and II units cannot supply energy to the network.

The operation of the Bocamina thermoelectric complex is authorized by the authority, has its environmental license and the respective permits, and constitutes an important asset for the Central Interconnected System, as it compensated when there are reduced water resources and stabilizes spot-market prices.

The financial effects due to the suspension of electricity transmission from the Bocamina thermal power plant will depend on the duration of the suspension and its magnitude which are currently being assessed by the Company.

PEHUENCHE

Final Dividend Proposal

On March 4th, 2015, the Company informed that the Board of Directors, in its session held on February 27th, agreed to propose the payment of a final dividend amounting to \$67.720076 per share to the Ordinary Shareholders Meeting to take place during the first 4 months of this year, conforming to the Company's current Dividend Policy.

This proposal would represent a 100% distribution of the distributable earnings of the year ended December 31st, 2014, in accordance to the Dividend Policy informed by the Board of Directors to the Ordinary Shareholders Meeting held on April 11th, 2014.

Final Dividend

On April 14th, 2015, the Company informed that the Ordinary Shareholders' Meeting of the Company held on April 13th, 2015, approved the distribution of a \$67.720076 per share final dividend, corresponding to the 2014 year-end earnings. Such dividend was paid as of April 29th to the shareholders registered in the Shareholder's Registry the fifth working day prior to the payment date.

The notice was posted on April 16th in the newspaper "*El Mercurio de Santiago*".

Chief Executive Officer Resignation

During session held on June 25th, the Board of Directors of Pehuenche accepted the resignation of the Company's Chief Executive Officer, Mr. Lucio Castro Marquez. Mr. Carlo Carvallo Artigas was appointed as his replacement.

First Interim Dividend

On June 25th, the Board of Directors of Pehuenche approved the distribution of a first interim dividend of 2015 earnings amounting to \$34.88 per share. Such dividend was paid as of July 24th, 2015, to the shareholders registered in the Shareholder's Registry by midnight of the fifth working day prior to the payment date.

The notice was posted on July 10th in the newspaper "*El Mercurio de Santiago*".

Second Interim Dividend

On September 30th, the Board of Directors of Pehuenche approved the distribution of a second interim dividend of 2015 earnings amounting to \$39.85 per share. Such dividend was paid as of October 30th, 2015, to the shareholders registered in the Shareholder's Registry by midnight of the fifth working day prior to the payment date.

The notice was posted on October 16th in the newspaper "*El Mercurio de Santiago*".

Extraordinary Shareholder Meeting Summon

In session held on September 30th, 2015, the Board of Directors of the Company approved to summon an Extraordinary Shareholders' Meeting to take place on November 10th, 2015 at 11:00 a.m. in the Auditorium of the Endesa Building located at 76 Santa Rosa St. in Santiago in order to inform and pronounce on the current capital reduction for up to US\$35 million, equivalent in Chilean pesos at the observed exchange rate on the day the Shareholders' Meeting takes place.

Based on the analysis that the Company has performed, the capital reduction proposed for up to US\$35 million will not negatively impact the operations of the Company, and from the taxation perspective, the capital reduction would be considered as a distribution of taxable profit, because Income Tax Law determines that if a capital reduction takes place, the accumulated taxed profits fund (FUT in its Spanish acronym) that may exist are to be distributed.

Extraordinary Shareholder Meeting

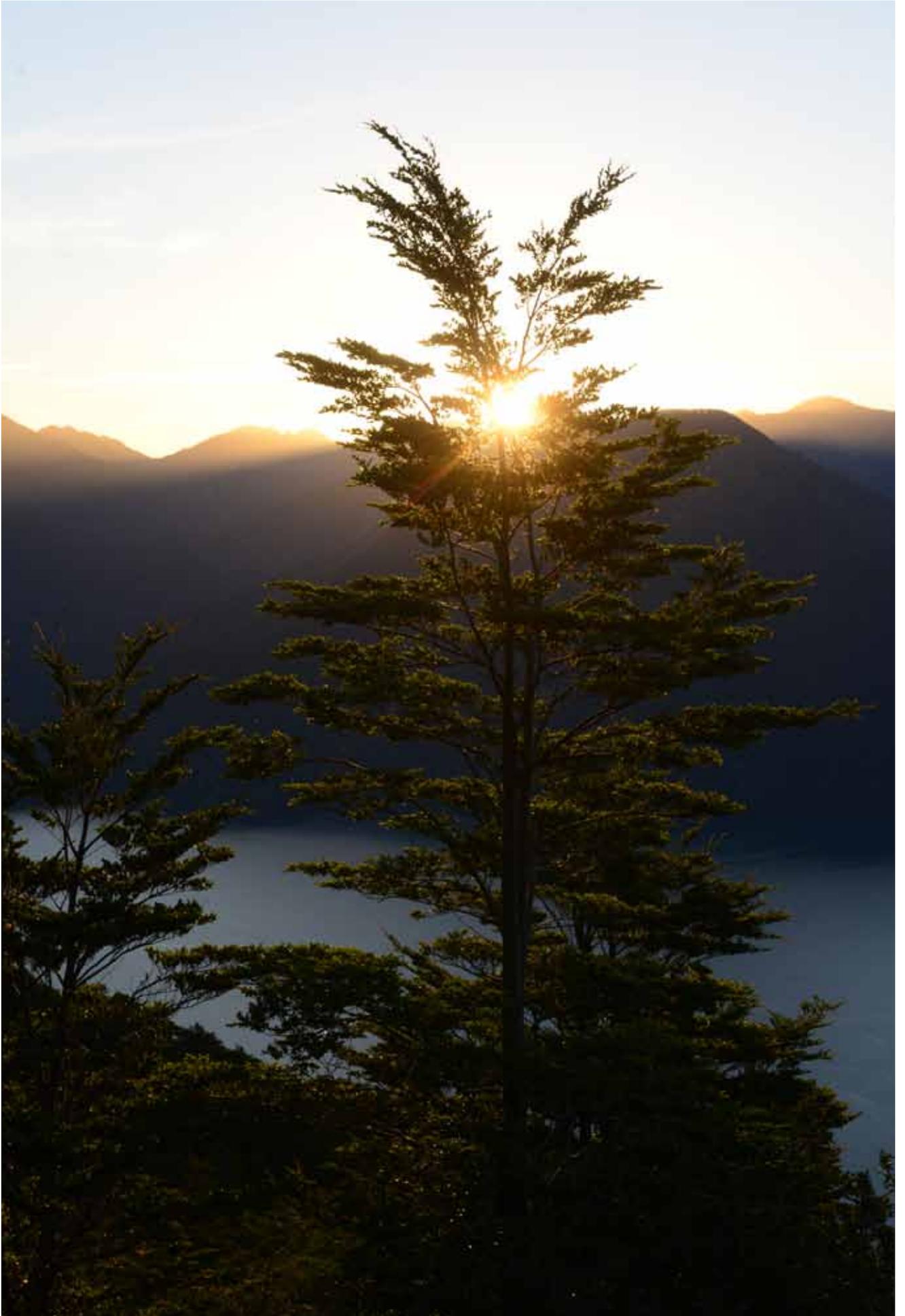
In session held on November 10th, 2015, the Extraordinary Shareholders Meeting unanimously approved a Ch\$24,544,100,000 capital reduction, from the current Ch\$ 200,319,020,733 total capital, without modifying the number of shares. Consequently, the capital distribution amounts to Ch\$40.063781 per share and will take place during the first semester of 2016, once all respective legal formalities are satisfied. The Shareholders Meeting also unanimously approved modifying permanent article No 5 of the Company bylaws and including a transitional article in order to describe the capital reduction in both statutory provisions.

Third Interim Dividend and Distribution of Capital

On December 22nd, 2015, the Board of Directors of the Company approved the distribution of a third interim dividend of 2015 earnings amounting to \$47.84 per share. Such dividend was paid as of January 22nd, 2016, to the shareholders registered in the Shareholder's Registry by midnight of the fifth working day prior to the payment date.

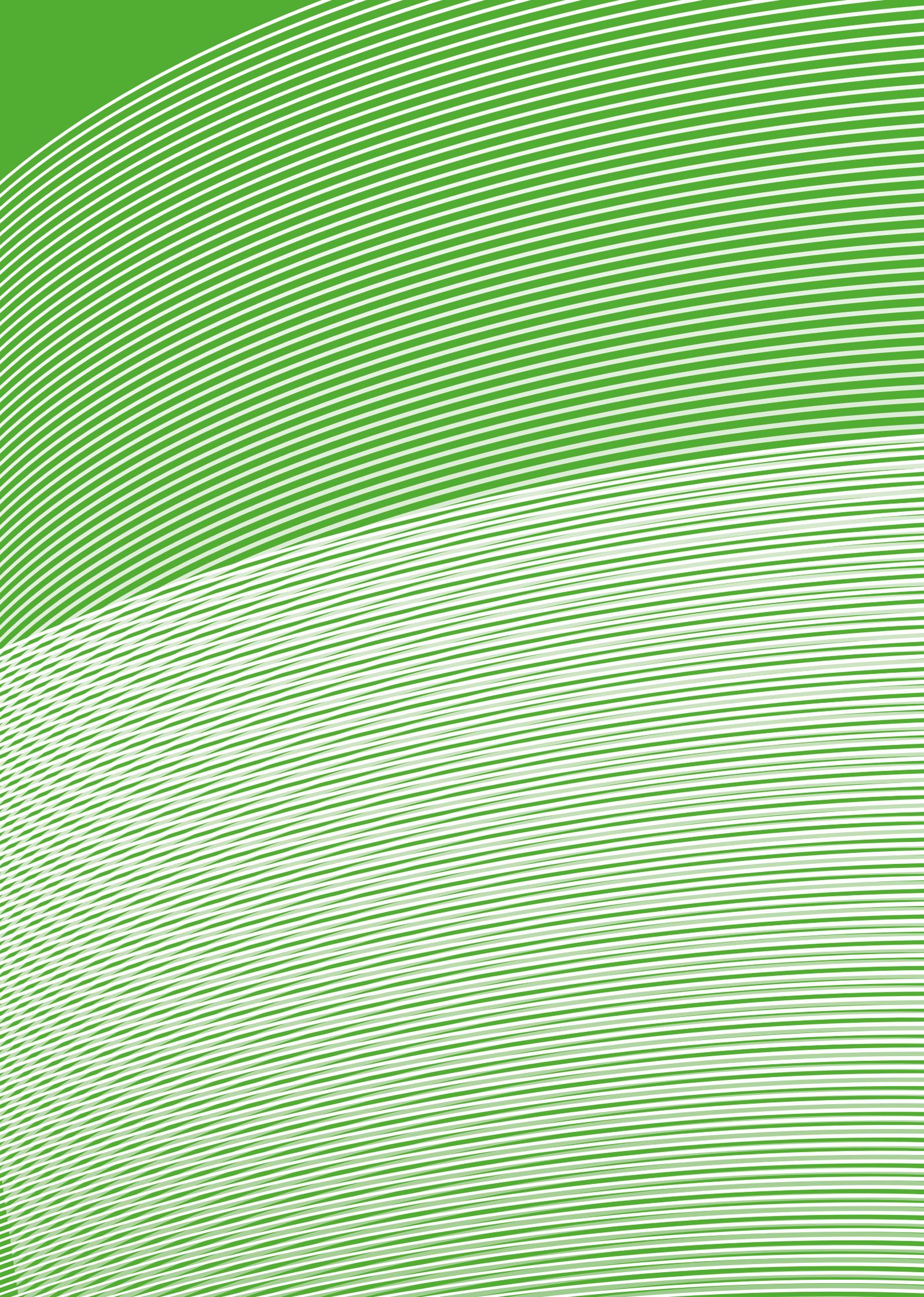
The Extraordinary Shareholders' Meeting held on November 10th, 2015, approved the capital reduction of the Company and consequently a capital distribution amounting to \$40.063781 per share. Such distribution was paid as of January 22nd, 2016, to the shareholders registered in the Shareholder's Registry by midnight of the fifth working day prior to the payment date.

The notices were posted on January 8th, 2016, in the newspaper "*El Mercurio de Santiago*".





Identification
of Subsidiaries
and Associates



AMPLA ENERGÍA

Name

Ampla Energia e Serviços S.A.

Type of company

Publicly held company

Address

Praça Leoni Ramos, N° 01, São Domingos, Niteroi, Río de Janeiro, Brasil

Telephone

(55 21) 2613 7000

Subscribed and paid capital (M\$)

232,659,757

Corporate Purpose

Study, plan, project, build and explore electricity production, transmission, transformation, distribution and trading systems, as well as providing correlated services that may be or have been granted; conduct research in the energy sector; participate as a shareholder in other companies in the energy sector, participate in other companies in the energy sector as a shareholder, including Brazil's privatization programs.

Business Activities

Electricity Distribution.

Directorio

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 Llénéven Rebolledo

Chief Executive Officer

José Alves de Mello Franco

Bruno Golebiovsky

Carlos Ewandro Naegele 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

The company has no business relationships with Endesa Chile.

AYSÉN ENERGÍA

Name

Aysén Energía S.A.

Type of company

Privately held corporation

Taxpayer ID N°

76,091,595-5

Address

Miraflores 383, office 1302, Santiago, Chile.

Corporate Purpose

Comply with the ruling of the Free Competition Defense Tribunal in the first article of Resolution No 30 dated May 26, 2009; to fulfill the commitment made by HidroAysén S.A. with the community of the XI Region of Aysén, within the framework of the development of the Aysén Hydroelectric Project, to provide the region with an electricity supply at a cost below the current value, through the development, funding, ownership and operation of projects that generate and transmit electricity in that region. In order to comply with the above, the company may develop the following activities, among others: a) produce, provide and commercialize electricity, by any means of generation; b) electricity transportation; c) provide services related to its Corporate Purpose; d) obtain, acquire or apply for benefit from concessions, rights and permits that could be required.

Business Activities

Electricity generation and transmission (project).

Subscribed and paid capital (ThCh\$)

4,900

Directors

Carlo Carvallo Artigas

Ignacio Quiñones Sotomayor

Juan Eduardo Vasquez Moya

Luis Felipe Gazitúa Achondo

Bernardo Larraín Matte

Ramiro Alfonsín Balza

Alternate Directors

Claudio Helfmann Soto

Eduardo Lauer Rodríguez

Bernardo Canales Fuenzalida

Sebastián Moraga Zúñiga

Rodrigo Pérez Stieповic

Rodrigo Paredes Barría

Senior Executives

Camilo Charme Ackerman

Gerente General

Commercial relations with Endesa Chile

The company has no business relationships with Endesa Chile.

AYSÉN TRANSMISIÓN

Name

Aysén Transmisión S.A.

Type of company

Privately held corporation, registered in the Securities Register of the SVS.

Taxpayer ID N°

76,041,891-9

Address

Miraflores 383, office 1302, Santiago, Chile.

Corporate Purpose

Develop and alternatively or additionally manage electricity transmission systems required in the hydroelectric generation project that HydroAysén plans to build in the Aysén Region. In order to fulfill its purpose, its business activities include the following: a) the design, development, construction, production, ownership, maintenance and operation of electricity transmission

systems, b) electricity transportation, and c) providing services related to its Corporate Purpose

Business Activities

Electricity transmission

Subscribed and paid capital (ThCh\$)

22,368

Directors

Carlo Carvallo Artigas
Ignacio Quiñones Sotomayor
Juan Eduardo Vasquez Moya
Luis Felipe Gazitúa Achondo
Bernardo Larraín Matte
Ramiro Alfonsín Balza

Alternate Directors

Claudio Helfmann Soto
Eduardo Lauer Rodríguez
Bernardo Canales Fuenzalida
Sebastián Moraga Zúñiga
Rodrigo Pérez Stiepovic
Rodrigo Paredes Barría
Senior Executives
Camilo Charme Ackerman
Chief Executive Officer

Commercial relations with Endesa Chile

The company has no business relationships with Endesa Chile.

CELTA

Name

Compañía Eléctrica Tarapacá S.A.

Type of company

Privately held corporation.

Taxpayer ID No

96,770,940-9

Address

Santa Rosa 76, Santiago, Chile.

Corporate Purpose

Exploit 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. Its purpose

will also include purchasing and selling natural gas, liquefied natural gas and diesel; promoting and developing renewable energy projects, identifying and developing Clean Development Mechanisms (CDM) and acting as depository and trader of Emission Reduction Certificates obtained from such projects.

The company will also make or participate in all kinds of investments, especially those related to the electricity business, and can make, hold and manage investments in energy projects linked to the companies Gasoducto Atacama Compañía Limitada, Gasoducto Cuenca Noroeste Limitada and Nor Oeste Pacífico Generación de Energía Limitada; as well in Administradora Proyecto Atacama S.A. or its legal successors. The company's purpose also covers the rental, acquisition, sale, management and operation, either personally or for another party, of all kinds of movable and immovable assets, securities and other commercial papers; carrying out studies and consultancies; providing all kinds of services, including engineering, works inspection, reception and inspection of materials and equipment, laboratory, expert work, company management in all its fields, environmental advice (including environmental impact studies) and consultancy services in general, in all its 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, either personally or for a third party.

Business Activities

Electricity generation

Subscribed and paid capital (ThCh\$)

331,770,543

Board of Directors

Rodrigo Paredes Barría
Pedro de la Sotta Sánchez
Humberto Espejo Paluz (Trading and Commercialization Manager, Endesa Chile)

Senior Executives

Valter Moro
Gerente General

Business relationships with Endesa Chile

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

CENTRAL VUELTA OBLIGADO

Name

Central Vuelta Obligado S.A.

Type of company

Privately held company

Address

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

Telephone

(5411) 5533-0200

Subscribed and paid capital (M\$)

27,407

Corporate Purpose

Electricity production and trading by blocks, and particularly, equipment procurement, construction, operation and maintenance of the Vuelta de Obligado thermal power plant, pursuant to the "Agreement for the Management and Operation of Projects, Increasing Availability of Thermal Generation and Adaptation of the 2008-2011 Generation Remuneration," signed on November 25th, 2010 between the state and the generation companies involved.

Business Activities

Construction of the *Vuelta de Obligado* thermal power plant.

Directors

José María Vasquez (Chairman)
Claudio Majul (Vice Chairman)
Fernando Claudio Antognazza
Roberto Fagan

Chief Executive Officer

Leonardo Katz

CHINANGO

Name

Chinango S.A.C.

Type of company

Privately held company

Address

147 Avenida Víctor Andrés Belaúnde,
Edificio Real 4, 7th floor, San Isidro,
Lima, Perú

Subscribed and paid capital (ThCh\$)

55,515,483

Corporate Purpose

Energy generation, commercialization and transmission, capable of performing all acts and signing all contracts allowed by Peruvian law for such purposes.

Business Activities

Electricity Generation
Chief Executive Officer
Edegel S.A.A. represented by Julián Cabello Yong

Commercial relations with Endesa Chile

The company has no business relationships with Endesa Chile.

CHOCÓN

Name

Hidroeléctrica El Chocón S.A.

Type of company

Corporation

Address

Avda. España 3301, Buenos Aires,
Argentina
Subscribed and paid capital (ThCh\$)

16,366,313

Corporate Purpose

Electricity generation and trading by blocks.

Business Activities

Electricity generation

Board of Directors

Maurizio Bezzeccheri (Chairman)
Gaetano Salierno (Vice Chairman)
Daniel Martini
Fernando Antognazza
Ramiro Diego Alfonsín Balza
Alex Daniel Horacio Valdez
Juan Carlos Nayar
Alberto Eduardo Mousist

CEO

Nestor Srebernic

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

COELCE

Name

Companhia Energética do Ceará

Type of company

Publicly held company

Address

Rua Padre Valdevino, 150 - Centro,
Fortaleza, Ceará, Brasil

Telephone

(55 85) 3453-4082

Subscribed and paid capital (M\$)

79,381,838

Corporate Purpose

Electricity production, transmission, distribution and commercialization; provision of correlated services conceded or authorized to it; the development of activities associated to the services, as well as entering into commercial acts related to these activities. It may also carry out studies, planning, projects,

construction and operation of the systems of production, transformation, transportation and storage; trade and distribution of energy of any origin or nature, in the form of concession, authorization and permits granted with jurisdiction in the area of the state of Ceará, and other areas defined by the Regulatory Agency. It may also conduct studies, projects, and execute research and development plans and programs on new energy sources, especially renewable, as well as the study, preparation and execution, in the energy sector, of plans and programs of economic and social development in regions of interest to the company and to the community.

Business Activities

Electricity sale and distribution in the Ceará state of Brazil

Board of Directors

Mario Fernando de Melo Santos (Chairman)
Marcelo Llévenes 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 Golebiovski
José Nunes de Almeida Neto
Vlândia Viana Regis
Nelson Ribas Visconti
Robson Figueiredo de Oliveira

Vacante

Senior Executives

Abel Alves Rochinha

Gerente Chairman

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

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile

CTM

Name

Compañía de Transmisión del Mercosur S.A.

Type of company

Corporation constituted in the city of Buenos Aires, Argentina

Address

797 Bartolomé Mitre, 11th floor, Buenos Aires, Argentina

Subscribed and paid capital (ThCh\$)

5,481

Corporate Purpose

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 can 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 it deems necessary for such purpose.

Business Activities

International interconnection electricity transmission

Directors

Maurizio Bezzecheri (Chairman)

Juan Carlos Blanco (Vice Chairman)

Fernando Boggini

CEO

Sandro Ariel Rollan

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

DISTRILEC INVERSORA

Name

Distrilec Inversora S.A.

Type of company

Privately held corporation

Address

San José 140, Buenos Aires, Argentina

Telephone N°

(54 11) 4370 3700

Subscribed and paid capital (ThCh\$)

27,707,967

Corporate Purpose

The sole purpose is investing capital in companies, already incorporated or to be incorporated, whose core activity is electricity distribution, or that participate directly or indirectly in companies with this core activity, through 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 liabilities, loan granting and placing funds in bank deposits of any kind.

Business Activities

Investments.

Board of Directors titulares

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 Licen

Vacante

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

CEO

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile

EDEGEL

Name

Edegel S.A.A.

Type of company

Publicly held corporation

Address

147 Avenida Víctor Andrés Belaúnde, Edificio Real 4, 7th floor, San Isidro, Lima, Perú

Subscribed and paid capital (ThCh\$)

529,213,705

Corporate Purpose

Electricity generation activities in general. It can also carry out acts and operations of civil, industrial, commercial and any other nature that could be related or lead to its core purpose.

Business Activities

Electricity Generation

Directors

Carlos Temboursy Molina (Chairman)

Francisco José Pérez Thoden Van Velzen (Vice Chairman)
Rocío Pachas Soto
Rigoberto Novoa Velásquez
Paolo Giovanni Pescarmona
Juan Francisco García Calderón

CEO

Francisco José Pérez Thoden Van Velzen

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

ELECTROGAS

Name

Electrogas S.A.

Type of company

Privately held corporation

Taxpayer ID No

96,806,130-5

Address

5900 Alonso de Córdova, Office 401,
Las Condes, Santiago, Chile.

Corporate Purpose

Provide transportation services for natural gas and other fuels, personally or for a third party, for which it can build, operate and maintain gas pipelines, oil pipelines, multipurpose pipelines and complementary facilities.

Business Activities
Gas Transportation

Subscribed and paid capital (ThCh\$)

15,093,866

Directors

Juan Eduardo Vásquez Moya
Eduardo Lauer Rodríguez
Marco Arróspide Rivera
Humberto Espejo Paluz
Ramiro Alfonsín Balza
Alternate Directors
Patricio Pérez Cotapos
Ricardo Santibañez Zamorano
Luis Le Fort Pizarro
Juan Oliva Vásquez

Rafael Zamorano
Alan Fischer Hill
CEO

Business Relationships with Endesa Chile

Electrogas has a firm transportation and natural gas contract with Endesa Chile.

Electrogas also has a diesel transportation contract with Endesa Chile, as well as an oil pipeline operation and maintenance contract regarding the supply of diesel oil to the Quintero thermal plant. In addition, Electrogas has a firm natural gas contract and another in diesel transportation with Compañía Eléctrica Tarapacá S.A., the legal successor of Compañía Eléctrica San Isidro S.A.

EMGESA

Name

Emgesa S.A. E.S.P.
NIT: 860,063,875-8

Type of company

Privately held utility Company.

Address

Carrera 11 N°82-76, 4th floor, Santa Fe de Bogotá, D.C. Colombia

Subscribed and paid capital (ThCh\$)

146,498,021

Corporate Purpose

The company's main purpose is the generation and commercialization of electricity, the commercialization of fuel gas, and the implementation of all related and complementary activities
Business Activities
Electricity and gas fuel generation and commercialization.

Directors

José Antonio Vargas Lleras (Chairman)
Bruno Riga
Lucio Rubio Díaz
Astrid Álvarez Hernández
José Alejandro Herrera Lozano
María Consuelo Araujo
Luisa Fernanda Lafaurie

Ejecutivos principales
Andres Caldas Rico
Bruno Riga
Fernando Javier Gutiérrez Medina
Aurelio Ricardo Bustillo de Oliveira
Robert Camilo Torres Veja
María Celina Restrepo Santamaría
Rafael Carbonell Blanco
Diana Marcela Jiménez Rodríguez
Raffaele Cutrignelli
Giorgio De Champdoré
Ana Patricia Delgado Meza
Ana Lucia Moreno Moreno
Juan Manuel Pardo Gómez
Leonardo López Vergara
Carlos Eduardo Ruiz Diaz

CEO

Bruno Riga

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

EMGESA PANAMÁ, S.A.

Name

Emgesa Panamá, S.A.

Type of company

Privately held corporation.

Address

Panama City, Panama.

Corporate Purpose

Purchase, sale, import and export of electricity. It may also engage in commerce and industry 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 Activities

Purchase, sale, import and export of electricity.

Subscribed and paid capital (ThCh\$)

17,034.

Directors

Fernando Gutiérrez Medina (Chairman)
Juan Manuel Pardo Gómez

Leonardo López Vergara
Andrés Caldas Rico
Senior Executives
Fernando Gutiérrez Medina
Juan Manuel Pardo Gómez
Leonardo López Vergara
Andrés Caldas Rico
Elizabeth Laverde Enciso

Business Relationships with Endesa Chile

The corporation has no business relationships with Endesa Chile.

EN - BRASIL COMÉRCIO E SERVIÇOS S.A.

Name

En- Brasil Comércio e Serviços S.A.

Type of company

Privately held corporation, in accordance to the laws of the Federative Republic of Brazil.

Address

Praça Leoni Ramos No 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

Telephone No

(55 21) 2613 7000

Subscribed and paid capital (ThCh\$)

1,886,685

Corporate Purpose

The company's purpose is to participate by holding ownership shares of other companies, in Brazil or abroad, and commerce in general, including imports and exports, as retail or wholesale, of a variety of products, as well as the provision of services in general for the electricity sector and others.

Business Activities

Provision of services in general for the electricity and other sectors.

Senior Executives

Albino Motta da Cruz

CEO

Rafael de Bessa Sales

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

ENDESA ARGENTINA

Name

Endesa Argentina S.A.

Type of company

Corporation

Address

268 Suipacha, 12th floor, Buenos Aires, Argentina.

Telephone No

(5411) 4307 3040

Corporate Purpose

Invest in companies involved in the production, transportation and distribution and commercialization of electricity, as well as financial activities, except those that by law are restricted exclusively to banks.

Business Activities

Investments.

Subscribed and paid capital (ThCh\$)

38,284,638

Directors

Maurizio Bezzeccheri (Chairman)
Gaetano Salierno (Vice Chairman)
María Inés Justo

Business Relationships with Endesa Chile

The Company has no business relationships with Endesa Chile

CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.

Name

Centrais Elétricas Cachoeira Dourada S.A.

Type of company

Privately held corporation

Address

Rodovia GO 206, Km 0, Cachoeira Dourada Goiania, Goiás, Brazil

Telephone No

(55 62) 3434 9000

Subscribed and paid capital (ThCh\$)

11,530,538

Corporate Purpose

The company's purpose is to carry out of studies, planning, construction, installation, operation and exploitation of electricity generation power plants and related commercial activities. It may also promote or participate in other companies constituted to generate electricity, within or outside the state of Goiás.

Business Activities

Electricity generation.

Board of Directors

Marcelo Llévènes Rebolledo
Julia Freitas de Alcantara Nunes
Paulo Valle Fróes da Cruz Junior
Senior Executives
Michele Siciliano (CEO)
Paulo Valle Fróes Da Cruz Junior
Matteo de Zan
Luis Fermin Larumbe Aragon
Nelson Ribas Visconti
Janaina Savino Vilella Carro
Carlos Ewandro Naegele Moreira
Ana Cláudia Goncalves Rebello
José Nunes de Almeida Neto
José Alves de Mello Franco
Margot Frota Cohn Pires
Michele Siciliano

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

CEMSA

Name

Comercializadora de Energía S.A.

Type of company

Corporation

Address

140 San José, 6th floor, CABA, Buenos Aires, Argentina

Telephone No

(5411) 4124-1600

Subscribed and paid capital (ThCh\$)

768,042

Corporate Purpose

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, as well as the provision of services related to IT services and/or operation control and/or telecommunications, either in the country or abroad. 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 lubricants 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 Activities

Commercialization of electricity, gas, and derivatives.
IT services and/or operation control and/or telecommunications.

Directors

Maurizio Bezzeccheri
Gaetano Salierno
CEO
Fernando Antognazza

Business Relationships 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.

CIEN**Name**

CIEN - Compañía de Interconexión Energética

Type of company

Privately held corporation

Address

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

Telephone No

(55 21) 3607 9500

Subscribed and paid capital (ThCh\$)

51,083,711

Corporate Purpose

The production, industrialization, distribution and commercialization of electricity, including imports and exports. To achieve this, the company will promote the study, planning and construction of facilities related to systems of electricity generation, transmission, conversion and distribution, providing services and making and attracting the necessary investments to develop contract works. The company may also promote the implementation of associated projects, as well as inherent activities, accessory or complementary to the services and works provided. To achieve its purpose, the company may participate in other companies.

Business Activities

Electricity transportation

Directors

Marcelo Llévanes Rebolledo
(Chairman)
Cristine de Magalhães Marcondes
(Vice Chairmam)
Claudio Manuel Rivera Moya
Senior Executives
Claudio Manuel Rivera Moya
Luis Fermin Larumbe Aragon
Andre Oswaldo dos Santos
José Alves de Mello Franco
Déborah Meirelles Rosa Brasil
Carlos Ewandro Naegele Moreira
José Nunes de Almeida Neto
Janaina Savino Vilella Carro
Margot Frota Cohn Pires
CEO
Abel Alves Rochinha

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

COSTANERA**Name**

Endesa Costanera S.A.

Type of company

Corporation

Address

3301 Avenida España, Buenos Aires, Argentina

Telephone No

(5411) 4307 3040

Subscribed and paid capital (ThCh\$)

39,811,128

Corporate Purpose

The company's purpose is to produce and commercialize electricity by blocks.

Business Activities

Electricity generation
Directors
Maurizio Bezzeccheri (Chairman)
Gaetano Salierno (Vice Chairman)
Daniel Martini
Ramiro Alfonsín Balza
María Inés Justo
César Fernando Amuchástegui
Matías Brea
CEO
Roberto José Fagan

Business relationships with Endesa Chile

Endesa Chile has a loan of US\$ 3.7 million with the company.

FORTALEZA**Name**

Central Geradora Termelétrica Fortaleza S.A.

Type of company

Privately held corporation

Address

Rodovia 422, Km 1 s/n, Complexo

Industrial e Portuário de Pecém
Caucaia, Ceará, Brazil

Telephone No

(55 85) 3464-4100

Subscribed and paid capital (ThCh\$)

27,228,866

Corporate Purpose

The company's purpose is to study, project, construct, and explore electricity production, transmission, distribution and commercialization systems that are granted, permitted or authorized by any title in law and other activities related to these activities; the acquisition, procurement and exploration of any rights, assignments and privileges related to the aforementioned activities, as well as the practice of all other acts and businesses deemed necessary to achieve its purpose, and the participation in the capital of other companies either as a shareholder, partner or investee, whatever their objectives.

Business Activities

Electricity generation

Directors

Marcelo Andrés Llévènes Rebolledo
Marcelo Falcucci
Julia Freitas de Alcantara Nunes
Senior Executives
Marcelo Falcucci
Cláudia Maria Suanno
Luis Fermin Larumbe Aragon
Claudio César Weyne da Cunha
Janaina Savino Vilella Carro
Raimundo Câmara Filho
Ana Cláudia Goncalves Rebello
José Nunes de Almeida Neto
José Alves de Mello Franco
Margot Frota Cohn Pires
CEO
Michele Siciliano

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile

ENEL BRASIL

Name

Enel Brasil S.A.

Type of company

Privately held corporation

Address

Praça Leoni Ramos, N°1, 7° andar,
bloco 2 - Parte, Niterói, Rio de Janeiro,
Brazil

Telephone No

(5521) 3607 9500

Subscribed and paid capital (ThCh\$)

216,672,829

Corporate Purpose

Participation in the capital of other companies in any segment of the electrical or gas sector, including service-providing companies operating in this sector, in Brazil or abroad; the provision of electricity generation, transmission, distribution, and commercialization and related operations, as well as the import, export and commercialization of natural gas, in any state; and finally, the involvement, either independently or through joint ventures, companies, consortia, or other similar forms of association, in tenders, projects and ventures for the implementation of the aforementioned services and activities.

Business Activities

Investments.

Board of Directors

Mario Fernando de Melo Santos
(Chairman)
Luca D'Agnese (Vice Chairman)
Antonio Basilio Pires de Carvalho e
Albuquerque
Gianluca Caccialupi
Paulo Domingues dos Santos
Senior Executives
Luis Fermin Larumbe Aragon
Antônio Basilio Pires de Carvalho e
Albuquerque
Carlos Ewandro Naegle Moreira

José Alves de Mello Franco
José Nunes de Almeida Neto
Janaina Savino Vilella Carro Flávia da
Silva Baraúna
Margot Frota Cohn Pires
Márcia Massotti de Carvalho
Gabriel Maluly Neto
Manuel Ricardo Soto Retamal
Matteo de Zan
Michele Siciliano
Cristine de Magalhães Marcondes
CEO
Marcelo Llévènes Rebolledo
Senior Executives
Marcelo Llévènes Rebolledo
CEO
Vacant (Deputy CEO)
Luis Fermín Larumbe Aragón
Antonio Basilio Pires de Carvalho e
Albuquerque
José Alves de Mello Franco
Carlos Ewandro Naegle Moreira
Teobaldo José Cavalcante Leal
Janaina Savino Vilella Carro
Manuel Ricardo Soto Retamal

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile

ENEL GREEN POWER MODELO I EÓLICA S.A.

Name

Enel Green Power Modelo I Eólica
S.A.

Type of company

Privately held corporation

Address

Praça Leoni Ramos, No 1, 5o andar,
bloco 2, Niterói, RJ, Brazil,
CEP: 24.210-205.

Subscribed and paid capital (ThCh\$)

31,362

Corporate Purpose

Wind-powered electricity generation

Business Activities

Electricity generation

Management

Newton Souza de Moraes
 André Bruno Santos Gordon Afonso
 Márcio Teixeira Trannin

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

ENEL GREEN POWER MODELO II EÓLICA S.A.**Name**

Enel Green Power Modelo II Eólica S.A.

Type of company

Privately held company

Address

Praça Leoni Ramos, No 1, 5o andar,
 bloco 2, Niterói, RJ, Brazil,
 CEP: 24,210-205.

Corporate Purpose

Wind-powered electricity generation

Business Activities

Electricity generation

Subscribed and paid capital (ThCh\$)

26,882

Management

Newton Souza de Moraes
 André Bruno Santos Gordon Afonso
 Márcio Teixeira Trannin

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

EÓLICA CANELA**Name**

Central Eólica Canela S.A.

Type of company

Sociedad anónima cerrada

Taxpayer ID No

76,003,204-2

Address

76 Santa Rosa, Santiago, Chile

Corporate Purpose

Promote and develop renewable

energy projects, mainly in wind-powered energy, identify and develop Clean Development Mechanism (CDM) projects and act as a depositary and trader of Emission Reduction Certificates resulting from such projects. It may also generate, transport, distribute, supply and commercialize electricity, with the ability to acquire and benefit from the corresponding concessions.

Business Activities

Electricity Generation

Subscribed and paid capital (ThCh\$)

12,284,743

Directors

Bernardo Canales
 Fuenzalida(Chairman)
 Carlo Carvallo Artigas (Vice Chairman)
 Ramiro Alfonsin Balza
 Claudio Soto Helfmann
 Cristobal Garcia-Huidobro
 Alternate Directors
 Carlos Peña Garay
 Ariel González Rogget
 Claudio Betti Pruzo
 Juan Cristóbal Pavez Recart
 Senior Executives
 Carlo Carvallo Artigas
 CEO

Business Relationships with Endesa Chile

On January 1st, 2010, an agreement was signed with Endesa Chile for the sale of all its energy generation and firm capacity of its wind farm, recognized by the CDEC-SIC. Eólica Canela has debt with Endesa Eco, an Endesa Chile subsidiary, for US\$176.6 million.

EÓLICA FAZENDA NOVA**Name**

Eólica Fazenda Nova o Geração e Comercialização de Energia S.A.

Type of company

Privately held corporation

Address

Rua Felipe Camarão, No 507, sala 104,
 Natal, Rio Grande do Norte, Brazil

Telephone No

(5521) 3607 9500

Subscribed and paid capital (ThCh\$)

329,573

Corporate Purpose

The generation, transmission, distribution and commercialization of energy; participation in other companies as partner, shareholder, or quota holder; machinery and equipment imports for the generation, transmission, distribution and commercialization wind-powered electricity.

Business Activities

Electricity generation.
 Management
 Marcelo Llévanes Rebolledo

Presidente

Guilherme Gomes Lencastre
 Vacant

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GASATACAMA**Name**

GasAtacama S.A.

Type of company

Privately held corporation

Taxpayer ID No

96,830,980-3

Address

3365 Isidora Goyenechea, 8th floor,
 Las Condes, Santiago, Chile.

Corporate Purpose

The company's purpose includes:
 a) The administration and management of Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada, GasAtacama Generación Limitada and other companies to be agreed on by the partners; b) Investment of its resources, personally or for a third party, in all kinds of movable and fixed assets, tangible or

intangible, securities, stock and commercial accounts.

Business Activities

Investments

Subscribed and paid capital (ThCh\$)

176,857,970

Directors

Ramiro Alfonsín Balza
Claudio Helfmann Soto
Pablo Arnés Poggi
Humberto Espejo
Alternate Directors
Rodrigo Paredes Barría
Bernardo Canales Fuenzalida
Carlo Carvallo Artigas
Senior Executives
Valter Moro
CEO

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GASATACAMA CHILE

Name

GasAtacama Chile S.A.

Type of company

Privately held corporation.

Taxpayer ID No

78,932,860-9

Address

3365 Isidora Goyenechea 3365, 8th floor, Las Condes, Santiago, Chile.

Corporate Purpose

The company has the following purposes: a) Develop the generation, transmission, purchase, distribution and commercialization of electricity or energy of any other source; b) purchase, extract, operate, process, distribute, commercialize 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, through its own means or jointly with third parties within the territory of Chile or abroad, including the construction, siting and operation of gas pipelines and other activities directly or indirectly related to such operations; f) the capture, extraction, treatment, desalination, transportation, distribution, commercialization, delivery and supply of seawater, in all its forms, including natural, drinkable, desalinated or with any other treatment, either personally or through a third party; g) invest in all types of assets, tangible or intangible, movable or fixed; h) organize and create all kinds of companies whose objectives are related or linked to the energy industry in any form or that use electricity as their main input, or that relate to any of the aforementioned activities. To achieve its purpose, the company may carry out all acts and enter into all contracts contributing to its business activities, including the purchase, sale, acquisition or disposal, on any account, of all kinds of assets, tangible or intangible, movable or fixed, and may enter existing companies or join in their formation, whatever their kind.

Business Activities

Electricity generation and gas transportation.

Subscribed and paid capital (ThCh\$)

106,817,990

Directors

Humberto Espejo Paluz
Claudio Helfmann Soto
Rodrigo Paredes Barría
Ramiro Alfonsín Balza
Alternate Directors
Bernardo Canales Fuenzalida
Carlo Carvallo Artigas
Vacant
Vacant
Senior Executives
Valter Moro
CEO

Business relationships with Endesa Chile

The company currently has two natural gas transportation contracts with Endesa Chile, for its Taltal power plant in the II Region of Chile.

GASODUCTO ATACAMA ARGENTINA

Name

Gasoducto Atacama Argentina S.A.

Type of company

Privately held corporation

Taxpayer ID No

78,952,420-3

Address

3365 Isidora Goyenechea, 8th floor, Las Condes, Santiago, Chile.

Corporate Purpose

The transportation of natural gas, either personally, through or jointly with a third party, within the Chilean territory or abroad, including the construction, siting and operation of gas pipelines and other operations directly or indirectly related to this objective. 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, in Chile's II Region.

Business Activities

Gas transportation.

Subscribed and paid capital (ThCh\$)

126,309,044

Directors

Claudio Helfmann Soto
Rodrigo Paredes Barría
Alex Díaz Sanzana
Alternate Directors
Bernardo Canales Fuenzalida
Ricardo Santibáñez Zamorano
Vacant

Senior Executives

Valter Moro
CEO

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GASODUCTO TALTAL

Name

Gasoducto Tal Tal S.A.

Type of company

Privately held corporation

Taxpayer ID No

77,032,280-4

Address

3365 Isidora Goyenechea, 8th floor, Las Condes, Santiago, Chile.

Corporate Purpose

The transportation, distribution and commercialization of natural gas, either personally, through or jointly with a third party, within Chile, especially between the localities of Mejillones and Paposo in the II Region, including the construction, siting and operation of gas pipelines and other operations related directly or indirectly to such purpose.

Business Activities

Gas transportation

Subscribed and paid capital (ThCh\$)

14,255,421

Directors

Alex Díaz Sanzana
Juan Oliva Vásquez
Ricardo Santibáñez Zamorano
Senior Executives
Valter Moro
CEO

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GENERANDES PERÚ

Name

Generandes Perú S.A.

Type of company

Corporation

Address

147 Avenida Víctor Andrés Belaúnde, Edificio Real 4, 7th floor, San Isidro, Lima, Perú

Telephone No

(511) 215 6300

Subscribed and paid capital (ThCh\$)

312,948,407

Corporate Purpose

Perform activities related to the generation of electricity, directly and/or through companies created for that purpose.

Business Activities

Investments

Directors

Carlos Temboury Molina (Chairman)
Francisco José Pérez Thoden Van Velzen (Vice Chairman)
Paolo Giovanni Pescarmona
Senior Executives
Francisco Pérez Thoden Van Velzen
CEO

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile

GNL CHILE

Name

GNL Chile S.A.

Type of company

Privately held corporation

Taxpayer ID No

76,418,940-K

Address

532 Rosario Norte, office 1303, Las Condes, Santiago.

Telephone No

(562) 2892 8000

Subscribed and paid capital (ThCh\$)

2,147,839

Corporate Purpose

To a) hire the services of GNL Quintero S.A., a liquefied natural gas ("LNG") regasification company, and utilize all its storage, processing, regasification, and delivery capacity of natural gas and LNG available at its regasification terminal, including its expansions, if any, and any other matter stipulated in the contracts the company might sign for the use of the regasification terminal; b) import LNG from suppliers, complying with LNG sales contracts; c) sell and deliver natural gas and LNG, complying 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) fulfill all its obligations and demand 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 act or enter into any contract that might be necessary, useful or convenient in order to accomplish its purpose.

Business Activities

Importing and commercializing natural gas.

Directors

Klaus Lührmann Poblete
Alex Díaz Sanzana
Andrés Alonso Rivas
Alternate Directors
Luis Arancibia Yiacometti
Yasna Ross
Humberto Espejo Paluz
Senior Executives
Alejandro Palma Rioseco
CEO

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GNL NORTE

Name

GNL Norte S.A.

Type of company

Privately held corporation

Taxpayer ID No

76,676,750-8

Address

3365 Isidora Goyenechea, 8th floor, Las Condes, Santiago, Chile.

Subscribed and paid capital (ThCh\$)

1,000

Corporate Purpose

The company's purpose is the production, transportation, distribution, storage and supply of all kinds of energy and fuel. To do so, the company is able to obtain, acquire and exploit all 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 its maritime reception, storage, processing and transportation. To adequately fulfill its purpose, the company may also constitute, acquire, or join, companies and institutions of any kind, either as a partner, shareholder or in any other way, either directly or through third parties or subsidiaries, in Chile or abroad; and, in general, enter any act or contract and develop any activities related directly or indirectly to its purpose, stated above.

Business Activities

Production, transportation and storage of all kinds of energy and fuel.

Board of Directors

Alex Díaz Sanzana
Juan Oliva Vásquez
Ricardo Santibañez Zamorano
Senior Executives
Valter Moro CEO

Business Relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

GNL QUINTERO**Name**

GNL QUINTERO S.A.

Type of company

Privately held corporation

Taxpayer ID No

76,788,080-4

Address

532 Rosario Norte, office 1604, Las Condes, Santiago, Chile

Corporate Purpose

The development, financing, design, engineering, supply, construction, startup, operation and maintenance of a liquefied natural gas (GNL in its Spanish acronym) storage and regasification plant, and its corresponding maritime terminal for GNL loading and unloading and its expansions, if any, including all necessary installations and connections needed to deliver GNL through the freight yard with trucks and/or one or more pipeline delivery points ("Regasification Terminal"); as well as any other activity that is conducive or related to said purpose, including, but not limited to, managing and directing all necessary trade agreements required to receive or deliver GNL to customers, GNL regasification, natural gas delivery, offering services and storage capacity, processing, regasification, and loading and unloading in the Regasification Terminal and GNL delivery ("the Project") and its expansions, if any; and b) provision of management services and administrative advice in general necessary for the company's proper operation. This term is defined in section 13.4 of the Thirteenth Article of the bylaws, which stipulates that GNL Chile S.A. will have the ability to carry out any act or sign any contract that might be necessary, useful or convenient in order to fulfill its purpose.

Business Activities

Unloading, storing, regasifying, and delivering liquefied natural gas and natural gas.

Subscribed and paid capital (ThCh\$)

80,953,329

Directors

Marco Arróspide Rivera
Víctor Turpaud Fernández
Juan Oliva Vásquez
José Antonio de las Heras
Sultán Al Bartami
Senior Executives
Antonio Bacigalupo Gittins CEO

Business relationships with Endesa Chile

An electricity supply contract exists between GNL Quintero S.A. and Endesa Chile, dated August 20th, 2008, amended on May 3rd, 2011. There are also current contracts between these companies concerning the design, supply, construction, operation and maintenance of a 220 kV electricity connection line to supply energy to the GNL Quintero plant, and a services contract for the construction, operation, maintenance, transformation and transmission, through a 220/110 kV transformer and 110 kV cable line connection, of energy supply to the GNL Quintero plant, dated July 31st, 2009. A contract for the use of the transmission grid, signed by Endesa Chile and GNL Quintero S.A. on May 3rd, 2011, is also still valid.

HIDROAYSÉN**Name**

Centrales Hidroeléctricas de Aysén S.A.

Type of company

Privately held corporation, constituted in Santiago, Chile, registered in the Securities Register of the SVS.

Taxpayer ID No

76,652,400-1.

Address

In Santiago: 383 Miraflores, office 302, Santiago, Chile.
In Coyhaique: 260 Baquedano, Coyhaique, XI Region, Chile.
In Cochrane: 324 Teniente Merino, Cochrane, XI Region, Chile.

Corporate Purpose

The development, finance, property and exploitation of a hydroelectric project in the XI Region of Aysén, of an estimated capacity of 2,750 MW through five hydroelectric power plants, named "Aysén Project". To fulfill its purpose, the company may engage in the following activities: a) generate and transport electricity; b) the supply and commercialization of electricity to its shareholders; c) the management, operation and maintenance of hydraulic infrastructure, electricity systems and hydroelectric power generating plants.

Business Activities

Electricity generation (project).

Subscribed and paid capital (ThCh\$)

180,445,662

Directors

Carlo Carvallo Artigas
 Juan Eduardo Vázquez Moya
 Ramiro Alfonsín Balza (Deputy CEO and CFO of Endesa Chile)
 Bernardo Larraín Matte
 Luis Felipe Gazitúa Achondo
 Ignacio Quiñones Sotomayor
 Senior Executives
 Camilo Charme Ackerman CEO

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

HIDROINVEST**Name**

Hidroinvest S.A.

Type of company

Corporation

Address

3301 Avenida España, Buenos Aires, Argentina

Telephone No

(5411) 4307 3040

Subscribed and paid capital (ThCh\$)

3,031,821

Corporate Purpose

The company's purpose is to acquire and maintain 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 manage such investments.

Business Activities

Investments

Directors

Mauricio Bezzeccheri (Chairman)
 Gaetano Salierno (Vice Chairman)
 María Inés Justo

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

INVERSIONES GASATACAMA HOLDING**Name**

Inversiones GasAtacama Holding Limitada.

Type of company

Limited Liability Company

Taxpayer ID No

76,014,570-K

Address

3365 Isidora Goyenechea, 8th floor, Las Condes, Santiago, Chile.

Corporate Purpose

The company's purpose is to a) participate, either directly or indirectly, 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 reception and investment of assets for investment, including the related for-profit activities already mentioned.

Business Activities

Investments

Subscribed and paid capital (ThCh\$)

202,362,770

Directors

Ramiro Alfonsín Balza
 Claudio Helfmann Soto
 Rodrigo Paredes Barria
 Humberto Espejo Paluz
 CEO
 Valter Moro

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

PEHUENCHE**Name**

Empresa Eléctrica Pehuenche S.A.

Type of company

Publicly held corporation.

Taxpayer ID No

96,504,980-0

Address

76 Santa Rosa, Santiago, Chile.

Corporate Purpose

Generate, transport, distribute and supply electricity, for which the company may acquire and benefit from the respective concessions.

Business Activities

Electricity generation

Subscribed and paid capital (ThCh\$)

175,774,920

Board of Directors

Ramiro Alfonsín Balza
 Jorge Burlando Bonino
 Ignacio Quiñones Sotomayor
 Claudio Helfmann Soto
 Fernando Vallejos Reyes
 Senior Executives
 Carlo Carvallo Artigas CEO

Business relationships with Endesa Chile

Pehuenche has a valid contract with Endesa Chile for the operation, maintenance, and commercial and

financial management of its power plants. Furthermore, the company, acting as a seller, has signed energy and power sales contracts.

PROGAS

Name

Progas S.A.

Type of company

Privately held corporation

Address

3356, Isidora Goyenechea, 8th floor, Santiago, Chile.

Corporate Purpose

Acquire, produce, store, transport, distribute, transform and commercialize natural gas and other oil and fuel derivatives in general in the I, II, and III regions of Chile; provide services, manufacturing, sale of equipment and materials and the execute contract works related to the objectives stated above, or those required for their implementation and development, and all other activities that are necessary or conducive to achieving its purpose.

Business Activities

Supply of gas

Subscribed and paid capital (ThCh\$)

1,154

Board of Directors

Alex Diaz Sanzana

Juan Oliva Vásquez

Ricardo Santibañez Zamorano

Senior Executives

Valter Moro CEO

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

SOCIEDAD PORTUARIA CENTRAL CARTAGENA

Name

Sociedad Portuaria Central Cartagena S.A.

Type of company

Corporation

Address

Carrera 13 A No 93-66, 2nd floor, Bogota, D.C. Colombia.

Subscribed and paid capital (ThCh\$)

1,297

Corporate Purpose

The company's primary purpose is the following: the investment, construction and maintenance of docks and public or private ports, and their administration and operation, as well as the development and operation of multipurpose ports, consistent with the law, among others.

Directors

Bruno Riga

Leonardo López Vergara

Juan Manuel Pardo

CEO

Fernando Gutiérrez Medina

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

SOUTHERN CONE POWER ARGENTINA

Name

Southern Cone Power Argentina S.A.

Type of company

Corporation

Address

3301 Avenida España, Buenos Aires, Argentina

Telephone No

(54 11) 4307 3040

Subscribed and paid capital (ThCh\$)

23,570

Corporate Purpose

Wholesale purchase and sale of electricity, produced by third parties and consumed by others. The company may also hold shares in companies engaged in electricity generation.

Business Activities

Investments.

Directors

Maurizio Bezzeccheri (Chairman)

Gaetano Salierno (Vice Chairman)

María Inés Justo

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

TERMOELÉCTRICA JOSÉ DE SAN MARTÍN

Name

Termoeléctrica José de San Martín S.A.

Type of company

Corporation

Address

150 Elvia Rawson de Dellepiane, 9th floor, Buenos Aires, Argentina.

Telephone No

(54 11) 4117-1011/1041

Subscribed and paid capital (ThCh\$)

27,407

Corporate Purpose

Electricity generation and trading by blocks, 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 MEM within the framework of SE Resolution No 1427/2004," approved by Resolution SE No1193/2005.

Business Activities

Electricity generation, management services (buying equipment, construction, operation and maintenance of a thermal power plant).

Directors

José María Vázquez

Claudio O. Majul

Roberto Fagan
Fernando Claudio Antognazza
Patricio Testorelli
Martín Genesio
Gerardo Carlos Paz
José Manuel Tierno
Jorge Ravlich
CEO
Ricardo Arakaki

Business relationships with Endesa Chile

The company has no business relationships with Endesa Chile.

TERMOELÉCTRICA MANUEL BELGRANO

Name

Termoeléctrica Manuel Belgrano S.A.

Type of company

Corporation

Address

268 Suipacha, 12th floor, Buenos Aires, Argentina

Telephone No

(+54 11) 3-221-7950

Subscribed and paid capital (ThCh\$)

27,407

Corporate Purpose

The company's purpose is electricity generation and trading by blocks, 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 MEM within the framework of SE Resolution No 1427/2004," approved by Resolution SE No 1193/2005.

Business Activities

Management services (buying equipment, construction, operation and maintenance of a thermal power plant).

Electricity generation

Directors

Martín Genesio
Emiliano Chaparro
Adrián Gustavo Salvatore
José María Vásquez
Fernando Claudio Antognazza
Roberto José Fagan
Gerardo Carlos Paz
José Manuel Tierno
Jorge Ravlich
CEO
Gabriel Omar Ures

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

TESA

Name

Transportadora de Energía S.A.

Type of company

Corporation

Address

797 Bartolomé Mitre, 11th floor, Buenos Aires, Argentina.

Telephone No

(5411) 4394 1161

Subscribed and paid capital (ThCh\$)

5,481

Corporate Purpose

Provide transport services 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 concession holder of local or international, high-tension electricity transport public utilities, and perform all the operations required to fulfill its purpose.

Business Activities

Electricity transmission

Directors

Maurizio Bezzeccheri (Chairman)

Juan Carlos Blanco (Vice Chairman)
Fernando Boggini
CEO
Sandro Ariel Rollan

Business relationships with Endesa Chile

The Company has no business relationships with Endesa Chile.

TRANSQUILLOTA

Name

Transmisora Eléctrica de Quillota Ltda.

Type of company

Limited liability Company.

Taxpayer ID No

77,017,930-0

Address

Ruta 60, km 25, Lo Venecia, Quillota, V Region of Valparaíso, Chile.

Corporate Purpose

Transportation, distribution, and supply of electricity, either personally or through a third party.

Business Activities

Electricity transmission

Subscribed and paid capital (ThCh\$)

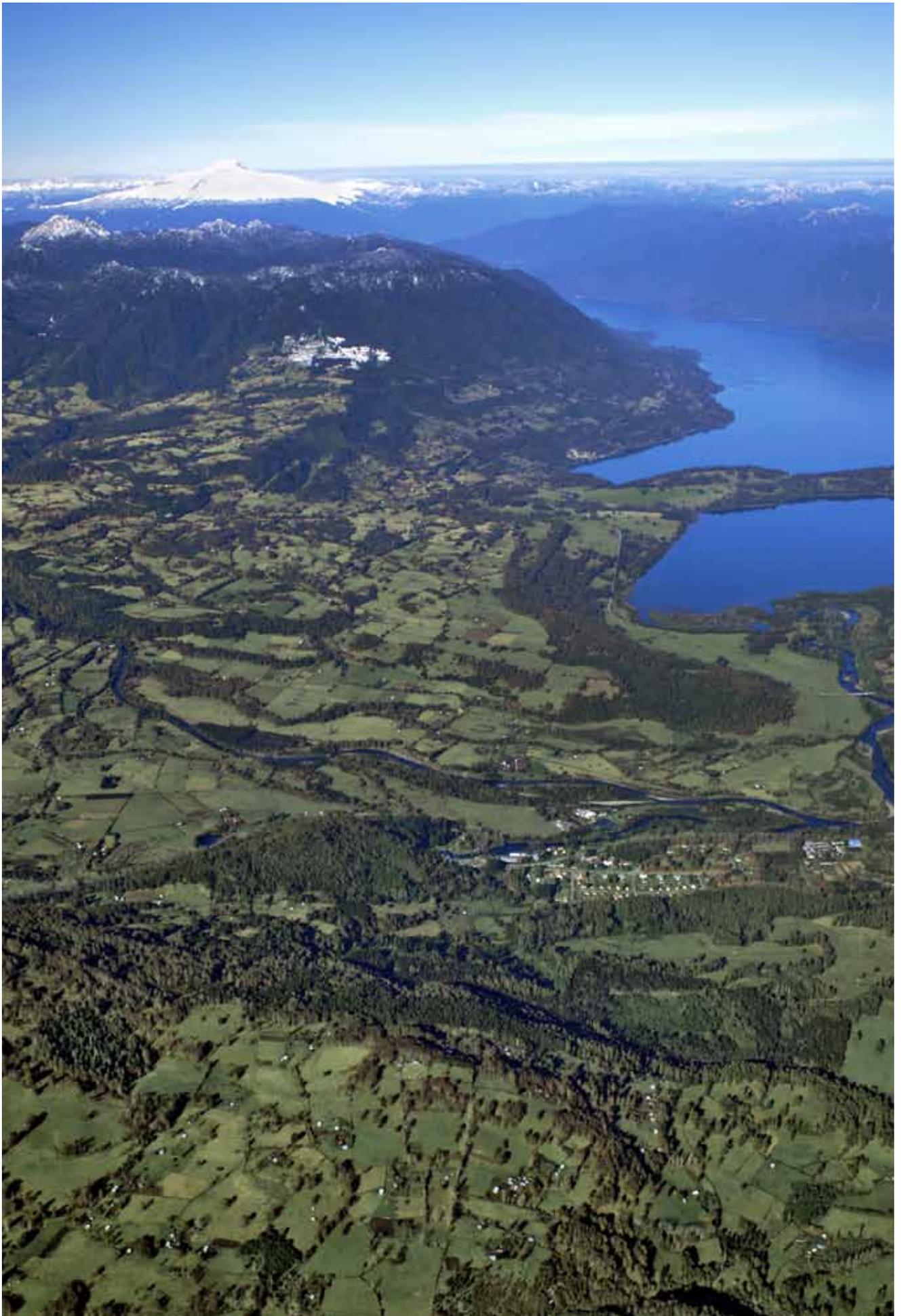
4,404,446

Representatives

Pedro de la Sotta Sánchez
Ricardo Santibáñez Zamorano
Juan Oliva Vasquez
Alex Díaz Sanzana
Mauricio Cabello
Ítalo Cuneo
Juan Eduardo Vasquez Moya

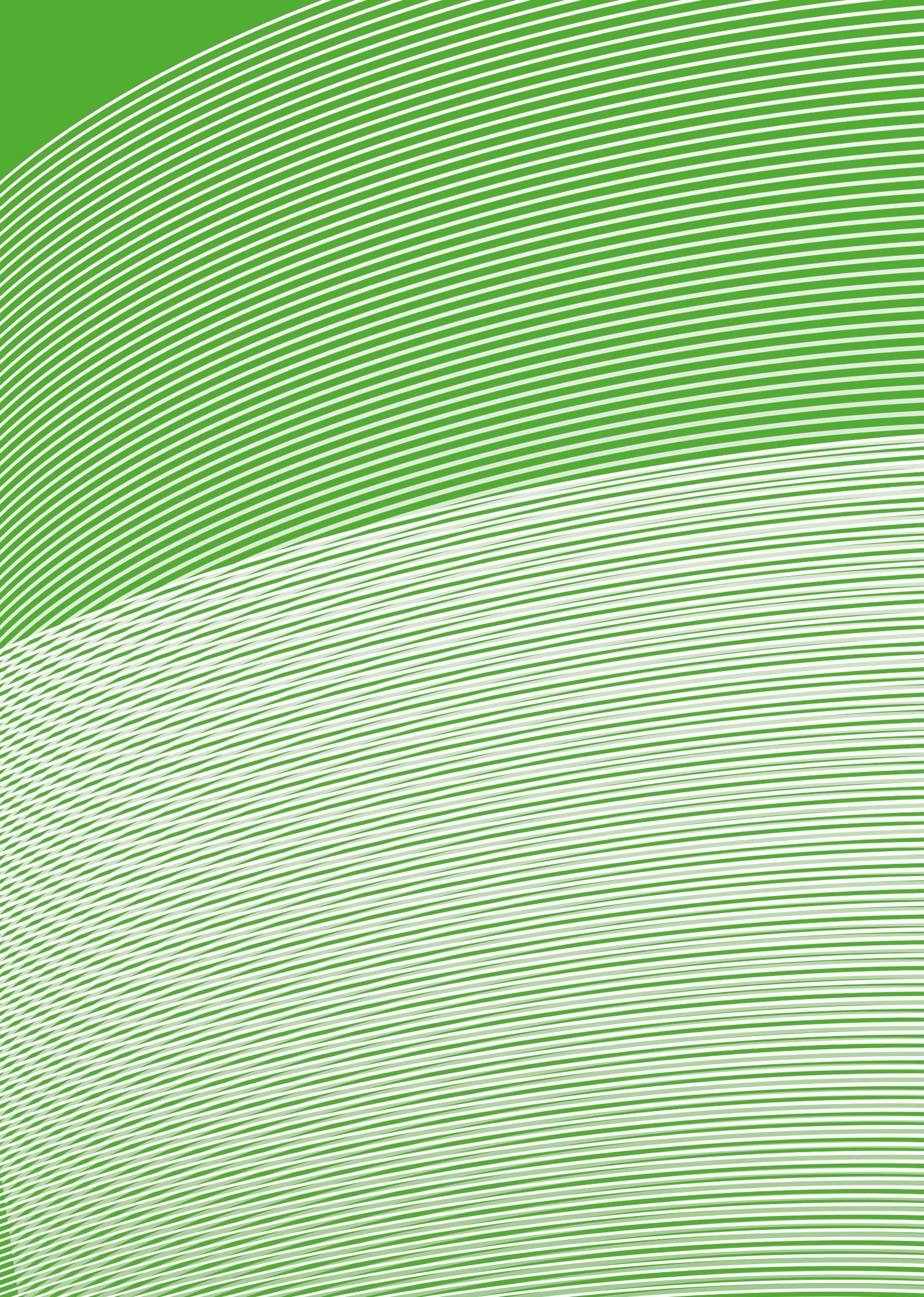
Business relationships with Endesa Chile

The company has contracts with Endesa Chile and San Isidro covering the use of transmissions systems, which allows them to transmit energy to SIC.





Declaration
of Responsibility



Declaration of Responsibility

The Directors of Empresa Nacional de Electricidad S.A. and its chief executive officer, 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 10th, 1989 issued by the Superintendence of Securities and Insurance (SVS).



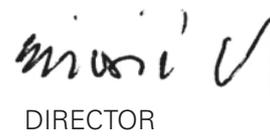
CHAIRMAN
Enrico Viale
Pasaporte :YA5599835



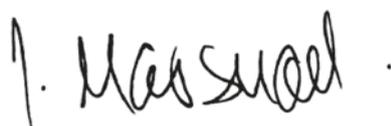
VICE CHAIRMAN
Ignacio Mateo Montoya
Pasaporte: 50830706Q



DIRECTOR
Felipe Lamarca Claro
RUT: 4,779,125-1



DIRECTOR
Enrique Cibié Bluth
RUT: 6,027,149-6



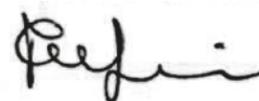
DIRECTORA
Isabel Marshall Lagarrigue
RUT: 5,664,265-K



DIRECTOR
Jorge Atton Palma
RUT: 7,038,511-2



DIRECTOR
Francesco Buresti
Pasaporte :YA6104092



DIRECTORA
Francesca Gostinelli
Pasaporte:YA5001859



DIRECTOR
Vittorio Vagliasindi
Pasaporte: AA3780593



CHIEF EXECUTIVE OFFICER
Xalter Moro
RUT: 24,789,926-K

