



**EXPLANATIONS OF THE MATTERS SUBMITTED FOR VOTE AT THE ORDINARY
SHAREHOLDERS' MEETING OF EMPRESA NACIONAL DE ELECTRICIDAD S.A.
TO BE HELD ON APRIL 27, 2015**

1. Approval of the Annual Report, Financial Statements and Reports of the External Auditors and Account Inspectors for the fiscal year ended December 31, 2014.

It will be proposed the approval of the Annual Report, Financial Statements and Report of the External Auditors and Account Inspectors for the fiscal year ended December 31, 2014. These documents are available to shareholders on the company's website . www.endesa.cl

2. Net income distribution for the period and dividend payment.

It was agreed to propose the payment of a definitive dividend equal to 50% (fifty percent) of the annual net income for fiscal year 2014, equivalent to Ch\$167,278,188 thousands at the Ordinary Shareholders' Meeting ("OSM") of Empresa Nacional de Electricidad S.A. ("Endesa Chile" or the "Company"). This amount will be reduced by Ch\$ 28,21,8387 thousands interim dividend already paid. The difference of these amounts divided by the number of Endesa Chile's shares yields a net dividend to be paid of Ch\$ 16.954951 per share.

3. Election of the Board of Directors.

It will be elected as directors of the Company those candidates who figures in the list to be published on the company's website (www.endesa.cl), starting on Friday, April 24, 2015, two days prior to the date of the Ordinary Shareholders' Meeting; to those who are nominated after such publication until the beginning of the voting process.

4. Modification of the compensation agreement for the Directors' Committee for year 2014 and its payment.

It will be proposed to the shareholders the approval for amending the agreement regarding compensations of the Directors' Committee adopted under the 2014 Ordinary Shareholders' Meeting, in which a remuneration for each member of the Director's Committee was set to UF 56 for every meeting attended, with a limit of 12 sessions paid annually.

The proposed amendment aims to remove the aforementioned limit of 12 sessions paid annually previously agreed, allowing the approval to pay members of the Directors' Committee, pursuant to the appointed remuneration, of UF 56 per attendance at each session the Committee held since the 2014 Ordinary Shareholders' Meeting until the present OSM, without the aforementioned limit. It is stated that in year 2014, the Directors' Committee held 21 meetings, of them 9 sessions were without payment.

The proposed amendment is considered by the Board of Directors of the Company as a standard of good administration standards, with which it is intended, if approved, to recognize more equitably the important and efficient work undertaken by the members of the Directors' Committee in the performance of their functions.

5. Setting the Directors' compensation.

To date, we have not received any proposals from shareholders, and the Board of Directors has not agreed on any proposal either. All the proposals from shareholders will be submitted for the OSM's approval.

6. Setting the compensation of the Directors' Committee and the approval of its 2015 budget.

To date, we have not received any proposals from shareholders, and the Board of Directors has not agreed on any proposal either. All the proposals from shareholders will be submitted for the OSM's approval.

7. Information on the Board of Directors' Expenses, and the Annual Report on Management, Activities and Expenses of the Directors' Committee.

This matter is for informative purposes only, therefore not subject to vote.

8. Appointment of External Auditing Company governed by Title XXVIII of Law 18,045:

Resolution N° 718 issued by the Superintendence of Securities and Insurance on February 10, 2012, complemented by the Resolution N° 764 from the same Superintendence on December 21, 2012, states among other matters that, with respect to the proposal of external auditors, "the Board of Directors should provide shareholders with its justifications of the various options to be proposed to the shareholders' meeting, so that they have all the required information to engage the auditing firm to examine the financial statements. Such justification should contain, in detail, the Board's reasons for proposing each firm, taking into account aspects like the hours and resources that they will devote to the review process, the experience of the auditing firm, the knowledge and experience of the team that will be in charge of such review, taking into account the industry, sector, size and other characteristics of the Company to be reviewed, and any other aspect considered relevant. The above should be accompanied by the corresponding order of preference of the different options to be proposed."

The shareholders will therefore be informed of the different options of the external auditing firms that were considered, and with which the Board proceeded to determine their order of preference for its proposal to the Ordinary Shareholders Meeting. Proposals were requested from the firms Ernst & Young, KPMG, RSM Chile Auditores Ltda., PKF Chile Auditores Consultores Ltda. y Deloitte, which excused its participation due lack of independence.

On March 31, 2015, after analyzing the proposals received in terms of their qualitative and quantitative features, the Company's Board of Directors, through the Resolution N° 1493-4, agreed to propose to the Ordinary Shareholders' Meeting of Endesa Chile to engage as the external auditors of Endesa Chile for the year 2014 one of the following firms prioritizing as stated below:

- 1° KPMG
- 2° PKF Chile Consultores Ltda.
- 3° Ernst & Young
- 4° RSM Chile Auditores Ltda.

The arguments considered relevant for proposing KPMG in first place as the external auditor of Endesa Chile are the following: (i) KPMG submitted the most competitive proposal according to the technical and economic evaluations; (ii) It presented a high standard with regards to the quality of available resources for performing its audit, and has a broad experience in the electricity sector; (iii) It is one of the four largest auditing firms internationally and nationally, (iv) is the current external auditor of the company, which ensures the continuity of the audit work and improved quality of service.

KPMG has been the external auditor of Endesa Chile since 2008, that is, for the last six years.

9. Election of two Account Inspectors and their alternates, as well as their compensation.

To date, we have not received any proposals from shareholders, and the Board of Directors has not agreed on any proposal either. All the proposals from shareholders will be submitted for the OSM's approval.

10. Appointment of private Risk Rating Agencies:

On February 26, 2014, through Resolution N° 1492-6, the Company's Board of Directors agreed unanimously, by those in attendance, to propose to designate Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada as the private Risk Rating Agencies for local rating, and to designate Fitch Ratings Services (USA), Moody's Investors Services (USA), and Standard & Poor's International Ratings Services (USA) as the private Risk Rating Agencies for Endesa Chile's international rating at Endesa Chile's Ordinary Shareholders' Meeting for the year 2015.

The aforementioned companies have been the private Risk Rating Agencies of the company in recent years.

11. Approval of Investment and Financing Policy:

On February 26, 2015, through the resolution N° 1492-3, the Company's Board of Directors approved the following:

2015 INVESTMENT AND FINANCING POLICY

2015 FINANCING POLICY

During 2015, the Company will invest, as established in its bylaws, in the following investment areas; in each case, the maximum limit is disclosed:

1. ELECTRICITY GENERATION

The maximum limit shall be considered as the investment needed by the Company to meet its main objective (production, transmission, distribution and electricity supply) with a limit equal to 15% of the shareholders' equity of Endesa Chile's consolidated statements of financial position as of December 31, 2014.

2. CAPITAL CONTRIBUTIONS TO SUBSIDIARIES AND RELATED COMPANIES

Contributions will be made to subsidiaries and related companies in Chile and abroad, in order to make the necessary investments that will allow such companies to carry out their projects and take part in activities needed to accomplish their respective corporate purposes.

The global maximum investment limit in all subsidiaries and related companies in Chile and abroad for 2015 shall be the equivalent to 15% of shareholders' equity of Endesa Chile's consolidated statements of financial position as of December 31, 2014.

3. OTHER INVESTMENTS

3.1 Financial assets, titles, rights, securities, real estate, investments in companies, and formation of subsidiaries and related companies as set out in the bylaws, in order to carry out investments in the electricity sector. The maximum investment limit for these investments shall be the amount needed to take advantage of business opportunities, with a maximum of 15% of shareholders' equity of Endesa Chile's consolidated statements of financial position as of December 31, 2014.

3.2. Financial assets, titles, rights, securities, real estate, investments in companies and constitution of subsidiaries and related companies as set out in the bylaws, to develop projects and operations or activities



related to industrial processes in order to obtain energy sources, and in those where electricity is an essential and determinant element and is intensively used in the process. The maximum investment limit shall not exceed 5% of the shareholders' equity of Endesa Chile's consolidated statements of financial position as of December 31, 2014.

4. INVESTMENTS IN FINANCIAL INSTRUMENTS

Endesa Chile will invest in Financial Instruments in accordance with the portfolio selection and diversification criteria set out by the Company's management, in order to optimize the return on its cash surpluses.

Within the framework approved by the shareholders' meeting, the Board should define the specific investments in works and studies to be carried out by the Company, its amounts and financing methods, and will adopt the measures for controlling such investments.

2015 FINANCING POLICY

The Company's financing policy considers that the level of debt, defined as the ratio of total liabilities to shareholders' equity in the consolidated statements of financial position, should not exceed 2.20 times. Funding will come from the following sources:

- Own resources.
- Supplier credits.
- Loans from banks and financial institutions.
- Issuance of securities in the domestic and international markets.
- Proceeds from asset sales and/or services provided by Endesa Chile.

Other Matters

In order to carry out the investment and financing policy, the Company's management shall have sufficient authority to sign and amend contracts for the purchase, sale or rental of goods and services necessary for the development of the Company's own businesses, within the applicable legal framework, following the market conditions prevailing in each case with goods and services of a similar kind, quality and characteristics. Accordingly, management shall also be authorized to cancel obligations that arise from these contracts, according to the law, when in the best interest of the company.

Under the provisions of article 120 of Decree Law N° 3,500, the disposal of assets or rights that are declared in these policies as "essential" for the Company's functioning, and the granting of guarantees over them, are matters to be submitted to an Extraordinary Shareholders' Meeting. In compliance with article 119 of that law, the following assets are declared as "essential" for the normal operation of the Company:

- The generation plants and emergency and reserve units with a capacity exceeding 50,000 kW, in operation or under construction, owned by the parent and its subsidiaries.
- The shares of Empresa Eléctrica Pehuenche S.A., Endesa Argentina S.A., Celta S.A., and Generandes Perú S.A, owned by Endesa Chile. This involves holding at least 50.1% of the subscribed and paid shares of the aforementioned companies.

An Extraordinary Shareholders' Meeting should also approve the granting of guarantees to cover third-party obligations, except when such obligations are assumed by subsidiaries, in which case the approval of the Board of Directors shall be sufficient.

12. Information on the Company's Dividend Policy and procedure for dividends distribution.

This matter is for informative purposes only, therefore it is not subject to vote.

13. Information regarding agreements adopted by the Board of Directors in connection with transactions or contracts governed by Title XVI of the Chilean Companies Act Law 18,046.

This matter is for informative purposes only, therefore it is not subject to vote.

14. Information regarding processing, printing and delivery costs for the information required by Resolution N°1,816 of the Superintendence of Securities and Insurance.

This matter is for informative purposes only, therefore it is not subject to vote.

15. Other matters of interest and competence of the Ordinary Shareholders' Meeting.

It will be proposed to continue using the newspaper "El Mercurio", to publishing notices of summons to OSM purposes.

16. Adoption of all the other resolutions needed for the proper implementation of the above mentioned resolutions.

It will be proposed to the Board to duly empowers Mr. Valter Moro, Ramiro Alfonsin Balza and Ignacio Quiñones Sotomayor, Chief Executive Officer, Deputy Chief Executive Officer & Chief Financial Officer and General Counsel, respectively, so that any one of them indifferently, can formalize and legalize the agreements and resolutions adopted by the Board; to issue the significant events that apply to the agreements of the Board or may be required by the relevant authorities; and to provide clarifying or supplementary information to materialize the resolutions adopted by the Board.

We have not received any proposals from shareholders to date, and the Board of Directors has not agreed on any proposal either to be voted at the Ordinary Shareholders' Meeting.