

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2019  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report: . . . . .  
Commission file number: 1-13240

**ENEL GENERACIÓN CHILE S.A.**

(Exact name of Registrant as specified in its charter)

**ENEL GENERACIÓN CHILE S.A.**

(Translation of Registrant's name into English)

**CHILE**

(Jurisdiction of incorporation or organization)

**Santa Rosa 76, Santiago, Chile**

(Address of principal executive offices)

**Nicolás Billikopf, phone: (56-9) 9343 5500, nicolas.billikopf@enel.com, Av. Santa Rosa 76, Comuna de Santiago, Santiago, Chile**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class None	Trading Symbol(s)	Name of each exchange on which registered
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Securities registered or to be registered pursuant to Section 12(g) of the Act:

**American Depositary Shares Representing** Common Stock  
**Common Stock**, no par value\*

\*Not for trading, but only in connection with the registration of American Depositary Shares, each representing 30 shares of common stock, pursuant to the requirements of the Securities and Exchange Commission.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

US\$ 205,881,000	7.875%	Notes due February 1, 2027
US\$ 70,780,000	7.325%	Notes due February 1, 2037
US\$ 40,416,000	8.125%	Notes due February 1, 2097
US\$ 400,000,000	4.250%	Notes due April 15, 2024

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Shares of Common Stock: 8,201,754,580

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

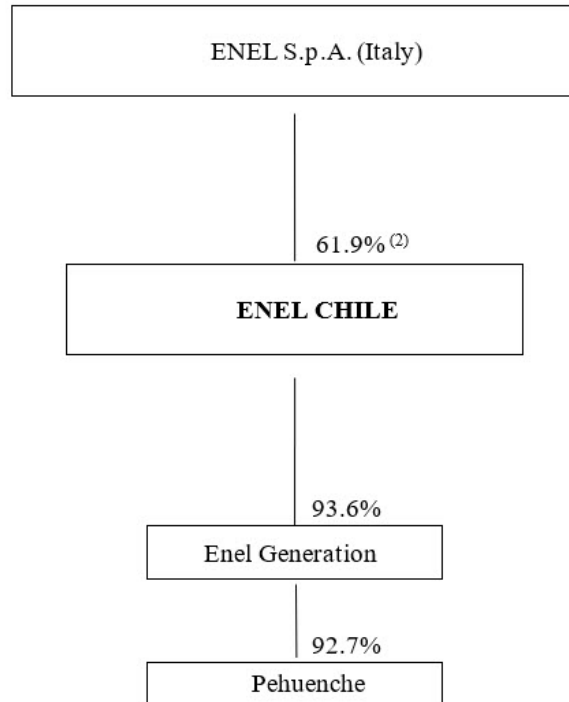
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued  
by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow  Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

**Enel Generation Chile's Simplified Organizational Structure <sup>(1)</sup>**  
As of the date of this Report



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(1) Only principal operating subsidiaries are presented here.

(2) As of December 31, 2019 and the date of this Report, Enel S.p.A. owned 61.9% of Enel Chile. Upon the termination and settlement on May 13, 2020 of a swap transaction entered into by Enel S.p.A. with respect to Enel Chile's American Depositary Shares, Enel S.p.A.'s beneficial ownership interest in Enel Chile is expected increase to 62.4%.

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## GLOSSARY

<b>AFP</b>	<i>Administradora de Fondos de Pensiones</i>	A legal entity that manages one of the private sector Chilean pension funds in a fully funded capitalization system implemented in 1980..
<b>CDEC</b>	<i>Centro de Despacho Económico de Carga</i>	The autonomous entity in charge of coordinating the efficient operation and dispatch of generation units to satisfy demand in the SIC and SING that was replaced by CEN in November 2017.
<b>Celta</b>	<i>Compañía Eléctrica Tarapacá S.A.</i>	Celta was a former Chilean generation subsidiary of Enel Generation that operated plants in the SING and the SIC. Celta merged into GasAtacama in November 2016.
<b>CEN</b>	<i>Coordinador Eléctrico Nacional</i>	An autonomous entity in charge of coordinating the efficient operation of the SEN, dispatching generation units to satisfy demand and known as the National Electricity Coordinator. It replaced the CDEC for both the SIC and SING in November 2017.
<b>Chilean Stock Exchanges</b>	<i>Chilean Stock Exchanges</i>	The two principal stock exchanges located in Chile: the Santiago Stock Exchange and the Electronic Stock Exchange.
<b>CMF</b>	<i>Comisión para el Mercado Financiero</i>	Chilean Financial Market Commission, the governmental authority that supervises the financial markets. Formerly known as the Chilean Superintendence of Securities and Insurance or SVS in its Spanish acronym.
<b>CNE</b>	<i>Comisión Nacional de Energía</i>	Chilean National Energy Commission, governmental entity with responsibilities under the Chilean regulatory framework.
<b>DCV</b>	<i>Depósito Central de Valores S.A.</i>	Chilean Central Securities Depository.
<b>EGP Chile</b>	<i>Enel Green Power Chile S.A.</i>	The successor by merger to Enel Green Power Chile Ltda., a subsidiary of Enel Chile engaged in non-conventional renewable electricity generation. On March 1, 2020, Enel Green Power Chile Ltda. merged into Enel Green Power del Sur SpA. On April 14, 2020, the name of Enel Green Power del Sur SpA was changed to Enel Green Power Chile S.A.

<b>EGPL</b>	<i>Enel Green Power Latin America S.A.</i>	Formerly a Chilean closely held limited liability stock corporation that held Enel Green Power Chile Ltd. and that merged with Enel Chile on April 2, 2018. As a result, Enel Chile now consolidates EGP Chile.
<b>Enel</b>	<i>Enel S.p.A.</i>	An Italian energy company with multinational operations in the power and gas markets. A 61.9% beneficial owner of Enel Chile and our ultimate parent company.
<b>Enel Américas</b>	<i>Enel Américas S.A.</i>	An affiliated Chilean publicly held limited liability stock corporation, headquartered in Chile, with subsidiaries engaged primarily in the generation, transmission and distribution of electricity in Argentina, Brazil, Colombia, and Perú, and which is controlled by Enel.
<b>Enel Chile</b>	<i>Enel Chile S.A.</i>	Our parent company, a Chilean publicly held limited liability stock corporation, with subsidiaries engaged primarily in the generation and distribution of electricity in Chile, and which is controlled by Enel. Formerly known on an interim basis as Enersis Chile S.A. Owner of 93.6 % of our shares as of December 31, 2019.
<b>Enel Distribution</b>	<i>Enel Distribución Chile S.A.</i>	An affiliated Chilean publicly held limited liability stock corporation owned by Enel Chile, engaged in the electricity distribution business with operations in the Santiago Metropolitan Region. Formerly known as Chilectra S.A.
<b>Enel Generation</b>	<i>Enel Generación Chile S.A.</i>	Our company, a Chilean publicly held limited liability stock corporation, engaged in the electricity generation business with operations in Chile. Registrant of this Report. Formerly known as Empresa Nacional de Electricidad S.A. or Endesa Chile.
<b>GasAtacama</b>	<i>GasAtacama Chile S.A.</i>	Formerly a subsidiary of Enel Generation engaged in gas transportation and electricity generation in northern Chile that was merged into Enel Generation on October 1, 2019.
<b>GasAtacama Holding</b>	<i>Inversiones GasAtacama Holding Ltda.</i>	Formerly a holding company subsidiary that previously held GasAtacama. GasAtacama Holding merged into Celta during 2016, which later merged into GasAtacama.

<b>Gener</b>	<i>AES Gener S.A.</i>	A Chilean generation company and our competitor in Chile.
<b>GNL Quintero</b>	<i>GNL Quintero S.A.</i>	A company created to develop, build, finance, own and operate a LNG regasification facility at Quintero Bay at which LNG is unloaded, stored and regasified. We sold our 20% stake in this company to Enagas Chile S.p.A., an unaffiliated company, in September 2016.
<b>GSM</b>	<i>General Shareholders' Meeting</i>	General Shareholders' Meeting.
<b>HidroAysén</b>	<i>Centrales Hidroeléctricas de Aysén S.A.</i>	A company created to develop a hydroelectric project in the Aysén region, southern Chile. We owned 51% of HidroAysén and Colbún, an unaffiliated company, owned the remaining 49%. The company terminated its activities in 2017.
<b>IFRS</b>	<i>International Financial Reporting Standards</i>	International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).
<b>LNG</b>	<i>Liquefied Natural Gas.</i>	Liquefied natural gas.
<b>NCRE</b>	<i>Non-Conventional Renewable Energy</i>	Energy sources that are continuously replenished by natural processes, such as wind, biomass, mini-hydro, geothermal, wave, solar or tidal energy.
<b>Pehuenche</b>	<i>Empresa Eléctrica Pehuenche S.A.</i>	A Chilean publicly held limited liability stock corporation engaged in the electricity generation business, owner of three power stations in the Maule River basin and our subsidiary.
<b>SEF</b>	<i>Superintendencia de Electricidad y Combustible</i>	Chilean Superintendence of Electricity and Fuels, the governmental authority that supervises the Chilean electricity industry.
<b>SEN</b>	<i>Sistema Eléctrico Nacional</i>	The National Electricity System is the Chilean national interconnected electricity system formed in November 2017 through the integration of the SIC and SING.
<b>SIC</b>	<i>Sistema Interconectado Central</i>	Chilean central interconnected electricity system that was integrated with the SING in November 2017 to form a single interconnected system, the SEN.

<b>SING</b>	<i>Sistema Interconectado del Norte Grande</i>	Chilean interconnected electric system operating in northern Chile that was integrated with the SIC in November 2017 to form a single interconnected system, the SEN.
<b>UF</b>	<i>Unidad de Fomento</i>	Chilean inflation-indexed, Chilean peso-denominated monetary unit equivalent to Ch\$ 28,309.94 as of December 31, 2019.
<b>UTA</b>	<i>Unidad Tributaria Anual</i>	Chilean annual tax unit. One UTA equals 12 <i>Unidades Tributarias Mensuales</i> (“UTM”), a Chilean inflation-indexed monthly tax unit used to define fines, among other purposes. For December 2019, one UTM was equivalent to Ch\$ 49,623 and one UTA was equivalent to Ch\$ 595,476.

## INTRODUCTION

*As used in this Report on Form 20-F (“Report”), first-person personal pronouns such as “we”, “us” or “our”, as well as “Enel Generación Chile”, “Enel Generation” or the “Company”, refer to Enel Generación Chile S.A. and our consolidated subsidiaries unless the context indicates otherwise. Unless otherwise noted, our interest in our principal subsidiaries and jointly-controlled companies and associates is expressed in terms of our economic interest as of December 31, 2019.*

We are a Chilean company engaged in electricity generation businesses in Chile through our subsidiaries and jointly-controlled entities. We are the surviving company spun off from Empresa Nacional de Electricidad S.A. (“Endesa Chile”).

We are a publicly held limited liability stock corporation organized on December 1, 1943, under the laws of the Republic of Chile. During 2016, we completed a corporate reorganization to separate our Chilean businesses from our non-Chilean businesses. On October 18, 2016, and as part of this process, (i) our subsidiary Empresa Nacional de Electricidad S.A. changed its name to “Enel Generación Chile S.A.”; (ii) our subsidiary Chilectra Chile S.A. changed its name to “Enel Distribución Chile S.A.”; and (iii) we changed our name from “Enersis Chile S.A.” to “Enel Chile S.A.”

As of the date of this Report and after giving effect to the 2018 Reorganization (i) our direct controlling entity, Enel Chile S.A. (“Enel Chile”), owns 93.6% of our shares and (ii) Enel S.p.A. (“Enel”), an Italian energy company with multinational operations in the power and gas markets, beneficially owns 61.9% of Enel Chile as of December 31, 2019, and is our ultimate controlling shareholder with an economic interest of 57.9% in our Company. Upon termination and settlement on May 13, 2020 of a swap transaction entered into by Enel with respect to Enel Chile’s ADSs, Enel’s beneficial ownership of Enel Chile is expected to increase to 62.4% and its economic interest in our Company will increase to 58.4%. For additional information relating to the 2018 Reorganization, see “Item 4. Information on the Company – A. History and Development of the Company – The 2018 Reorganization”.



## PRESENTATION OF INFORMATION

In this Report, unless otherwise specified, references to “U.S. dollars” or “US\$”, are to dollars of the United States of America (“United States”); references to “pesos” or “Ch\$” are to Chilean pesos, the legal currency of Chile; and references to “UF” are to *Unidades de Fomento*. The UF is a Chilean inflation-indexed, peso-denominated monetary unit that is adjusted daily to reflect changes in the official Consumer Price Index (“CPI”) of the Chilean National Institute of Statistics (*Instituto Nacional de Estadísticas* or “INE”). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed in order to reflect a proportionate amount of the change in the Chilean CPI during the prior calendar month. As of December 31, 2019, one UF was equivalent to Ch\$ 28,309.94. The U.S. dollar equivalent of one UF was US\$ 37.81 as of December 31, 2019, using the Observed Exchange Rate reported by the Central Bank of Chile (*Banco Central de Chile*) as of December 31, 2019 of Ch\$ 748.74 per US\$ 1.00. The U.S. dollar observed exchange rate (*dólar observado*) (the “Observed Exchange Rate”), which is reported by the Central Bank of Chile and published daily on its webpage, is the weighted average exchange rate of the previous business day’s transactions in the Formal Exchange Market. Unless the context specifies otherwise, all amounts translated from Chilean pesos to U.S. dollars or vice versa, or from UF to Chilean pesos, have been made at the rates applicable as of December 31, 2019.

The Central Bank of Chile may intervene by buying or selling foreign currency on the Formal Exchange Market to maintain the Observed Exchange Rate within a desired range.

Our consolidated financial statements and, unless otherwise indicated, other financial information concerning us included in this Report are presented in Chilean pesos. We have prepared our consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

All our subsidiaries are integrated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after making the adjustments and eliminations related to intra-group transactions. Our participation in associated companies over which we exercise significant influence is included in our consolidated financial statements using the equity method. For detailed information regarding consolidated entities, jointly controlled entities and associated companies, see Appendices 1, 2, and 3 to the consolidated financial statements.

This Report contains translations of certain Chilean peso amounts into U.S. dollars at specified rates. Unless otherwise indicated, the U.S. dollar equivalent for information in Chilean pesos is based on the Observed Exchange Rate for December 31, 2019, as defined in “Item 3. Key Information — A. Selected Financial Data — Exchange Rates.” The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. No representation is made that the Chilean peso or U.S. dollar amounts that are shown in this Report could have been or could be converted into U.S. dollars or Chilean pesos, at such rate or at any other rate. See “Item 3. Key Information — A. Selected Financial Data — Exchange Rates.”

### Technical Terms

References to “TW” are to terawatts ( $10^{12}$  watts or a trillion watts); references to “GW” and “GWh” are to gigawatts ( $10^9$  watts or a billion watts) and gigawatt hours, respectively; references to “MW” and “MWh” are to megawatts ( $10^6$  watts or a million watts) and megawatt hours, respectively; references to “kW” and “kWh” are to kilowatts ( $10^3$  watts or a thousand watts) and kilowatt hours, respectively; references to “kV” are to kilovolts, and references to “MVA” are to megavolt amperes. References to “BTU” and “MBTU” are to British thermal unit and million British thermal units, respectively. A “BTU” is an energy unit equal to approximately 1,055 joules. References to “Hz” are to hertz, and references to “mtpa” are to metric tons per annum. Unless otherwise indicated, statistics provided in this Report with respect to the installed capacity of electricity generation facilities are expressed in MW. One TW equals 1,000 GW, one GW equals 1,000 MW and one MW equals 1,000 kW. The installed capacity we are presenting in this Report corresponds to the gross installed capacity, without considering the MW that each power plant consumes for its own operation.

Statistics relating to aggregate annual electricity production are expressed in GWh and based on a year of 8,760 hours, except for leap years, which are based on 8,784 hours. Statistics relating to installed capacity and production of the electricity industry do not include electricity of self-generators.

Energy losses experienced by generation companies during transmission are calculated by subtracting the number of GWh of energy sold from the number of GWh of energy generated (excluding their own energy consumption and losses on the part of the power plant), within a given period. Losses are expressed as a percentage of total energy generated.

#### **Calculation of Economic Interest**

References are made in this Report to the “economic interest” of Enel Generation in its related companies. We could have direct and indirect interest in such companies. In circumstances in which we do not directly own an interest in a related company, our economic interest in such ultimate related company is calculated by multiplying the percentage of economic interest in a directly held related company by the percentage of economic interest of any entity in the ownership chain of such related company. For example, if we directly own a 6% equity stake in an associate company and 40% is directly held by our 60%-owned subsidiary, our economic interest in such associate would be 60% times 40% plus 6%, equal to 30%.

#### **Rounding**

Certain figures included in this Report have been rounded for ease of presentation. It is possible, due to rounding, that sums shown in tables do not exactly equal the sums of the entries.

## FORWARD-LOOKING STATEMENTS

This Report contains statements that are or may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements appear throughout this Report and include statements regarding our intent, belief or current expectations, including but not limited to any statements concerning:

- our capital investment program;
- trends affecting our financial condition or results of operations;
- our dividend policy;
- the future impact of competition and regulation;
- political and economic conditions in the countries in which we or our related companies operate or may operate in the future;
- any statements preceded by, followed by, or that include the words “believes,” “expects,” “predicts,” “anticipates,” “intends,” “estimates,” “should,” “may,” or similar expressions; and
- other statements contained or incorporated by reference in this Report regarding matters that are not historical facts.

Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to:

- demographic developments, political events, social unrest, economic fluctuations, public health crises and pandemics, and interventionist measures by authorities in Chile;
- water supply, droughts, flooding, and other weather conditions;
- changes in Chilean environmental regulations and the regulatory framework of the electricity industry;
- our ability to implement proposed capital expenditures, including our ability to arrange financing where required;
- the nature and extent of future competition in our principal markets; and
- the factors discussed below under “Risk Factors.”

You should not place undue reliance on such statements, which speak only as of the date that they were made. Our independent registered public accounting firm has not examined or compiled the forward-looking statements and, accordingly, does not provide any assurance with respect to such statements. You should consider these cautionary statements together with any written or oral forward-looking statements that we may issue in the future. We do not undertake any obligation to release publicly any revisions to forward-looking statements contained in this Report to reflect later events or circumstances or the occurrence of unanticipated events, except as required by law.

For all these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### A. Selected Financial Data.

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements included in this Report. The selected consolidated financial data as of December 31, 2019, and 2018 and for each of the years in the three-year period ended December 31, 2019, are derived from our audited consolidated financial statements included in this Report. The selected consolidated financial data as of December 31, 2017, 2016 and 2015, and for the years ended December 31, 2016, and 2015 are derived from our consolidated financial statements not included in this Report. Our consolidated financial statements were prepared in accordance with IFRS, as issued by the IASB.

Amounts in the tables are expressed in millions, except for ratios, operating data and data for shares and American Depositary Shares (“ADS”). For the convenience of the reader, all data presented in U.S. dollars in the following summary, as of and for the year ended December 31, 2019, has been converted at the U.S. dollar Observed Exchange Rate (*dólar observado*) for that date of Ch\$ 748.74 per US\$ 1.00. The Observed Exchange Rate, which is reported and published daily on the Central Bank of Chile’s web page, corresponds to the weighted-average exchange rate of the previous business day’s transactions in the Formal Exchange Market. For more information concerning historical exchange rates, see “Item 3. Key Information — A. Selected Financial Data — Exchange Rates” below.

The following tables set forth our selected consolidated financial data and operating data for the years indicated:

**As of and for the year ended December 31,**

	2019 <sup>(1)</sup> (US\$ millions)	2019	2018	2017	2016	2015
				(Ch\$ millions)		
<b>Consolidated Statement of Comprehensive Income Data</b>						
Revenues and other operating income	2,188	1,638,374	1,521,054	1,634,937	1,659,727	1,543,810
Operating costs <sup>(2)</sup>	(1,813)	(1,357,456)	(1,056,671)	(1,171,077)	(1,228,341)	(1,141,991)
<b>Operating income</b>	<b>375</b>	<b>280,919</b>	<b>464,383</b>	<b>463,860</b>	<b>431,386</b>	<b>401,819</b>
Financial results <sup>(3)</sup>	(78)	(58,362)	(47,947)	(36,610)	(35,679)	(114,252)
Other gains <sup>(4)</sup>	2	1,681	3,435	113,089	121,491	4,015
Share of profit (loss) of associates and joint ventures accounted for using the equity method	1	546	3,281	(2,697)	7,878	8,905
<b>Income before income taxes</b>	<b>300</b>	<b>224,784</b>	<b>423,152</b>	<b>537,642</b>	<b>525,077</b>	<b>300,487</b>
Income tax expense	(31)	(23,458)	(104,947)	(112,100)	(83,217)	(76,656)
<b>Net income</b>	<b>269</b>	<b>201,326</b>	<b>318,205</b>	<b>425,542</b>	<b>441,860</b>	<b>223,831</b>
Profit after tax from discontinued operations	—	—	—	—	79,572	411,190
<b>Net income for the year</b>	<b>269</b>	<b>201,326</b>	<b>318,205</b>	<b>425,542</b>	<b>521,432</b>	<b>635,021</b>
<b>Net income attributable to the parent Company</b>	<b>262</b>	<b>196,343</b>	<b>309,029</b>	<b>418,454</b>	<b>472,558</b>	<b>392,868</b>
<b>Net income attributable to non-controlling interests</b>	<b>6.66</b>	<b>4,983</b>	<b>9,176</b>	<b>7,088</b>	<b>48,874</b>	<b>242,153</b>
Basic and diluted earnings per share (Ch\$/US\$ per share)	0.03	23.9	37.7	51.0	52.8	25.9
Basic and diluted earnings per share (Ch\$/US\$ per ADS)	0.96	718	1,130	1,531	1,583	777
Total Basic and diluted earnings per share (Ch\$/US\$ per share)	0.03	23.9	37.7	51.0	57.6	47.9
Total Basic and diluted earnings per ADS (Ch\$/US\$ per ADS)	0.96	718	1,130	1,531	1,729	1,437
Cash dividends per share (Ch\$/US\$ per share)	0.04	29.0	22.6	28.1	14.6	20.4
Cash dividends per ADS (Ch\$/US\$ per ADS) <sup>(5)</sup>	1.16	871	678	842	437	612
Number of shares of common stock (millions)	8,202	8,202	8,202	8,202	8,202	8,202
<b>Consolidated Statement of Financial Position Data</b>						
Non-current assets and disposal groups held for sale or distribution to owners	—	—	—	4,205	12,993	3,889,706
Total assets	4,791	3,587,199	3,669,228	3,554,462	3,399,682	7,278,770
Non-current liabilities	1,503	1,125,161	1,077,856	1,022,092	1,114,145	1,207,005
Liabilities associated with disposal groups held for sale or distribution to owners	—	—	—	—	—	1,851,784
Equity attributable to the parent company	2,623	1,963,775	1,970,521	1,961,518	1,700,962	2,648,190
Equity attributable to non-controlling interests	13	10,079	26,970	27,496	28,798	895,700
Total equity	2,636	1,973,854	1,997,491	1,989,014	1,729,760	3,543,890
Capital stock <sup>(6)</sup>	852	638,289	638,289	638,289	638,289	1,537,723
<b>Other Consolidated Financial Data</b>						
Capital expenditures (CAPEX) <sup>(7)</sup>	271	202,745	222,327	206,776	194,880	537,805
Depreciation, amortization and impairment losses <sup>(8)</sup>	519	388,824	117,866	117,282	163,386	115,042

(1) Solely for the convenience of the reader, Chilean peso amounts have been converted into U.S. dollars at the exchange rate of Ch\$ 748.74 per U.S. dollar, as of December 31, 2019.

- (2) Operating costs represent raw materials and supplies used, other work performed by the entity, employee benefits expenses, depreciation and amortization expenses, impairment losses recognized in the period's profit or loss and other expenses.
- (3) Financial results represent (+) financial income, (-) financial costs, (+/-) foreign currency exchange differences and net gains/losses from indexed assets and liabilities.
- (4) Please refer to Note 31 of the Notes to our consolidated financial statements.
- (5) One ADS = 30 shares of common stock. Please refer to Item 9.
- (6) Capital stock represents issued capital plus share premium.
- (7) CAPEX figures represent cash flows used for purchases of property, plant and equipment and intangible assets for each year.
- (8) For further detail please refer to Notes 29 of the Notes to our consolidated financial statements.

	As of and for the year ended December 31,				
	2019	2018	2017	2016	2015
<b>OPERATING DATA</b>					
Installed capacity (MW)	6,114	6,274	6,351	6,351	6,351
Generation (GWh)	17,548	17,373	17,073	17,564	18,294

### Exchange Rates

Fluctuations in the exchange rate between the Chilean peso and the U.S. dollar will affect the U.S. dollar equivalent of the price in Chilean pesos of our shares of common stock on the Santiago Stock Exchange (*Bolsa de Comercio de Santiago*) and the Chilean Electronic Stock Exchange (*Bolsa Electrónica de Chile*). These fluctuations in the exchange rate affect the price of our American Depositary Shares ("ADSs") and the conversion of cash dividends relating to the common shares represented by ADSs from Chilean pesos to U.S. dollars. In addition, to the extent that significant financial liabilities are denominated in foreign currencies, fluctuations in the exchange rate may have a considerable impact on our earnings.

In Chile, there are two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market consists of banks and other entities authorized by the Central Bank of Chile. The Informal Exchange Market includes entities that are not expressly permitted to operate in the Formal Exchange Market, such as foreign currency exchange houses and travel agencies, among others. The Central Bank of Chile has the authority to require that certain purchases and sales of foreign currencies be made on the Formal Exchange Market. Free market forces drive both the Formal and Informal Exchange Markets. Current regulations require that the Central Bank of Chile be informed of transactions that must be effected through the Formal Exchange Market.

The U.S. dollar Observed Exchange Rate, which is reported by the Central Bank of Chile and published daily on its web page, is the weighted-average exchange rate of the previous business day's transactions in the Formal Exchange Market. Nevertheless, the Central Bank of Chile may intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the Observed Exchange Rate within a desired range.

The Informal Exchange Market reflects transactions effected at an informal exchange rate. There are no limits imposed on the extent to which the exchange rate in the Informal Exchange Market can fluctuate above or below the U.S. dollar Observed Exchange Rate. Foreign currency for payments and distributions with respect to the ADSs may be purchased either in the Formal or the Informal Exchange Market, but such payments and distributions must be remitted through the Formal Exchange Market.

The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. As of December 31, 2019, the U.S. dollar Observed Exchange Rate was Ch\$ 748.74 per US\$ 1.00. As of April 27, 2020, the U.S. dollar Observed Exchange Rate was Ch\$ 856.76 per US\$ 1.00.

Calculation of the appreciation or devaluation of the Chilean peso against the U.S. dollar in any given period is made by determining the percent change between the reciprocals of the Chilean peso equivalent of US\$ 1.00 at the end

of the preceding period and the end of the period for which the calculation is being made. For example, to calculate the devaluation of the year-end Chilean peso in 2019, one determines the percentage of change between the reciprocal of Ch\$ 694.77, the value of one U.S. dollar as of December 31, 2018, or 0.0014393, and the reciprocal of Ch\$ 748.74, the value of one U.S. dollar as of December 31, 2019, or 0.0013356. In this example, the percentage change between the two periods is -7.2%, which represents the 2019 year-end devaluation of the Chilean peso against the 2018 year-end U.S. dollar. A positive percentage change means that the Chilean peso appreciated against the U.S. dollar, while a negative percentage change means that the Chilean peso devaluated against the U.S. dollar.

The following table sets forth the period-end rates for U.S. dollars for the years ended December 31, 2015, through December 31, 2019, based on information published by the Central Bank of Chile.

	Ch\$ per US\$ <sup>(1)</sup>	
	Period End (in Ch\$)	Appreciation (Devaluation) (in %)
<b>Year ended December 31,</b>		
2019	748.74	( 7.2 )
2018	694.77	( 11.5 )
2017	614.75	8.9
2016	669.47	6.1
2015	710.16	(14.6)

*Source: Central Bank of Chile.*

(1) Calculated based on the variation of the reciprocals of the period-end exchange rates.

**B. Capitalization and Indebtedness.**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds.**

Not applicable.

**D. Risk Factors.**

*Fluctuations in the Chilean economy, economic interventionist measures by governmental authorities, political and financial events, or other crises in Chile and worldwide may affect our results of operations, financial condition, liquidity, and the value of our securities.*

All our operations are in Chile. Accordingly, our revenues are affected by the performance of the Chilean economy. Chile is also vulnerable to external shocks, such as financial and political events, that could cause significant economic difficulties and affect economic growth. If Chile experiences lower than expected economic growth or a recession, it is likely that our customers will demand less electricity and that some of our customers may experience difficulties paying their electric bills, possibly increasing our uncollectible accounts. Any of these situations could adversely affect our results of operations and financial condition. Since 2018, the U.S. and China have been involved in a trade war involving protectionist measures that has increased the volatility of financial markets worldwide due to the uncertainty of political decisions. Instability in the Middle East or in any other major oil-producing region could also result in higher fuel prices worldwide, increasing the operating cost for our thermal generation plants and unfavorably affecting our results of operations and financial condition.

An international financial crisis and its disruptive effects on the financial industry could negatively affect our ability to obtain new financings under the same historical terms and conditions that we have benefited from to date. Political events or financial or other crises could also diminish our ability to access Chilean and international capital markets or increase the interest rates available to us. Reduced liquidity, in turn, could adversely affect our capital expenditures, long-term investments and acquisitions, growth prospects and dividend payout policy. Insufficient cash flows could

result in the inability to meet our debt obligations and the need to seek waivers to comply with restrictive debt covenants, resulting in increased costs for subsequent financings.

Future negative developments in Chile, including political events, financial or other crises, changes to policies regarding foreign exchange controls, regulations, and taxation, may impair our ability to execute our business plan and could adversely affect our results of operations and financial condition. Inflation, devaluation, social instability, and other political, economic or diplomatic developments could also reduce our profitability. Chilean financial and securities markets are influenced by economic and market conditions in other countries and may be affected by international events, which could unfavorably affect the value of our securities.

We are exposed to economic and political volatility, including civil unrest in Chile due to the challenges arising from changes in economic conditions, regulatory policies, laws governing foreign trade, manufacturing, development and investments, as well as various crises and uncertainties. These factors, either individually or in the aggregate, could severely impact Chilean economic growth and our business, results of operations and financial condition. Starting in October 2019, Chile began to experience social turmoil throughout the country, starting initially because of a public transportation fare hike. Almost immediately, increasingly violent student and civil protests brought about widespread and severe tensions, indiscriminate violence and vandalism, significant public and private sector property damage and disruption to institutions, commerce, general safety, civilian welfare and peace. The government initially declared a 90 day state of emergency, extendable as necessary. At the same time, it launched various political, social, and economic reforms, including a guaranteed minimum wage, an increase in government-subsidized pensions, stabilization of electricity costs, a higher tax bracket for high-income earners, new health insurance programs, a pay cut for the members of the Chilean Congress and certain civil servants.

In this context, the Chilean government approved calling for a national referendum, now rescheduled for October 2020, to decide whether to create a new Chilean constitution, and if so, whether a popularly elected assembly or a combination of current legislators and a popularly elected assembly would draft the new constitution. The existing constitution has been in place since 1980 and any new constitution could alter the Chilean political situation, affect the Chilean economy and the country's business outlook. A new constitution may also change existing rights, including rights to exploit natural resources, and water and property rights, any of which could adversely affect our business, results of operations, and financial condition.

***We are subject to the adverse effects of worldwide pandemics.***

An international public health crisis, such as the one attributable to the COVID-19 pandemic that has become an increasing worldwide source of distress since December 2019, could significantly affect Chile, as well as our trading partners.

In March 2020, due to the COVID-19 pandemic, Chilean President Sebastián Piñera decreed a state of emergency (Estado de Excepción Constitucional de Catástrofe) for 90 days, and such emergency measure may be subsequently extended beyond June 2020. Under such executive authority, President Piñera has instituted nighttime military curfews, selective mandatory quarantines in affected areas, control of entrance, exit and traffic within specified zones, the prohibition of mass gatherings, the closing of public schools, among other measures. The private sector has voluntarily taken further measures, such as adopting telecommuting wherever possible and the closing commercial offices. Many businesses, such as restaurants and retail stores, have temporarily closed, either voluntarily or by executive decree, and companies associated with travel, transportation, and tourism have been severely affected and many may go bankrupt.

The cumulative effect of measures of this kind will likely lead to a recession, high unemployment levels, and perhaps a decline in electricity demand. If the COVID-19 pandemic is not adequately contained in 2020, our ability to generate income and maintain liquidity levels to allow for normal operations may diminish. We are not presently able to quantify the expected negative effects of the COVID-19 pandemic on our 2020 results; however, we expect them to be adverse.



***Our business depends heavily on hydrology and is affected by droughts, flooding, storms, ocean currents, and other inclement weather conditions.***

Approximately 57% of our installed generation capacity in 2019 was hydroelectric. Accordingly, arid hydrological conditions could negatively affect our business, results of operations, and financial condition. Our results have been adversely affected when hydrological conditions in Chile have been significantly below average.

We have entered into certain agreements with the Chilean government and local irrigators regarding the use of water for hydroelectric generation purposes during periods of low water levels. However, if droughts persist, we may face increased pressure from the Chilean government or other third parties to further restrict our water use.

Our operating expenses increase during these drought periods when thermal power plants, which have higher operating costs relative to hydroelectric power plants, are dispatched more frequently. We may need to buy electricity at higher spot prices in order to comply with our contractual supply obligations. The cost of these electricity purchases may exceed our contracted electricity sale prices, thus, potentially producing losses from those contracts. For further information with respect to the effect of hydrology on our business and financial results, please refer to “Item 5. Operating and Financial Review and Prospects — A. Operating Results — 1. Discussion of Main Factors Affecting Operating Results and Financial Condition of the Company — a. Generation Business.”

Droughts also indirectly affect the operation of our thermal power plants, including our facilities that use natural gas, fuel oil, or coal, in the following manner:

- Our thermal power plants require water for cooling, and droughts in extreme situations may reduce the availability of water and increase the cost of transportation. As a result, we have had to purchase water for our San Isidro power plant from agricultural areas that are also experiencing water shortages. These water purchases may increase our operating costs and may require us to negotiate with the local communities.
- Thermal power plants generate emissions such as nitrogen oxide (NO), carbon dioxide (CO<sub>2</sub>), carbon monoxide (CO), sulfur dioxide (SO<sub>2</sub>), and particulate matter into the atmosphere. Therefore, greater use of thermal power plants during droughts generally increases the risk of producing higher levels of greenhouse gas emissions, which also decreases our operating income due to the payment of so-called “green taxes.”

A full recovery from the drought that has been affecting the regions where most of our hydroelectric power plants are located may last for an extended period, and new drought periods may recur in the future. Prolonged droughts may exacerbate the risks described above and have a further negative effect upon our business, results of operations, and financial condition.

***We are subject to potential financial risks resulting from climate change legislation and regulation to limit greenhouse gas (GHG) emissions.***

Future climate change legislation and regulation restricting or regulating GHG emissions could result in increased operating costs and have a material adverse effect on our business, results of operations, and financial condition. The adoption and implementation of any international treaty or any legislation or regulations imposing new or additional reporting obligations on, or limiting emissions of, GHGs from our operations could require us to incur additional costs to comply with such requirements and possibly require the reduction or limitation of GHG emissions associated with our operations. These higher compliance standards may involve additional costs to operate and maintain our equipment and facilities, install emission controls, or pay taxes and fees relating to GHG emissions, which could have a material adverse effect on our business, results of operations and financial condition.

***Governmental regulations may unfavorably affect our business, cause delays, impede the development of new projects, or increase the costs of operations and capital expenditures.***

Our business and the tariffs that we charge to our customers are subject to extensive regulation that may negatively affect our profitability. For example, governmental authorities might impose rationing policies during droughts or

prolonged failures of power facilities, which may adversely affect our business, results of operations, and financial condition.

Some aspects of the Chilean electricity law have been subject to significant regulatory changes, and any such changes may unfavorably affect our future operations and profitability. For example, in the context of the social crisis that began in October 2019, the government established a transitional mechanism for stabilizing electricity prices for customers under the regulated price system. The mechanism eliminates the price increase of 9.2% that would have been applied to regulated customers as of July 2019 and defers the price increase for the sale of electricity under contracts between generation and distribution companies that start before 2021. A price stabilization funding program was implemented by the CNE and is effectively financed by companies in the generation industry, including us, through accounts receivable that are generated from the differences between the contractual rates and the stabilized rates, which are expected to enable the generation companies to recover the lost revenues by December 31, 2027. We expect to suffer a financial loss as a result of this revenue deferral because generation companies are being asked to finance such deferral. Other Chilean electricity sector regulations may also affect the ability of our generation companies to collect revenues sufficient to cover their operating costs and adversely affect our future profitability.

Our operating subsidiary is also subject to environmental regulations that, among other things, require us to perform environmental impact studies on future projects and obtain construction and operating permits from local and national regulators. Governmental authorities may withhold or delay the approval of these permits until the completion of environmental impact studies. Therefore, their processing time may be longer than expected. Environmental regulations for existing and future generation capacity have become stricter and require increased capital investments. Any delay in meeting the required emission standards may constitute a violation of the environmental regulations. Failure to certify the original implementation and ongoing emission standard requirements of such monitoring systems may result in significant penalties and sanctions or legal claims for damages. We expect that more restrictive emission limits will be established in the future. We are also subject to an annual “green tax,” based on our greenhouse gas emissions in the previous year. Such taxes may increase in the future and discourage thermal electricity generation.

Changes in the regulatory framework are often submitted to legislators and administrative authorities, and some of these changes could have a material adverse effect on our business, results of operations, and financial condition.

***Our business faces risks from the promotion of decarbonization efforts both on a global and on a national scale.***

In June 2019, the Chilean government announced its plan to phase out coal entirely from its energy mix by 2040 and achieve carbon neutrality by 2050. Under this plan, we and GasAtacama Chile S.A (“GasAtacama,” now merged into us) signed an agreement with the Chilean Ministry of Energy. The protocol defines the process for the progressive closure of our coal-fired power plants Tarapacá (158 MW), Bocamina I (128 MW), and Bocamina II (350 MW). Under this agreement, we are irrevocably obligated to close Bocamina I and II, and Tarapacá’s coal plant. The Tarapacá coal plant was closed in December 2019. The deadlines for closing Bocamina I and II are December 31, 2023, and December 31, 2040, respectively.

Even though the Chilean government’s plan to achieve decarbonization may overlap with our companies’ sustainability strategy, the actual implementation of the governmental targets may exert considerable pressure on us and on our ability to satisfy our contractual obligations with other cleaner sources. In turn, this may increase our expenses, decrease our profitability, and limit our ability to satisfy electricity demand fully.

***Regulatory authorities may impose fines on our subsidiaries due to operational failures or any breaches of regulations.***

Our electricity business is subject to regulatory fines for any breach of current regulations, including failures to supply energy. We and our subsidiaries are supervised by local regulatory entities and may be subject to fines in cases where, the regulator determines that we are responsible for the operational failures that affected the regular energy supply to the system, including coordination issues. Regulations establish a compensation fee to end customers when energy is interrupted more than the standard allowed time due to events or failures affecting transmission facilities.

***We depend on payments from our subsidiary to meet our payment obligations.***

In order to pay our obligations, we rely on cash from dividends, loans, interest payments, capital reductions, and other distributions from our subsidiary Pehuenche. Such payments and distributions to us may be subject to legal constraints, such as dividend restrictions and fiduciary obligations. The ability of Pehuenche 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 Pehuenche exceed its available cash, it will not be able to make cash available to us.

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

***We are involved in litigation proceedings.***

We are involved in various litigation proceedings that could result in unfavorable decisions or financial penalties against us. We will continue to be subject to future litigation proceedings, which could cause material adverse consequences to our business.

Our financial condition or results of operations could be unfavorably affected if we are unsuccessful in defending lawsuits and proceedings against us. For further information on litigation proceedings, please see Note 34.3 of the Notes to our consolidated financial statements.

***Construction and operation of power plants may encounter significant delays, stoppages, cost overruns, and stakeholder opposition that may damage our reputation and result in impairment of our goodwill with stakeholders.***

Our power plant projects may be delayed in obtaining regulatory approvals or may face shortages and increases in the price of equipment, materials, or labor. They may be subject to construction delays, strikes, accidents, and human error. Any such event could negatively affect our business, results of operations, and financial condition.

Market conditions may change significantly between the approval and completion of a project, which, in some cases, may decrease a project's profitability or render it impracticable. This has been the case with many of our past projects that were initially planned under very different market conditions when energy prices were higher, and there was less competition. Deviations in market conditions, such as estimates of timing and expenditures, may lead to cost overruns and delays in project completion that widely exceed our initial forecasts. In turn, this may have a material adverse effect on our business, results of operation, and financial condition.

The operation of our thermal power plants, especially those that are coal fired, may affect our goodwill with stakeholders due to greenhouse gas emissions that could unfavorably affect the environment and nearby residents. Furthermore, outside stakeholders may influence the interests and perceptions communities have of our company. If we fail to address all relevant stakeholders appropriately, we may face opposition, which could negatively affect our reputation, stall operations, or lead to litigation threats or actions. Our reputation is the foundation of our relationship with key stakeholders and other constituencies. If we do not effectively manage these sensitive issues, our business, results of operations, and financial condition could be adversely affected.

Damage to our reputation may exert considerable pressure on regulators, creditors, and other stakeholders, possibly leading to the abandonment of projects and operations. This could cause our share prices to drop and hinder our ability to attract and retain valuable employees. Any of these outcomes could result in an impairment of our goodwill with stakeholders.

***Political events or financial or other crises in any region worldwide can have a significant impact on Chile, and consequently, may unfavorably affect our operations and liquidity.***

Chile is vulnerable to external shocks that could cause significant economic difficulties and affect growth. If Chile experiences lower than expected economic growth or a recession, it is likely that consumer demand for electricity will

decrease and that some of our customers may have difficulties paying their electric bills, possibly increasing our uncollectible accounts. Any of these situations could adversely affect our results of operations and financial condition.

Financial and political events in other parts of the world could also negatively affect our business. For example, since 2018, the U.S. and China have been involved in a trade war involving protectionist measures that increased volatility in financial markets worldwide due to the uncertainty of political decisions. In addition, instability in the Middle East or any other major oil-producing region could result in higher fuel prices worldwide, which would increase the operating costs for our thermal generation power plants and unfavorably affect our results of operations and financial condition. An international financial crisis and its disruptive effects on the financial industry could adversely affect our ability to obtain new bank financings under the same historical terms and conditions that we have benefited from to date.

Political events or financial or other crises could also diminish our ability to access capital markets in Chile and international capital markets as sources of liquidity, or increase interest rates available to us. Reduced liquidity could negatively affect our capital expenditures, long-term investments and acquisitions, growth prospects, and dividend payout policy.

The U.S. federal government has experienced shutdowns in recent years. The 2018-2019 U.S. government shutdown, the longest in U.S. history, lasted 35 days and affected many federal agencies, including the SEC. Even temporary or threatened U.S. government shutdowns could have a material adverse effect on the timing, execution, and increased expense associated with our international financing and M&A activities.

***Our business and profitability could be unfavorably affected if water rights are denied or if water concessions are granted with limited duration.***

We own water rights granted by the Chilean Water Authority (Dirección General de Aguas) for the supply of water from rivers and lakes near our production facilities. Currently, these 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 and the conditions of such water rights may affect the design, timing, or profitability of a project.

The Chilean Congress has discussed proposed amendments to the Water Code since 2014 to prioritize the use of water by defining its access as a basic human need that must be guaranteed by the state. The amendments would give precedence to water use for human consumption, domestic subsistence, and sanitation in both the granting and limiting of the exercise of rights of exploitation. Restrictions enacted to preserve environmental flows would also reduce water availability for generation purposes. To date, no resolutions regarding these amendments have been approved by the Chilean Congress.

Any limitations on our water rights, the granting of additional water rights, or on the duration of our water concessions could have a material adverse effect on our hydroelectric development projects and profitability.

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

The Chilean peso has been subject to devaluations and appreciations against the U.S. dollar and may be subject to significant fluctuations in the future. For example, the Chilean peso depreciated by 7.2% against the U.S. dollar in 2019. The Chilean peso continues to devalue against the U.S. dollar in 2020 and the U.S. dollar Observed Exchange Rate peaked at Ch\$ 867.83 per US\$ 1.00 on March 19, 2020. We pay our dividends in Chilean pesos. Historically, a significant portion of our consolidated indebtedness has been in U.S. dollars. Although a substantial portion of our operating cash flows is linked to the U.S. dollar, we are exposed to fluctuations in the Chilean peso against the U.S. dollar because of time lags and other limitations to pegging our tariff rates to the U.S. dollar. This exposure can substantially decrease the value of the cash we generate in U.S. dollars due to the devaluation of the peso. 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.

***Our long-term electricity sales contracts are subject to fluctuations in the market prices of certain commodities, energy, and other factors.***

We have exposure to fluctuations in the market prices of certain commodities that affect our long-term electricity sales contracts. These contracts commit us to material obligations as selling parties and contain prices that are indexed to different commodities, exchange rates, inflation, and the market price of electricity. Unfavorable changes to these indices would reduce the rates we charge under these contracts, which could adversely affect our business, results of operations, and financial condition.

***Our controlling shareholder may exert influence over us and may have a different strategic view for our development from that of our minority shareholders.***

Enel, our controlling shareholder, has an indirect equity interest of 57.9% of our share capital as of the date of this Report through its 61.9% ownership of Enel Chile and has announced an intention to acquire an additional 3% stake of Enel Chile by the end of 2020 which, if successful, would increase its indirect equity interest in us to 60.7%. Under Chilean corporate law, Enel has the power to determine the outcome of substantially all material matters that require a simple majority of shareholders' votes, such as the election of the majority of the seats on our board and, subject to contractual and legal restrictions, the adoption of our dividend policy. Enel also exercises significant influence over our business strategy and operations. However, in some cases, its interests may differ from those of our minority shareholders. Certain conflicts of interest affecting Enel in these matters may be resolved in a manner that is different from the interests of our company or our minority shareholders.

***Our electricity business is subject to risks arising from natural disasters, catastrophic accidents, and acts of terrorism, which could unfavorably affect our operations, earnings and cash flow.***

Our primary facilities include power plants that are exposed to damage from catastrophic natural disasters, such as earthquakes and fires, human causes, as well as acts of vandalism, protests, riots, and terrorism. A catastrophic event could cause prolonged unavailability of our assets, disruptions in our business, significant decreases in revenues due to lower demand, or significant additional costs to us not covered by our business interruption insurance. There may be lags between a significant accident or catastrophic event and the final reimbursement from our insurance policies, which typically carry a deductible and are subject to per event policy maximum amounts.

In mid-October 2019, widespread street demonstrations and protests erupted in Santiago and quickly spread throughout the rest of Chile. These actions have since become commonplace, and, at times, have been accompanied by looting, arson, and severe vandalism. Violent confrontations between protesters and the police and armed forces have resulted in a significant loss of human lives and severe injuries. The accumulated damage to public and private property could amount to billions of dollars. Damage to Chile's economy, prospects for growth, perception of risk, and immediate repercussions in terms of unemployment and loss of productivity are also significant. Our corporate headquarters in Santiago suffered a severe arson attack on October 18, 2019, resulting in the dislocation of our management and headquarters employees for an extended period. An electricity substation belonging to an unrelated company in the northern city of Copiapó was set on fire on November 28, 2019. Chilean public authorities have voiced their concern for the country's strategic electricity infrastructure, including power stations, transmission lines and distribution substations. It is not possible to estimate when such violence will come to an end or the final effects on our business, but there may be material long-term negative effects resulting from this social crisis.

Any natural or human catastrophic disruption to our electricity assets in Chile could lead to significant adverse effects on our operations and financial condition.

***We are subject to financing risks, such as those associated with funding our new projects and capital expenditures or refinancing existing obligations.***

As of December 31, 2019, our consolidated debt totaled Ch\$ 858 billion. As of December 31, 2019, our most material debt obligation was the US\$ 717.5 million principal amount of SEC-registered bonds issued in the U.S. under the law of the State of New York. We also have debt associated with local bonds that totaled Ch\$ 312 billion.

Our debt agreements are subject to several of the following provisions including (1) financial covenants, (2) affirmative and negative covenants, (3) events of default, (4) mandatory prepayments for contractual breaches, (5) change of control clauses for material mergers and divestments, and (6) bankruptcy and insolvency proceeding covenants, among others.

A significant portion of our financial indebtedness is subject to cross default provisions, which have varying definitions, criteria, materiality thresholds, and applicability concerning subsidiaries that could result in cross default. Our debt may also become immediately due and payable in cases involving bankruptcy or insolvency proceedings of a significant or material subsidiary. Likewise, some of our debtholders may decide to accelerate our debt in events of cross default dealing with significant or material subsidiaries, among other potential covenant defaults.

We may be unable to refinance our debt or obtain such refinancing on terms acceptable to us. In the absence of such refinancing, we could be forced to liquidate assets at unfavorable prices in order to make payments due on our debt. Furthermore, we may be unable to sell our assets at opportune moments or sufficiently high prices to obtain proceeds that would enable us to make such payments.

We may also be unable to raise the necessary funds required to finish our projects under development or construction. Market conditions or unforeseen project costs prevailing when we need funds could compromise our ability to finance these projects and expenditures.

Our inability to finance new projects or capital expenditures, refinance our existing debt, or comply with our covenants could negatively affect our results of operation and financial condition.

***If third party electricity transmission facilities, gas pipeline infrastructure, or fuel supply contracts fail to provide us with adequate service, we may be unable to deliver the electricity we sell to our final customers.***

We depend on transmission facilities owned and operated by other companies to deliver the electricity we sell. This dependence exposes us to several risks. If the transmission is disrupted, or transmission capacity is inadequate, we may be unable to sell and deliver our electricity. If a region's power transmission infrastructure is inadequate, our recovery of sales costs and profits may be insufficient. If restrictive transmission price regulations are imposed, transmission companies we rely on may not have sufficient incentives to invest in expanding their infrastructure, which could unfavorably affect our results of operations and financial condition or affect our ability to deploy our portfolio of projects under development. The construction of new transmission lines may take longer than in the past, mainly because of sustainability, social, and environmental requirements that create uncertainties as to the timing of project completion. In addition, our thermal power plants connected to natural gas pipelines are subject to stoppages should material disruptions in the pipeline occur. Stoppages could force us to purchase electricity at spot market prices, which could be higher than the contracted fixed sale price to customers. This scenario could adversely affect our business, results of operations, and financial condition.

***We may be unable to reach satisfactory collective bargaining agreements with our unionized employees or retain key employees in cases of labor conflict.***

A large percentage of our employees are members of unions and have collective bargaining agreements that must be renewed regularly. Our business, results of operations, and financial condition could be unfavorably affected by a failure to reach a collective bargaining agreement with any labor union or by an agreement with a labor union that contains terms we view as unfavorable. Chilean law provides legal mechanisms for judicial authorities to impose a collective bargaining agreement if the parties are unable to come to an agreement. This is particularly true for some of our subsidiaries because these agreements may materially increase our costs.

We employ many highly specialized employees, and specific actions such as strikes, walkouts, or work stoppages by these employees could negatively affect our business, results of operations, financial condition, and reputation.

The Chilean legislative branch is currently analyzing proposed bills that could increase our labor costs for the Company, such as a reduction in the workweek from 45 to 40 hours, and an increase of 6% in employer contributions to employee pension funds. If enacted, these measures could lead to reduced productivity and higher expenses.

***The illiquidity of our ADSs and common stock could unfavorably affect the prices of our securities, the ability to maintain a favorable tax status in Chile, and registration with the U.S. SEC.***

Following the completion of the 2018 Reorganization, only 6.4% of our common stock was held by minority shareholders. As of the end of 2019, ADSs comprised only 0.3% of the total outstanding shares of our common stock. Accordingly, our common stock and ADSs are not widely held, and the volume of trading has been low and sporadic. Our common stock and ADSs are subject to increased price volatility and reduced trading liquidity. This lack of liquidity increases the difficulty of selling our securities in large blocks without adversely affecting their price.

The insignificant level of ADS participation, in turn, may influence us to deregister from the SEC in the future if we satisfy the deregistration requirements. A deregistration from the SEC would lead to the discontinuation of annual reporting on Form 20-F, and current reporting on Form 6-K, and, consequently, a reduction in the amount of disclosure that is currently available to ADS holders.

At the end of 2018, we voluntarily delisted our ADSs from trading on the NYSE. Our ADSs are now quoted in the over-the-counter market on the OTC Pink. Quotation of our ADSs on the OTC Pink may limit the liquidity and price of our ADSs more than if our ADSs were listed and traded on a national securities exchange. Trading in securities quoted in the OTC Pink is often thin, volatile, and characterized by wide fluctuations in trading prices due to many factors that may have little to do with our operations or business prospects. Some investors may perceive our ADSs to be less attractive because they are traded on the OTC Pink. We may not have the analyst coverage that accompanies companies listed on national securities exchanges. Furthermore, institutional and other investors may have investment guidelines that restrict or prohibit investing in securities quoted on the OTC Pink. These factors may have an adverse effect on the trading, liquidity, and price of our ADSs, and holders of ADSs may have difficulty selling their securities.

Following the 2018 Reorganization, the primary market for our shares of common stock is now the Santiago Stock Exchange. However, our shares may be unable to meet the criteria for continued listing on the Chilean stock exchanges, and our common stock could be delisted from these exchanges. Our common stock may also lose the “sufficient stock market liquidity” (*presencia bursátil*) status on the Chilean stock exchanges, which would result in loss of a capital gains tax exemption for certain holders of our shares under Chilean law.

All these factors relating to low stock trading liquidity and a small minority shareholder base may adversely affect the price of our securities.

***Lawsuits against us brought outside of Chile, or complaints against us based on foreign legal concepts may be unsuccessful.***

All our operations are located outside of the United States. All our directors and officers reside outside of the United States, and substantially all their assets are located outside the United States. If any investor were to bring a lawsuit against our directors and officers in the United States, it may be difficult for them to effect service of legal process within the United States upon these persons or to enforce judgments obtained in the U.S. courts based on civil liability provisions of U.S. federal securities laws against them in U.S. or Chilean courts. There is also doubt as to whether an action could be brought successfully in Chile for liability based solely on the civil liability provisions of U.S. federal securities laws.

***Interruption in or failure of our information technology, control, and communications systems or cyberattacks to or cybersecurity breaches of these systems could have a material adverse effect on our business, results of operations, and financial condition.***

We operate in an industry that requires the continued operation of sophisticated information technology, control, and communications systems (“IT Systems”) and network infrastructure. We use our IT Systems and infrastructure to create,

collect, use, disclose, store, dispose of, and otherwise process sensitive information, including company and customer data and personal information regarding customers, employees and their dependents, contractors, shareholders, and other individuals. In our generation business, IT Systems are critical to controlling and monitoring our power plants' operations, maintaining generation and network performance, generating invoices to bill customers, achieving operating efficiencies, and meeting our service targets and standards. The operation of our generation system is dependent not only on the physical interconnection of our facilities with the electricity network infrastructure but also on communications among the various parties connected to the network. The reliance on IT Systems to manage information and communication among and between those parties has increased significantly since the deployment of intelligent grids in Chile.

Our generation facilities, IT Systems, and other infrastructure, as well as the information processed in our IT Systems, could be affected by cybersecurity incidents, including those caused by human error. Our industry has begun to see an increased volume and sophistication of cybersecurity incidents from international activist organizations, nation states, and individuals, and are among the emerging risks identified in our planning process. Cybersecurity incidents could harm our business by limiting our generation capabilities, delaying our development and construction of new facilities or capital improvement projects to existing facilities, disrupting our customer operations, or exposing us to liability. Our business systems are part of an interconnected system. Therefore, a disruption caused by the impact of a cybersecurity incident in the electric transmission grid, network infrastructure, fuel sources, or our third-party service providers' operations could also unfavorably affect our business.

Our business requires the collection and retention of personally identifiable information of our customers, employees, and shareholders, who expect that we will adequately protect the privacy of such information. Cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Significant theft, loss, or fraudulent use of personally identifiable information may lead to potentially large costs to notify and protect the impacted persons and could cause us to become subject to significant litigation, losses, liability, fines, or penalties, any of which could materially and adversely affect our results of operations and reputation with customers, shareholders, and regulators, among others. We may also be required to incur significant costs associated with governmental actions in response to such intrusions or to strengthen our information and electronic control systems.

The cybersecurity threat is dynamic and evolving, and is increasing in sophistication, magnitude, and frequency. We may not be able to implement adequate preventive measures or accurately assess the likelihood of a cybersecurity incident. We are unable to quantify the potential impact of cybersecurity incidents on our business and reputation. These potential cybersecurity incidents and corresponding regulatory action could result in a material decrease in revenues and high additional costs, including penalties, third party claims, repair costs, increased insurance expense, litigation costs, notification and remediation costs, security costs, and compliance costs.

#### **Item 4. Information on the Company**

##### **A. History and Development of the Company.**

We are a publicly held limited liability stock corporation organized initially on December 1, 1943, under the laws of the Republic of Chile. Since 1943, we have been registered with the CMF in Santiago under Registration No. 0114. We have also been registered with the SEC under the commission file number 001-13240 since 1994. Our full name is Enel Generación Chile S.A. and we are also known commercially as "Enel Generación Chile" or "Enel Generación." Our shares are listed and traded on the Chilean Stock Exchanges under the trading symbol "ENELGXCH," and our ADSs were listed and traded on the NYSE until December 28, 2018. Following the 2018 Reorganization (described below), Enel Chile owns 93.6% of our shares of common stock and ADSs comprised 0.3% of the total outstanding shares of common stock as of December 31, 2019. We determined that the costs associated with continuing the listing of our ADSs on the NYSE exceeded the benefits received by us, as our primary market for the shares is now the Santiago Stock Exchange. As a result, we applied for voluntary delisting from the NYSE as part of our effort to reduce operational expenses.



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The information contained on or linked from our website is not included as part of, or incorporated by reference into, this Report. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, such as our company, at <http://www.sec.gov>.

We are an electric utility company engaged, directly and through our subsidiaries and affiliates, in the generation businesses in Chile. As of December 31, 2019, we had 6,114 MW of installed capacity, with 28 generation facilities and a total of 110 generation units. Of our total installed capacity, 57% consists of hydroelectric power plants and includes, among others, Ralco with 689 MW, Pehuenche with 568 MW, El Toro with 449 MW, Rapel with 376 MW, and Antuco with 319 MW. Approximately 82% of our thermoelectric installed capacity is gas/fuel oil power plants (2,104 MW), and the remaining is coal-fired steam power plants (474 MW). As of December 31, 2019, we had consolidated assets amounting to Ch\$ 3,587 billion and operating revenues of Ch\$ 1,638 billion.

The Chilean government owned Enel Generation from our incorporation in 1943 until 1987, when a privatization process through a series of public offerings commenced. The privatization process was completed in 1989.

In June 2019, Enel Generation and its subsidiary GasAtacama Chile (now merged with and into Enel Generation), signed an agreement with the Ministry of Energy that complements our sustainability strategy and strategic plan and defines how to proceed with the progressive closure of our coal-fired power plants Tarapacá, Bocamina I and Bocamina II, which have a gross installed capacity of 158 MW, 128MW and 350 MW, respectively.

The agreement is subject to the condition that the Power Transfer Regulation be fully implemented. The regulation defines the Strategic Reserve State and establishes, among others, the essential conditions that ensure non-discriminatory treatment between generation companies. Under the agreement, we are formally and irrevocably obligated to close Bocamina I and Tarapacá, respectively. The deadline for closing Tarapacá is May 31, 2020; however, the Company closed the plant in December 2019 upon receiving authorization from the National Energy Commission (“CNE” in its Spanish acronym) to move up the date of the closure of Tarapacá to December 31, 2019. As per the agreement, the deadline for closing Bocamina I is December 31, 2023. Concerning Bocamina II, the deadline for its closure is December 31, 2040, but we expect to close the plant before the deadline to help meet our decarbonization goals. These steps are subject to the authorization established in the General Law of Electrical Services.

### **The 2018 Reorganization**

On August 25, 2017, Enel Chile proposed a corporate reorganization (the “2018 Reorganization”) to consolidate Enel’s conventional and non-conventional renewable energy (“NCRE”) businesses in Chile under one company, Enel Chile, which became Enel’s only vehicle to invest in Chile. The 2018 Reorganization involved the following transactions:

- a cash tender offer by Enel Chile for all outstanding shares of our common stock, including ADS. The tender offer was subject to the condition that the tendering holders of Enel Generation shares and ADSs use Ch\$236 of the Ch\$590 tender offer consideration for each Enel Generation share and Ch\$7,080 of the Ch\$17,700 tender offer consideration for each Enel Generation ADS to subscribe shares of our common stock at a subscription price of Ch\$82 per Enel Chile share (or Ch\$2,460 per Enel Chile ADS) (the “Enel Chile U.S. Share/ADS Subscription Condition”);

- a capital increase to make available a sufficient number of shares of common stock of Enel Chile to deliver to tendering holders of Enel Generation shares and ADSs to satisfy all conditions precedent; and
- a merger in which Enel Green Power Latin América S.A. (“EGPL”) merged into Enel Chile. EGPL was a closely held stock corporation organized under the laws of the Republic of Chile. Before the 2018 Reorganization, EGPL was a member of the Enel Green Power group of companies. Enel Green Power is a transnational company dedicated to electricity generation with renewable resources, which in turn is controlled by Enel. EGPL was a renewable energy generation holding company engaged in the electricity generation business in Chile through its wholly owned subsidiary Enel Green Power Chile Ltda. (“EGP Chile”).

The respective shareholders of Enel Chile, Enel Generation, and EGPL approved the different steps of the 2018 Reorganization at their extraordinary shareholders’ meetings held on December 20, 2017. The tender offer occurred between February 16, 2018, and March 22, 2018, the preemptive rights offering in connection with the capital increase took place between February 15, 2018, and March 16, 2018, and the 2018 Reorganization was completed and effective on April 2, 2018.

As a result of the 2018 Reorganization, Enel Chile remains our major shareholder. Currently, Enel Chile consolidates the Chilean electricity generation business under us, the Chilean electricity distribution business under Enel Distribution and the Chilean NCRE generation business under EGP Chile. Enel remains as the majority shareholder of Enel Chile, owning 61.9% of the company as of December 31, 2019, and, through its majority ownership of Enel Chile, also remains our majority owner and ultimate parent company. Enel has announced its intention to purchase an additional equity interest of up to 3% stake of Enel Chile during 2020.

During the last few years, our business strategy has focused on increasing our shareholdings in subsidiaries, selling certain non-strategic assets, and reducing the number of companies by simplifying our corporate structure, mainly through mergers.

We have conducted the following sales of non-core assets over the past few years:

- On September 14, 2016, we sold our 20% equity interest in GNL Quintero S.A. (“GNL Quintero”), to Enagás Chile S.p.A. We obtained a 20% interest in GNL Quintero in 2007 as part of a consortium we formed with ENAP, Metrogas and British Gas to build an LNG regasification facility in Quintero Bay. Partial commercial operations of the facility began in September 2009 and full commercial operations started on January 1, 2011.
- On December 16, 2016, we sold our 42.5% equity interest in Electrogas S.A. (“Electrogas”). Electrogas was dedicated to the transportation of natural gas and other fuels and serves our San Isidro and Quintero power plants, among others. We received the proceeds of this sale, amounting to US\$ 180 million (Ch\$ 115 billion at that time) on February 7, 2017.

To simplify our corporate structure, we have continued to reduce the number of our companies over the last several years:

- During 2016, Inversiones GasAtacama Holding Ltda. merged into Celta, which in turn merged into GasAtacama, the surviving company, on November 1, 2016. Celta was our investment vehicle through which we owned the San Isidro thermal power plants, the Pangué hydroelectric power plant, and the Tarapacá thermal generation facility, in addition to our interest in Central Eólica Canela S.A, which owns the Canela wind farms.
- On November 9, 2017, GasAtacama purchased the remaining 25% minority interest in Central Eólica Canela S.A., which was later dissolved on December 22, 2017. Our economic interest in GasAtacama was 97.4% as of December 31, 2018.

- In September 2019, we completed the intercompany acquisition of the 2.6% stake that Enel Chile owned in GasAtacama. On October 1, 2019, GasAtacama vertically merged into us as a wholly owned subsidiary. This operation reorganized and simplified the corporate structure of the entities that comprised the GasAtacama Group, all being our subsidiaries, to achieve corporate and operational efficiencies for the Company. This merger did not have a significant economic or financial effect on our results and financial situation due to our high ownership in GasAtacama before the merger.

### Capital Investments, Capital Expenditures and Divestitures

We coordinate our overall financing strategy, including the terms and conditions of loans and intercompany advances entered into by our subsidiaries to optimize debt and liquidity management. Generally, our operating subsidiaries independently plan capital expenditures financed by internally generated funds or direct financings. Although we have considered how these investments will be financed as part of our budget process, we have not committed to any particular financing structure, and investments will depend on the prevailing market conditions at the time the cash flows are needed.

Our investment plan is flexible enough to adapt to changing circumstances by giving different priorities to each project considering profitability and strategic fit, which includes sustainability considerations. We are currently focused on developing additional hydroelectric and thermal capacity to guarantee adequate levels of reliable supply while remaining attentive to the environment.

For the 2020-2022 period, we expect to make capital expenditures of Ch\$ 225 billion, related to investments currently in progress, maintenance of generation plants and in studies required to develop other potential generation projects. For further detail regarding these projects, please see “Item 4. Information on the Company — D. Property, Plant and Equipment — Projects Under Development.”

The table below sets forth the expected capital expenditures for the 2020-2022 period and the capital expenditures incurred in 2019, 2018, and 2017:

	Estimated 2020-2022	2019	2018	2017
	(in millions of Ch\$)			
<b>Capital Expenditure<sup>(1)</sup></b>	<b>225,196</b>	<b>202,745</b>	<b>222,327</b>	<b>206,776</b>

(1) Capital Expenditure amounts listed in this table represent cash flow used for purchases of property, plant and equipment and intangible assets for each year, except for future projections.

While our planned investments go beyond the three years highlighted in this table, we are reporting three years to be aligned with Enel’s three-year industrial plan disclosed in December 2019. For further information, please refer to “Item 4. Information on the Company — D. Property, Plant and Equipment — Project Investments” and “Item 5. Operating and Financial Review and Prospects — F. Tabular Disclosure of Contractual Obligations.”

### Capital Expenditures in 2019, 2018, and 2017

Our capital expenditures in the last three years were principally related to the optimization of the 350 MW Bocamina II power plant, improvements to the Tarapacá coal-fired power plant, the construction of the 150 MW Los Córdobres power plant, and maintenance of our current power plants. Investments related to the Bocamina II and Tarapacá power plants focused on making improvements to reduce environmental impact. These improvements were the consequence of environmental injunctions in the case of Bocamina II and new environmental regulations in the case of Tarapacá. We completed the upgrades to Bocamina II in 2018 and Tarapacá in 2017. We subsequently decided to shut down our coal-fired Tarapacá plant in December 2019, in anticipation of the deadline for its closure under our decarbonization plan with the Ministry of Energy.

Material plans in progress include the Los Cóndores project, which began construction in 2014 with completion expected during 2021. For further detail of the Los Cóndores project, please see “Item 4. Information on the Company — D. Property, Plant, and Equipment. — Projects Under Construction.”

We reserve a portion of our capital expenditures for maintenance and the assurance of quality and operational standards of our facilities. Projects in progress will be financed with resources provided by external financing as well as internally generated funds.

## B. Business Overview.

We are a publicly held limited liability stock corporation that operates in Chile. Our core business is electricity generation. We also participate in other activities but that are not core businesses and represent less than 1% of our 2019 revenues. We do not report them as separate business segment in this Report nor in our consolidated financial statements.

The table below presents our revenues:

Revenues	Year ended December 31,			Change 2019 vs. 2018 (in %)
	2019	2018	2017	
	(in millions of Ch\$)			
Generation	1,638,374	1,521,054	1,634,937	7.7
Other businesses and intercompany transaction adjustments	—	—	—	—
<b>Total revenues</b>	<b>1,638,374</b>	<b>1,521,054</b>	<b>1,634,937</b>	<b>7.7</b>

For further financial information related to our revenues, see “Item 5. Operating and Financial Review and Prospects — A. Operating Results” and Note 26 of the Notes to our consolidated financial statements.

We are a generation company in the SEN, representing 31% of the electricity market share in 2019.

As of December 31, 2019, we accounted for 24.9% of SEN’s total generation capacity, measured by the installed capacity, according to figures published by the National Electricity Coordinator (“CEN” in its Spanish acronym). Hydroelectric, thermal and wind power represent 57%, 42% and 1% of our total installed capacity in Chile, respectively.

For additional detail on our historical capacity, see “Item 4. Information on the Company — D. Property, Plant and Equipment.”

The following tables summarize the information relating to our capacity, electricity generation and energy sales:

### ELECTRICITY DATA

	Year ended December 31,		
	2019	2018	2017
Number of generating units <sup>(1)</sup>	110	111	111
Installed capacity (MW) <sup>(2)(3)(4)</sup>	6,114	6,274	6,351
Electricity generation (GWh)	17,548	17,373	17,073
Energy sales (GWh)	22,232	23,343	23,356

(1) For details on generation facilities, see “Item 4. Information on the Company — D. Property, Plant and Equipment.”

(2) Total installed capacity is defined as the maximum capacity (MW), under specific technical conditions and characteristics. In most cases, installed capacity is confirmed by satisfaction guarantee tests performed by

equipment suppliers. Figures may differ from installed capacity declared to governmental authorities and customers, according to criteria defined by such authorities and relevant contracts.

- (3) The 2018-installed capacity differs from previous years since the CEN reviewed the capacity of each generation unit and adjusted their capacity.
- (4) Tarapacá steam turbine and coal plant was decommissioned on December 31, 2019.

Our consolidated electricity generation in 2019 was 17,548 GWh and our energy sales were 22,232 GWh, which represents a 1.0 % increase and a 4.8% decrease, when compared to 2018, respectively.

Dividing the electricity generation business into hydroelectric, thermoelectric and other generation is customary in the electricity industry, because each generation type has significantly different variable costs. Thermoelectric generation, for instance, requires the purchase of fuel, which generally leads to higher variable costs than hydroelectric generation from reservoirs or rivers that normally has minimal variable costs. Of our total consolidated generation in 2019, 58% was from hydroelectric sources, 41% was from thermal sources, and less than 1% was from wind energy, which is generated by the Canela I and Canela II wind farms.

The following table summarizes our consolidated generation by type of energy:

#### GENERATION BY TYPE OF ENERGY (GWh)

	Year ended December 31,					
	2019		2018		2017	
	Generation	%	Generation	%	Generation	%
Hydroelectric generation	10,108	57.6	10,681	61.5	9,392	55.0
Thermal generation	7,233	41.2	6,268	36.1	7,292	42.7
Wind generation — NCRE <sup>(1)</sup>	152	0.9	131	0.8	129	0.8
Mini-hydro generation — NCRE <sup>(2)</sup>	55	0.3	293	1.7	260	1.5
<b>Total generation</b>	<b>17,548</b>	<b>100.0</b>	<b>17,373</b>	<b>100.0</b>	<b>17,073</b>	<b>100.0</b>

(1) Electricity generated by the Canela I and Canela II wind farms.

(2) Electricity generated in 2019 refers to the Ojos de Agua mini-hydroelectric plant. Before 2019, the information also includes generation by the Palmucho plant.

The following table contains information regarding our consolidated sales of electricity by type of customer for each of the periods indicated:

#### ELECTRICITY SALES BY CUSTOMER TYPE (GWh)

	Year ended December 31,					
	2019		2018		2017	
	Sales	% of Sales Volume	Sales	% of Sales Volume	Sales	% of Sales Volume
Regulated customers	12,248	55.1	15,254	65.3	17,029	72.9
Unregulated customers	9,705	43.7	7,338	31.4	5,586	23.9
<b>Total contracted sales <sup>(1)</sup></b>	<b>21,953</b>	<b>98.7</b>	<b>22,592</b>	<b>96.8</b>	<b>22,615</b>	<b>96.8</b>
Electricity pool market sales	279	1.3	752	3.2	742	3.2
<b>Total electricity sales</b>	<b>22,232</b>	<b>100</b>	<b>23,343</b>	<b>100</b>	<b>23,356</b>	<b>100</b>

(1) Includes sales to distribution companies not backed by contracts.

Dividing sales by customer type in terms of regulated and unregulated customer is useful in managing and understanding the business. We sell electricity to regulated customers through distribution companies and to unregulated customers directly. The sales to distribution companies to supply their regulated customers, that is, residential, commercial, or others, are classified as regulated sales and subject to government regulated electricity tariffs. The sales

of generation companies to distribution companies to supply their unregulated customers are classified as unregulated sales and governed by contracts at freely negotiated prices and terms. We directly sell to large commercial and industrial customers and other generators. The sales to generators are classified as unregulated sales and generally governed by contracts with freely negotiated prices and terms. Finally, pool market sales take place either when generation companies are dispatched by CEN in excess of their contractual obligations and therefore must sell their surplus electricity in the pool market, or when the generators' electricity dispatched is less than their contractual commitments with their customers and therefore, they must purchase the deficit in the pool market. These purchase and sale transactions among electricity generation companies are normally made in the pool market at the spot price, and do not require a contractual agreement.

The regulatory framework often requires that electricity distribution companies have contracts to support their commitments to small volume customers. Chilean regulations also determine which customers can purchase energy directly in the electricity pool market.

We attempt to minimize the risk of electricity generation deficits resulting from poor hydrological conditions in any given year by limiting our contractual sales requirements to a quantity that does not exceed our estimated electricity production in a dry year. We consider the available statistical information concerning rainfall, mountain snow and ice, when they are expected to melt, hydrological levels and the capacity of key reservoirs to determine our estimated production for a dry year. In addition to limiting contracted sales, we may adopt other strategies including installing temporary thermal capacity, negotiating lower consumption levels with unregulated customers, negotiating with other water users and including pass-through cost clauses in contracts with customers to cover the cost of spot market purchases.

In 2022, distribution company contracts awarded in the August 2016 auction will come into effect and therefore the tariffs of our regulated contracts will decrease by 6% as a consequence of the lower prices offered by NCRE providers in the energy auction for distribution companies. In 2024, contracts awarded in the November 2017 auction will come into effect with an average price of US\$ 32.5 per MWh, which is 31.7% lower than the average price of the previous tender process. We routinely participate in energy bids and we have been awarded long-term energy sale contracts that incorporate the expected variable costs considering changes to the most relevant variables. These contracts secure the sale of our current and expected new capacity and allow us to stabilize our income.

In November 2017, the outcome of the latest bidding process was announced. This process tendered 2,200 GWh per year to be delivered between 2024 and 2043. The total amount of energy tendered was based on renewable energy offers, thus representing a milestone in the industry. We were awarded 54% of the tender, corresponding to 1.2 TWh at an average price of US\$ 34.7 per MWh with a mix of wind, solar and geothermal generation. These prices are 6.8% higher than the average price.

In terms of expenses, the primary variable costs involved in the electricity generation business, in addition to the direct variable cost of generating hydroelectric or thermal electricity such as fuel costs, are energy purchases and transportation costs. During periods of relatively low hydrology, the amount of our thermal generation increases. This involves an increase in the amount of fuel required and the costs of its transportation to the thermal generation power plants. Under dry conditions, electricity that we have contractually agreed to provide may exceed the amount of electricity that we are able to generate. Therefore, to satisfy our contractual commitments, we may be required to purchase electricity in the pool at spot market prices. The cost of these purchases at spot prices, under certain circumstances, may exceed the price at which we sell electricity under contracts and, therefore, may result in a loss. We attempt to minimize the effect of poor hydrological conditions on our operations in any given year by limiting our contractual sales requirements to a quantity that does not exceed our estimated electricity production in a dry year. We consider the available statistical information concerning rainfall, mountain snow and ice and when they are expected to melt, hydrological levels and the capacity of key reservoirs to determine our estimated production for a dry year. In addition to limiting contracted sales, we may adopt other strategies including installing temporary thermal capacity, negotiating lower consumption levels with unregulated customers, negotiating with other water users and including pass-through cost clauses in contracts with customers.

### *Seasonality*

While our core business is subject to weather patterns, generally only extreme events such as prolonged droughts, which may adversely affect our generation capacity, rather than seasonal weather variations, materially affect our operating results and financial condition.

The generation business is affected by seasonal changes throughout the year. During normal hydrological years, snowmelts typically occur during the warmer months of October through March. These snowmelts increase the level of water in our reservoirs. The months with most precipitation are typically May through August.

When there is more precipitation, hydroelectric generating facilities can accumulate additional water to be used for generation. The increased level of our reservoirs allows us to generate more electricity with hydro power plants during months in which marginal electricity costs are lower.

In general, hydrological conditions such as droughts and insufficient rainfall adversely affect our generation capacity. For example, severe prolonged drought conditions or reduced rainfall levels in Chile caused by the *El Niño* phenomenon reduces the amount of water that can be accumulated in reservoirs, thereby curtailing our hydroelectric generation capacity. In order to mitigate hydrological risk, hydroelectric generation may be substituted with thermal generation (natural gas, LNG, coal or diesel) and energy purchases on the spot market, both of which could result in higher costs, in order to meet our obligations under contracts with both regulated and unregulated customers.

### *Operations*

We own and operate 110 generation units in Chile both directly and through our subsidiary Pehuenche. Of these generation units, 38 are hydroelectric, with a total installed capacity of 3,456 MW, representing 57% of our total installed capacity in Chile. There are 21 thermal generation units that operate with gas, coal or oil with a total installed capacity of 2,580 MW, representing 42% of our total installed capacity in Chile. There are 51 wind powered generation units with an aggregate installed capacity of 78 MW, representing 1% of our total installed capacity in Chile. On November 21, 2017, the integration of the SIC and the SING into one interconnected system was completed and resulted in the creation of the SEN, a new national interconnected system that extends from Arica in the north of Chile to Chiloé in the south of Chile.

For information on the installed generation capacity for each of our subsidiaries, see “Item 4. Information on the Company — D. Property, Plant and Equipment.”

Our total gross electricity generation in Chile accounted for 23.5 % of total gross electricity generation in Chile during 2019.

The following table sets forth the electricity generation by each of our generation companies:

#### **ELECTRICITY GENERATION BY COMPANY (GWh)**

	Year ended December 31,		
	2019	2018	2017
Enel Generation	15,428	11,314	10,976
Pehuenche	2,120	2,794	2,443
GasAtacama <sup>(1)</sup>	—	3,265	3,654
<b>Total</b>	<b>17,548</b>	<b>17,373</b>	<b>17,073</b>

(1) GasAtacama was merged into Enel Generation in October 2019.

The following table sets forth the electricity generation by type:

### ELECTRICITY GENERATION BY TYPE (GWh)

	Year ended December 31,					
	2019		2018		2017	
	Generation	%	Generation	%	Generation	%
Hydroelectric generation	10,108	57.6	10,681	61.5	9,392	55.0
Thermal generation	7,233	41.2	6,268	36.1	7,292	42.7
Wind generation — NCRE <sup>(1)</sup>	152	0.9	131	0.8	129	0.8
Mini-hydro generation — NCRE <sup>(2)</sup>	55	0.3	293	1.7	260	1.5
<b>Total generation</b>	<b>17,548</b>	<b>100</b>	<b>17,373</b>	<b>100</b>	<b>17,073</b>	<b>100</b>

- (1) Electricity generated by the Canela I and Canela II wind farms.
- (2) Electricity generated in 2019 refers to the Ojos de Agua mini-hydroelectric plant. Before 2019, the information also includes generation by the Palmucho plant.

#### *Water Agreements*

Water agreements refer to the right of a user to utilize water from a particular source, such as a river, stream, pond or groundwater. In times of good hydrological conditions, water agreements are generally not complicated or contentious. However, in times of poor hydrological conditions, water agreements protect our right to use water resources for hydroelectric generation.

Through our subsidiaries, we have three agreements in force with the purpose of utilizing water for both irrigation and hydroelectric generation more efficiently. Two of them are agreements between Enel Generation and the Chilean Water Works Authority (“DOH” in its Spanish acronym) and are related to the water consumption during the most intense irrigation period (normally from September to April) from Laja Lake and Maule Lagoon, both located in southern Chile. Enel Generation signed the first agreement with DOH related to Laja Lake and Maule Lagoon on October 24, 1958 and September 9, 1947, respectively.

After four years of studies and dialogue with different sectors making use of water from the Laja Lake, on November 16, 2017, the Operation and Recovery of Laja Lake Agreement was signed, which complements the agreement signed with the DOH in 1958. This agreement provides reasonable irrigation security to irrigators in the area, giving priority to extractions for irrigation when the reservoir is at low levels, which are also used for generation. It contemplates the use of a certain volume of water to maintain the scenic beauty of Salto del Laja, a well-known tourist attraction in the area. It also significantly improves flexibility in the use of water, eliminating most of the restrictions that existed in the form of water extraction, replacing it by annual volumes that will manage irrigation and generation according to their needs. Another agreement was signed in October 2018 between our subsidiary Pehuenche and the irrigators of the Maule Lagoon Monitoring Board to optimize the use of water during drought periods. These agreements allow us to use the water more efficiently and to avoid further litigation with the local community, especially with farmers.

#### *Thermal Generation*

Our thermal electricity generation facilities use mostly LNG, coal and to a lesser extent, diesel. This mix allows us to use other fuels if the price of LNG were relatively too high, if there were a shortage of supply, or if another circumstance were to make LNG unavailable. To satisfy our natural gas and transportation requirements, we signed a long-term gas supply contract with suppliers that establishes maximum supply amounts and prices, as well as long-term gas transportation agreements with the pipeline companies. Gasoducto GasAndes S.A. and Electrogas S.A. are our current gas transportation providers. Since March 2008, all of our natural gas units can operate using either natural gas or diesel and since December 2009, our San Isidro, San Isidro 2 and Quintero power plants operate using LNG.

The LNG contract is the largest supply contract and is based on long-term agreements between us and Quintero LNG Terminal for regasification services and British Gas for supply. Our LNG Sale and Purchase Agreement is in force



through 2030 and is indexed to the Henry Hub/Brent commodity prices. During 2019, Enel Generation used 441 million cubic meters of LNG from Quintero LNG Terminal for its generation and commercialization requirements.

Regarding the supply of natural gas, a milestone was achieved during the last quarter of 2018. In a new environment of cooperation and promotion of energy integration by governments and private actors in Argentina and Chile, and after eleven years of interrupted gas supply, it was possible to reactivate the import of natural gas from Argentina. During 2019, Enel Generation imported a total of 667 million cubic meters of natural gas with a very competitive price under supply agreements with YPF and Total Austral, influencing system energy prices during the year.

The agreement of the Nueva Renca thermal power plant that was entered into by *AES Gener* and subsequently by *Empresa Eléctrica Santiago* (currently known as *Generadora Metropolitana Spa*), allowed natural gas to be available to Nueva Renca beginning in 2019. With this availability, the electrical energy produced by Nueva Renca, which was approximately 0.5 TWh, accounted for the electrical energy balance of Enel Generation and helped to reduce our spot energy purchases.

From the point of view of gas commercialization, during 2019, Enel Generation had three LNG shipment sales transactions, including the sale to Enel Global Trading with delivery to the United Kingdom and Brazil, continuing international trading transactions for shipments under the contract with *BG Global Energy Ltda.* in relevant international markets, outside of Latin America.

In 2019, the Terminal Use Agreement signed with *GNL Mejillones* allowed the unloading of an LNG shipment at this terminal. This agreement allowed the renewal of gas purchase agreements with important mining and industrial customers in the north of Chile, making of Enel Generation the main industrial gas trader in the north of Chile, in addition to having volumes of this gas available to Enel Generation thermal units connected to the northern gas pipeline network (Taltal and GasAtacama).

In relation to the commercialization of LNG by trucks, 2019 was marked by deliveries of a total of 60 million cubic meters which represents a 36 % increase compared to 2018. During 2019, new agreements were reached that will allow the increased supply of natural gas for distribution for the next several years.

With respect to coal-based power plant operations, during 2019, 1.3 million tons of coal were consumed by the Tarapacá and Bocamina power plants. This consumption was equivalent of 2.3 TWh of energy generated by Bocamina II, 0.6 TWh generated by Bocamina I and 0.6 TWh generated by Tarapacá.

#### ***Generation from NCRE sources***

Under Chilean law, electricity generation companies must derive a minimum amount of their energy sales from NCRE. This minimum amount depends on the date of execution of the sale contract and ranges from zero, for those signed prior to 2007, to 20% for those signed starting in July 2013. Currently, our Canela wind farms and Ojos de Agua mini-hydroelectric plant qualify as NCRE facilities.

#### ***Electricity sales and generation***

The SEN's electricity sales increased 0.7% during 2019 compared to 2018, as set forth in the following table:

#### **ELECTRICITY SALES IN THE SEN (GWh)**

	Year ended December 31,		
	2019	2018	2017
<b>Total electricity sales (SEN)</b>	<b>71,670</b>	<b>71,179</b>	<b>68,256</b>

Our electricity sales reached 22,232 GWh in 2019, 23,343 GWh in 2018 and 23,356 GWh in 2017, which represented a 31.0%, 32.8% and 34.2% market share, respectively. The energy purchases to comply with our contractual

obligations to third parties decreased by 21.5% in 2019 when compared to 2018, primarily due to lower energy available under the contract with Nueva Renca, which is included in the total.

The following table sets forth our electricity generation and purchases:

#### ELECTRICITY GENERATION AND PURCHASES (GWh)

	Year ended December 31,					
	2019		2018		2017	
	(GWh)	% of Volume	(GWh)	% of Volume	(GWh)	% of Volume
Electricity generation	17,548	78.9	17,373	74.4	17,073	73.1
Electricity purchases	4,684	21.1	5,970	25.6	6,283	26.9
<b>Total</b>	<b>22,232</b>	<b>100</b>	<b>23,343</b>	<b>100</b>	<b>23,356</b>	<b>100</b>

We supply electricity to the major regulated electricity distribution companies, large unregulated industrial firms (primarily in the mining, pulp and steel sectors) and the pool market. Commercial relationships with our customers are usually governed by contracts. Supply contracts with distribution companies must be auctioned, and are generally standardized with an average term of ten years.

Supply contracts with unregulated customers (large industrial customers) are specific to the needs of each customer, and the conditions are agreed upon by both parties, reflecting competitive market conditions.

In 2019, 2018 and 2017, we had 315, 294 and 152 customers, respectively. This significant increase in 2019 and 2018 is mainly due the increase in the number of unregulated customers. Regulated customers of a certain size may elect to become unregulated customers in order to benefit from the current market situation, which offers lower prices than would be paid as regulated customers. In 2019, our customers included 20 regulated customers and 302 unregulated customers.

Our generation contracts with unregulated customers are generally on a long-term basis and typically range from five to fifteen years. Such contracts are usually automatically extended at the end of the applicable term, unless terminated by either party upon prior notice. Contracts with unregulated customers may also include specifications regarding power sources and equipment, which may be provided at special rates, as well as provisions for technical assistance to the customer. We have not experienced any supply interruptions under our contracts. If we experienced a force majeure event, as defined in the contract, we can reject purchases and have no obligation to supply electricity to our unregulated customers. Disputes are typically subject to binding arbitration between the parties, with limited exceptions.

For the year ended December 31, 2019, our principal distribution customers were (in alphabetical order): *Enel Distribution*, *Grupo CGE*, *Grupo Chilquinta* and *Grupo Saesa*.

Our principal unregulated customers were (in alphabetical order): *Compañía Minera Doña Inés de Collahuasi SCM*, *Enel Distribution*, *Empresa CMPC S.A.*, and *SCM Minera Lumina Copper Chile*.

We compete in the SEN primarily with three generation companies, AES Gener, Colbún S.A. (“Colbún”) and Engie.

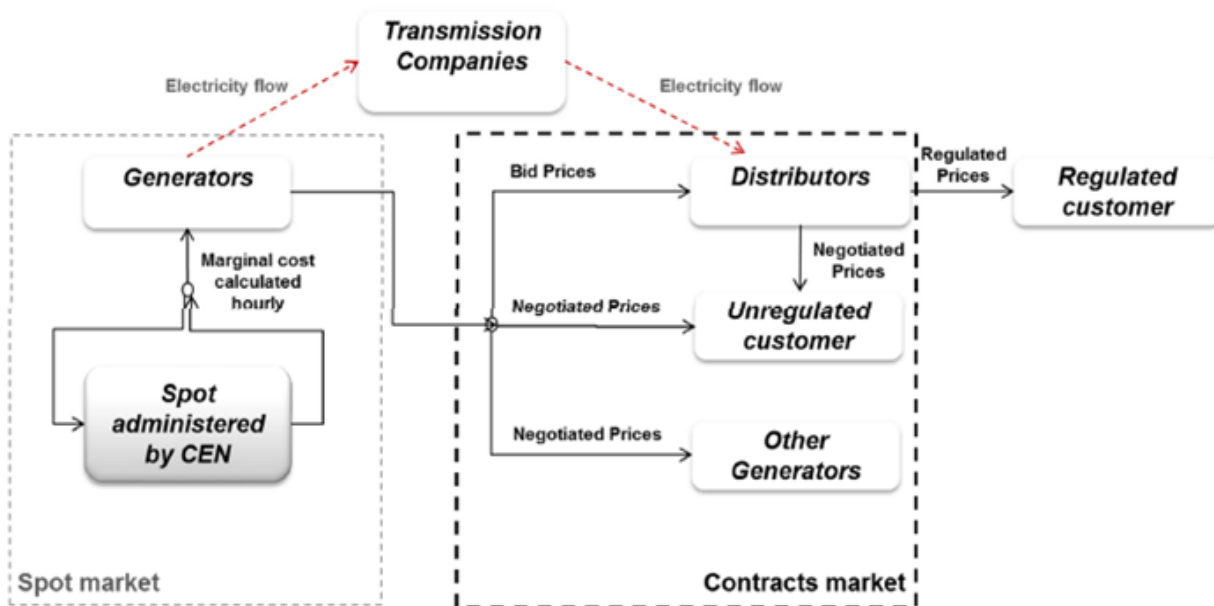
Electricity generation companies compete largely based on price, technical experience and reliability. In addition, because 57% of our installed capacity connected to the SEN is hydroelectric, we have lower marginal production costs than companies whose installed capacity is primarily thermal. Our installed thermal capacity benefits from access to gas from the Quintero LNG Terminal. However, during periods of extended droughts, we may be forced to buy more expensive electricity from thermal generators at spot prices in order to comply with our contractual obligations.

# ELECTRICITY INDUSTRY STRUCTURE AND REGULATORY FRAMEWORK

## 1. Overview and Industry Structure

In the Chilean Electricity Market, there are four categories of local agents: generators, transmitters, distributors and large customers.

The following chart shows the relationships among the various participants in the Chilean electricity market:



The Chilean electricity sector is physically divided into three main networks: the SEN and two smaller isolated networks (Aysén and Magallanes). The SEN was created after the integration of the SIC and the SING that took place in November 2017 and extends from Arica in the north of Chile to Chiloé in the south of Chile. CEN (Coordinador Eléctrico Nacional), a centralized dispatch center, coordinates the SEN's operations. Until the interconnection of the SIC and SING in 2017, each system was coordinated by its respective dispatch center, the CDEC-SIC and the CDEC-SING.

The industry's three business segments—generation, transmission, and distribution—must operate in an interconnected and coordinated manner to supply electricity to final customers at minimum cost and within the standards of quality and security required by the industry's rules and regulations.

### i) Generators:

Generators supply electricity to end customers using lines and substations that belong to transmission and distribution companies. The generation segment operates competitively and does not require a concession granted by the authorities. Generators may sell their energy to unregulated customers and other generation companies through contracts at freely negotiated prices. They may also sell to distribution companies to supply regulated customers through contracts governed by bids defined by the authorities.

The operation of electricity generation companies is coordinated by CEN, with an efficiency criterion in which the lowest cost producer available is usually required to satisfy demand at any moment in time. Any differences between electricity production and generators' contracted sales are sold in the spot market at a price equal to the hourly marginal cost of the system.

ii) **Transmitters:**

Transmission companies own lines and substations with a voltage higher than 23 kV flowing from generators' production points to the centers of consumption or distribution, charging a regulated toll for the use of their installations. The transmission segment is a natural monopoly subject to special industry regulations, including antitrust legislation. Tariffs are regulated, and access must be open and guaranteed under nondiscriminatory conditions.

iii) **Distributors:**

Distribution companies supply electricity to end customers using electricity infrastructure lower than 23 kV. The distribution segment is a natural monopoly subject to special industry regulations as well, including antitrust legislation. The electricity network is open access, and distribution tariffs are regulated. Distribution companies must provide electricity to the regulated customers within their concession area and at regulated prices. They may sell to unregulated customers through contracts at freely negotiated prices.

Customers are classified as “regulated” or “unregulated” according to their demand. Certain customers have the choice to be either regulated or unregulated, and therefore subject to the respective price regime. Demand requirements to qualify as a regulated or unregulated customer are described below under “—3. Generation Segment — Dispatch, Customers and Pricing”.

## **2. Electricity Law and Authorities**

The goal of the Chilean Electricity Law is to provide incentives to maximize efficiency and to provide a simplified regulatory scheme and tariff-setting process that limits the discretionary role of the government. This goal is achieved by establishing objective criteria for setting prices that offer a competitive rate of return on investment to stimulate private investment while ensuring the availability of electricity in the system to all who request it.

Since its inception, private sector companies have developed the Chilean electricity industry; however, nationalization by the government was conducted between 1970 and 1973. During the 1980s, the sector was reorganized through the Chilean Electricity Law, known as *Decreto con Fuerza de Ley DFL 1* (“DFL 1”), allowing for the renewed participation of the private sector.

The industry is currently governed by the electricity law *Ley General de Servicios Eléctricos* No. 20,018 and its modifications, under the Electricity Law, known as *Decreto con Fuerza de Ley DFL 4* (“DFL 4”), the restated DFL 1, published in 2006 by the Ministry of Economy and its respective regulations included in *Decreto Supremo* D.S. No. 327/1998.

The Ministry of Energy has been the leading authority in the energy industry since February 1, 2010. It elaborates and coordinates plans, policies and standards for the proper operation of the sector and the development of the industry in Chile.

The National Energy Commission (“CNE” in its Spanish acronym) and the Superintendence of Electricity and Fuel (“SEF”) are also relevant industry authorities. They report to the Ministry of Energy.

The CNE is the entity in charge of approving the annual transmission expansion plans, elaborating the indicative plan for the construction of new electricity generation facilities, and proposing regulated tariffs to the Ministry of Energy for approval. SEF inspects and oversees compliance with the law, rules, regulations and technical norms applicable to the generation, transmission, and distribution of electricity, as well as liquid fuels and gas.

The Energy Sustainability Agency was created in 2018 and replaced the Energy Efficiency Agency that was in charge of promoting energy efficiency.

Additionally, the law provides for a “Panel of Experts,” whose primary responsibility is to act as a court, issuing enforceable resolutions in disputes related to subjects referred to by DFL 4 and other electricity related laws. This panel is comprised of professional experts, all of whom are elected every six years by the antitrust government agency, *Tribunal de la Libre Competencia* (“TDLC” in its Spanish acronym).

CEN is an independent entity in charge of coordinating the operation of the electricity system with the following objectives:

- i) maintain service security;
- ii) guarantee the efficient operation of facilities connected to the system; and
- iii) guarantee open access to all transmission networks.

CEN’s main activities include:

- a) coordination of electricity market operations;
- b) authorization of connections;
- c) ancillary services management, implementation of information systems available for the public; and
- d) monitor competition and payments, among others.

CEN performs the calculation of market balances (energy injections and withdrawals), determines the transfers among generation companies, and calculates the hourly marginal cost, which is the price at which energy transfers are made in the spot market. CEN does not, however, calculate the rates of generation capacity. The CNE calculates such prices.

#### ***Limits on Integration and Concentration***

The antitrust legislation established in DFL 211 (modified in 2016 by Law No. 20,945) and the regulations applicable to the electricity industry stated in DFL 4, and Law No. 20,018 have established the criteria to avoid economic concentration and abusive market practices in Chile.

Companies can participate in different market segments (generation, distribution, transmission) to the extent that they are appropriately separated, both from an accounting and corporate perspective, according to the requirements established in DFL 4, Law No. 20,018, and the antitrust law DL 211 referred to above. Companies must also comply with the conditions set in Resolution No. 667/2002, discussed below.

The transmission sector is subject to the most significant restrictions, mainly because of its open access requirements. DFL 4 sets limits on the shareholdings of generation and distribution companies in companies that participate in the national transmission segment of the transmission system.

The owners of the National Transmission System (“STN” in its Spanish acronym) must be limited liability stock corporations. Individual interests in the STN by companies operating in another electricity or unregulated customer segment cannot exceed, directly or indirectly, 8% of the total investment value of the STN. The aggregate interest of all such agents in the STN cannot exceed 40% of the total investment value.

According to the Electricity Law, there are no restrictions on market concentration for generation and distribution activities. However, Chilean antitrust authorities have imposed certain measures to increase transparency associated with our subsidiaries and us through Resolution No. 667/2002 issued by the TDLC.

Resolution No. 667/2002 states that:

- electricity generation and distribution activities cannot be merged (Enel Chile must continue to keep both business segments separate and manage them as independent business units);
- Enel Chile, Enel Generation, and Enel Distribution are registered with the CMF and must remain subject to the regulatory authority of the CMF and comply with the regulations applicable to publicly held stock corporations, even if any of these companies should lose such designation;
- members of the Board of Directors must be elected from different and independent groups; and
- the external auditors of the companies must be different for local statutory purposes.

Also, the Water Utility Services Law sets restrictions on the overlapping of different utility concessions in the same area. It establishes limits on the ownership of the property for water and sewage service concessions and utilities that are natural monopolies, such as electricity distribution, gas or home telephone networks. For example, an electricity distribution company and a water utility company that belong to the same owner cannot operate in the same concession area.

### **3. Generation Segment**

The generation segment is comprised of companies that own electricity generation power plants. They operate under market conditions delivering their electricity to end customers through transmission and distribution networks. Generation companies freely determine whether to sell their energy and capacity to regulated or unregulated customers, but CEN decides the operation of their power plants. The surplus or deficit between a generation company's electricity sales and production is sold or purchased, as the case may be, to other generators at the spot market price.

Law No. 20,257 (2008) promotes the development of NCRE generation. In Chile, NCRE refers to electricity from wind, solar, geothermal, biomass, ocean (movement of tides, waves, and currents, as well as the ocean's thermal gradient) and mini-hydro power plants with a capacity under 20 MW.

Law No. 20,257 required generators, between 2010 and 2014, to supply at least 5% of their total contracted sales from NCRE sources, with progressive increases of 0.5% per year beginning in 2015, ultimately reaching 10% by 2024. Law No. 20,698 (2013) modified the requirements of Law No. 20,257 and established a mandatory 20% share of NCRE source as a percentage of total contracted energy sales by 2025 but allowed contracts signed between 2007 and 2013 to maintain the 10% target by 2024.

#### ***Dispatch, Customers, and Pricing***

Generation companies may sell to distribution companies, unregulated end customers, or other generation companies through contracts. Generation companies satisfy their contractual sales requirements with dispatched electricity, whether produced by them or purchased from other generation companies in the spot market or through contracts. They balance their contractual obligations with their dispatch by trading deficit and surplus electricity at the spot market price, which is set hourly by CEN, based on the lowest cost of production of the last kWh dispatched.

CEN operates the electricity system with an approach that minimizes costs while monitoring the quality of the service provided by the generation and transmission companies. To reduce operating costs, CEN applies an efficiency criterion in which the lowest cost producer available is usually required to satisfy demand at any moment in time. As a result, at any specific level of demand, the appropriate supply is provided at the lowest possible production cost available in the system. This marginal cost on an hourly basis is the price at which generators trade energy in the spot market, using both their injections (sales) and their withdrawals (purchases) to balance their contracted customer sales with their production determined by CEN.

The customers of generation companies are classified by the electricity capacity demand required, as follows:

- i) Unregulated customers: Customers who demand over 5,000 kW of capacity, mainly industrial and mining companies. These customers freely negotiate their electricity supply prices with generators and distributors. This customer category also includes those who demand between 500 and 5,000 kW of capacity with the option to choose between the unregulated and regulated regimes and who choose the unregulated regime.
- ii) Distribution companies: Distributors distinguishing between the energy they require to satisfy their regulated customers from their unregulated customers. In the former case, distributors purchase energy from generation companies through an open bid process regulated by the CNE, while in the latter case they freely negotiate bilateral contracts with unregulated customers.
- iii) Generation companies trading on the spot or short-term market: The energy and capacity transactions between generation companies arise from the difference between the electricity produced by a generator, as determined by the CNE, and the contractual obligations of that generator with its customers. The price of energy traded on the spot market is the hourly marginal cost of the system and the price of capacity sold on the spot market at a specific node.

Each generator receives a capacity payment set by CEN based on the generation capacity of each power plant and the available primary resource. This capacity payment replaces the previous “firm capacity” concept. It continues to depend primarily on the availability of such facility, the type of power plant technology, and the resources used to generate. It is the maximum capacity a generator may supply to the system at certain peak hours, considering statistical information, accounting for maintenance time and arid conditions for hydroelectric power plants, but differs from firm capacity because it does not consider the power plants’ contribution to the security of the entire system.

Generation costs are passed on to distributors’ regulated end consumers through the “average node price,” which corresponds to a single price determined for each distributor by the CNE, considering the weighted-average rates of their current supply contracts for regulated customers. The node price is adjusted in three instances: (1) every six months, in January and July of each year, based on local and international indexes; (2) upon the entry of a new supply contract with any distribution company; and (3) upon indexation of a supply contract by more than 10%.

### ***Rationing***

If a rationing decree is enacted in response to prolonged periods of electricity shortages, strict penalties may be imposed on generation companies that contravene the decree. A severe drought is not considered a *force majeure* event under our service agreements.

Generation companies may also be required to pay fines to the regulatory authorities, as well as compensate electricity customers affected by shortages of electricity. Penalties are related to system blackouts due to an electricity generator’s operational problems, including failures related to the coordination duties of all system agents. If generation companies cannot satisfy their contractual commitments to deliver electricity during periods when a rationing decree is in effect and there is no energy available to purchase in the system, they must compensate the customers at a rate known as the “failure cost” determined by the authority in each node price setting. This failure cost, which is updated semiannually by the CNE, is a measurement of how much end customers would pay for one extra MWh under rationing conditions.

### ***Water Rights***

Companies in Chile must pay an annual fee for unused water rights. License fees already paid may be recovered through monthly tax credits, commencing on the start-up date of the project associated with the water rights. The maximum license fees that may be recovered are those paid during the eight years before the start-up date.

The Chilean Constitution considers water as a national public good in which real utilization rights are defined. It is similar to holding private property rights over water, as outlined in article 19, paragraph 24: “The rights of individuals

over water, recognized or constituted under the law, grant their holders ownership over such rights.” Notwithstanding this definition, paragraph 24 also specifies legal limitations to those water rights.

The Chilean Congress is currently discussing amendments to the Water Code to make water use for human consumption, household subsistence and sanitation a high priority.

On November 22, 2016, the Chilean House of Representatives approved an amendment that is being evaluated by the Water Resources, Desertification and Drought Commission of the Chilean Senate. The main aspects of the amendments are as follows:

- Granting of new water rights, which would be limited to a maximum period of 30 years, extendable over future terms, unless the Water Authority proves the non-use of the resources. The extension would be effective only for water rights used.
- The expiration of new non-consumptive water rights that were granted by law, if the holder does not exercise the right of use within eight years.
- The expiration of new non-consumptive water rights previously granted: If the holder does not effectively use the rights within eight years from the date of enactment of the new Water Code, the term can be extended for up to four years only in justified cases such as delays in obtaining permits or environmental approvals.

In January 2019, the president of Chile modified this amendment to state that water rights have an unlimited duration. As of the date of this Report, the Chilean Congress is still discussing the amendment.

#### **4. Transmission Segment**

The transmission segment supplies electricity over lines or substations with a voltage or tension higher than 23 kV from generators’ production points to the centers of consumption or distribution. Transmission systems are comprised of the electricity lines and substations that are not considered part of the distribution network.

Given the structural characteristics of the transmission segments, it is subject to special electricity industry regulation. Tariffs are regulated, and access must be open and guaranteed under nondiscriminatory conditions.

Law No. 20,936, published in July 2016, established a new regulatory framework for all electricity transmission systems in Chile, redefining the system into the following segments: National, Development Poles, Zonal, Dedicated, and International.

National and Zonal Transmission Systems planning is a centralized, regulated process conducted by CEN that annually issues an expansion plan to be approved by the CNE.

The expansion of both systems is granted through an open tender process that distinguishes new installations from the enlargement of existing facilities. The tenders conducted for new installations give the winner ownership of the installation to be built. The extension of existing facilities, on the other hand, belongs to the owner of the original facility, who is obliged to tender the construction of the required extension.

The remuneration of existing National and Zonal transmission installations is determined by a tariff-setting process conducted every four years. This process determines the Annual Transmission Value that considers efficient operation and maintenance costs and an annual valuation of investments based on a discount rate determined by the authorities every four years (minimum 7% after-tax) and the useful life of the installations.

The remuneration of extensions is the value resulting from the respective bid of such extension for the first 20 years of operations. Beginning with year 21, such extension is considered an existing installation and compensated accordingly.



The regulation currently in force states that transmission remuneration is the sum of tariff revenue and the usage charge revenue received for the use of the transmission system, defined as \$/kWh by the CNE. The revenue is calculated on a semi-annual basis.

Finally, in the case of a failure in electricity transmission, Law No. 20,396 defines the penalty conditions for the responsible company (transmission, generation, or other).

### ***Transmission Tariffs***

Law No. 20,936 introduced changes to the transmission tariff-setting process. In transitioning to the implementation of the new law, the existing Zonal transmission tariff-setting process has been continued, as stated by transitory Article No. 20 of Law No. 20,936. The tariff-setting process for the 2018-2019 period concluded in October 2018 and has been applied retroactively since January 1, 2018. As of the date of this Report, an analysis of National and Zonal transmission tariffs for the 2020-2023 period is still in progress.

## **5. Distribution Segment**

The distribution segment is comprised of electricity infrastructure with a voltage lower than 23 kV to supply electricity to end customers. Electricity distribution is considered a natural monopoly. Therefore, companies operate under a public utility concession regime, with service obligations and regulated tariffs for supplying regulated customers. They may also sell to unregulated customers at negotiated prices.

Customers are classified according to their demand as regulated or unregulated. Regulated customers are those with a connected capacity of up to 5,000 kW. Unregulated customers are those with a connected capacity of over 5,000 kW. Customers with a connected capacity between 500 kW and 5,000 kW may choose to be regulated or unregulated, subject to the respective price regime. Customers must remain in the selected category for at least four years.

Customers subject to the unregulated price regime may negotiate their electricity supply with any generator or distributor; however, they must pay a regulated toll for using the distribution network. Regulated customers with residential generation can sell their surpluses to the distribution company under certain conditions (regulation of net billing). Since November 2018, Law No. 21,118 has permitted customers with a connected capacity up to 300 kW to sell their surpluses.

The Chilean Ministry of Energy grants distribution concessions for undefined periods, as well as the right to use public areas for building distribution lines. Distribution companies have an obligation to supply electricity to all customers who request service within their concession area; however, customers who have chosen the unregulated price regime have the option to purchase electricity directly from generators and enter into commercial contracts with them if they deem the terms to be more favorable than with the distribution company assigned to their concession. A concession may be declared expired if the quality of service does not meet specific minimum standards.

Regarding the supply of electricity to regulated customers, DFL 4 establishes that distribution companies must have an amount of electricity permanently available. They must contract their energy supply through open, non-discriminatory and transparent public tenders. These bidding processes are managed by the CNE and are based on distribution companies' projections of energy demand. They are conducted at least five years in advance from the expected effective date of the energy supply contract, which has a 20-year term. In case of unforeseen deviations in the projections of demand, the regulator has the authority to carry out short-term tenders. There is also a regulated mechanism to remunerate supply not covered by a contract if this were to take place.

The latest tender was conducted in 2017. A total of 2,200 GWh/year were awarded for the period from January 1, 2024 to December 31, 2043, at an average price of 32.5 US\$/MWh, which must be wholly sourced from NCRE. In September 2019, the CNE announced a new bidding process for 5,800 GWh/year to be tendered for the period from

2026 to 2040. The deadline for the submission of bids is May 27, 2020. For further detail on the outcome of tenders, please see “Item 4. Information on the Company — B. Business overview”.

### ***Distribution Tariffs***

The Chilean distribution tariff model has gone through nine tariff-setting processes since its privatization in the 1980s.

Law No. 21,194 established new limits on returns on investments for distribution companies. Tariffs charged by distribution companies to regulated end customers are set every four years. Tariffs are determined by the sum of the cost of electricity purchased by the distribution company, a transmission charge, and the value added from distribution of electricity (“VAD”), which allows distribution companies to recover their investment and operating costs, including a legally mandated return on investment. The transmission charge reflects the price paid for electricity transmission and transformation. The law also mandates that distribution companies may not operate in other sectors or industries as of 2021.

The VAD is based on a so-called “efficient model company” within a Typical Distribution Area (“TDA”). It considers the cost of building and operating the company at the minimum price, fulfilling the quality and safety standards of a company within that TDA. Therefore, the CNE classifies all distribution companies according to their TDA and subsequently selects one distribution company from each TDA to estimate its cost as an efficient model company. Distribution companies also carry out their own studies to determine the costs of such a company as an efficient model company. Cost estimates include fixed expenses, average energy and capacity losses, standard investment costs, and operation and maintenance costs. The annual investment costs are calculated considering the replacement cost of installations, useful life, and a rate of return that the CNE calculates every four years.

The CNE determines the VAD of each TDA. Preliminary tariffs, with the resulting VAD, are tested to ensure that they provide an industry aggregate rate of return between 6% and 8%. However, Law No. 21,194 establishes that the after-tax rate of return for each distributor must be between three percentage points below and two percentage points above the rate of return calculated by the CNE.

The real return on investment for a distribution company depends on its actual performance relative to the standards chosen by the CNE for the efficient model company. The tariff system allows for a higher return to distribution companies that are more efficient than the model company.

Electricity regulation establishes tariff equality mechanisms for electrical services. Law No. 20,928 states that the maximum tariff that distribution companies may charge residential customers must not exceed the average national tariff by more than 10%. The differences arising from the application of this mechanism are progressively absorbed by the remaining customers subject to regulated prices, which are under the mentioned average, except for those residential users whose monthly average consumption of energy in the prior calendar year is less than or equal to 200 kWh.

Additionally, Chilean law provides that transitory subsidies can be granted if the residential customer tariff increases by 5% or more within six months. The state confers this subsidy, and its application is a power of the government and the last one was granted in 2009.

The tariff-setting process for 2016-2020 concluded in August 2017 and had been effective, retroactively, since November 4, 2016. On December 18, 2017, the CNE published a resolution that set the Technical Standard of Quality of Service for Distribution Systems, establishing higher technical and commercial standards. Included in these new standards are electricity supply reliability indicators, such as the System Average Interruption Frequency Index (SAIFI), which measures the average number of times a customer’s supply is interrupted in a year and the System Average Interruption Duration Index (SAIDI), which measures the total number of minutes, on average, that a customer is without electricity in a year, among others. This resolution also refers to product quality, metering, monitoring, and controlling, and commercial service quality. In this context, in September 2018, there was an extraordinary tariff update process, which is non-retroactive and will be in effect until the tariff-setting process for the period 2020-2024 has been

completed. This process began in January 2020 and is ongoing. However, due to the recent social unrest that began in October 2019, distribution tariffs for 2020 will remain unchanged for the time being

Distribution companies may be required to compensate end customers in the case of electricity shortages that exceed the authorized standards. These compensatory payments are equal to double the amount of electricity the distribution company failed to provide, using a rate equal to the “failure cost.” Also, distribution companies are subject to the provisions of SEF, including articles 15 and 16 of Law No. 18,410, in which different infractions are listed and classified according to their severity and associated fines.

### ***Distribution-Related Services***

Distribution-related services are services identified by the TDLC as subject to regulation, such as meter rentals and meter verification, among others. The CNE sets the tariffs of these services every four years, along with the VAD calculation.

The tariff-setting process for the distribution related services for the 2016-2020 period concluded in July 2018. The new tariff is non-retroactive and will be in effect until the tariff-setting process for the period 2020-2024 has been completed. This process began in January 2020 and is ongoing. However, due to the recent social unrest that began in October 2019, distribution-related tariffs for 2020 will remain unchanged for the time being

## **6. Environmental Regulation**

Chile has numerous laws, regulations, decrees, and municipal ordinances that address environmental considerations. Among them are regulations relating to waste disposal (including the discharge of liquid industrial wastes), the establishment of industries in areas that may affect public health and the protection of water for human consumption.

Environmental Law No. 19,300 was enacted in 1994 and has been amended by several regulations, including the Environmental Impact Assessment System Rule issued in 1997 and modified in 2001. This law establishes a general framework of regulation of the right to live in a pollution-free environment, the protection of the environment, the preservation of nature, and the conservation of environmental heritage. It also regulates environmental management instruments, such as the Strategic Environmental Assessment, the Environmental Impact Assessment System and Access to Environmental Information, the Environmental Damage Liability, the Enforcement and the Environmental Protection Fund and the environmental and institutional framework of Chile. This law requires companies to conduct an environmental impact study and a declaration of any future generation or transmission projects.

In January 2010, Law No. 19,300 was modified by Law No. 20,417, and introduced changes to the environmental assessment process and in the public institutions involved, principally creating the Chilean Ministry of Environment and the Superintendence of Environment. Environmental assessment processes are coordinated by this entity and by the Environmental Assessment Service (“SEA” in its Spanish acronym).

The Ministry of the Environment is in charge of the management, protection, and application of environmental policies. Its mission is to lead sustainable development by implementing efficient public procedures and regulations and promoting good practices that improve citizen environmental education. The Ministry works in the recovery of air quality in urban centers, management of natural resources and biodiversity, proper final disposal of solid waste, climate change and protection of water resources and environmental education and citizen participation.

SEA is in charge of guarding the regulatory integrity within the framework of the environmental impact assessment of the projects, while the Superintendence of Environment monitors compliance with the environmental qualification, standards, and plans.

In June 2011, the Ministry of the Environment published Decree 13, which establishes emission standards for thermoelectric power plants applicable to generation units of at least 50 MW. The objective of this regulation is to control atmospheric emissions of particulate matter (PM), nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>), and mercury (Hg), to prevent and protect the health of the population and protect the environment. Existing emission sources are

required to meet emission limits as established in the regulation for PM, SO<sub>2</sub>, and NO<sub>x</sub> emissions by June 2015 in highly polluted areas, and by June 2016 elsewhere.

In June 2012, Law No. 20,600 created the Environmental Courts, special jurisdictional courts subject to the control of the Chilean Supreme Court. Their primary function is to resolve environmental disputes within their jurisdiction and investigate other matters that are submitted for their attention under the law. The law created three such courts, all of which are in operation.

On December 28, 2012, the Superintendence of Environment was formally created and began to exercise its powers of enforcement and sanctions under Chilean environmental regulations.

On September 10, 2014, Law No. 20,780 was enacted and included fees for the emission of PM, NO<sub>x</sub>, SO<sub>2</sub>, and CO<sub>2</sub> into the atmosphere. For CO<sub>2</sub> emissions, the fee is US\$ 5 per ton (not applicable to renewable biomass generation). PM, NO<sub>x</sub>, and SO<sub>2</sub> emissions are charged the equivalent of US\$ 0.10 per ton, multiplied by the result of a formula based on the population of the municipality where the generation power plant is located, which is an additional fee of US\$ 0.90 per ton of PM emissions, US\$ 0.01 per ton of SO<sub>2</sub> emissions, and US\$ 0.025 per ton of NO<sub>x</sub> emissions. This tax became effective in 2018, with the amount due calculated based on the emissions of the previous year.

In 2017, authorities published Exempt Resolution No. 659 related to the implementation of Article No. 8 of Law No. 20,780 regarding taxes on thermal electric power plant emissions as a result of the country's latest tax reform.

All thermal power plants of Enel Generation and its subsidiary GasAtacama have established methodologies to measure emissions and pay related taxes in line with the requirements of the Chilean Superintendence of Environment.

Regarding biodiversity, on January 5, 2018, the Chilean Sustainable Development Board approved the 2017-2030 National Biodiversity Strategy. This strategy replaced the national policy adopted in 2003. The new plan identifies five objectives related to the sustainable use of biodiversity and the development of the institutions and regulations required for the sustainable management of ecosystems.

## **7. Raw Materials**

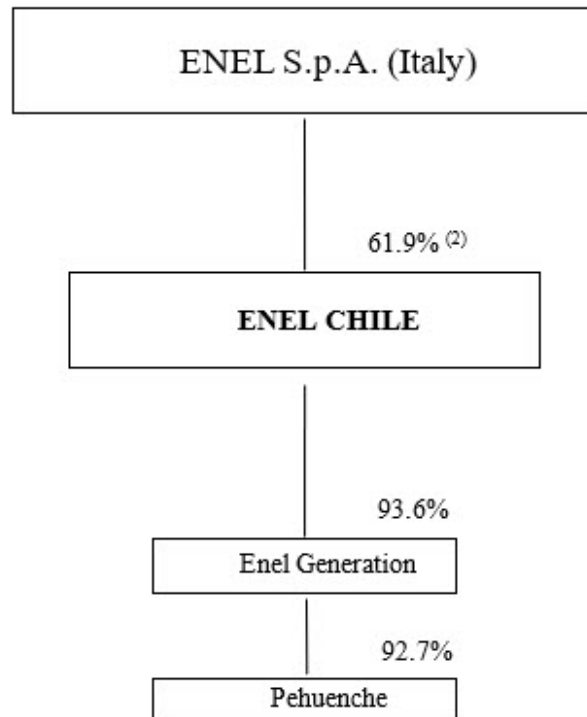
For information regarding our raw materials, please see "Item 11. Quantitative and Qualitative Disclosures About Market Risk — Commodity Price Risk."

### **C. Organizational Structure.**

#### ***Principal Subsidiaries and Affiliates***

We are part of an electricity group controlled by Enel, an Italian company, and our ultimate controlling shareholder. Enel Chile, our controlling shareholder, owns 93.6% of our shares, and Enel beneficially owns 61.9% of Enel Chile as of the date of this Report. Upon the termination and settlement on May 13, 2020 of a swap transaction entered into by Enel with respect to Enel Chile's ADSs, Enel's beneficial ownership interest in Enel Chile is expected to increase to 62.4%. Enel is an energy company with multinational operations in the power and gas markets, primarily focusing on Europe and Latin America. Enel operates in 33 countries across five continents, produces energy through a managed installed capacity of approximately 89 GW, which includes 46 GW of renewable sources, and distributes electricity and gas through a network covering 2.2 million kilometers. With 73 million users worldwide, Enel has the most extensive customer base among European competitors and figures among Europe's leading power companies in terms of installed capacity. Enel shares trade on the Milan Stock Exchange.

**Enel Generation Chile's Simplified Organizational Structure <sup>(1)</sup>**  
As of the date of this Report



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(1) Only principal operating subsidiaries are presented here.

(2) As of December 31, 2019 and the date of this Report, Enel S.p.A. owned 61.9% of Enel Chile. Upon the termination and settlement on May 13, 2020 of a swap transaction entered into by Enel S.p.A. with respect to Enel Chile's American Depositary Shares, Enel S.p.A.'s beneficial ownership interest in Enel Chile is expected to increase to 62.4%.

We consolidated the companies listed in the following table as of December 31, 2019. In the case of subsidiaries, our economic interest is calculated by multiplying our percentage of economic interest in a directly held subsidiary by the percentage economic interest of any entity in the chain of ownership of such ultimate subsidiary.

Principal Companies	% Economic Ownership of Each Main Subsidiary by Enel Generation (in%)	Consolidated Assets of Each Main Subsidiary on a Stand-alone Basis (in billions of Ch\$)	Revenues and Other Operating Income of Each Main Subsidiary on a Stand- alone Basis
Pehuenche	92.7	214	147

## Principal Subsidiaries

### GasAtacama

GasAtacama is a generation company located in northern Chile, which owns and operates a four-unit combined-cycle power plant with a total installed capacity of 732 MW and a gas pipeline, which connects to Argentina. In April 2014, we acquired a 50% ownership interest in Inversiones GasAtacama Holding Ltda. (“GasAtacama Holding”) and as a result, we owned a controlling equity interest in GasAtacama Holding.

Since the second half of 2016, we have been carrying out a corporate simplification process, which mainly involved mergers. During 2016, GasAtacama Holding merged into Celta, which later merged into GasAtacama, the surviving company, on November 1, 2016. On November 9, 2017, GasAtacama purchased the 25% minority interest of Central Eólica Canela S.A. On December 22, 2017, Central Eólica Canela S.A. was dissolved after the sale of its assets to GasAtacama on November 21, 2017.

As of September 30, 2019, GasAtacama owned the following power plants: Tarapacá, San Isidro, Pangué, Canela I and II and Ojos de Agua, which have an aggregate capacity of 1,110 MW.

In September 2019, Enel Generation completed the intercompany acquisition of the 2.6% interest in GasAtacama that Enel Chile owned, which resulted in Enel Generation owning 100% of GasAtacama’s shares and permitted the vertical merger of GasAtacama into Enel Generation completed on October 1, 2019.

The purpose of this transaction was to reorganize and simplify the corporate structure of the subsidiaries that comprise the GasAtacama group to generate corporate and operational efficiencies for us. The merger did not have a significant economic or financial effect on the results and financial condition of Enel Generation, given the high percentage of share ownership that Enel Generation had in GasAtacama, but it will have a positive effect in both operational and corporate terms by simplifying the organizational structure.

### Pehuenche

Pehuenche, a generation company connected to the SEN, owns three hydroelectric facilities located in the hydrological basin of the Maule River, south of Santiago, with a total installed capacity of 697 MW. The 568 MW Pehuenche plant began operations in 1991, the 89 MW Curillínque plant started operations in 1993, and the 40 MW Loma Alta plant began operations in 1997. We hold 92.7% of the economic interest in Pehuenche and consolidate Pehuenche in our consolidated financial statements.

## D. Property, Plant and Equipment.

Our property, plant and equipment is concentrated on electricity generation assets in Chile.

We conduct our generation business through Enel Generation and its subsidiaries, which together own 28 generation power plants, all located in Chile, of which 16 are hydroelectric (3,456 MW installed capacity), ten are thermal (2,580 MW installed capacity), and two are wind powered (78 MW installed capacity).

A substantial portion of our generating subsidiaries' cash flow and net income is derived from the sale of electricity produced by our electricity generation facilities. Significant damage to one or more of our main electricity generation facilities or interruption in the production of electricity, whether resulting from an earthquake, flood, volcanic activity, severe and extended droughts or any other such natural disasters, could have a material adverse effect on our operations.

The following table identifies the power plants that we own, all located in Chile, at the end of each year, organized by company and technology:

*Property, Plant and Equipment of Generation Companies*

Company	Power Plant Name	Power Plant Type <sup>(3)</sup>	Installed Capacity As of December 31,			
			2019	2018 <sup>(2)</sup> (in MW)	2017	
<b>Enel Generation</b>	Rapel	Reservoir	376	376	377	
	Cipreses	Reservoir	106	106	106	
	El Toro	Reservoir	449	449	450	
	Los Molles	Run-of-the-river	18	18	18	
	Sauzal	Run-of-the-river	77	77	77	
	Sauzalito	Run-of-the-river	12	12	12	
	Isla	Run-of-the-river	70	70	70	
	Antuco	Run-of-the-river	319	319	320	
	Abanico	Run-of-the-river	136	136	136	
	Ralco	Reservoir	689	689	690	
	Palmucho	Run-of-the-river	34	34	34	
	Pangue <sup>(4)</sup>	Reservoir	466	466	467	
	Ojos de Agua <sup>(4)</sup>	Run-of-the-river	9	9	9	
	<b>Total hydroelectric</b>			<b>2,759</b>	<b>2,759</b>	<b>2,766</b>
		Bocamina	Steam Turbine/Coal	476	478	478
		Diego de Almagro	Gas Turbine/ Diesel Oil	24	24	24
		Huasco	Gas Turbine	64	64	64
		Taltal	Gas Turbine/Natural Gas+Diesel Oil	240	240	245
		San Isidro 2	Combined Cycle /Natural Gas+Diesel Oil	388	388	399
		Quintero	Gas Turbine/Natural Gas	257	257	257
		Atacama <sup>(4)</sup>	Combined Cycle /Natural Gas+Diesel Oil	732	732	781
		Tarapacá <sup>(4)(5)</sup>	Steam Turbine/Coal	—	158	158
		Tarapacá <sup>(4)</sup>	Gas Turbine/Diesel Oil	20	20	24
		San Isidro <sup>(4)</sup>	Combined Cycle /Natural Gas+Diesel Oil	379	379	379
	<b>Total thermal</b>			<b>2,580</b>	<b>2,740</b>	<b>2,809</b>
		Canela I <sup>(4)</sup>	Wind Farm	18	18	18
	Canela II <sup>(4)</sup>	Wind Farm	60	60	60	
<b>Total wind farm</b>			<b>78</b>	<b>78</b>	<b>78</b>	
<b>Total</b>			<b>5,417</b>	<b>5,577</b>	<b>5,652</b>	
<b>Pehuenche</b>	Pehuenche	Reservoir	568	568	570	
	Curillinque	Run-of-the-river	89	89	89	
	Loma Alta	Run-of-the-river	40	40	40	
	<b>Total</b>			<b>697</b>	<b>697</b>	<b>699</b>
<b>Total Aggregate Capacity for Enel Generation</b>			<b>6,114</b>	<b>6,274</b>	<b>6,351</b>	

(1) The installed capacity corresponds to the gross installed capacity, without considering the MW that each power plant consumes for its own operation.

(2) The 2018 installed capacity may differ from capacity reported in previous years since the CEN has reviewed the capacity of each generation unit and adjusted their capacity.

(3) “Reservoir” and “run-of-the-river” refer to hydroelectric plants that use the force of a dam or a river, respectively, to move the turbines that generate electricity. “Steam” refers to thermal power plants fueled with natural gas, coal, diesel or fuel oil to produce steam that moves the turbines. “Gas Turbine” or “Open Cycle” refer to thermal power that uses either diesel or natural gas to produce steam that moves the turbines. “Combined-Cycle” refers to a thermal power plant fueled with natural gas, diesel oil, or fuel oil to generate gas that first moves a turbine and then recovers the gas from that process to generate steam to move a second turbine.

(4) GasAtacama was merged into Enel Generation in October 2019.

(5) The Tarapacá steam turbine and coal plant was decommissioned on December 31, 2019.



## **Insurance**

Our electricity generation facilities are insured against damage caused by natural disasters such as earthquakes, fires, floods, other acts of god (but not for droughts, which are not considered *force majeure* risks and are not covered by insurance), and from damage from third-party actions, based on the appraised value of the facilities as determined from time to time by an independent appraiser. Based on geological, hydrological, and engineering studies, we believe that the risk of the previously described events resulting in a material adverse effect on our facilities is remote. Claims under our subsidiaries' insurance policies are subject to customary deductibles and other conditions. We also maintain business interruption insurance providing coverage for the failure of any of our facilities for a period of up to 24 months, including the deductible period. Insurance policies include liability clauses, which protect our companies from claims made by third parties. The insurance coverage taken for our property is approved by each company's management, taking into account the quality of the insurance companies and the coverage needs, conditions, risk evaluations of each facility, and is based on general corporate guidelines. All insurance policies are purchased from reputable international insurers. We continuously engage with the insurance companies to negotiate what we believe is the most commercially reasonable insurance coverage.

## **Project Investments**

We are continuously analyzing potential opportunities for growth. The study and profitability assessment of our project portfolio is an ongoing effort. Industry technology is allowing for smaller, less environmentally damaging power plants. These plants can be built quicker, allow greater flexibility to activate or deactivate according to system needs, and are preferred by our stakeholders. We are favoring renewable energy technology for our new power plant investments. We seek opportunities by building new greenfield projects or by modernizing existing brownfield assets, and improving (operationally or environmentally) performance. The expected start-up for each project is assessed and is defined based on the commercial opportunities and our financing capacity to fund these projects. All our projects are financed with internally generated funds. Below we list our most important projects under development; however, any decision related to the development will depend on commercial opportunities foreseen in the upcoming years, including future tenders for supplying the regulated market, and the evolution of the regulatory framework (mainly associated with ancillary services).

Budgeted amounts include connecting lines that could be owned by third parties and paid as tolls, unless otherwise indicated. The financing for all of our projects described below comes from internally generated sources.

### ***A. Projects under Construction***

#### ***Antuco Hydroelectric Repowering Project***

The Antuco repowering project is being executed within our existing 319 MW Antuco power plant, located in the BíoBío Region of southern Chile. Antuco is a run-of-the-river hydroelectric power plant with two Francis vertical units. It uses the resources of several estuaries, with waters coming from the Polcura, Laja, and Pichipolcura rivers, as well as the discharges from the Abanico and El Toro power plants.

The project involves replacing one turbine (Unit I) installed in 1981, with an efficiency of 88%, with a new turbine with a target efficiency rate of 94%, obtaining 204 GWh/year of new energy. Replacing the turbine in Unit I is a two-step process. Step one was conducted in September 2019, and we expect step two to begin in June 2020. We expect the project to be commercially operational in 2020-2022.

As of December 31, 2019, 53% of the project had been completed. The total approved investment is US\$ 14.5 million, of which US\$ 3.8 million had been incurred as of December 31, 2019.

### ***Bocamina Coal Plant Landfill Closure Plan***

The project considers the application of the best practices for ash dumpsite facilities. It considers improvements to the landfill's infrastructure and operations, the implementation of a high standard for its closure, and fulfillment of the obligations arising from the Environmental Qualification Resolution ("RCA" in its Spanish acronym) approved in March 2015. In summary, the closure plan comprises waterproofing materials that include a conductive geo-membrane; use of the highest thicknesses of fillers and substrates; a selection of native species; a high density of specimens per hectare and a revegetation design according to reference ecosystems in the area, with the advice of *Universidad de Concepción*.

The closure plan is composed of two stages:

- Stage 1: The approved project considers the closure of 67,000 m<sup>2</sup> of the landfill.
- Stage 2: This stage will be executed when the landfill completes its operational life.

In February 2019, the Environmental Evaluation Service ("SEA" in its Spanish acronym) issued all permits. In July 2019, the revegetation pilot was completed, and a notice to proceed with a contractor to complete stage I was issued. As of December 31, 2019, 60% of the project had been completed. We expect the project to be ready in 2020-2022.

The total approved investment is Ch\$ 12,402 million, of which Ch\$ 5,124 million had been incurred as of December 31, 2019.

### ***Los Cóndores Hydroelectric Project***

The Los Cóndores project is in the Maule Region, in the San Clemente area of central Chile. It consists of a 150 MW run-of-the-river hydroelectric power plant, with two Pelton vertical water turbine units, which will use water from the Maule Lagoon reservoir through a pressure tunnel. The power plant will be connected to the SEN at the Ancoa substation (220 kV) through an 87 km transmission line.

As of December 31, 2019, 82% of the project had been completed and 93% of the transmission lines had been completed and assembled. The construction of this project began in 2014 and we expect the project to be commercially operational in 2020-2022.

The total approved investment is Ch\$ 713 billion, of which Ch\$ 511 billion had been incurred as of December 31, 2019.

### ***Sauzal Hydroelectric Repowering Project***

The Sauzal Repowering project is being executed within our existing 77 MW Sauzal power plant, located in the Libertador General Bernardo O'Higgins Region of central Chile. It is a run-of-the-river hydroelectric power plant with three Francis vertical units that use the water of the Cachapoal and Claro Rivers.

The project involves replacing two turbines (Unit I and Unit II) installed in 1948 with an efficiency of 88%, with new turbines with expected efficiency of 94.7%, each producing 13.7 GWh/year of new energy.

As of December 31, 2019, 88% of the project had been completed. Construction for Unit I began on July 9, 2019, and we expect the construction of Unit II to begin in June 2020, with both units commercially operational in 2020-2022.

The total approved investment is US\$ 10.5 million, of which US\$ 5.4 million had been incurred as of December 31, 2019.

## ***B. Projects under Development***

We are currently evaluating the development of the following projects, which we classify as “under development.” We will decide whether to proceed or not with each project depending on the commercial and other opportunities foreseen in upcoming years, as well as future tender prices for supplying the energy requirements of the regulated market and negotiations with existing or new unregulated customers.

### ***Quintero Combined-Cycle Thermal Project***

The Quintero project is in the Valparaíso Region of central Chile. It is an energy efficiency project that would take advantage of the heat of the gases emitted by the existing turbines to produce steam through the installation of a steam turbine and a generator, which would convert the existing open-cycle plant into a combined-cycle gas plant. Currently, the Quintero plant has two gas turbines with a total capacity of 257 MW. With the addition of a steam turbine unit of 130 MW capacity, the Quintero plant would reach full capacity of 387 MW. We would deliver the produced energy to the SEN through the existing Quintero-San Luis line, a simple 220 kV circuit built to transmit the energy produced by the combined-cycle power plant.

In 2017, we started the preparation of the EIA and the implementation of the sustainability plan. However, during August 2018, the Quintero and Puchuncaví areas suffered an ecological crisis that left more than 300 people suffering from the toxic effects associated with gas emissions of other industries. As a result, the project was indefinitely postponed, and the EIA has been suspended.

The total estimated investment is for Ch\$ 162,128 million, of which Ch\$ 2,855 million had been incurred as of December 31, 2019. We expect the project to be commercially operational in 2020-2022.

### ***Taltal Combined-Cycle Thermal Project***

The Taltal power plant is in the Antofagasta Region of northern Chile and has an installed capacity of 240 MW comprised of two 120-MW gas turbines. The project would convert the existing Taltal gas-fired, open-cycle plant into a combined-cycle plant by adding a turbine to the vapor phase. This turbine would use the steam generated by the gas turbines' heat emissions to produce energy and considerably improve its efficiency. The steam turbine would add 130 MW of installed capacity, and therefore, the Taltal power plant would reach a total capacity of 370 MW. We would supply the energy produced to the SEN via the existing 220 kV, double circuit, Diego de Almagro — Paposos transmission line.

The environmental permit, requested through an EIA and submitted in December 2013, was approved in January 2017 by the SEA of the Antofagasta region. Any decision related to the development of the project will depend primarily on the commercial opportunities foreseen in the upcoming years (prices in future tenders and negotiations with unregulated customers, among others).

The total estimated investment is for Ch\$ 147,585 million, of which Ch\$ 2,873 million had been incurred as of December 31, 2019. We expect the project to be commercially operational in 2020-2022.

### ***Taltal Battery Energy Storage System***

The project consists of the installation of a battery energy storage system (BESS) in the Taltal power plant in the Antofagasta Region of northern Chile, to provide ancillary services in upcoming years. The project would add 12 MW of installed capacity and 12 MWh of energy storage connected to the 15 kV bar of one of the existing 120-MW turbines installed in the Taltal power plant.

In May 2018, the SEA of the Antofagasta Region issued a resolution waiving the obligation to submit the project to an EIA before its construction. Any decision related to the development of the project will depend primarily on the commercial opportunities foreseen in the upcoming years and, mainly, on the evolution of the regulatory framework for

the provision and remuneration of the ancillary services, as well as the annual analysis to be conducted by the system operator of the required volumes of those services.

The total estimated investment is for Ch\$ 9,182 million, of which Ch\$ 36 million had been incurred as of December 31, 2019. We expect the project to be commercially operational in 2020-2022.

### ***Tarapacá Battery Energy Storage System***

The project consists of installing a BESS in the Tarapacá power plant in the Tarapacá Region of northern Chile, and providing ancillary services in upcoming years. The BESS would add approximately 14 MW of installed capacity and 14 MWh of energy storage and would be connected to the 11.5 kV bar of the existing 23 MW turbine installed in the Tarapacá power plant.

In December 2017, the SEA of the Tarapacá Region issued the resolution waiving the obligation to submit the project to an EIA before its construction. Any decision related to the development of the project will depend on the commercial opportunities foreseen in the upcoming years and, mainly, on the evolution of the regulatory framework for the provision and remuneration of the ancillary services, as well as the annual analysis to be conducted by the system operator of the volumes of those services.

The total estimated investment is for Ch\$ 10,769 million, of which Ch\$ 102 million had been incurred as of December 31, 2019. We expect the project to be commercially operational in 2020-2022.

### **Major Encumbrances**

As of December 31, 2019, we have full ownership of our assets and they are not subject to material encumbrances.

### **Item 4A. Unresolved Staff Comments**

None.

### **Item 5. Operating and Financial Review and Prospects**

#### **A. Operating Results.**

##### **General**

The following discussion should be read in conjunction with our audited consolidated financial statements and the notes thereto, included in Item 18 in this Report, and “Selected Financial Data,” included in Item 3 herein. Our audited consolidated financial statements as of December 31, 2019, and 2018 and for each of the years in the three-year period ended December 31, 2019, have been prepared in accordance with IFRS, as issued by the IASB.

#### **1. Discussion of Main Factors Affecting Operating Results and Financial Condition of the Company**

We own and operate electricity generation plants in Chile. Our consolidated revenues, income, and cash flow are derived primarily from electricity generation, our core business.

Factors such as (i) hydrological conditions, (ii) fuel prices, (iii) regulatory developments, (iv) extraordinary actions adopted by governmental authorities, and (v) changes in economic conditions may materially affect our financial results. Also, our results from operations and financial condition are affected by variations in the exchange rate between the Chilean peso and the U.S. dollar. We have certain critical accounting policies that affect our consolidated operating results. The impact of these factors on us, for the years covered by this Report, is discussed below.

On November 2, 2019, the Ministry of Energy published the Law No. 21,185, which sets up a Transitional Mechanism for the Stabilization of Electric Power Prices for Customers subject to Tariff Regulation (the “Tariff Stabilization Law”). The effects of the Tariff Stabilization Law as of December 31, 2019 are described in Note 10 to our consolidated financial statements.

Additionally, during 2019 two extraordinary transactions affected our results. First, we recorded an impairment cost associated with accelerating the closures of the Tarapacá and Bocamina I coal-fired power plants (see Notes 17.5.2 and 29 to our consolidated financial statements). We accounted for non-recurring income derived from the early termination of three energy supply contracts signed in 2016 between Enel Generation and Anglo American Sur. The effects are described in Note 26 to our consolidated financial statements.

#### **a. Hydrological Conditions**

A substantial part of our generation capacity is hydroelectric and depends on the prevailing hydrological conditions in Chile. Our installed capacity as of December 31, 2019, 2018 and 2017 was 6,114 MW, 6,274 MW and 6,351 MW, respectively, of which 57%, 55% and 55% was hydroelectric, respectively. See “Item 4. Information on the Company — D. Property, Plant and Equipment.”

Hydroelectric generation was 10,163 GWh, 10,974 GWh and 9,652 GWh in 2019, 2018, and 2017, respectively. Our hydroelectric generation decreased in 2019 compared to 2018, mainly related to the lower hydrological production due to the drier hydrological conditions in the country. Since 2010, some critical reservoirs have been at relatively low levels due to several years of accumulated drought, characterized by low rainfall levels and poor snowmelt.

Hydrological conditions in Chile can range from very wet, as a result of several years of abundant rainfall and lakes at their peak capacity, to extremely dry, as a consequence of prolonged drought lasting for several years, the partial or material depletion of water reservoirs and the significant reduction of snow and ice in the mountains, which in turn leads to materially lower levels of available water as a consequence of lower melts. Between these two extremes, there is a wide range of possible hydrological conditions and their final effect on us often depends on accumulated hydrology. For instance, a new year with drought conditions has less of an impact on us if it follows several periods of abundant rainfall, as opposed to exacerbating a prolonged drought. Likewise, an excellent hydrological year has a less marginal effect if it comes after several wet years as opposed to after prolonged drought.

In Chile, the period of the year that typically has the most precipitation is from May through August, and the period in which snow and ice in the mountains melt at higher levels is during the warmer months, from October through March, providing water flow to lakes, reservoirs, and rivers, which supply our hydroelectric plants, most of them located in southern Chile.

For purposes of discussing the impact of hydrological conditions on our business, we generally classify our hydrological conditions as either dry or wet, although there are several other intermediate scenarios. Extreme hydrological conditions materially affect our operating results and financial condition. However, it is difficult to indicate the effects of hydrology on our operating income, without concurrently considering other factors, because our operating income can only be explained by looking at a combination of factors and not each one on a stand-alone basis.

Hydrological conditions affect electricity market prices, generation costs, spot prices, tariffs and the mix of hydroelectric, thermal, and NCRE generation, which is continually being determined by the CEN to minimize the operating costs of the entire system. According to the current regulatory framework, the price at which energy is traded on the spot market (known as the “spot price”) is determined by the marginal cost of the system. The marginal cost is the cost of the most expensive power plant in operation, given an efficiency-based dispatch. The regulations also consider capacity payments to generators, which remunerates each power plant’s installed capacity according to its availability and contribution to the system’s safety. This capacity payment is determined by the regulator every six months. Hydroelectric and NCRE generation are almost always the least expensive generation technology and typically have a marginal cost close to zero. Water from reservoirs used to generate electricity, on the other hand, is assigned an opportunity cost for the use of water, which may lead to hydroelectric generation using water from reservoirs having a

high cost in extended drought conditions. The cost of thermal generation does not depend on hydrological conditions but instead on international commodity prices for LNG, coal, diesel, and fuel oil. Solar and wind sources are currently the NCRE technologies most widely used. NCRE facilities can dispatch energy to the system at very low marginal costs, but they depend on the blowing of the wind or the shining of the sun.

Spot prices primarily depend on hydrological conditions and commodity prices and, to a lesser extent, on NCRE availability. Under most circumstances, abundant hydrological conditions lower spot prices while dry conditions typically increase spot prices. Spot market prices affect our results because we must purchase electricity in the spot market when our contracted energy sales are more than our generation, and we sell electricity in the spot market when we have electricity surpluses.

Hydrological conditions do not have an isolated effect but need to be evaluated in conjunction with other factors to better understand the impact on our operating results. Many other factors may affect our operating income, including the level of contracted sales, purchases and sales in the spot market, commodity prices, energy demand and supply, technical and unforeseen problems that can affect the availability of our thermal plants, plant locations in relation to urban demand centers, and transmission system conditions, among others.

To illustrate the effects of hydrology on our operating results, the following table describes certain hydrological conditions, their expected effects on spot prices and generation, and the expected impact on our operating income, assuming that other factors remain unchanged.

Hydrological Conditions	Expected effects on spot prices and generation	Expected impact on our operating results
Dry	Higher spot prices	Positive: if our generation is higher than our contracted energy sales, energy surpluses are sold in the spot market at higher prices. Negative: if our generation is lower than our contracted sales, we have an energy deficit and must purchase energy in the spot market at higher prices.
	Reduced hydroelectric generation	Negative: less energy available to sell in the spot market.
	Increased thermal generation	Positive: increases our energy available for sale and either reduces purchases in the spot market or increases sales in the spot market at higher prices.
Wet	Lower spot prices	Positive: if our generation is lower than contracted energy sales, the energy deficit is covered by purchases in the spot market at lower prices. Negative: if we have energy surpluses, they are sold in the spot market at lower prices.
	Increased hydroelectric generation	Positive: more energy available to sell in the spot market at lower prices.
	Reduced thermal generation	Negative: less energy available to sell in the spot market.

If factors other than those described above apply, the expected impact of hydrological conditions on operating results will be different from those shown above. For instance, in a dry year with lower commodity prices, spot prices may decrease, or in a wet year, if demand increases, or generation plants are not available for technical or other reasons, the spot price may increase, altering the impact of hydrological conditions discussed in the table above.

## b. Economic Conditions

Macroeconomic conditions, such as changes in employment levels and inflation or deflation, may have a significant effect on our operating results. Macroeconomic factors, such as the variation of the Chilean peso against the U.S. dollar, may impact our operating results, as well as our assets and liabilities, depending on the amounts denominated in U.S. dollars. For example, a devaluation of the Chilean peso against the U.S. dollar increases the cost of capital expenditure plans. For additional information, see “Item 3. Key Information — D. Risk Factors — Foreign exchange risks may adversely affect our results and the U.S. dollar value of dividends payable to ADS holders” and “Item 3. Key Information — D. Risk Factors — Fluctuations in the Chilean economy, economic interventionist measures by governmental authorities, political and financial events, or other crises in Chile and worldwide may affect our results of operations, financial condition, liquidity, and the value of our securities.”

The following table sets forth the closing and average Chilean pesos per U.S. dollar exchange rates for the years indicated:

	Local Currency U.S. Dollar Exchange Rates					
	2019		2018		2017	
	Average	Year End	Average	Year End	Average	Year End
Chilean pesos per U.S. dollar	702.63	748.74	640.29	694.77	649.33	614.75

*Source: Central Bank of Chile*

## c. Critical Accounting Policies

Critical accounting policies are defined as those that reflect significant judgments and uncertainties that would potentially result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies regarding the preparation of our consolidated financial statements under IFRS are those described below.

For further detail of the accounting policies and the methods used in the preparation of the consolidated financial statements, see Notes 2 and 3 of the Notes to our consolidated financial statements.

### ***Impairment of Non-Financial Assets***

From time to time, and principally at the end of each fiscal year, we evaluate whether there is any indication that an asset has been impaired. Should any such evidence exist, we estimate the recoverable amount of that asset to determine the amount of the impairment loss. In the case of identifiable assets that do not generate cash flows independently, we estimate the recoverability of the cash-generating unit to which the asset belongs, which is understood to be the smallest identifiable group of assets that generates independent cash inflows.

Notwithstanding the preceding paragraph, in the case of cash-generating units to which goodwill or intangible assets with an indefinite useful lives have been allocated, a recoverability analysis is performed routinely at each period end.

The criteria used to identify the cash-generating units is in line with the strategic and operational vision of our management, within the specific characteristics of the business, the operating rules and regulations of the market in which we operate, and the corporate organization.

The recoverable amount is the greater of (i) the fair value less the cost needed to sell and (ii) the value in use, which is defined as the present value of the estimated future cash flows. To calculate the recoverable value of property, plant and equipment, goodwill and intangible assets that form part of a cash-generating unit, we use value in use criteria in practically all cases.

To estimate the value in use, we prepare future pre-tax cash flow projections based on the most recent budgets available. These budgets incorporate management’s best estimates of cash-generating units’ revenues and costs using sector projections, past experience, and future expectations.

In general, these projections cover the next five years, estimating cash flows for future years by applying reasonable growth rates, which in no case are increasing nor exceed the average long-term growth rates for the Chilean electricity sector in which we operate. At the end of December 2019, projected cash flows were extrapolated using an annual growth rate of 3.0%.

These future cash flows are discounted at a given pre-tax rate to calculate their present value. This rate reflects the cost of capital of the business in Chile. The discount rate is calculated by taking into account the current time value of money and the risk premiums generally used by market analysts for the specific business activity.

The pre-tax nominal discount rates applied in 2019, 2018 and 2017 are as follows:

	Years ended December 31,		
	2019	2018	2017
Chile	10.7%	10.6%	10.7%

If the recoverable amount of the cash-generating unit is less than the net carrying amount of the asset, the corresponding impairment loss provision is recognized for the difference and charged to “Reversal of impairment loss (impairment loss) recognized in profit or loss” in the consolidated statement of comprehensive income.

Impairment losses recognized for an asset other than goodwill in prior periods are reversed when its estimated recoverable amount changes, increasing the asset’s value with a credit to earnings, limited to the asset’s carrying amount if no impairment loss had been recognized for the asset. Impairment losses for goodwill are not reversible.

#### ***Litigation and Contingencies***

We are currently involved in legal and tax proceedings. As discussed in Note 23 of the Notes to our consolidated financial statements, we recognized provisions for legal and tax proceedings in an aggregate amount of Ch\$ 2.3 billion as of December 31, 2019. This amount was based on consultations with our legal and tax advisors, who are carrying out our defense in these matters and an analysis of potential results, assuming a combination of litigation and settlement strategies.

#### ***Hedges of Cash Revenues Directly Linked to the U.S. Dollar***

We have established a policy to hedge the portion of our revenues directly linked to the U.S. dollar by obtaining financing in U.S. dollars. Exchange differences related to this debt, as they are cash flow hedge transactions, are charged net of taxes to an equity reserve account that forms part of “Other Comprehensive Income” and recorded as income during the period in which the hedged cash flows are realized. This term has been estimated at ten years.

This policy reflects a detailed analysis of our future revenues directly linked to the U.S. dollar to confirm that hedge accounting is applicable. Such analysis may change in the future due to new electricity regulations limiting the cash flows tied to the U.S. dollar.

#### ***Revenue and expense recognition***

Revenue is recognized when the control over a good or service is transferred to the customer. Revenue is measured based on the consideration to which it is expected to be entitled to upon the transfer of control, excluding the amounts collected on behalf of third parties.

We analyze and take into consideration all relevant facts and circumstances for revenue recognition, applying the five-step model established by IFRS 15: 1) identifying the contract with a customer; 2) identifying the performance obligations; 3) determining the transaction price; 4) allocating the transaction price; and 5) recognizing revenue.

The following are the criteria for revenue recognition by type of good or service that we provide:



- (i) Electricity supply (sale and transportation): Corresponds to a single performance obligation that transfers to the customer several different goods or services that are substantially the same and that have the same transfer pattern. Since the customer receives and simultaneously consumes the benefits that we provide, it is considered a performance obligation met over time. In these cases, we apply an output method to recognize revenue in the amount to which it is entitled to bill for electricity supplied to date.
  - o Generation: Revenue is recognized according to the physical deliveries of energy and power, at the prices established in the respective contracts, at the prices stipulated in the electricity market by the current regulations, or at the marginal cost of energy and power, depending on whether unregulated customers or regulated customers, or energy trading in the spot market are involved, respectively.

The above revenue includes an estimate of the service provided and not invoiced at the balance sheet date (See Notes 2.3, 26 and Appendix 4.2 of our consolidated financial statements).

- (ii) Sale and transportation of gas: Revenue is recognized over time, based on the actual physical deliveries of gas in the period of consumption, at the prices established in the respective contracts.
- (iii) Other services: Mainly the provision of supplementary services to the electricity business, construction of works and engineering, and consulting services. Customers control committed assets as they are created or improved. Therefore, we recognize this revenue over time, based on the progress, measuring progress through output methods (performance completed to date, milestones reached, etc.), or resource methods (resources consumed, hours of labor spent, etc.), as appropriate in each case.

In contracts in which multiple committed goods and services are identified, the recognition criteria will be applied to each of the identifiable performance obligations of the transaction, based on the control transfer pattern of each good or service that is separate and an independent selling price allocated to each of them, or two or more transactions jointly, when these are linked to contracts with customers that are negotiated with a single commercial purpose and the goods and services committed represent a single performance obligation, and their selling prices are not independent.

We determine the existence of significant financing components in its contracts, adjusting the value of the consideration if applicable, and reflecting the effects of the time value of money. However, we apply the practical solution provided by IFRS 15. It will not adjust the amount of the consideration committed for a significant financing component, if we expect, at the beginning of the contract, that the period between the payment and the transfer of goods or service to the customer is one year or less.

We exclude the gross revenue of economic benefits received when acting as an agent or broker on behalf of third parties from the revenue figure. We only record as revenue the payment or commission to which we expect to be entitled.

Given that we mainly recognize revenue for the amount to which it has the right to invoice, it has decided to apply the practical disclosure solution provided in IFRS 15, through which it is not required to disclose the aggregate amount of the transaction price allocated to the performance obligations not met (or partially not met) at the end of the reporting period.

Also, we evaluate the existence of incremental costs of obtaining a contract and costs directly related to the fulfillment of a contract. These costs are recognized as an asset if their recovery is expected with the transfer of the related goods or services, and amortized in a manner consistent with the transfer of the related goods or services. The incremental costs of obtaining a contract are expensed if the depreciation period of the asset that has been recognized is one year or less. Costs that do not qualify for capitalization are recognized as expenses at the time they are incurred unless they are explicitly attributable to the customer.

As of December 31, 2019, and 2018, we had not incurred costs to obtain or fulfill a contract that met the conditions for such capitalization. The expenses incurred to gain a contract are substantially commission payments for sales that, even though they are incremental costs, are related to short-term contracts or performance obligations that are met at a certain point; therefore, we would recognize these costs as an expense if these occurred.

Interest revenue (expenses) are recorded considering the effective interest rate applicable to the principal with pending amortization during the corresponding accrual period.

### ***Recent Accounting Pronouncements***

Please see Note 2.2. of the Notes to our consolidated financial statements for additional information regarding recent accounting pronouncements.

## **2. Analysis of Results of Operations for the Years Ended December 31, 2019, and 2018**

### **Consolidated Revenues and other operating income**

The following table set forth our revenues and other operating income for the years ended December 31, 2019 and 2018:

	Years ended December 31,			
	2019	2018	Change	Change
	(in millions of Ch\$)			(in %)
<b>Revenues</b>	<b>1,638,374</b>	<b>1,521,054</b>	<b>117,320</b>	<b>7.7</b>

Revenues and other operating income increased 7.7% in 2019 compared to 2018, mainly due to:

- (i) an increase of Ch\$ 104.8 billion in other operating income, mainly due to:
  - a. an increase of Ch\$ 121.1 billion in non-recurring income from the early termination of three energy supply contracts with Anglo American Sur; and
  - b. a decrease of Ch\$ 16.5 billion in revenues due to the non-recurring income from insurance compensation for claims related to incidents at Tarapacá received in 2018.
- (ii) an increase in revenues from energy sales of Ch\$ 20.7 billion, which was primarily attributable due to a greater average exchange rate of the period;
- (iii) a decrease of Ch\$ 6 billion in other sales, mainly due to a decrease of Ch\$ 6.2 billion in gas sales; and
- (iv) a decrease of Ch\$ 1.3 billion and Ch\$ 0.9 billion in toll revenues and revenues from engineering services, respectively.

### **Consolidated Operating Costs**

Our operating costs are primarily energy purchases from third parties, fuel purchases, and tolls paid to transmission companies, depreciation, amortization and impairment losses, maintenance costs, employee salaries, and administrative and selling expenses.

The following table sets forth the consolidated operating costs (excluding depreciation, amortization and impairment losses, maintenance costs, employee salaries, and administrative and selling expenses, which are discussed below under Consolidated Selling and Administrative Expenses) for the years ended December 31, 2019, and 2018, by category.

Years ended December 31,

	2019		2018	
	(in millions of Ch\$)	(in %)	(in millions of Ch\$)	(in %)
Energy purchases	327,157	39.2	326,366	40.3
Fuel consumption	230,944	27.7	230,994	28.5
Transportation costs	158,966	19.0	141,551	17.5
Other variable procurement and services	117,869	14.1	111,063	13.7
<b>Total Operating Cost (excluding Selling and Administrative Expenses)</b>	<b>834,936</b>	<b>100.0</b>	<b>809,974</b>	<b>100.0</b>

Our energy purchase, fuel consumption, transportation costs, and other procurement and services costs increased 3% in 2019 compared to 2018, mainly due to:

- (i) an increase of Ch\$ 17.4 billion in transportation costs, mainly due to an increase of Ch\$ 14.7 billion in gas transportation costs, greater regasification costs for Ch\$ 0.7 billion, and higher tolls for Ch\$ 1.9 billion resulting from 2018 tariff revenue reassessments;
- (ii) an increase of Ch\$ 6.8 billion in other variable procurement and services costs, mainly due to an increase of Ch\$ 10.5 billion in thermal emission taxes and an increase of Ch\$ 1.7 billion in other generation supply costs (water, chemicals, etc.), offset by a decrease of Ch\$ 5.5 billion in costs of sales in the gas commercialization business;
- (iii) Energy purchases remained stable when compared to 2018 amounting to Ch\$ 327.2 billion, an increase of Ch\$ 0.8 billion, explained by a decrease of 1,286 GWh in physical purchases, primarily in the spot market (1,237 GWh less) and purchases by contracts (49 GWh less), resulting mainly from the higher availability of our power plants and a lower regulated demand, especially during the fourth quarter of 2019;
- (iv) Fuel consumption costs were similar to 2018, amounting to Ch\$ 230.9 billion, a decrease of Ch\$ 0.05 billion, primarily explained by:
  - a. a decrease of Ch\$ 7.8 billion in oil consumption costs, responding to the lower dispatch of the power plants that operate with fuel oil;
  - b. a decrease of Ch\$ 5.9 billion in gas consumption costs due to a lower price as a result of higher availability of gas from Argentina; and
  - c. an increase of Ch\$ 13.8 billion in coal consumption costs from higher thermal dispatch due to poorer hydrological conditions in Chile in 2019.

### Consolidated Selling and Administrative Expenses

Our selling and administrative expenses are salaries, compensation, administrative expenses, depreciation, amortization and impairment losses, and office materials and supplies.

	Years ended December 31,			
	2019		2018	
	(in millions of Ch\$)	(in %)	(in millions of Ch\$)	(in %)
Depreciation, amortization and impairment losses	388,824	74.4	117,867	47.8
Other expenses	88,637	17.0	82,479	33.4
Employee benefit expense and others	45,058	8.6	46,351	18.8
<b>Total Selling and Administrative Expenses</b>	<b>522,519</b>	<b>100.0</b>	<b>246,697</b>	<b>100.0</b>

Consolidated selling and administrative expenses increased 112% in 2019 compared to 2018 primarily due to:

- (i) the impairment expense associated with the Tarapacá and Bocamina I coal-fired generating units of Ch\$ 197 billion and Ch\$ 82.8 billion, respectively, as a result of their announced closures as part of our decarbonization process;
- (ii) an increase of Ch\$ 6.2 billion in other fixed costs related to:
  - a. an increase of Ch\$ 3.6 billion of maintenance and repair service costs;
  - b. an increase of Ch\$ 1.3 billion in technical and administrative costs; and
  - c. increases of Ch\$ 0.5 million and Ch\$ 0.8 million in fines and asset retirement costs, respectively.
- (iii) a decrease of Ch\$ 1.3 billion in employee benefit expenses and others, primarily explained by:
  - a. a decrease of Ch\$ 2.0 billion in bonuses granted as part of the collective bargaining process with unions;
  - b. a decrease of Ch\$ 1.7 billion in staffing;
  - c. a decrease of Ch\$ 1.5 billion in severance payments; and
  - d. an increase of Ch\$ 0.87 billion in benefit provisions and Ch\$ 2.8 million lower capitalization of personnel costs related to the Los Cóndores project.

### Consolidated Operating Income

The following table sets forth our operating income, for the years ended December 31, 2019, and 2018:

	Years ended December 31,			
	2019	2018 (in millions of Ch\$)	Change	Change (in %)
Operating income	280,919	464,383	(183,464)	(39.5)
Operating margin <sup>(1)</sup>	17.1%	30.5%	—	—

- (1) Operating margin, a measure of efficiency, represents operating income as a percentage of revenues. However, caution must be applied in making comparisons among periods, which may have experienced non-recurring gains or losses, as was the case in 2019 with the expense related to the closure of two coal-fired power plants.

Our operating income in 2019 decreased 39.5% compared to 2018 due to:

- (i) an increase of Ch\$ 280 billion in impairment provision related to the announcement of the closure of Tarapacá and Bocamina I coal-fired power plants, partially offset by a decrease of Ch\$ 121 billion due to the early termination of three energy supply contracts with Anglo American Sur; and
- (ii) an increase of Ch\$ 25 billion in operating costs (excluding selling and administrative expenses).

## Consolidated Financial and Other Results

The following table sets forth our financial and other results for the years ended December 31, 2019, and 2018::

	Years ended December 31,			
	2019	2018	Change	Change
	(in millions of Ch\$)			(in %)
<b>Financial results</b>				
Financial income	9,420	5,778	3,642	63.0
Financial costs	(65,711)	(48,189)	(17,522)	36.4
Gain (loss) from indexed assets and liabilities	(5,157)	(2,480)	(2,677)	107.9
Foreign currency exchange differences	3,086	(3,056)	6,142	(201.0)
<b>Total financial results</b>	<b>(58,362)</b>	<b>(47,947)</b>	<b>(10,415)</b>	<b>21.7</b>
<b>Other results</b>				
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	546	3,281	(2,735)	(83.4)
Gain (loss) from other investments	150	410	(260)	(63.4)
Gain (loss) from sales of assets	1,531	3,025	(1,494)	(49.4)
<b>Total Other results</b>	<b>2,227</b>	<b>6,716</b>	<b>(4,489)</b>	<b>(66.8)</b>
<b>Total Consolidated Financial and Other Results</b>	<b>(56,135)</b>	<b>(41,231)</b>	<b>(14,904)</b>	<b>36.1</b>

### *Financial Results*

We recorded a higher net financial expense for 2019 compared to 2018, primarily due to:

- (i) an increase of Ch\$ 17.5 billion in financial costs, mainly explained by an increase of Ch\$ 14.2 billion in expenses related to the Tariff Stabilization Law and an increase of Ch\$ 3.3 billion in bank fees.
- (ii) an increase of Ch\$ 6.1 billion in foreign currency exchange differences, mainly due to:
  - a. an increase of Ch\$ 3.8 billion in positive exchange differences related to the entrance in force of the Tariff Stabilization Law that dollarized the accounts receivables from regulated customer;
  - b. an increase of Ch\$ 2.1 billion in positive exchange differences on cash and cash equivalents; and
  - c. a decrease of Ch\$ 3.2 billion in negative exchange differences on supplier accounts, offset by an increase of Ch\$ 2.9 billion in negative exchange difference on forward contracts.
- (iii) an increase of Ch\$ 3.6 billion in financial income, mainly due to:
  - a. an increase of Ch\$ 0.4 billion in income related to the application of the Tariff Stabilization Law;
  - b. an increase of Ch\$ 3.9 billion in interest income related to regulated customer accounts receivables to be billed after the application of the Tariff Stabilization Law;
  - c. an increase of Ch\$ 1.4 billion in financial income related to the investment flows that the Company allocated in Enel Chile S.A. through a centralized cash management contract; and
  - d. a decrease of Ch\$ 2.1 billion in returns on fixed income investments.
- (iv) an increase of Ch\$ 2.7 billion in losses from indexed assets and liabilities, primarily due to:

- a. a decrease of Ch\$ 1.6 billion in income due to applying IAS 29 on our branch in Argentina (For details on IAS 29 please refer to Note 6 of the Notes to our consolidated financial statements);
- b. a decrease of Ch\$ 1.3 billion in income from adjustments to recoverable taxes; and
- c. a decrease of Ch\$ 0.5 billion in income on hedging derivative contracts; partially offset by
- d. a decrease of Ch\$ 0.7 billion in losses due to adjustments to UF-denominated financial liabilities.

### **Other Results**

We also registered a decrease of Ch\$ 2.7 billion in the share of the profit (loss) of associates and joint ventures accounted for using the equity method in 2019 when compared to 2018, mainly due to lower results compared to 2018 from (i) HidroAysén, which was liquidated in 2018, amounting to Ch\$ 1.7 billion, and (ii) GNL Chile S.A. of Ch\$ 1 billion.

### **Consolidated Income Tax Expenses**

Total income tax expenses totaled Ch\$ 23.5 billion in 2019, a decrease of Ch\$ 81.5 billion compared to 2018.

This decrease in tax expenses is primarily due to:

- (i) a decrease of Ch\$ 75.6 billion in tax expense as a result of the impairment of Bocamina I and Tarapacá coal-fired power plants in relation to their announced closures as part of the decarbonization process;
- (ii) a decrease of Ch\$ 29.3 billion arising from the absorption of GasAtacama Argentina by GasAtacama Chile;
- (iii) a decrease of Ch\$ 6.6 billion in taxes related to the period's lower level of recurring profits; and
- (iv) an increase of Ch\$ 32.7 billion in income tax expense for the non-recurring revenues generated by the early termination of three energy supply contracts with Anglo American Sur.

The effective tax rate was 10.4% in 2019 compared to 24.8% in 2018, primarily due to a decrease of Ch\$ 29.3 billion on tax effect of income from ordinary activities exempt from taxation, arising from the absorption of Gasoducto Atacama Argentina by GasAtacama Chile. For further details, please refer to Note 33 of the Notes to our consolidated financial statements.

### **Consolidated Net Income**

The following table sets forth our consolidated income before income taxes, income tax expenses and net income for the years ended December 31, 2019, and 2018:

	Years ended December 31,			
	2019	2018	Change	Change
	(in millions of Ch\$)			
				(in %)
Operating income	280,919	464,383	(183,464)	(39.5)
Total financial and Other results	(56,135)	(41,231)	(14,904)	36.1
<b>Income before income taxes</b>	<b>224,784</b>	<b>423,152</b>	<b>(198,368)</b>	<b>(46.9)</b>
Income tax expense	(23,458)	(104,947)	81,489	(77.6)
<b>Consolidated Net Income</b>	<b>201,326</b>	<b>318,205</b>	<b>(116,879)</b>	<b>(36.7)</b>
Net income attributable to the parent company	196,343	309,029	(112,686)	(36.5)
Net income attributable to non-controlling interest	4,983	9,176	(4,193)	(45.7)

### 3. Analysis of Results of Operations for the Years Ended December 31, 2018, and 2017

#### Consolidated Revenues and other operating income

The following table sets forth our revenues and other operating income for the years ended December 31, 2018, and 2017:

	Years ended December 31,			
	2018	2017	Change	Change
	(in millions of Ch\$)			
<b>Revenues</b>	<u>1,521,054</u>	<u>1,634,937</u>	<u>(113,883)</u>	<u>(7.0)</u>

Revenues decreased in 2018 compared to 2017 despite the level of generation and the stable level of physical sales. The decrease was mainly due to a decrease of Ch\$ 88.3 billion in revenues from energy sales, due to (a) a decrease of Ch\$ 46.1 billion associated with a lower average energy sales price in Chilean pesos due to the lower average exchange rate for the period; (b) a decrease of Ch\$ 22.3 billion in physical sales as a result of the shift in our customer mix between regulated and unregulated customers; and (c) a decrease of Ch\$ 21.9 billion in revenues as a result of settlements performed by the CEN associated with price and quantity adjustments registered in 2017. The decrease was also the result of Ch\$ 35.4 billion of fewer toll revenues and an increase of Ch\$ 9.3 billion in other sales, mainly due to an increase of Ch\$ 12.1 billion in gas sales and a decrease of Ch\$ 2.8 billion in coal sales.

#### Consolidated Operating Costs

Our operating costs are primarily energy purchases from third parties, fuel purchases, and tolls paid to transmission companies, depreciation, amortization and impairment losses, maintenance costs, employee salaries, and administrative and selling expenses.

The following table sets forth the consolidated operating costs (excluding depreciation, amortization and impairment losses, maintenance costs, employee salaries, and administrative and selling expenses, which are discussed below under Consolidated Selling and Administrative Expenses) for the years ended December 31, 2018, and 2017:

	Years ended December 31,			
	2018	2017	Change	Change
	(in millions of Ch\$)			
Energy purchases	326,366	346,955	(20,589)	(5.9)
Fuel consumption	230,994	280,739	(49,745)	(17.7)
Transmission costs	141,551	152,870	(11,319)	(7.4)
Other variable procurement and services	111,063	123,414	(12,351)	(10.0)
<b>Total Operating Cost (excluding Selling and Administrative Expenses)</b>	<u>809,974</u>	<u>903,978</u>	<u>(94,004)</u>	<u>(10.4)</u>

Our operating costs decreased in 2018 compared to 2017, mainly due to:

- (i) a decrease of Ch\$ 49.7 billion in fuel consumption costs, primarily due to a decrease of Ch\$ 30.5 billion in gas consumption, a decrease of Ch\$ 9.2 billion in coal consumption, and a decrease of Ch\$ 9.9 billion in fuel oil costs, primarily responding to the lower level of thermal dispatch;
- (ii) a decrease of Ch\$ 20.6 billion in energy purchases, primarily due to a decrease of 313 GWh in physical energy purchases, mainly 935 GWh of lower contracted energy purchases that were partially compensated by an increase of 622 GWh in spot market purchases;

- (iii) a decrease of Ch\$ 12.4 billion in other variable procurement and services costs, primarily attributable to (a) a decrease of Ch\$ 8.3 billion in costs related to the lease agreement with Eléctrica Santiago S.A., an unrelated company, to use its Nueva Renca combined-cycle power plant, allowing us to use our available LNG; (b) a decrease of Ch\$ 3.7 billion in thermal emissions taxes; (c) a decrease of Ch\$ 1.7 billion in commodity derivative costs; (d) a decrease of Ch\$ 1.1 billion in water consumption costs; (e) an increase of Ch\$ 4.8 billion in costs of sales in the gas commercialization business; and
- (iv) a decrease of Ch\$ 11.3 billion in transmission costs, primarily due to a decrease of Ch\$ 11.9 billion in toll expenses offset by an increase of Ch\$ 0.6 billion in gas transportation and regasification costs.

### Consolidated Selling and Administrative Expenses

Our selling and administrative expenses are salaries, compensation, administrative expenses, depreciation, amortization and impairment losses, and office materials and supplies.

The following table sets forth our consolidated selling and administrative expenses for the years ended December 31, 2018, and 2017:

	Years ended December 31,			
	2018	2017	Change	Change
	(in millions of Ch\$)			(in %)
Depreciation, amortization and impairment losses	117,867	117,282	585	0.5
Other expenses	82,479	102,821	(20,342)	(19.8)
Employee benefit expense and others	46,351	46,996	(645)	(1.4)
<b>Total Selling and Administrative Expenses</b>	<b>246,697</b>	<b>267,099</b>	<b>(20,402)</b>	<b>(7.6)</b>

Consolidated selling and administrative expenses decreased in 2018 compared to 2017, primarily due to a decrease of Ch\$ 20.3 billion in other fixed costs, due to the impairment charges of Ch\$ 25.1 billion. This loss was recognized in 2017 in connection with our decision to abandon the Neltume and Choshuenco projects as being economically unfeasible and reducing the net book value of the associated assets to zero. Otherwise, our selling and administrative expenses were remained stable.

### Consolidated Operating Income

The following table sets forth our operating income and operating margin for the years ended December 31, 2018, and 2017:

	Years ended December 31,			
	2018	2017	Change	Change
	(in millions of Ch\$)			(in %)
Operating income	464,383	463,860	523	0.1
Operating margin <sup>(1)</sup>	30.5%	28.4%		

- (1) Operating margin a measure of efficiency, represents operating income as a percentage of revenues..

Our operating income in 2018 remained relatively stable in when compared to 2017 as a result of:

- (i) Hydrological conditions in Chile have been below the historical average since 2010. However, in 2018 hydrological conditions were more humid than in 2017. This allowed us to produce more electricity through hydroelectric generation rather than through thermal generation, which is more expensive. In addition, the commissioning of new NCRE plants reduced the impact of dry conditions and the interconnection between the SIC and SING also helped to reduce or stabilize marginal costs. Therefore, the marginal cost of electricity



generation decreased in 2018 when compared to 2017 notwithstanding higher prices for our fuels. As a result, we were able to cover our energy deficit in the spot market at lower prices.

- (ii) However, despite the level of generation and the stable level of physical sales, our operating revenues decreased mainly as a result of a shift in our customer mix and the lower average sales price. Our selling and administrative expenses considerably decreased in 2018, mainly due to write-offs we booked in 2017.

### Consolidated Financial and Other Results

The following table sets forth our financial and other results for the years ended December 31, 2018, and 2017:

	Years ended December 31,			
	2018	2017	Change	Change
	(in millions of Ch\$)			(in %)
<b>Financial results</b>				
Financial income	5,778	5,274	504	9.6
Financial costs	(48,189)	(50,852)	2,663	(5.2)
Gain (loss) from indexed assets and liabilities	(2,480)	146	(2,626)	n.a
Foreign currency exchange differences	(3,056)	8,822	(11,878)	(134.6)
<b>Total financial results</b>	<b>(47,947)</b>	<b>(36,610)</b>	<b>(11,337)</b>	<b>31.0</b>
<b>Other results</b>				
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	3,281	(2,697)	5,978	n.a
Gain (loss) from other investments	410	105,463	(105,053)	(99.6)
Gain (loss) from sales of assets	3,025	7,626	(4,602)	(60.3)
<b>Total Other results</b>	<b>6,716</b>	<b>110,392</b>	<b>(103,676)</b>	<b>(93.9)</b>
<b>Total Consolidated Financial and Other Results</b>	<b>(41,231)</b>	<b>73,782</b>	<b>(115,013)</b>	<b>n.a.</b>

#### Financial Results

We recorded a higher net financial expense for the year ended December 31, 2018, compared to 2017. This increase was primarily due to a decrease of Ch\$ 11.9 billion in charges for foreign currency exchange differences. This was mainly due to a decrease of Ch\$ 3.2 billion in positive exchange differences on cash and cash equivalents, an increase of Ch\$ 5.1 billion in negative exchange difference on forward contracts, which was offset by a decrease of Ch\$ 3.6 billion in negative exchange difference on suppliers' accounts.

#### Other Results

Our gain from disposition of assets decreased in 2018 compared to 2017, primarily explained by the sale of Electrogas in February 2017 for Ch\$ 105.3 billion.

We also registered a higher share of the profit (loss) of associates and joint ventures accounted for using the equity method in 2018 when compared to 2017, mainly explained by better results from HidroAysén amounting to Ch\$ 5.9 billion until its liquidation in 2018.

#### Consolidated Income Tax Expenses

Consolidated income tax expenses totaled Ch\$ 104.9 billion in 2018, a decrease of Ch\$ 7.2 billion compared to 2017.

The decrease in consolidated income tax expenses was primarily due to: (i) a decrease of Ch\$ 13.5 billion in tax expenses related to the dissolution of Central Canela S.A. in 2017; (ii) a decrease of Ch\$ 27.7 billion in tax expenses related to the sale of Electrogas in February 2017 and (iii) an increase of Ch\$ 5.8 billion in tax expenses due to the

increase in the corporate income tax rate from 25.5% in 2017 to 27% in 2018; along with a decrease of Ch\$ 29.6 billion related to the liquidation process of HidroAysén.

The effective tax rate was 24.8% in 2018 compared to 20.9% in 2017. For further details, please refer to Note 33 of the Notes to our consolidated financial statements.

### Consolidated Net Income

The following table sets forth our consolidated net income before taxes, income tax expenses, and net income for the years ended December 31, 2018, and 2017:

	Years ended December 31,			
	2018	2017	Change	Change
	(in millions of Ch\$)			(in %)
Operating income	464,383	463,860	523	0.1
Total financial and Other results	(41,231)	73,782	(115,013)	(155.9)
<b>Income before income taxes</b>	<b>423,152</b>	<b>537,642</b>	<b>(114,490)</b>	<b>(21.3)</b>
Income tax expense	(104,947)	(112,100)	7,153	(6.4)
<b>Consolidated Net Income</b>	<b>318,205</b>	<b>425,542</b>	<b>(107,337)</b>	<b>(25.2)</b>
Net income attributable to the parent company	309,029	418,454	(109,425)	(26.1)
Net income attributable to non-controlling interest	9,176	7,088	2,088	29.5

### B. Liquidity and Capital Resources.

The following discussion of cash sources and uses reflects the key drivers of our cash flow.

We receive cash inflows from our own operating assets, from our subsidiary Pehuenche, and from related companies. Cash flow from our subsidiary and associates may not always be available to satisfy our liquidity needs because there may be a time lag before we have effective access to those funds through dividends or capital reductions. However, we believe that cash flow generated from our business operations, as well as cash balances, borrowings from commercial banks, short-term intercompany loans, and ample access to the Chilean and international capital markets will be sufficient to satisfy all our needs for working capital, expected debt service, dividends, and planned capital expenditures in the foreseeable future.

Set forth below is a summary of our consolidated cash flow information for the years ended December 31, 2019, 2018, and 2017:

	Years ended December 31,		
	2019	2018	2017
	(in billions of Ch\$)		
Net cash flows provided by operating activities	569	465	488
Net cash flows used in investing activities	(393)	(228)	(92)
Net cash flows used in financing activities	(314)	(292)	(302)
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>(138)</b>	<b>(55)</b>	<b>94</b>
Effect of exchange rate changes on cash and cash equivalents	(0)	(4)	2
Cash and cash equivalents at beginning of period	152	211	115
<b>Cash and cash equivalents at end of period</b>	<b>14</b>	<b>152</b>	<b>211</b>

For the year ended December 31, 2019, net cash flow provided by operating activities increased 22%, compared to the same period in 2018. The increase was in part the result of:

- (i) a decrease of Ch\$ 56 billion in income tax payments during 2019, due to a lower monthly and annual tax payments of Ch\$ 82.8 billion and an increase of Ch\$ 17.9 billion in tax refunds, offset by Ch\$ 45 billion from GasAtacama Chile due to tax refunds received in 2018 from the recognition of tax losses in Celta and monthly tax payments;
- (iii) a decrease of Ch\$ 13 billion in payments to suppliers for goods and services, mainly in services payments to third parties; and
- (iv) an increase of Ch\$ 21.8 billion in collections from insurance claims mainly due to insurance policies for Tarapacá for Ch\$12.5 billion, Los Cóndores for Ch\$ 9.7 billion, and Tal Tal for Ch\$ 0.5 billion.

For the year ended December 31, 2018, net cash flow provided by operating activities decreased 4.7%, compared to the same period in 2017. The main drivers of this change are described below.

- (i) a decrease of Ch\$ 189 billion in collections on the sale of goods and services mainly due to:
  - a) a decrease of Ch\$ 161 billion in collections from Enel Generation, on a stand-alone basis and excluding intercompany transactions, due to a lower average sales price and a decrease in sales to regulated customers;
  - b) a decrease of Ch\$ 42 billion in collections from GasAtacama, excluding intercompany transactions, due to a decrease in physical sales mainly in the spot market; and
  - c) an increase of Ch\$ 43 billion in physical gas sales collection, compensated by a decrease of Ch\$ 60 billion in physical sales to regulated customers.
- (ii) a decrease of Ch\$ 62 billion in income tax payments, mainly as a result of Ch\$ 45 billion in tax refunds for recognition of tax losses in Celta and an increase in monthly payments made by GasAtacama in 2017; partially offset by
- (iii) a decrease of Ch\$ 113 billion in payments to suppliers of goods and services compared to the same period in 2017, mainly due to a decrease of Ch\$ 52 billion in fuel costs to Enel Generation.

For the year ended December 31, 2019, net cash flow used in investing activities increased Ch\$ 165 billion, or 72% compared to the same period in 2018, primarily due to Ch\$184 billion in transfers to related entities, Ch\$ 15 billion in the purchase of Enel Chile's shareholding in GasAtacama Chile, partially offset by a decrease of Ch\$ 29 billion in the acquisition of fixed assets.

For the year ended December 31, 2018, net cash flow used in investing activities increased Ch\$ 136 billion or 148% compared to the same period in 2017, primarily due to the non-recurring collections due to the recognition in 2017 of Ch\$ 115 billion for the sale of equity or debt instruments belonging to other entities, specially related to the sale of Electrogas, and an increase of Ch\$ 16 billion in the acquisition of fixed assets, mainly in Enel Generation.

For the year ended December 31, 2019, net cash flow used in financing activities increased Ch\$ 22 billion, or 8%, compared to the same period in 2018, mainly due to an increase of Ch\$ 25.6 billion in payment of bonds, an increase of Ch\$ 33.1 billion in payment of hedging swaps associated with bond debt, offset by a decrease of Ch\$ 45 billion in dividend payments to third parties.

The aggregate cash outflows from financing activities in 2019 were primarily due to:

- (i) Ch\$ 195 billion in dividend payments to third parties, excluding dividends received, of which Ch\$ 186 billion was paid by Enel Generation, Ch\$ 7 billion by Pehuenche, and Ch\$ 2 billion by GasAtacama Chile; and
- (ii) Ch\$ 52 billion in interest expense payments.
- (iii) Ch\$ 33.1 billion in payment of hedging swaps associated with bond debt;
- (iv) Ch\$ 31.3 billion in bond payments;

For the year ended December 31, 2018, net cash flows provided by financing activities decreased Ch\$ 10 billion, or 3.3%, compared to the same period in 2017, mainly due to a decrease of Ch\$ 5 billion in dividend payments to third parties and an increase of Ch\$ 3 billion of net collections of loans from related entities

The aggregate cash outflows from financing activities in 2018 were primarily due to:

- (i) Ch\$ 239 billion in dividends payments to third parties, excluding dividends received, of which Ch\$ 230 billion was paid by Enel Generation, Ch\$ 6 billion by Pehuenche, and Ch\$ 3 billion by GasAtacama Chile; and
- (ii) Ch\$ 47 billion in interest expense payments.

For a description of liquidity risks resulting from the inability of our subsidiaries to transfer funds, please see “Item 3. Key Information — D. Risk Factors — We depend on payments from our subsidiaries to meet our payment obligations.”

We coordinate the overall financing strategy of our subsidiary. However, our subsidiary independently develops its capital expenditure plans and finances its capital expansion programs through internally generated funds or financings, if necessary. We have no legal obligations or other commitments to support our subsidiary financially. In some cases, we may finance our subsidiary through intercompany loans.

As of December 31, 2019, our consolidated interest-bearing debt totaled Ch\$ 858 billion and had the following maturity profile:

<b>Maturity profile of our consolidated interest-bearing debt</b>				
2020	2021-2022	2023-2024	After 2024	
(in billions of Ch\$)				
46	34	34	744	

We have accessed the international equity capital markets, with an SEC-registered ADS issuance on August 3, 1994. We have also issued bonds in the United States (“Yankee Bonds”) since 1996, for a total of US\$ 2.8 billion. The following table lists the Yankee Bonds issued by us outstanding as of December 31, 2019.

Issuer	Term	Maturity	Coupon	Aggregate Principal Amount	
				Issued	Outstanding
				(in millions of US\$)	
Enel Generation	10 years	April 2024	4.250%	400	400
Enel Generation <sup>(1)</sup>	30 years	February 2027	7.875%	230	206
Enel Generation <sup>(2)</sup>	40 years	February 2037	7.325%	220	71
Enel Generation <sup>(1)</sup>	100 years	February 2097	8.125%	200	40
<b>Total</b>			<b>5.813%</b> <sup>(3)</sup>	<b>1,050</b>	<b>717</b>

- (1) We repurchased some of these bonds in 2001.
- (2) Holders of our 7.325% Yankee Bonds due 2037 exercised a put option on February 1, 2009, for a total amount of US\$ 149.2 million. The remaining US\$ 70.8 million principal amount of the Yankee Bonds mature in February 2037.
- (3) Weighted-average coupon by outstanding amount.

We also have access to the Chilean domestic capital markets where we have issued debt instruments that have been primarily sold to Chilean pension funds, life insurance companies, and other institutional investors.

The following table lists UF-denominated Chilean bonds issued by us, outstanding as of December 31, 2019.

Issuer	Term	Maturity	Coupon (inflation- adjusted rate)	Aggregate Principal Amount		
				Issued (in millions of UF)	Outstanding (in millions of UF)	(in billions of Ch\$)
Enel Generation Series H	25 years	October 2028	6.200%	4.0	1.9	54.4
Enel Generation Series M	21 years	December 2029	4.750%	10.0	9.1	257.4
<b>Total</b>			<b>5.000% <sup>(1)</sup></b>	<b>14.0</b>	<b>11.0</b>	<b>311.7</b>

- (1) Weighted-average coupon by outstanding amount.

For a full description of the local bonds issued by us, see “— Unsecured liabilities detailed by currency and maturity” and “— Secured liabilities breakdown by currency and maturity” in Note 19 of the Notes to our consolidated financial statements.

We also borrow routinely from uncommitted Chilean bank facilities with approved lines of credit for approximately Ch\$ 23 billion in the aggregate, none of which are currently drawn. These facilities are subject to a greater risk of not being disbursed in the event of a “Material Adverse Effect” (MAE), and therefore could limit our liquidity under such circumstances.

Except for the SEC-registered Yankee Bonds, which are not subject to financial covenants, our outstanding debt facilities include financial covenants. The types of financial covenants, and their respective limits, vary from one type of debt to another. As of December 31, 2019, the most restrictive financial covenant affecting Enel Generation was the financial expenses coverage ratio in connection with the UF-denominated Chilean bonds. As of December 31, 2019, and as of the date of this Report, we are in compliance with the financial covenants contained in our debt instruments.

As is customary for certain credit and capital market debt facilities, a significant portion of our financial indebtedness is subject to cross default provisions. Each of the UF-denominated Chilean bonds, as well as our Yankee Bonds, have cross default provisions with different definitions, criteria, materiality thresholds, and applicability as to the subsidiaries that could give rise to a cross default.

The cross default provisions of our Yankee Bonds’ may be triggered by our debt. A matured default by either us or a subsidiary could result in a cross default to our Yankee Bonds if such matured default, on an individual basis, has a principal exceeding US\$ 30 million, or its equivalent in other currencies. In the case of the Yankee Bond issued by us in April 2014, due in 2024, the threshold is US\$ 50 million, or its equivalent in other currencies. In the case of a matured default above the materiality threshold, holders of Yankee Bonds would have the option to accelerate if either the trustee or bondholders representing no less than 25% of the aggregate debt of a particular series then outstanding choose to do so.

The UF-denominated Chilean bonds, provide that the cross default can be triggered only by default of the issuer itself, in cases where the amount in default exceeds US\$ 50 million in individual debt, or its equivalent in other currencies. However, the acceleration must be demanded in a meeting of bondholders by at least 50% of the bondholders of the affected series.

The payment of dividends and distributions by certain subsidiaries and affiliates are potentially subject to legal restrictions, such as legal reserve requirements, capital and retained earnings criteria and other contractual restrictions. We are currently in compliance with the legal restrictions, and therefore, they currently do not affect the payment of dividends or distributions to us. For a description of liquidity risks resulting from our company status, see “Item 3. Key Information — D. Risk Factors — We depend on payments from our subsidiaries to meet our payment obligations.”

Our estimated capital expenditures for 2020 through 2022 are expected to amount to Ch\$ 225 billion, which includes maintenance capital expenditures, investment in expansion projects under execution, as well as water rights and expansion projects that are still under evaluation, in which case we would undertake them only if deemed profitable.

We do not currently anticipate liquidity shortfalls affecting our ability to satisfy the material obligations described in this Report. We expect to be able to refinance our consolidated indebtedness as it becomes due, fund our purchase obligations with internally generated cash and fund capital expenditures with a mixture of internally generated cash and borrowings.

### **C. Research and Development, Patents and Licenses, etc.**

None.

### **D. Trend Information.**

Our subsidiaries are engaged in the generation of electricity in Chile, where changes are expected including more restrictive government regulations, the introduction of new technologies and business models, and more competition. Our business is subject to a wide range of conditions that may result in significant variability in our earnings and cash flows from year to year. We seek to establish a conservative and well-balanced commercial policy, which aims at controlling relevant variables, reducing risks, and providing stability to our results of operations.

Our operating income is affected by several factors, including contracted electricity prices, prevailing hydrological conditions, the price of fuels used to generate thermal electricity, contracted obligations, generation mix, and the electricity prices prevailing in the spot market, among others.

Sales prices and energy costs are among the main drivers of our results of operations of our electricity generation business. The quantity of electricity sold has been generally stable over time, with increases reflecting economic and demographic growth. Our profits from contracted sales rely on our ability to generate or buy electricity at a cost lower than contracted prices. However, the applicable price for electricity sales and purchases in the spot market is much harder to predict because the spot generation price is influenced by several factors, including hydrology and fuel prices. Abundant hydrological conditions generally lower spot prices, while dry conditions increase them, although this effect on prices may be partly mitigated with NCRE generation.

Our operating income might not be adversely impacted even when we are required to buy electricity at high prices in the spot market if our commercial policy is appropriately managed. Our goal is to have a conservative and well-balanced commercial policy that controls relevant variables, provides stability to our profits, and mitigates our exposure to the volatility of the spot market. We do so by contracting a significant portion of our expected electricity generation through long-term electricity supply contracts. The optimal level of electricity supply commitments protects us against low marginal cost conditions, such as those existing during a rainy season, while still taking advantage of high marginal cost conditions, such as higher spot market prices, during dry years. To determine the optimal mix of long-term contracts and sales in the spot market we project our aggregate generation taking into consideration our diversified generation mix and the incorporation of new projects under construction under dry hydrology. We then create demand estimates using standard economic theory and forecast the system’s marginal cost using proprietary stochastic models. We also participate in the energy forward derivatives market, which allows us to negotiate volumes and future prices, to ensure demand and avoid buying in the spot market, which has high volatility and risk.

Our sales contracts to customers not subject to regulated prices are not standardized, and the contractual terms and conditions are individually negotiated. When negotiating these contracts, we try to set the price at a premium over future

expected spot prices to mitigate the risk of increases in future spot prices. However, the premium can vary substantially depending on several conditions such as node values, load profile and the term of the contract. Our contracted sales with regulated customers represent on average more than 56% of our sales in 2019, allowing us to maintain steady prices for more extended periods, typically 10 to 15 years, which combined with our balanced commercial policy, generally provides for a stable profit.

We expect the Los Cóndores hydro plant to be completed during 2021, adding an average of 600 GWh of annual generation to our consolidated generation capacity. In 2022 and 2024, we expect significant price decreases, mainly due to the start of operations of projects tendered in 2016 and 2017, respectively.

In 2022, distribution company contracts awarded to us in the auction of August 2016 will come into effect. Therefore, we expect the tariffs of our regulated agreements are going to decrease as a consequence of the lower prices offered by NCRE providers. In 2024, contracts awarded in the November 2017 auction, will come into effect with an average price of the total allocated energy of US\$ 32.5 per MWh, 32% lower than the average price of the previous tender process. The total amount of energy tendered was based on NCRE offers, representing a milestone in the industry. We were awarded 54% of the total tender of 2,200 GWh per annum, corresponding to 1,180 GWh per annum at an average price of US\$ 34.7 per MWh with a mix of wind, solar and geothermal generation, which will be provided through NCRE projects backed up by conventional energy.

We regularly participate in energy bids and we have been awarded long-term energy sale contracts that incorporate the expected variable costs considering changes to the most relevant variables. These contracts secure the sale of our current and projected new capacity and allow us to stabilize our income. Considering the results of the last two tenders for regulated customers, we expect NCRE market competitiveness. As a result, offered prices will probably continue to decrease, but at a lower rate compared to previous years.

Spot prices could also be affected by international prices of fuel commodities such as fuel oil, coal and LNG, since Chile does not produce those fuels in any significant quantities. Fuel prices directly affect our thermal generation costs, which as of December 31, 2019, represented 42% of our installed capacity. Commodity prices, mainly oil, have significantly decreased in 2020 and the trend is uncertain.

With respect to the development of new projects to increase our installed capacity, our strategy is to focus on creating synergies with plants in operation and obtaining economies of scale. We expect to continue competing in the future through PPA contracts, in part associated with the migration of regulated customers from the distribution business, mainly mining and large industries, who are demanding NCRE sources to reduce their energy costs and to clean their carbon footprint. The continuous addition of NCRE power plants to the grid will require further transmission network reinforcement and market flexibility and focus on operational efficiency to combine the different technologies while maintaining the security and the system's supply reliability. Wind and solar sources, the NCRE sources most widely used, have higher intermittency than other non-NCRE facilities since they can only generate electricity when the wind blows or the sun shines. Battery energy solutions will likely play a vital role in the next decade, providing a crucial solution for frequency control and grid stability in the context of significant wind and solar penetration.

#### ***Adverse impact of the COVID-19 pandemic***

In March 2020, due to the COVID-19 pandemic, Chilean President Sebastián Piñera decreed a state of emergency for 90 days, and such emergency measure may be subsequently extended beyond June 2020. Under such executive authority, President Piñera has instituted nighttime military curfews, selective mandatory quarantines in affected areas, control of entrance, exit and traffic within specified zones, the prohibition of mass gatherings, the closing of public schools, among other measures. The private sector has voluntarily taken further measures, such as adopting telework wherever possible and the closing of commercial offices. Many businesses, such as restaurants and retail stores, have temporarily closed, either voluntarily or by executive decree, and companies associated with travel, transportation, and tourism have been severely affected and many may go bankrupt.

The cumulative effect of measures of this kind will likely lead to recessions, high unemployment levels, and a decline in electricity demand. If the COVID-19 pandemic is not adequately contained in 2020, the ability of our businesses to generate income and maintain liquidity levels to allow for normal operations may diminish.

We are not presently able to quantify the expected adverse effects of COVID -19 on our results. The electricity industry provides an essential and strategic service and we expect that our businesses will continue to operate and supply electricity and will be better positioned to withstand the impacts of the COVID-19 pandemic; however, we expect the negative effects of the COVID-19 pandemic on our 2020 results will be adverse.

#### ***Tariffs Stabilization Mechanism: Deferral of electricity distribution tariffs***

Due to the social crisis in October 2019, the Chilean government began to implement measures to address social concerns raised by protesters. One of these measures established a mechanism for stabilizing electricity prices for regulated customers, the “Tariff Stabilization Mechanism.” It is related to Law No. 21,185 of the Ministry of Energy. The new law provides that regulated customer tariffs between July 1, 2019 and December 31, 2020 will remain at the levels prevailing as of June 30, 2019, and will not benefit from any indexation until December 31, 2020. This stabilized tariff is known as “Regulated Customer Stabilized Price” (“PEC” in its Spanish acronym).

From January 1, 2021 until the end of the Tariff Stabilization Mechanism, the tariffs will be those defined in the semi-annual decrees referred to in Article 158 of the Electricity Law, but may not be higher than the PEC adjusted according to the consumer price index (the “adjusted PEC”).

The difference between PEC or adjusted PEC and the rate that should have been charged under the applicable PPAs will create accounts receivable in favor of the generation companies. The maximum accounts receivable for the Tariff Stabilization Mechanism will be US\$ 1,350 million and the balance will be paid beginning July 1, 2023 through tariffs set above the PPA rates and must be collected no later than December 31, 2027. The regulator will issue semi-annual decrees that will identify the price of the contractual conditions of the PPAs, and the differences not collected under the PPAs, in their equivalent in U.S. dollars. These differences, in the form of accounts receivable, will not accrue interest, except that the balances not collected as of January 1, 2026, will accrue interest at the rate of six-month LIBOR, or the equivalent rate that replaces it, plus a spread corresponding to the country risk at the date of application.

The tariff deferral directly affects electricity generation companies by decreasing revenues, affecting their cash flows, and increasing the need to finance their operations.

#### ***The devaluation of the Chilean peso against the U.S. dollar***

As of the date of this Report, with a recent Observed Exchange Rate of Ch\$ 856.76 per U.S. dollar as of April 27, 2020, the Chilean peso continues to devalue against the U.S. dollar and may have a direct effect on:

- Revenues: Sales of energy to regulated and unregulated customers through PPAs and spot prices are indexed to the U.S. dollar.
- Costs: International prices of fuel commodities such as fuel oil, coal, and LNG, directly affect our thermal generation costs, since Chile does not produce those fuels in any significant quantities. Also, some administrative expenses, such as insurance premiums and some maintenance costs, are denominated in U.S. dollars.

#### **E. Off-balance Sheet Arrangements.**

We are not a party to any off-balance sheet arrangements



## F. Tabular Disclosure of Contractual Obligations.

The table below sets forth our cash payment obligations as of December 31, 2019:

Ch\$ billion	Payments due by Period				
	Total	2020	2021-2022	2023-2024	After 2025
Purchase obligations <sup>(1)</sup>	4,292	2,076	1,492	655	69
Interest expense	569	63	117	94	295
Yankee bonds	536	—	—	299	237
Local bonds <sup>(2)</sup>	317	32	64	67	154
Lease obligations	14	3	5	5	1
Pension and post-retirement obligations <sup>(3)</sup>	19	3	3	2	11
<b>Total contractual obligations</b>	<b>5,747</b>	<b>2,177</b>	<b>1,681</b>	<b>1,122</b>	<b>767</b>

- (1) Of the total contractual obligations of Ch\$ 4.292 billion, 37% corresponds primarily to fuel supply, 45% corresponds to tolls services, and the remaining 18% corresponds to miscellaneous services.
- (2) Represents net value, including the value of derivatives
- (3) We have funded and unfunded pension and post-retirement benefit plans. Our funded plans have contractual annual commitments for contributions, which do not change based on funding status. Cash flow estimates in the table are based on such annual contractual commitments including certain estimable variable factors such as interest. Cash flow estimates in the table relating to our unfunded plans are based on future discounted payments necessary to meet all of our pension and post-retirement obligations.

## G. Safe Harbor.

The information contained in Items 5.E and 5.F contains statements that may constitute forward-looking statements. See “Forward-Looking Statements” in the “Introduction” of this Report, for safe harbor provisions.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management.

#### Directors

Our Board of Directors consists of five members who are elected for a three-year term at the General Shareholders’ Meeting (“GSM”). If a vacancy occurs in the interim, the Board of Directors elects a temporary director to fill the vacancy until the next GSM, at which time the entire Board of Directors will be elected. Our Senior Management are appointed and hold office at the discretion of the Board of Directors.

In the Extraordinary Shareholders’ Meeting of Enel Generación Chile SA, held on April 24, 2018, the Company’s bylaws were amended, thereby reducing the number of directors from nine to five. This amendment simplifies the Company’s management after the 2018 Reorganization, and allows for greater corporate efficiency.

The members of our Board of Directors as of December 31, 2019, were as follows:

Directors	Position	Age <sup>(1)</sup>	Current Position Held Since
Giuseppe Conti	Chairman	41	2016
Maria Soledad Arellano S.	Director	48	2019
Fabrizio Barderi	Director	49	2017
Cristiano Bussi	Director	43	2018
Julio Pellegrini V.	Director	47	2016

- (1) As of April 30, 2020.

The Board of Directors was elected at the GSM held on April 26, 2019, for a three-year term ending in April 2022.

Set forth below are brief biographical descriptions of the members of our Board of Directors, of whom three reside outside Chile and two live in Chile, as of December 31, 2019:

### **Giuseppe Conti**

Mr. Conti has headed Legal & Corporate Affairs of Enel Italia S.p.A. since 2017 and has held several managerial positions in Enel including heading Legal and Corporate Affairs of Enel Green Power S.p.A. (2014-2017), Enel Litigation and Legal Coordination (2012-2013), and Legal Coordination and Research and Development of Endesa, S.A., an Enel subsidiary in Spain (2009-2012). Mr. Conti holds a law degree from *Università degli Studi di Messina*.

### **Maria Soledad Arellano S.**

Ms. Arellano is the Academic Vice Rector of the *Universidad Adolfo Ibáñez*. She served as Under Secretary of Planning and Under Secretary of Social Evaluation (2010-2014). Ms. Arellano holds an economics & business degree and a master's degree in economics from Pontificia Universidad *Católica de Chile* and a Ph.D. in economics from MIT.

### **Fabrizio Barderi**

Mr. Barderi heads Planning and Control within the Global Trading Business and Latin America Regional Energy Management for Enel S.p.A. He headed Generation Fleet Management in *Enel Produzione S.p.A.*, and Power Origination and Wholesale position in Enel Trade S.p.A. (2008-2013). Mr. Barderi holds a bachelor's degree in electrical engineering from the *Università di Pisa* and a master's degree in economics, energy and environmental management from the *Scuola Superiore Enrico Mattei*.

### **Cristiano Bussi**

Mr. Bussi heads the Global Power Generation Planning & Control department of Enel since December 2019. Previously, he headed several positions in Enel including Thermal Generation Planning and Control (September 2018 – November 2019), Operational Performance Optimization (January 2018 — August 2018), Operational Control in Planning and Control (2015-2017), and Planning and Control Generation Italy (2014-2015). Mr. Bussi holds a degree in chemical engineering from the *Università di Pisa*.

### **Julio Pellegrini V.**

Mr. Pellegrini is a founding partner of the law firm *Pellegrini & Cía.*, and focuses his career in commercial litigation, arbitration, regulation and antitrust. He was a member of the Chilean Bar Association board (2011-2019) and, for eight years, chaired its Antitrust Commission. Since 2003, he has been professor at *Pontificia Universidad Católica de Chile* and a member of the Advisory Council in its Antitrust Center since 2012. He is also a member of the Arbitration and Mediation Center of the Santiago Chamber of Commerce and part of the ICARE Legal Circle. Mr. Pellegrini holds a law degree from *Pontificia Universidad Católica de Chile* and an LL.M. from the University of Chicago.

### **Executive Officers**

Set forth below are our Senior Management as of December 31, 2019.

The business address of our Senior Management is c/o Enel Generación Chile S.A., Santa Rosa 76, Santiago, Chile.

<b>Executive Officers</b>	<b>Position</b>	<b>Age <sup>(1)</sup></b>	<b>First joined Enel or affiliate in</b>	<b>Current Position Held Since</b>
Michele Siciliano <sup>(2)</sup>	Chief Executive Officer	46	2001	2019
Raúl Arteaga E.	Chief Financial Officer	60	1985	2016
Bernardo Canales F.	Engineering & Construction Officer	49	1996	2016
Humberto Espejo P.	Trading & Marketing Officer	49	1996	2015
Claudio Órdenes T.	Thermal Engineering & Construction Officer	51	1996	2016
Ignacio Quiñones S.	General Counsel	56	1989	2013
Carlos Peña G.	Chilean Hydroelectric Generation Officer	60	1993	2019
María Paulina Guglielmi S.	Human Resources Officer	42	2014	2019
Viviana Meneses R.	Planning and Control Officer	39	2006	2019

(1) As of April 30, 2020.

(2) Michele Siciliano assumed the position of Chief Executive Officer as of October 1, 2019.

Set forth below are brief biographical descriptions of our Senior Management, all of whom reside in Chile:

**Michele Siciliano:** Mr. Siciliano has held generation management positions, including thermal power generation Chile (2016-2019), generation Brazil (2015-2016) and Italy, where he headed important power plants. Mr. Siciliano holds a degree in mechanical engineering from *Università degli Studi della Calabria*.

**Raúl Arteaga E.:** Mr. Arteaga has served in various managerial positions in finance, treasury and investor relations in Enel affiliates in Chile and Argentina. Since 2016 Mr. Arteaga has also been Chairman of two of our Chilean generation subsidiaries, Empresa Eléctrica Pehuenche S.A. and GasAtacama. The latter was merged into us in October 2019. Mr. Arteaga holds a degree in industrial civil engineering from the *Universidad de Chile*.

**Bernardo Canales F.:** Mr. Canales held the positions of Regional Engineering Officer since November 2010 and director of Canela and HidroAysén. From 2006-2010, he was the Chief Technical Officer of HidroAysén. From 2004-2006, he was CEO of *Enel Generación Piura* (Peru). From 2000-2004, he was Head of Production Projects in Chile and South America. Mr. Canales holds a degree in mechanical engineering from *Universidad de Chile*.

**Humberto Espejo P.:** Mr. Espejo has held managerial positions in business development, regulatory and commercial areas, including serving on the boards of our affiliates. Mr. Espejo served on the board of the CDEC-SIC, the former operator of the principal Chilean electricity grid. He holds a bachelor's degree in industrial engineering and a master's of science in engineering from *Pontificia Universidad Católica de Chile* and a master's of science degree in economic policy from the University of Illinois.

**Claudio Órdenes T.:** Mr. Órdenes was Head of Thermal Projects in 2015-2016 and Deputy Thermal Project Officer for the previous four years. He was Head of Mechanical Engineering (2007-2010) of the Thermal Mechanical Engineering Department (2007). He was Project Manager of the *Ventanilla* Thermal Power Plant Conversion (2004-2006). He was Head of Commissioning of *Fortaleza*, Brazil (2001-2004). Mr. Órdenes holds a degree in mechanical engineering from *Universidad de Santiago de Chile*.

**Ignacio Quiñones S.:** Mr. Quiñones was Chilean General Counsel for Anglo American Chile Ltda., a mining company (2005-2013). He was Head of the Legal Area in *Gasoducto del Pacífico S.A.*, a natural gas transportation company (2004-2005). He worked as a lawyer for Placer Dome Latin America, a mining company (1996-2004), and then as Legal Advisor for *Compañía Minera Zaldívar*. Mr. Quiñones holds a degree in law from *Universidad Diego Portales*.

**Carlos Peña:** Mr. Peña joined the group in 1993 and currently serves as Manager of Hydroelectric Generation Enel Chile, within the Management Power Generation Argentina and Chile. From 2014 until 2019, he was Manager of O&M for Latin America and Special Projects for Hydraulic Technology, within the Hydro Competence Center Enel Green Power. Between 2010 and 2014 he served as Hydraulic Technology Production Manager and NCRE of Endesa-

Latin America. Mr. Peña is an electrical engineer from *Universidad Federico Santa María* with a graduate degree in business administration.

**María Paulina Guglielmi:** In September 2019, Ms. Guglielmi assumed as Human Resources' Director of Enel Generation, after holding a similar role in Enel Green Power since September 2018. Between 2014 and September 2018 she worked in human resources department at Enel. From 2008 until 2010 she held several human resource positions in Chile and Peru, and between 2004-2008 she worked in Training and Organizational Development department at Codelco, Chile's state owned copper company. Ms. Guglielmi has a degree in organizational psychology from *Universidad Central*.

**Viviana Meneses:** Ms. Meneses joined the Enel Group in 2006 as a thermal power plant operator and then held the position of supervisor in O&M. Between 2011 and 2017, she held various positions in production management in Enel Generation for Chile and Latin America. In 2017, she was responsible for Planning and Control of Thermal Generation. She currently serves as Planning and Control Director for Enel Generación Chile, and is a director of Pehuenche. Ms. Meneses holds a degree in industrial civil engineering from *Universidad Arturo Prat* and holds an MBA from the *Universidad de Barcelona Business School*.

## B. Compensation.

At the GSM held on April 26, 2019, our shareholders approved the current compensation policy for our Board of Directors. Director compensation consists of a monthly fixed compensation of UF 150 per month and an additional fee of UF 70 per meeting, up to a maximum of 15 sessions in total, including ordinary and extraordinary meetings, within the respective fiscal year. The Chairman of the Board is entitled to double the compensation of other directors.

As of April 26, 2019, the Directors Committee sessions has been eliminated.

If a director serves on one or more Boards of Directors of the subsidiaries or related companies or serves as director of other companies or corporations in which the economic group holds an interest, whether directly or indirectly, the director can only receive compensation from one of these Boards of Directors.

Senior Management of our Company or our subsidiaries or affiliates will not receive compensation in the case that they serve as director of any subsidiary, related company or are affiliated in any way to our Company.

In 2019, the total compensation paid to each of our directors, including fees for attending Directors' Committee meetings, was as follows:

Director	Year ended December 31, 2019					Total
	Fixed Compensation	Ordinary and Extraordinary Session	Directors' Committee (Fixed Compensation)	Ordinary and Extraordinary Session (Directors' Committee)	Variable Compensation	
Giuseppe Conti (1)	—	—	—	—	—	—
María Soledad Arellano	52,141	26,511	3,197	1,543	—	83,393
Fabrizio Barderi (1)	—	—	—	—	—	—
Cristiano Bussi (1)	—	—	—	—	—	—
Julio Pellegrini V.	52,141	26,511	4,795	2,315	—	85,763
<b>Total</b>	<b>104,282</b>	<b>53,023</b>	<b>7,992</b>	<b>3,859</b>	<b>—</b>	<b>169,156</b>

(1) Messrs. Barderi, Bussi, and Conti waived their compensation due to their current position as Directors of the Company.

We do not disclose, to our shareholders or otherwise, any information about an individual Senior Management member's compensation. Senior Management are eligible for variable compensation under a bonus plan. The annual

bonus plan is paid to our Senior Management for achieving company-wide objectives and for their contribution to our results and objectives. The yearly bonus plan provides for a range of bonus amounts according to seniority level and consists of a certain multiple of gross monthly salaries. For the year ended December 31, 2019, the aggregate gross compensation, paid or accrued, for all of our Senior Management, attributable to fiscal year 2019, was Ch\$ 2,466 million in total compensation and Ch\$ 415 million in variable compensation and benefits, already included in total compensation.

We entered into severance indemnity agreements with all of our Senior Management, pursuant to which we will pay a severance indemnity in the event of voluntary resignation or termination by mutual understanding among the parties. The severance indemnity does not apply if the termination is due to willful misconduct, prohibited negotiations, unjustified absences or abandonment of duties, among other causes, as defined in Article 160 of the Chilean Labor Code. All of our employees are entitled to a legal severance indemnity if terminated due to our needs, as described in Article 161 of the Chilean Labor Code.

We did not pay severance indemnity to our Senior Management in 2019. There are no other amounts set aside or accrued to provide for pension, retirement or similar benefits for our Senior Management.

### **C. Board Practices.**

Our current Board of Directors was elected at the GSM held on April 26, 2019, for a three-year term. For information about each of the directors and the year that they began their service on the Board of Directors, see “Item 6. — A. Directors and Senior Management” above. Members of the Board of Directors do not have service contracts with us nor with any of our subsidiaries that provide them benefits upon termination of their service.

#### *Corporate Governance*

Until the GSM held on April 26, 2019, we were managed by a Board of Directors, in accordance with our bylaws, consisting of nine directors who were elected by our shareholders at the 2018 GSM. After the GSM held on April 26, 2019, we are now managed by a Board of Directors consisting of five directors elected by our shareholders, each of whom serves for a three-year term. Following the end of their terms, they may be re-elected indefinitely or replaced. Staggered terms are not permitted under Chilean law. If a vacancy occurs on the Board of Directors during the three-year term, the Board may appoint a temporary director to fill the vacancy. A vacancy triggers an election for every seat on the Board of Directors at the next GSM.

Chilean corporate law provides that a company’s Board of Directors is responsible for the management and representation of a company in all matters concerning its corporate purpose, subject to the provisions of the company’s bylaws, and the shareholders’ resolutions. In addition to the bylaws, our Board of Directors has adopted regulations and policies that guide our corporate governance principles.

Our corporate governance policies are mainly included in the following policies or procedures: the Manual for the Management of Information of Interest to the Market (the “Manual”), the Human Rights Policy (*Política de Derechos Humanos*), the Code of Ethics, the Zero Tolerance Anti-Corruption Plan (the “ZTAC Plan”), the Penal Risk Prevention Model, the Enel Global Compliance Program on Corporate Criminal Liability (the “Enel Global Compliance Program”), and procedures issued in compliance with General Rule No. 385 issued by the CMF.

To ensure compliance with the Securities Market Law, Law No. 18,045, and CMF regulations, our Board of Directors approved the Manual at its meeting held on February 26, 2010. This document addresses applicable standards regarding the information in connection with transactions of our securities and those of our affiliates, entered into by directors, management, principal executives, employees and other related parties, the existence of blackout periods for such transactions undertaken by directors, principal executives and other related parties, the presence of mechanisms for the continuous disclosure of information that is of interest to the market and mechanisms that protect confidential information. The Manual is posted on our website at [www.enelgeneracion.cl](http://www.enelgeneracion.cl). The provisions of this Manual apply to the members of our Board, as well as our executives and employees who have access to confidential information, and especially those who work in areas related to the securities markets.

Our Board of Directors approved a procedure for relationships between Politically Exposed People (*Procedimiento Personas Políticamente Expuestas y Conexas*) and our Company, which established a specific regulation for their commercial and contractual relationships. The Human Rights Policy incorporates and adapts the United Nations' general principles related to human rights into corporate reality.

To supplement the aforementioned corporate governance regulations, our Board of Directors also approved the Code of Ethics and the ZTAC Plan. The Code of Ethics is based on general principles such as impartiality, honesty, integrity, and other ethical standards of similar importance, all of which are expected from our employees. The ZTAC Plan reinforces the principles included in the Code of Ethics, but with particular emphasis on avoiding corruption in the form of bribes, preferential treatment, and other similar matters.

Furthermore, our Board of Directors approved the Penal Risk Prevention Model and the Enel Global Compliance Program. The Penal Risk Prevention Model satisfies the standards imposed by Chilean Law 20,393, which imposes criminal responsibility on legal entities for certain crimes, including money laundering, financing of terrorism, and bribing of public officials. The law encourages companies to adopt this model, whose implementation involves compliance with managerial and supervision duties. The adoption of the Penal Risk Prevention Model mitigates, and in some cases relieves, the effects of criminal responsibility even when a crime is committed. In turn, the Enel Global Compliance Program is designed as a tool to reinforce the group's commitment to the highest ethical, legal, and professional standards for enhancing and preserving the group's reputation. It sets several preventive measures for corporate criminal liability.

In 2015, the CMF issued General Rule No. 385 to enhance transparency standards and introduce corporate social responsibility practices by promoting, among other things, management diversity. All publicly held limited liability corporations are required to provide the CMF, on an annual basis, with answers to a survey that relate to the board's functions and composition; relationships between the company, shareholders and public in general; third-party assessments; and internal control and risk management. The Appendix of General Rule No. 385 is divided into the following four sections for which companies must report the corporate practices that have been adopted: (i) the functioning and composition of the board, (ii) relations between the company, shareholders, and the general public, (iii) risk management and control, and (iv) assessment by a third party. Publicly held limited liability corporations should send the information concerning corporate governance practices to the CMF no later than March 31 of each year, using the contents of the Appendix to this regulation as criteria. If none of them is adopted, the company must explain its reasons to the CMF. The information should refer to December 31 of the calendar year before its dispatch. At the same time, such information should also be at the public's disposal on the company's website, and must be sent to the stock exchanges.

In 2018, the Board of Directors approved a policy dealing with environmental and biodiversity issues. Environmental, sustainability, and governance ("ESG") considerations are fully integrated into the company's business model. In compliance with CMF General Rule No. 385, the Board periodically receives reports by management that enable identification and assessment of all risks associated with ESG and climate change issues, including compliance with Board policies.

#### ***Compliance with the New York Stock Exchange Listing Standards on Corporate Governance***

On December 31, 2018, the Company delisted from the NYSE and therefore no longer needs to comply with the NYSE listing standards.

## D. Employees.

The following table sets forth the total number of our personnel (permanent and temporary employees) in Enel Generation and our subsidiaries as of December 31, 2019, 2018, and 2017:

<u>Company</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Enel Generation	708	678	753
GasAtacama Argentina S.A. <sup>(1)</sup>	—	87	93
Pehuenche	2	2	2
<b>Total personnel <sup>(2)</sup></b>	<b>710</b>	<b>767</b>	<b>848</b>

(1) GasAtacama and GasAtacama Argentina S.A. merged into Enel Generation in October 2019.

(2) The total number of temporary employees was not significant.

All employees in Chile who are dismissed for reasons other than misconduct are entitled under the Chilean Labor Code to a severance indemnity. In most cases, contracted employees are entitled to a legal minimum severance indemnity of one month's salary for each year (and every fraction thereof beyond six months) worked, subject to a maximum of 11 months' salary.

Our employment contracts typically provide severance indemnity payments higher than those required by Chilean Labor Code. In the majority of cases, we respect seniority in accordance with the time that the employee first joined us or an affiliate. Therefore, employees hired by one of our Chilean affiliates or predecessor companies maintain their seniority in the company and are treated contractually as if they had been hired by us. In accordance with such employment contracts, severance indemnity payments for the majority of our employees consist of one month's salary for each full year worked (and every fraction thereof beyond six months), subject to a maximum of 25 months. Under our collective bargaining agreements and other employment contracts not covered by such agreements, we are typically obligated to make severance indemnity payments to all covered employees in cases of voluntary resignation or death in specified amounts that increase according to seniority and often exceed the amounts required under Chilean law.

We have the following collective bargaining agreements:

<u>Company</u>	<u>In Force</u>	
	<u>From</u>	<u>To</u>
Enel Generation - Collective Bargaining Agreement 1	January 2018	June 2020
Enel Generation - Collective Bargaining Agreement 2	January 2018	June 2020
Enel Generation - Collective Bargaining Agreement 3	January 2018	December 2020
Enel Generation - Collective Bargaining Agreement 4	July 2019	June 2022
Enel Generation - Collective Bargaining Agreement 5	July 2016	June 2020
GasAtacama	January 2018	December 2020

## E. Share Ownership.

To the best of our knowledge, none of our directors or officers owns any of our shares nor any stock options. It is not possible to confirm whether any of our directors or officers has a beneficial, rather than direct, interest in our shares. To the best of our knowledge, any share ownership by all of our directors and officers, in the aggregate, amounts to significantly less than 10% of our outstanding shares.

## Item 7. Major Shareholders and Related Party Transactions

### A. Major Shareholders.

We have only one class of capital stock and Enel Chile, our direct Chilean controlling shareholder, has the same voting rights as our other shareholders. As of March 31, 2020, 13,669 stockholders of record held our 8,201,754,580

shares of common stock outstanding. Enel Chile owned 7,672,584,961 shares of our total common stock, representing 93.6% direct ownership interest in us. There were three record holders of our ADSs, as of such date.

In connection with analyzing our eligibility to deregister under the Exchange Act, we determined, with the assistance of Nasdaq, that as of March 31, 2020, the number of our ADSs and our shares of common stock beneficially owned in the United States were 884,407 ADS and 26,532,210 shares. We cannot readily determine the domicile of any of our foreign shareholders who hold our common stock, either directly or indirectly.

As of March 31, 2020, Chilean stockbrokers, mutual funds, insurance companies, foreign equity funds, and other Chilean institutional investors collectively held 3.1% of our shares, ADS holders owned 0.3% of our shares, and the remaining 3.0% of our shares were held by 13,604 minority shareholders.

The following table sets forth certain information concerning ownership of the common stock as of March 31, 2020, with respect to each stockholder known by us to own more than 5% of the outstanding shares of common stock:

	Number of Shares Owned	Percentage of Shares Outstanding
Enel Chile	7,672,584,961	93.6%

Enel Chile is a company primarily engaged, through its subsidiaries and related companies, in the generation and distribution of electricity in Chile. Since June 25, 2009, Enel has been our ultimate parent company and continues to be our ultimate controlling shareholder, and such control is exercised through Enel Chile.

Enel, our ultimate controlling shareholder, is an Italian energy company with multinational operations in the power and gas markets, with a focus on Europe and Latin America. Enel operates in 33 countries across five continents, produces energy through a managed installed capacity of approximately 89 GW, which includes 46 GW of renewable sources, and distributes electricity and gas through a network covering 2.2 million kilometers. With approximately 73 million users worldwide, Enel has the largest customer base among European competitors and figures among Europe's leading power companies in terms of installed capacity. Enel shares trade on the Milan Stock Exchange.

#### **B. Related Party Transactions.**

Article 146 of Law No. 18,046 (the "Chilean Corporations Law") defines related-party transactions as all transactions involving a company and any entity belonging to the corporate group, its parent companies, controlling companies, subsidiaries or related companies, board members, managers, administrators, senior officers or company liquidators, including their spouses, some of their relatives and all entities controlled by them, in addition to individuals who may appoint at least one member of the company's board of directors or who control 10% or more of voting capital, or companies in which a board member, manager, administrator, senior officer or company liquidator has been serving in the same position within the last 18 months.

Article 147 of the Chilean Corporation Law requires that related-party transactions must comply with taking into account the corporate interest, as well as the prices, terms, and conditions prevailing in the market at the time of their approval. Article 147 of the Chilean Corporation Law provides that board members, managers, administrators, senior officers, or company liquidators having a personal interest or acting on negotiations of a related-party transaction must immediately inform the Board of Directors. Such a transaction shall only be approved if an absolute majority of the directors (excluding interested directors) consider the operation to be beneficial for the corporate interest. Chilean law requires an interested director to abstain from voting on such a transaction. If an absolute majority of the directors are obliged to abstain from voting on any particular transaction, it shall only be approved if authorized unanimously by the independent directors or during an ESM. Board resolutions approving related-party transactions must be reported to the company's shareholders at the next shareholders' meeting.

The law described above, which also applies to our affiliates, provides for some exceptions. In some instances, the Board's approval would suffice for related-party transactions, under certain transaction thresholds when the transactions are conducted with another entity in which we hold 95% or more of their capital, or when such transactions are



conducted in compliance with the related-party policies defined by the company's board. At its meeting held on April 24, 2018, our Board of Directors updated our related-party transaction policy ("*Política General de Habitualidad*"). The related-party transaction policy is available on our website at [www.enelgeneracion.cl](http://www.enelgeneracion.cl) or [www.enel.cl](http://www.enel.cl).

If a transaction is not in compliance with Article 147 of the Chilean Corporations Law, this will not affect the transaction's validity, but our shareholders or we may demand compensation for damages from the individual associated with the infringement as provided by law.

Our largest electricity distribution customer is Enel Distribution, a subsidiary of Enel Chile. The terms of our contracts with Enel Distribution are regulated in accordance with the DFL 4.

Our internal procedure contemplates that all our subsidiaries' cash inflows and outflows are managed through a centralized cash management mechanism. It is common practice in Chile to transfer surplus funds from one company to another affiliate that has a cash deficit. These transfers are executed through either short-term transactions or structured inter-company loans. Under Chilean laws and regulations, such transactions must be conducted on an arm's-length basis. All of these transactions are subject to the supervision of our Directors' Committee. As of March 31, 2020, the peso-denominated transactions were priced at TAB 1m (a Chilean interbank interest rate published daily) plus 1.10% when lending to affiliates and TAB 1m plus 0.30% when accepting deposits of cash surpluses from affiliates. The US\$-denominated transactions were priced at LIBOR 1m plus 1.50% when lending to affiliates and LIBOR 1m plus 0.47% when accepting deposits of cash surpluses from affiliates.

During 2019, we and our subsidiary Empresa Eléctrica Pehuenche S.A. transferred our cash surpluses to Enel Chile. As of March 31, 2020, the total outstanding balance of the transfers amounted to Ch\$ 206,288 million.

The aforementioned intercompany transfers help meet working capital needs.

There are various contractual relationships between Enel Chile and us to provide to provide intercompany services for us and for our subsidiaries. We entered into intercompany agreements with Enel Chile under which Enel Chile provides a variety of services to us. The services rendered by Enel Chile include specific legal, finance, treasury, insurance, capital markets, financial and documentary compliance, accounting, human resources, communications, security, relations with contractors, purchases, IT, tax, corporate affairs, and other corporate support and administrative services. These services are provided and charged at market prices if there is a comparable reference service. If there are no similar services in the market, they will be provided at cost plus a specified percentage. The intercompany services contracts are valid for five years, with renewable terms as of January 1, 2017.

As of the date of this Report, the aforementioned transactions have not experienced material changes. As of December 31, 2019, there were some commercial transactions with related parties. For more information regarding transactions with related parties, see Note 11 of the Notes to our consolidated financial statements.

### **C. Interests of Experts and Counsel.**

Not applicable.

## **Item 8. Financial Information**

### **A. Consolidated Statements and Other Financial Information.**

See "Item 18. Financial Statements."

## **Legal Proceedings**

We are parties to legal proceedings arising in the ordinary course of business. We believe it is unlikely that any loss associated with pending lawsuits will significantly affect the normal development of our business.

For detailed information as of December 31, 2019, on the status of the material pending lawsuits filed against us, please refer to Note 34.3 of the Notes to our consolidated financial statements. Between March 1, 2016, and December 1, 2016, Endesa Américas was the defendant instead of us for all legal proceedings originating from our former non-Chilean businesses. Since December 1, 2016, and as a consequence of the merger of Endesa Américas with and into Enel Américas, Enel Américas appears as the defendant for current legal proceedings or those that may arise from our former non-Chilean businesses in South America.

In relation to the legal proceedings reported in the Notes to our consolidated financial statements, we use the criterion of disclosing lawsuits above a minimum threshold of US\$ 10 million of potential impact to us and, in some cases, qualitative criteria according to the materiality of the plausible effect on the conduct of our business. The lawsuit status includes a general description, the process status and the estimate of the amount involved in each lawsuit.

## **Dividend Policy**

Our Board of Directors presents an annual proposal for approval to the GSM for a final dividend payable each year. The dividend is accrued in the prior year and cannot be less than the legal minimum of 30% of annual net income. The proposal also states the dividend policy for the current fiscal year. Additionally, our Board of Directors generally establishes an interim dividend for the current fiscal year, payable in January of the following year and deducted from the final dividend payable in May of the next year. The Board of Directors establishes the interim dividend, which is not subject to restrictions under Chilean law.

For dividends accrued in fiscal year 2018, on November 29, 2018, the Board of Directors agreed to distribute an interim dividend of Ch\$ 11.19557 per share of common stock on January 11, 2019, or 50% of consolidated net income as of September 30, 2018. At the GSM held on April 26, 2019, our shareholders approved a final dividend equivalent to Ch\$ 22.60707 per share of common stock for fiscal year 2018, of which Ch\$ 11.41150 per share was distributed on May 17, 2019, after deducting the interim dividend paid in January 2019. The final dividend amounts to a payout ratio of 60% of annual consolidated net income for fiscal year 2018.

For dividends accrued in the fiscal year 2019, on November 26, 2019, the Board of Directors agreed to distribute an interim dividend of Ch\$ 2.35844 per share of common stock on January 24, 2020, or 15% of consolidated net income as of September 30, 2019. At the GSM held on April 28, 2020, our shareholders approved a final dividend equivalent to Ch\$ 14.3635 per share of common stock for fiscal year 2019, of which Ch\$ 12.00506 per share of common stock will be distributed on May 27, 2020, after deducting the interim dividend paid in January 2020. The final dividend amounts to a payout ratio of 60% of annual net income for fiscal year 2019. In addition to the final dividend for fiscal year 2019, at the GSM held on April 28, 2020, our shareholders approved an additional dividend equivalent to Ch\$ 14.678978 per share of common stock, which will be distributed simultaneously with the final dividend for fiscal year 2019 and will be paid against retained consolidated earnings from prior fiscal years.

For dividends relating to fiscal year 2020, our Board of Directors presented to the GSM held on April 28, 2020 the following proposed dividend policy:

- An interim dividend accrued in fiscal year 2020 and amounting to 15% of consolidated net income as of September 30, 2020, payable in January 2021.
- A final dividend payout equal to 60% of annual consolidated net income for fiscal year 2020, to be paid in April 2021 from which the interim dividend paid in January 2021 will be deducted.

This dividend policy is conditional on generating net profits in each period, as well as to expectations of future profit levels and other conditions that may exist at the time of such dividend declaration. The proposed dividend policy is subject to our Board of Director's right to change the amount and timing of the dividends under prevailing circumstances at the time of the payment.

Dividend payments are potentially subject to legal restrictions, such as the requirement to pay dividends from either net income or retained earnings of the fiscal year. There may also be other contractual restrictions, such as non-default on credit agreements. However, these potential legal and contractual restrictions do not currently affect our

ability or any of our subsidiaries’ ability to pay dividends. For additional information, see “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources.”

Shareholders of each subsidiary and affiliate agree on the final dividend payments. Dividends are paid to shareholders of record as of midnight of the fifth business day before the payment date. Holders of ADSs on the applicable record dates will be entitled to receive dividend payments.

## Dividends

The table below sets forth, for each of the years indicated, the dividends distributed by us in Chilean pesos per common share and U.S. dollars per ADS. For additional information, see “Item 10. Additional Information — D. Exchange Controls.”

Year	Dividends distributed <sup>(1)</sup>	
	Ch\$ per Share	US\$ per ADS <sup>(2)</sup>
2019	22.61	0.90
2018	28.06	1.21
2017	28.81	1.41
2016	14.58	0.65
2015	20.39	0.86

- (1) This table shows dividends paid rather than dividends accrued within any given year. These amounts do not reflect a reduction for Chilean withholding taxes, if applicable. Figures have been rounded.
- (2) The U.S. dollar per ADS amount was calculated by applying the exchange rate as of December 31 of each year. One ADS = 30 shares of common stock.

For a discussion of Chilean withholding taxes and access to the formal currency market in Chile in connection with the payment of dividends and sales of ADSs and the underlying common stock, see “Item 10. Additional Information — E. Taxation” and “Item 10. Additional Information — D. Exchange Controls”.

### B. Significant Changes.

None.

## Item 9. The Offer and Listing

### A. Offer and Listing Details.

Our shares of common stock are listed and traded on the Chilean Stock Exchanges under the trading symbol “ENELGXCH,” and the OTC Pink under the trading symbol “EOCCY.”

### B. Plan of Distribution.

Not applicable.

### C. Markets.

In Chile, our common stock is traded on the following stock exchanges: the Bolsa de Santiago (Santiago Stock Exchange or “SSE”) and the Bolsa Electrónica de Chile (Electronic Stock Exchange or “ESE”). As of December 31, 2019, more than 200 companies had shares listed on the SSE. As of December 31, 2019, the SSE accounted for 89.1% of our total equity traded in Chile and amounted to 177,556,181 shares. Also, 10.9% of our equity trading was conducted on the ESE, an electronic trading market that was created by banks and non-member brokerage houses.

Equities, closed-end funds, fixed-income securities, short-term and money market securities, gold, U.S. dollars, and futures contracts for stock indices and U.S. dollars trade on the SSE. It operates on business days from 9:30 a.m. to 4:00 p.m. from March to October, and from 9:30 a.m. to 5:00 p.m. from November to February, which may differ from New York City time by up to two hours, depending on the season.

In August 2016, the SSE and the S&P Dow Jones Indices (“S&P DJI”) signed an Operating Agreement and Index Licensing. The alliance between the SSE and the S&P DJI, the leading global provider of concepts, data, and research on indices, includes the implementation of international methodological standards and the integration of operational processes and business strategies that enhance the visibility, governance, and transparency of the existing indices. The agreement also enables the development, granting of licenses, distribution, and administration of current and future indices, which are developed as innovative and practical tools at the service of local and international investors. The SSE indices will use the shared brand “S&P/CLX” and may be used as underlying liquid financial products, thereby contributing to the expansion and depth of the Chilean capital markets. Under this agreement, S&P DJI assumed the tasks of calculation, production, maintenance, licensing, and distribution of the indices on August 6, 2018. Since that date, the IGPA and the IPSA, the former general and selective stock indices, are referred to as the SPCLXIGPA and the SPCLXIPSA, respectively.

The SPCLXIGPA is calculated considering, among other things, the prices of the shares traded during at least 25% of the days of the year, with a total of annual transactions exceeding UF 10,000 (approximately US\$ 378,000 as of December 31, 2019) and a free float of at least 5%. The SPCLXIGPA index is rebalanced annually, after the close of the third Friday in March, and the number of shares per component of the index is updated quarterly after the close of the third Friday in June, September, and December. On December 31, 2019, the SPCLXIGPA index closed at 23,393.53 points.

From 1994 until the completion of the spin-off of Endesa in April 2016, shares of our common stock traded in the United States in the form of ADSs on the NYSE and OTC markets in the United States under our predecessor’s trading symbol “EOC.” From the completion of the spin-off until December 28, 2018, our ADSs traded on the NYSE under the trading symbol “EOCC.” We voluntarily delisted our ADSs from the NYSE, and since December 31, 2018, our ADSs have been quoted on the OTC Pink under the trading symbol “EOCCY.” Each ADS represents 30 shares of common stock, with the ADSs in turn evidenced by American Depositary Receipts (“ADRs”). The ADRs were issued under the Amended and Restated Deposit Agreement dated as of September 30, 2010, between us, Citibank, N.A. as Depositary (the “Depositary”), and the holders and beneficial owners from time to time of ADRs issued thereunder (the “Deposit Agreement”). The Depositary treats only persons in whose names ADRs are registered on the books of the Depositary as owners of ADRs.

As of March 31, 2020, ADRs evidencing 884,407 ADSs (equivalent to 26,532,210 shares of common stock) were outstanding, representing 0.32% of the total number of outstanding shares. Other than as described under “Item 7. Major Shareholders and Related Party Transaction — A. Major Shareholders”, it is not practicable for us to determine the proportion of ADSs beneficially owned by U.S. final beneficial holders. Trading volume of our shares on the US OTC Pink market and other exchanges during 2019 amounted to 2 million ADSs, equivalent to US\$ 38 million.

Following the corporate reorganization transaction by our parent company, Enel Chile S.A. in 2018, Enel Chile now owns 93.6% of our shares of common stock and our ADSs currently comprise only approximately 0.3% of the total outstanding shares of common stock. We believe that the costs associated with continuing the listing of our ADSs on the NYSE exceed the benefits received by us, as the primary market for our shares not owned by Enel Chile is now the SSE. As a result, we decided to file an application for voluntary delisting from the NYSE as part of our effort to reduce operational expenses.

We filed a Form 25 with the SEC on December 31, 2018, to delist our ADSs from the NYSE. As a result, our ADS program has become a Level I — Over-The-Counter ADS Program and is quoted on the OTC Pink market. Citibank, N.A. will continue to act as our Depositary pursuant to the existing Deposit Agreement.

The following table contains information regarding the amount of total traded shares of common stock and the corresponding percentage traded per market during 2019:

<b>Market</b>	<b>Number of common shares traded</b>	<b>Percent</b>
Chile <sup>(1)</sup>	199,343,489	76
United States (One ADS = 30 shares of common stock) <sup>(2)</sup>	62,107,980	24
<b>Total</b>	<b>261,451,469</b>	<b>100</b>

(1) Includes the SSE and ESE.

(2) Includes Over-the-counter trading.

**D. Selling Shareholders.**

Not applicable.

**E. Dilution.**

Not applicable.

**F. Expenses of the Issue.**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital.**

Not applicable.

**B. Memorandum and Articles of Association.**

**Description of Share Capital**

Set forth below is certain information concerning our share capital and a brief summary of certain significant provisions of Chilean law and our bylaws.

**General**

Shareholders' rights in Chilean companies are governed by the company's bylaws (*estatutos*), which have the same purpose as the articles or the certificate of incorporation and the bylaws of a company incorporated in the United States, and by the Chilean Corporations Law. Since April 2019, our bylaws no longer refer to D.L. 3500, or the Pension Fund System Law. In accordance with the Chilean Corporations Law, legal actions by shareholders to enforce their rights as shareholders of the company must be brought in Chile in arbitration proceedings or, at the option of the plaintiff, before Chilean courts. Members of the Board of Directors, managers, officers and principal executives of the company, or shareholders that individually own shares with a book value or stock value higher than UF 5,000 (Ch\$ 142 million as of December 31, 2019) do not have the option to bring the procedure to the courts.

The Chilean securities markets are principally regulated by the CMF under Securities Market Law No. 18,045 and the Chilean Corporations Law. These two laws state the disclosure requirements, restrictions on insider trading and price manipulation, and provide protection to minority shareholders. The Securities Market Law sets forth requirements for public offerings, stock exchanges and brokers, and outlines disclosure requirements for companies that issue publicly offered securities. The Chilean Corporations Law and the Securities Market Law, both as amended, state rules regarding

takeovers, tender offers, transactions with related parties, qualified majorities, share repurchases, directors' committees, independent directors, stock options and derivative actions.

### **Public Register**

We are a publicly held stock corporation incorporated under the laws of Chile. We were incorporated by public deed issued on December 1, 1943 by the Santiago Notary Public, Mr. Luciano Hiriart C. Our existence and bylaws were approved by Decree 97 of the Ministry of Finance on January 3, 1944. An excerpt of the bylaws was registered on page 61 No. 62, and the Decree was registered on page 65 (vuelta) No. 63 of the Commercial Register (*Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago*), on January 17, 1944. We are registered with the CMF under the entry number 0114. We are also registered with the United States Securities and Exchange Commission under the commission file number 001-13240 on July 26, 1994.

### **Reporting Requirements Regarding Acquisition or Sale of Shares**

Under Article 12 of the Securities Market Law and General Rule No. 269 of the CMF, certain information regarding transactions in shares of a publicly held stock corporation or in contracts or securities whose price or financial results depend on, or are conditioned in whole or in a significant part on the price of such shares, must be reported to the CMF and the Chilean Stock Exchanges. Since ADSs are deemed to represent the shares of common stock underlying the ADRs, transactions in ADRs will be subject to these reporting requirements and those established in Circular No. 1375 of the CMF. Shareholders of publicly held stock corporations are required to report to the CMF and the Chilean Stock Exchanges:

- any direct or indirect acquisition or sale of shares made by a holder who owns, directly or indirectly, at least 10% of a publicly held stock corporation's subscribed capital;
- any direct or indirect acquisition or sale of contracts or securities whose price or financial results depend on or are conditioned in whole or in a significant part on the price of shares made by a holder who owns, directly or indirectly, at least 10% of a publicly held stock corporation's subscribed capital;
- any direct or indirect acquisition of shares made by a holder who, due to an acquisition of shares of such publicly held stock company, results in the holder acquiring, directly or indirectly, at least 10% of a publicly held stock company's subscribed capital;
- any direct or indirect acquisition or sale of shares in any amount, made by a director, receiver, principal executive, general manager or manager of a publicly held stock corporation; and
- any direct or indirect acquisition or sale of contracts or securities whose price or financial results depend on or are conditioned in whole or in a significant part on the price of shares made by a director, receiver, principal executive, general manager or manager of a publicly held stock corporation.

In addition, majority shareholders of a publicly held stock corporation must inform the CMF and the Chilean stock exchanges if such acquisitions are entered into with the intention of acquiring control of the company or if they are making a passive financial investment instead.

Under Article 54 of the Securities Market Law and General Rule No.104 enacted by the CMF, unless the tender offer regulation applies, any person who directly or indirectly intends to take control of a publicly held stock corporation must disclose this intent to the market at least ten business days in advance of the proposed change of control and, in any event, as soon as the negotiations for the change of control have taken place or reserved information of the publicly held stock corporation has been provided.

## **Corporate Objectives and Purposes**

Article 4 of our bylaws states that our corporate objectives and purposes are, among other things, to engage in the production, transportation, distribution and supply of electric power, as well as to provide engineering consulting services, whether directly or through other companies.

## **Board of Directors**

According to the decision adopted at the ESM held on April 24, 2018, until the date of our GSM held on April 26, 2019, our Board of Directors consisted of nine members. Since the date of our GSM held on April 26, 2019, the Board of Directors has consisted of five members appointed by the shareholders at the GSM for a three-year term, at the end of which they will be re-elected or replaced.

The five directors elected at the GSM are the five individual nominees who receive the highest majority of the votes. Each shareholder may vote his shares in favor of one nominee or may apportion his shares among any number of nominees.

The effect of these voting provisions is to ensure that a shareholder owning at least one sixth of our shares is guaranteed to be able to elect a member of the Board. Depending on the distribution of the rest of the votes at the GSM, a director may in some cases be elected with the votes of less than one sixth of our shares. This number is derived from the reciprocal of the number of directors plus one. In our case, there are five directors, and the reciprocal of six is one sixth.

The compensation of the directors is established annually at the GSM. See “Item 6. Directors, Senior Management and Employees — B. Compensation”.

Agreements entered into by us with related parties can only be executed when such agreements serve our interest, and their price, terms and conditions are consistent with prevailing market conditions at the time of their approval and comply with all the requirements and procedures indicated in Article 147 of the Chilean Corporations Law.

## **Certain Powers of the Board of Directors**

Our bylaws do not contain provisions related to:

- the directors’ power, in the absence of an independent quorum, to vote on compensation for themselves or any members of their body;
- borrowing powers exercisable by the directors and how such borrowing powers can be changed;
- retirement or non-retirement of directors under an age limit requirement; or
- number of shares, if any, required for directors’ qualification.

## **Certain Provisions Regarding Shareholder Rights**

As of the date of this Report, our capital is comprised of only one class of shares, all of which are common shares and have the same rights.

Our bylaws do not contain any provisions related to:

- redemption provisions;
- sinking funds; or

- liability for capital reductions by us.

Under Chilean law, the rights of our shareholders may only be modified by an amendment to the bylaws that complies with the requirements explained below under “Item 10. Additional Information — B. Memorandum and Articles of Association — Shareholders’ Meetings and Voting Rights”.

### **Capitalization**

Under Chilean law, only the shareholders of a company acting at an ESM have the power to authorize a capital increase. When an investor subscribes shares, these are officially issued and registered under his name, and the subscriber is treated as a shareholder for all purposes, except receipt of dividends and for return of capital in the event that the shares have been subscribed but not paid for. The subscriber becomes eligible to receive dividends only for the shares that he has actually paid for or, if the subscriber has paid for only a portion of such shares, the pro rata portion of the dividends declared with respect to such shares unless the company’s bylaws provide otherwise. If a subscriber does not fully pay for shares for which the subscriber has subscribed on or prior to the date agreed upon for payment, notwithstanding the actions intended by the company to collect payment, the company is entitled to auction on the stock exchange where such shares are traded, for the account and risk of the debtor, the number of shares held by the debtor necessary for the company to pay the outstanding balances and disposal expenses. However, until such shares are sold at auction, the subscriber continues to hold all the rights of a shareholder, except the right to receive dividends and return of capital. The Chief Executive Officer, or the person replacing him, will reduce the number of shares in the name of the debtor shareholder in the shareholders’ register to the number of shares that remain, deducting the shares sold by the company and settling the debt in the amount necessary to cover the result of such disposal after expenses.

When there are authorized and issued shares for which full payment has not been made within the period fixed by shareholders at the same ESM at which the subscription was authorized (which may not exceed three years from the date of such meeting, unless a stock option plan is approved, in which case the period to pay for the shares under such plan may be up to five years), these shall be reduced in the non-subscribed amount until that date. With respect to the shares subscribed and not paid following the term mentioned above, the Board must proceed to collect payment, unless the shareholders’ meeting authorizes the Board not to do so (by two thirds of the voting shares), in which case the capital shall be reduced by force of law to the amount effectively paid. Once collection actions have been exhausted, the Board should propose to the shareholders’ meeting the approval by simple majority of the write-off of the outstanding balance and the reduction of capital to the amount effectively collected.

As of December 31, 2019, our subscribed and fully paid capital totaled Ch\$ 553 billion and consisted of 8,201,754,580 shares.

### **Preemptive Rights and Increases of Share Capital**

With the exception of capital increases needed to carry out a merger, Chilean law requires Chilean publicly held stock corporations to grant shareholders preemptive rights to purchase a sufficient number of shares, or any other securities convertible into shares or that confer future rights over shares, to maintain their existing ownership percentage of such company whenever such company issues new shares, or any other securities convertible into shares or that confer future rights over shares.

Under Chilean law, preemptive rights are exercisable or freely transferable by shareholders during a 30-day period. The options to subscribe for shares in capital increases of the company or of any other securities convertible into shares or that confer future rights over these shares, should be offered, at least once, to the shareholders pro rata based on the number of shares held registered in their name at midnight on the fifth business day prior to the date of the start of the preemptive rights period. The preemptive rights offering and the start of the 30-day period for exercising them shall be communicated through the publication of a prominent notice, at least once, in the newspaper used for notifications of shareholders’ meetings. During such 30-day period, and for an additional period of at least 30 days immediately following the initial 30-day period, if any, publicly held stock corporations are not permitted to offer any unsubscribed shares to third parties on terms that are more favorable than those offered to their shareholders. At the end of the second 30-day period, a Chilean publicly held stock corporation is authorized to sell unsubscribed shares to third parties on any terms, provided they are sold on one of the Chilean Stock Exchanges.



## Shareholders' Meetings and Voting Rights

A GSM must be held within the first four months following the end of our fiscal year. Our last GSM was held on April 28, 2020. An ESM may be summoned by the Board of Directors when deemed appropriate, an ESM or GSM, as the case may be, must be summoned when requested by shareholders representing at least 10% of the issued shares with voting rights, or by the CMF. Our last ESM was held on April 26, 2019. To convene a GSM or an ESM, notice must be given three times in a newspaper located in our corporate domicile. The newspaper designated by our shareholders is *El Mercurio de Santiago*. The first notice must be published not less than 15 days and no more than 20 days in advance of the scheduled meeting. Notice must also be mailed to each shareholder, the CMF and the Chilean Stock Exchanges.

The GSM is held on the day stated in the notice and should remain in session until having exhausted all the matters stated in the notice. However, once constituted, upon the proposal of the chairman or shareholders representing at least 10% of the shares with voting rights, the majority of the shareholders present may agree to suspend it and to continue it within the same day and place, with no new constitution of the meeting or qualification of powers being necessary, recorded in one set of minutes. Only those shareholders who were present or represented may attend the recommencement of the meeting with voting rights.

Under Chilean law, a quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing at least a majority of the issued shares with voting rights of a company. If a quorum is not present at the first meeting, a reconvened meeting can take place at which the shareholders present are deemed to constitute a quorum regardless of the percentage of the shares represented. This second meeting must take place within 45 days following the scheduled date for the first meeting. Shareholders' meetings adopt resolutions by the affirmative vote of a majority of those shares present or represented at the meeting, unless a higher majority is required, as described below.

Regardless of the quorum present, the vote required to adopt any of the following actions is at least two-thirds of the outstanding shares with voting rights at an ESM called to approve these matters:

- a transformation of the company into a form other than a publicly held stock corporation under the Chilean Corporations Law, a merger or split-up of the company;
- an amendment to the term of duration or early dissolution of the company;
- a change in the company's domicile;
- a decrease of corporate capital;
- an approval of capital contributions in kind and non-monetary assessments;
- a modification of the authority reserved to shareholders or limitations on the Board of Directors;
- a reduction in the number of members of the Board of Directors;
- a disposition of 50% or more of the assets of the company, whether it includes disposition of liabilities or not, as well as the approval or the amendment of the business plan that contemplates the disposition of assets in an amount greater than such percentage;
- the disposition of 50% or more of the assets of a subsidiary, as long as such subsidiary represents at least 20% of the assets of the corporation, as well as any disposition of its shares that results in the parent company losing its position as controlling shareholder;
- the form of distributing corporate benefits;

- issue of guarantees for third-party liabilities which exceed 50% of the assets, except when the third party is a subsidiary of the company, in which case approval of the Board of Directors is deemed sufficient;
- the purchase of the company's own shares;
- other actions established by the bylaws or the laws;
- certain remedies for the nullification of the company's bylaws;
- inclusion in the bylaws of the right to purchase shares from minority shareholders, when the controlling shareholders reaches 95% of the company's shares by means of a tender offer for all of the company's shares, where at least 15% of the shares have been acquired from unrelated shareholders; and
- approval or ratification of acts or contracts with related parties.

Bylaw amendments for the creation of a new class of shares, or an amendment to or an elimination of those classes of shares that already exist, must be approved by at least two thirds of the outstanding shares of the affected series.

Chilean law does not require a publicly held stock corporation to provide its shareholders the same level and type of information required by the U.S. securities laws regarding the solicitation of proxies. However, shareholders are entitled to examine the financial statements and corporate books of a publicly held stock corporation and its subsidiaries within the 15-day period before its scheduled shareholders' meetings. Under Chilean law, a notice of a shareholders meeting listing matters to be addressed at the meeting must be mailed at least 15 days prior to the date of such meeting, indicating how to obtain complete copies of the documents that support the matters submitted for voting, which must also be made available to shareholders on our website. In the case of a GSM, our annual report of activities, which includes audited financial statements, must also be made available to shareholders and published on our website at: [www.enelgeneracion.cl](http://www.enelgeneracion.cl).

The Chilean Corporations Law provides that, upon the request by the Directors' Committee or by shareholders representing at least 10% of the issued shares with voting rights, a Chilean company's annual report must include, in addition to the materials provided by the Board of Directors to shareholders, such shareholders' comments and proposals in relation to the company's affairs. In accordance with Article 136 of the Chilean Corporations Regulation (*Reglamento de Sociedades Anónimas*), the shareholder(s) holding or representing at least 10% of the shares issued with voting rights may:

- make comments and proposals relating to the progress of the corporate businesses in the corresponding year, no shareholder being able to make individually or jointly more than one presentation. These observations should be presented in writing to the company concisely, responsibly and respectfully, and the respective shareholder(s) should state their willingness for these to be included as an appendix to the annual report. The Board will include in an appendix to the annual report of the year a faithful summary of the pertinent comments and proposals the interested parties had made, provided they are presented during the year or within 30 days after its ending; or
- make comments and proposals on matters that the Board submits for the knowledge or voting of the shareholders. The Board must include a faithful summary of those comments and proposals in all information it sends to shareholders, provided the shareholders' proposal is received at the offices of the company at least 10 days prior to the date of dispatch of the information by the company.

The shareholders should present their comments and proposals to the company, expressing their willingness for these to be included in the appendix to the respective annual report or in information sent to shareholders, as the case may be. The observations referred to in Article 136 may be made separately by each shareholder holding at least 10% of the shares issued with voting rights or shareholders who together hold that percentage, who should act as one.

Similarly, the Chilean Corporations Law provides that whenever the Board of Directors of a publicly held stock corporation convenes a GSM or an ESM and solicits proxies for the meeting, or circulates information supporting its decisions or other similar material, it is obligated to include the pertinent comments and proposals that may have been made by the Directors' Committee or by shareholders owning at least 10% of the shares with voting rights who request that such comments and proposals be so included.

Only shareholders registered as such with us as of midnight on the fifth business day prior to the date of a meeting are entitled to attend and vote their shares. A shareholder may appoint another individual, who does not need to be a shareholder, as his proxy to attend the meeting and vote on his behalf. Proxies for such representation shall be given for all the shares held by the owner. The proxy may contain specific instructions to approve, reject, or abstain with respect to any of the matters submitted for voting at the meeting and which were included in the notice. Every shareholder entitled to attend and vote at a shareholders' meeting shall have one vote for every share subscribed.

There are no limitations imposed by Chilean law or our bylaws on the right of nonresidents or foreigners to hold or vote shares of common stock. However, the registered holder of the shares of common stock represented by ADSs, and evidenced by outstanding ADSs, is the custodian of the Depositary, currently Banco Santander-Chile, or any successor thereto. Accordingly, holders of ADSs are not entitled to receive notice of meetings of shareholders directly or to vote the underlying shares of common stock represented by ADS directly. The Deposit Agreement contains provisions pursuant to which the Depositary has agreed to request instructions from registered holders of ADSs as to the exercise of the voting rights pertaining to the shares of common stock represented by the ADSs. Subject to compliance with the requirements of the Deposit Agreement and receipt of such instructions, the Depositary has agreed to endeavor, insofar as practicable and permitted under Chilean law and the provisions of the bylaws, to vote or cause to be voted (or grant a discretionary proxy to the Chairman of the Board of Directors or to a person designated by the Chairman of the Board of Directors to vote) the shares of common stock represented by the ADSs in accordance with any such instruction. The Depositary shall not itself exercise any voting discretion over any shares of common stock underlying ADSs. If no voting instructions are received by the Depositary from a holder of ADSs with respect to the shares of common stock represented by the ADSs, on or before the date established by the Depositary for such purpose, the shares of common stock represented by the ADSs, may, in some situations, be voted in the manner directed by the Chairman of the Board, or by a person designated by the Chairman of the Board, subject to limitations set forth in the Deposit Agreement.

### **Dividends and Liquidation Rights**

According to the Chilean Corporations Law, unless otherwise decided by unanimous vote of its issued shares eligible to vote, all publicly held stock corporations must distribute a cash dividend in an amount equal to at least 30% of their consolidated net income, unless and except to the extent we have carried forward losses. The law provides that the Board of Directors must agree to the dividend policy and inform such policy to the shareholders at the GSM.

For any dividend in excess of 30% of net income, a publicly held stock corporation may grant an option to its shareholders to receive those dividends in cash, or in shares issued by such publicly held stock corporation or in shares of publicly held corporations owned by such company. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash.

Dividends, which are declared but not paid within the appropriate time period set forth in the Chilean Corporations Law (30 days after declaration for minimum dividends, and the date set for payment at the time of declaration for additional dividends) are adjusted to reflect the change in the value of the UF from the date set for payment to the date such dividends are actually paid. Such dividends also accrue interest at the then-prevailing rate for UF-denominated deposits during such period. The right to receive a dividend lapses if it is not claimed within five years from the date such dividend is payable. Payments not collected in such period are transferred to the volunteer fire department.

In the event of our liquidation, the shareholders would participate in the assets available in proportion to the number of paid-in shares held by them, after payment to all creditors.

## **Approval of Financial Statements**

The Board of Directors is required to submit our consolidated financial statements to the shareholders annually for their approval. If the shareholders at the shareholders' meeting reject the financial statements by a vote of a majority of shares present (in person or by proxy), the Board of Directors must submit new financial statements no later than 60 days from the date of such meeting. If the shareholders reject the new financial statements, the entire Board of Directors is deemed removed from office and a new board is elected at the same meeting. Directors who individually approved such financial statements are disqualified for reelection for the following period. Our shareholders have never rejected the financial statements presented by the Board of Directors.

## **Change of Control**

The Capital Markets Law establishes a comprehensive regulation related to tender offers. The law defines a tender offer as the offer to purchase shares of companies which publicly offer their shares or convertible securities and which offer is made to shareholders to purchase their shares under conditions that allow the bidder to reach a certain percentage of ownership of the company within a fixed period. These provisions apply to both voluntary and hostile tender offers.

## **Acquisition of Shares**

No provision in our bylaws discriminates against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares. Additionally, our bylaws do not establish any ownership limit applicable to any shareholder.

## **Right of Dissenting Shareholders to Tender Their Shares**

The Chilean Corporations Law provides that upon the adoption of any of the resolutions enumerated below at a meeting of shareholders, dissenting shareholders acquire the right to withdraw from the company and to compel the company to repurchase their shares, subject to the fulfillment of certain terms and conditions. In order to exercise such withdrawal rights, holders of ADRs must first withdraw the shares represented by their ADRs pursuant to the terms of the Deposit Agreement. In case of a bankruptcy proceeding, the withdrawal right arising from an adopted resolution is suspended until the existing debt has been paid.

"Dissenting" shareholders are defined as those who at a shareholders' meeting vote against a resolution that results in the withdrawal right, or who if absent from such meeting, state in writing their opposition to the respective resolution, within the 30 days following the shareholders' meeting. Shareholders present or represented at the meeting and who abstain in exercising their voting rights shall not be considered as dissenting. The right to withdraw should be exercised for all the shares that the dissenting shareholder had registered in their name on the date on which the right is determined to participate in the meeting at which the resolution is adopted that motivates the withdrawal and which remains on the date on which their intention to withdraw is communicated to the company.

The price paid to a dissenting shareholder of a publicly held stock corporation whose shares are quoted and actively traded on one of the Chilean stock exchanges is the weighted average of the sales prices for the shares as reported on the Chilean stock exchanges on which the shares are quoted for the 60-trading-day period between the ninetieth and the thirtieth trading day before the shareholders' meeting giving rise to the withdrawal right. If the CMF determines that the shares are not actively traded on a stock exchange, the price paid to the dissenting shareholder shall be the book value. Book value for this purpose is equal to the company's equity attributable to the parent company, divided by the total number of subscribed shares, whether entirely or partially paid. For the purpose of making this calculation, the last consolidated statement of financial position is used, as adjusted to reflect inflation up to the date of the shareholders' meeting which gave rise to the withdrawal right.

Article 126 of the Chilean Corporations Regulation establishes that in cases where the right to withdraw arises, the company shall be obliged to inform the shareholders of this situation, the value per share that will be paid to shareholders exercising their right to withdraw and the term for exercising it. Such information should be given to shareholders at the same meeting at which the resolutions are adopted giving rise to the right of withdrawal, prior to its

voting. A special communication should be given to the shareholders with rights, within two days following the date on which the rights to withdraw arise. In the case of publicly held companies, such information shall be communicated by a prominent notice in a newspaper with a wide national circulation and on its website, plus a written communication addressed to the shareholders with rights at the address they have registered with the company. The notice of the shareholders' meeting that to vote on a matter that could give rise to withdrawal rights should mention this circumstance.

The resolutions that result in a shareholder's right to withdraw include, among others, the following:

- the transformation of the company into an entity which is not a publicly held stock corporation governed by Chilean Corporations Law;
- the merger of the company with another company;
- disposition of 50% or more of the assets of the company, whether it includes disposition of liabilities or not, as well as the approval or the amendment of the business plan which contemplates the disposition of assets in an amount greater than such percentage;
- the disposition of 50% or more of the assets of a subsidiary, as long as such subsidiary represents at least 20% of the assets of the company, as well as any disposition of its shares that results in the parent company losing its position of controlling shareholder;
- issue of guarantees for third parties' liabilities that exceed 50% of the assets (if the third party is a subsidiary of the company, the approval of the Board of Directors is sufficient and will not give rise to the right to withdraw);
- the creation of preferential rights for a class of shares or an amendment to the existing ones. In this case the right to withdraw only accrues to the dissenting shareholders of the class or classes of shares adversely affected;
- certain remedies for the nullification of the corporate bylaws; and
- such other causes as may be established by the law or by the company's bylaws.

### **Registrations and Transfers**

Shares issued by us are registered with an administrative agent, which is *DCV Registros S.A.* This entity is also responsible for our shareholders registry. In case of jointly-owned shares, an attorney-in-fact must be appointed to represent the joint owners in dealing with us.

#### **C. Material Contracts.**

None.

#### **D. Exchange Controls.**

The Central Bank of Chile is responsible for, among other things, monetary policies and exchange controls in Chile. Currently applicable foreign exchange regulations are set forth in the Compendium of Foreign Exchange Regulations (the "Compendium") approved by the Central Bank of Chile.

#### **a) Foreign Investments Contracts and Chapter XXVI**

In connection with our initial public offering of ADSs in 1994, we entered into a foreign investment contract (the "Foreign Investment Contract") with the Central Bank of Chile and the Depositary, pursuant to Article 47 of the Central

Bank Law and Chapter XXVI of the former Compendium of Foreign Exchange Regulations (“Chapter XXVI”), which governed the issuance of ADSs by a Chilean company. Pursuant to the Foreign Investment Contract, the foreign exchange for payments and distributions with respect to ADSs could be purchased in either the Formal Exchange Market or the Informal Exchange Market, but such payments needed to be remitted through the Formal Exchange Market.

As of April 19, 2001, Chapter XXVI was eliminated and new investments in ADSs by non-residents of Chile are now governed instead by Chapter XIV of the Compendium. This change was made with the purpose of simplifying and facilitating the flow of capital to and from Chile. As a result of the elimination of Chapter XXVI, access to the Formal Exchange Market is no longer assured. However, because our Foreign Investment Contract was entered into pursuant to Chapter XXVI, the terms of Chapter XXVI still apply. Foreign investors who have purchased their shares under a Foreign Investment Contract pursuant to Chapter XXVI continue to have access to the Formal Exchange Market for the purpose of converting pesos to U.S. dollars and repatriating from Chile amounts received with respect to the deposited shares of common stock or shares of common stock withdrawn from deposit on surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying shares of common stock and any rights with respect thereto). However, foreign investors who have not deposited the shares of common stock into our ADS facility will not have the benefits of our Foreign Investment Contract with the Central Bank of Chile but instead will be subject to the normal foreign investment rules.

The following is a summary of certain provisions which were contained in Chapter XXVI and the Foreign Investment Contract, and which therefore remain relevant. This summary does not intend to be complete and is qualified in its entirety by reference to Chapter XXVI and the Foreign Investment Contract.

Under Chapter XXVI and the Foreign Investment Contract, the Central Bank of Chile agreed to grant to the depository, on behalf of ADR holders, and to any investor not residing or domiciled in Chile who withdraws common stock upon delivery of ADRs (such shares of common stock being referred to herein as Withdrawn Shares) access to the Formal Exchange Market to convert pesos into U.S. dollars (and to remit such U.S. dollars outside of Chile), including amounts received as:

- cash dividends;
- proceeds from the sale in Chile of Withdrawn Shares subject to receipt by the Central Bank of Chile of a certificate from the holder of the Withdrawn Shares (or from an institution authorized by the Central Bank of Chile) that such holder’s residence and domicile are outside Chile and a certificate from a Chilean stock exchange (or from a brokerage or securities firm established in Chile) that such Withdrawn Shares were sold on a Chilean stock exchange;
- proceeds from the sale in Chile of rights to subscribe for additional shares of Common Stock;
- proceeds from our liquidation, merger or consolidation; and
- other distributions, including, without limitation, those resulting from any recapitalization, as a result of holding shares of Common Stock represented by ADS or Withdrawn Shares.

Transferees of Withdrawn Shares were not entitled to any of the foregoing rights under Chapter XXVI. Investors receiving Withdrawn Shares in exchange for ADRs had the right to redeposit such shares in exchange for ADRs, provided that certain conditions relating to redeposit were satisfied.

Chapter XXVI stated that access to the Formal Exchange Market in connection with dividend payments was conditioned upon certification by us to the Central Bank of Chile that a dividend payment has been made and any applicable tax has been withheld. Chapter XXVI also stated that the access to the Formal Exchange Market in connection with the sale of Withdrawn Shares or distributions thereon was conditioned upon receipt by the Central Bank of Chile of certification by the Depository (or the Custodian on its behalf) that such shares have been withdrawn in exchange for ADRs and receipt of a waiver of the benefit of the Foreign Investment Contract with respect thereto until such Withdrawn Shares were redeposited.

The Foreign Investment Contract states that a person who brings foreign currency into Chile to purchase shares of common stock with the benefit of the Foreign Investment Contract must convert it into pesos on the same day and has five banking business days within which to invest in shares of common stock in order to receive the benefits of the Foreign Investment Contract. If such person decides within such period not to acquire shares of common stock, such person can access the Formal Exchange Market to reacquire U.S. dollars, provided that the applicable request is presented to the Central Bank of Chile within seven banking business days of the initial conversion into pesos. Shares acquired as described above may be deposited for ADRs and receive the benefits of the Foreign Investment Contract, subject to receipt by the Central Bank of Chile of a certificate from the Depositary (or the Custodian on its behalf) that such deposit has been effected, that the related ADRs have been issued and receipt of a declaration from the person making such deposit waiving the benefits of the Foreign Investment Contract with respect to the deposited shares of common stock.

Access to the Formal Exchange Market under any of the circumstances described above is not automatic. Such access requires approval of the Central Bank of Chile based on a request presented through a banking institution established in Chile. The Foreign Investment Contract states that if the Central Bank of Chile has not acted on such request within seven banking days, the request will be deemed approved.

### **The Compendium and International Bond Issuances**

Chilean issuers may offer bonds issued internationally, subject to the reporting requirements set forth in Chapter XIV of the Compendium.

#### **E. Taxation.**

##### **Chilean Tax Considerations**

The following discussion summarizes material Chilean income and withholding tax consequences to foreign holders arising from the ownership and disposition of shares and ADSs. The summary that follows does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of shares or ADSs, if any, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Holders of shares and ADSs are advised to consult their own tax advisors concerning the Chilean and other tax consequences of the ownership of shares or ADSs.

The summary that follows is based on Chilean law, in effect on the date hereof, and is subject to any changes in these or other laws occurring after such date, possibly with retroactive effect. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of the Chilean Income Tax Law. Chilean tax may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations and interpretations, but Chilean tax authorities may change their rulings, regulations and interpretations in the future. The discussion that follows is also based, in part, on representations of the depositary, and assumes that each obligation in the Deposit Agreement and any related agreements will be performed in accordance with its terms. As of this date, there is currently no applicable income tax treaty in effect between the United States and Chile. However, in 2010 the United States and Chile signed an income tax treaty that will enter into force once the treaty is ratified by both countries, which has not happened as of the date of this Report. There can be no assurance that the treaty will be ratified by either country. The following summary assumes that there is no applicable income tax treaty in effect between the United States and Chile.

As used in this Report, the term “foreign holder” means either:

- In the case of an individual holder, a person who is not a resident of Chile. For purposes of Chilean taxation, (a) an individual is a Chilean resident if he has resided in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive fiscal years; or (b) an individual is domiciled in Chile if he resides in Chile and has the intention of remaining in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of the individual’s family to Chile), or

- In the case of a legal entity holder, an entity that is not organized under the laws of Chile, unless the shares or ADSs are assigned to a branch, agent, representative or permanent establishment of such entity in Chile.

### ***Taxation of Shares and ADSs***

#### ***Taxation of Cash Dividends and Property Distributions***

Cash dividends paid with respect to the shares or ADSs held by a foreign holder will be subject to Chilean withholding tax, which is withheld and paid by the company. The amount of the Chilean withholding tax is determined by applying a 35% rate to a “grossed-up” distribution amount (such amount equal to the sum of the actual distribution amount and the correlative Chilean corporate income tax (“CIT”), paid by the issuer), and then subtracting as a credit 65% of such Chilean CIT paid by the issuer, in case the residence country of the holder of shares or ADSs does not have a tax treaty with Chile. If there is a tax treaty between both countries (in force or signed prior to January 1, 2017) the Foreign Holder can apply 100% of the CIT as a credit. For 2018, the Chilean CIT applicable to us is a rate of 27%, and depending on the circumstances mentioned above, the Foreign Holder may apply 100% or 65% of the CIT as a credit.

There are two alternative mechanisms of shareholder-level income taxation in effect since January 1, 2017: a) accrued income basis (known as attributed-income system in Chile) shareholder taxation and b) cash basis (known as partially-integrated system in Chile) shareholder taxation.

Under the current Chilean Income Tax Law, publicly held limited liability stock companies, such as we, are subject to the latter regime.

Under the cash basis regime (or partially-integrated regime), a company pays CIT on its annual income tax result. Foreign and local individual shareholders will only pay in Chile the relevant tax on effective profit distributions and will be allowed to use the CIT paid by the distributing company as credit, with certain limitations. Only 65% of the CIT is creditable against the 35% shareholder-level tax (as opposed to 100% under the accrued income basis regime). However, in those cases where tax treaties between Chile and the jurisdiction of the shareholder’s residence are signed prior to January 1, 2019 (even if not yet in effect), the CIT is fully creditable against the 35% withholding tax. This is the case with the tax treaty signed between Chile and the United States, which was signed prior to this date, but which is not in effect as of the date of this Report. In the case of treaties signed prior to January 1, 2019, but not ratified as of December 31, 2021, the shareholder may apply 100% of the CIT as a credit if a dividend distribution is made before December 31, 2021, on a transitional basis. Under the Chilean Tax Law in force at the date of this Report, the transitional treatment of applying the full 100% of the CIT as a credit against withholding tax of the U.S. Holders in case of dividend distributions will terminate on December 31, 2021, if the tax treaty between the United States and Chile is not ratified by that date. In that particular case, effective January 1, 2022, only 65% of the CIT will be creditable against the 35% U.S. Holders’ tax. On the other hand, if a tax treaty with a foreign jurisdiction is ratified by December 31, 2021, shareholders from that particular jurisdiction can continue to apply 100% of the CIT as a credit beyond such date.

The example below illustrates the effective Chilean withholding tax burden on a cash dividend received by a Foreign Holder, assuming a Chilean withholding tax base rate of 35%, an effective Chilean CIT rate of 27% (the CIT



rate for 2018 for companies that elected the cash basis regime) and a distribution of 50% of the net income of the company distributable after payment of the Chilean CIT:

Line	Concept and calculation assumptions	Amount Tax treaty resident	Amount Non-tax treaty resident
1	Company taxable income (based on Line 1 = 100)	100.0	100.0
2	Chilean corporate income tax : 27% x Line 1	27.0	27.0
3	Net distributable income: Line 1—Line 2	73.0	73.0
4	Dividend distributed (50% of net distributable income): 50% of Line 3	36.5	36.5
5	Withholding tax: (35% of (the sum of Line 4 and 50% of Line 2))	17.5	17.5
6	Credit for 50% of Chilean corporate income tax : 50% of Line 2	13.5	13.5
7	CIT partial restitution (Line 6 x 35%) <sup>(1)</sup>	—	4.7
8	Net withholding tax: Line 5 - Line 6 + Line 7	4.0	8.7
9	Net dividend received: Line 4 - Line 8	32.5	27.8
10	Effective dividend withholding rate : Line 8 / Line 4	11.0	23.9

(1) Only applicable to non-tax treaty jurisdiction resident. From a practical standpoint, the foregoing means that the CIT is only partially creditable (65%) against the withholding tax (i.e., CIT of 8.7%).

However, for purposes of the foregoing, the tax authority has not clarified whether the taxpayer residence will be the ADS holder's address or the depository's address.

#### ***Taxation on sale or exchange of ADSs, outside of Chile***

Gains obtained by a foreign holder from the sale or exchange of ADSs outside Chile are not be subject to Chilean taxation.

#### ***Taxation on sale or exchange of Shares***

The Chilean Income Tax Law includes a tax exemption on capital gains arising from the sale of shares of listed companies traded in stock markets. Although there are certain restrictions, in general terms, the law provides that in order to qualify for the capital gain exemption: (i) the shares must be of a publicly held stock corporation with a "sufficient stock market liquidity" status in the Chilean Stock Exchanges; (ii) the sale must be conducted in a Chilean Stock Exchange authorized by the CMF, or in a tender offer subject to Chapter XXV of the Chilean Securities Market Law or as the consequence of a contribution to a fund as regulated in Section 109 of the Chilean Income Tax Law; (iii) the shares which are being sold must have been acquired on a Chilean Stock Exchange, or in a tender offer subject to Chapter XXV of the Chilean Securities Market Law, or in an initial public offering (due to the creation of a company or to a capital increase), or due to the exchange of convertible publicly offered securities, or due to the redemption of a fund's quota as regulated in Section 109 of the Chilean Income Tax Law; and (iv) the shares must have been acquired after April 19, 2001. For purposes of considering the ADS's as convertible publicly offered securities, they should be registered in the Chilean foreign securities registry (unless expressly excluded from such registry by the CMF).

Shares are considered to have a "high presence" in the Chilean Stock Exchanges when (i) they have been traded for a certain number of days at or beyond a volume threshold specified under Chilean law and regulations or (ii) in case the issuer has retained a market maker, in accordance with Chilean law and regulations. As of this date, our shares are considered to have a high presence in the Chilean Stock Exchanges and no market maker has been retained by us. Should our shares cease to have a "high presence" in the Chilean Stock Exchanges, a transfer of our shares may be subject to capital gains taxes from which holders of "high presence" securities are exempted, and which will apply at varying levels depending on the time of the transfer in relation to the date of loss of sufficient trading volume to qualify as a "high presence" security. If our shares regain a "high presence," the tax exemptions will again be available to holders thereof.

If the shares do not qualify for the exemption, capital gains on their sale or exchange of shares (as distinguished from sales or exchanges of ADSs representing such shares of common stock) could be subject to the general tax regime,

with a 27% Chilean CIT, the rate applicable during 2018, and a 35% Chilean withholding tax, the former being creditable against the latter.

The date of acquisition of the ADSs is considered to be the date of acquisition of the shares for which the ADSs are exchanged.

### ***Taxation of Share Rights and ADS Rights***

For Chilean tax purposes and to the extent we issue any share rights or ADS rights, the receipt of share rights or ADS rights by a Foreign Holder of shares or ADSs pursuant to a rights offering is a nontaxable event. In addition, there are no Chilean income tax consequences to Foreign Holders upon the exercise or the expiration of the share rights or the ADS rights.

Any gain on the sale, exchange or transfer of any ADS rights by a Foreign Holder is not subject to taxes in Chile.

Any gain on the sale, exchange or transfer of the share rights by a Foreign Holder is subject to a 35% Chilean withholding tax.

### ***Other Chilean Taxes***

There is no gift, inheritance or succession tax applicable to the ownership, transfer or disposition of ADSs by foreign holders, but such taxes will generally apply to the transfer at death or by gift of the shares by a foreign holder. There is no Chilean stamp, issue, registration or similar taxes or duties payable by holders of shares or ADSs.

### **Material U.S. Federal Income Tax Considerations**

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date of this Report. These authorities are subject to change, possibly with retroactive effect. This discussion assumes that the depositary’s activities are clearly and appropriately defined so as to ensure that the tax treatment of ADSs will be identical to the tax treatment of the underlying shares.

The following are the material U.S. federal income tax consequences to U.S. Holders (as defined herein) of receiving, owning, and disposing of shares or ADSs, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to hold such securities and is based on the assumption stated above under “— Chilean Tax Considerations” that there is no applicable income tax treaty in effect between the United States and Chile. The discussion applies only if the beneficial owner holds shares or ADSs as capital assets for U.S. federal income tax purposes and it does not describe all of the tax consequences that may be relevant in light of the beneficial owner’s particular circumstances. For instance, it does not describe all the tax consequences that may be relevant to:

- certain financial institutions;
- insurance companies;
- dealers and traders in securities who use a mark-to-market method of tax accounting;
- persons holding shares or ADSs as part of a “straddle” integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes or partners in such partnerships;
- persons liable for the alternative minimum tax;

- tax-exempt organizations;
- persons holding shares or ADSs that own or are deemed to own ten percent or more of our stock; or
- persons holding shares or ADSs in connection with a trade or business conducted outside of the United States.

**Persons or entities described above, including partnerships holding shares or ADSs and partners in such partnerships, should consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of shares or ADSs.**

You will be a “U.S. Holder” for purposes of this discussion if you become a beneficial owner of our shares or ADSs and if you are, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States; or
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; or
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (ii) if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner for U.S. federal income tax purposes. Accordingly, deposits or withdrawals of shares for ADSs will generally not be subject to U.S. federal income tax. The U.S. Treasury has expressed concerns that parties to whom ADSs are released before shares are delivered to the depository (pre-release) or intermediaries in the chain of ownership between beneficial owners and the issuer of the security underlying the ADSs may be taking actions that are inconsistent with the claiming of foreign tax credits for beneficial owners of depository shares. Such actions would also be inconsistent with the claiming of the reduced tax rate, described below, applicable to dividends received by certain non-corporate beneficial owners. Accordingly, the analysis of the creditability of Chilean taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described below, could be affected by actions taken by such parties or intermediaries.

This discussion assumes that we will not be a passive foreign investment company, as described below. The discussion below does not address the effect of any U.S. state, local, estate or gift tax law or non-U.S. tax law or tax considerations that arise from rules of general application to all taxpayers on a U.S. Holder of the shares or ADSs, including the effects of any future administrative guidance interpreting provisions thereof.

**U.S. Holders should consult their tax advisors with respect to their particular tax consequences of owning or disposing of shares or ADSs, including the applicability and effect of state, local, non-U.S. and other tax laws and the possibility of changes in tax laws, including the effects of any future administrative guidance.**

### *Taxation of Distributions*

Distributions received by a U.S. Holder on shares or ADSs, including the amount of any Chilean taxes withheld, other than certain pro rata distributions of shares to all shareholders, will constitute foreign-source income to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The amount of dividend income paid

in Chilean pesos that a U.S. Holder will be required to include in income will equal the U.S. dollar value of the distributed Chilean peso, calculated by reference to the exchange rate in effect on the date the payment is received, regardless of whether the payment is converted into U.S. dollars on the date of receipt. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder will generally not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of its receipt, which would be ordinary income or loss and would be treated as income from U.S. sources for foreign tax credit purposes. Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of ADSs, the depository's, receipt of the dividend.

Generally, the U.S. dollar amount of dividends received by a noncorporate U.S. Holder in respect of shares or ADSs generally will be subject to taxation at preferential rates if the dividends are "qualified dividends". Dividends paid on the ADSs generally will be treated as qualified dividends if (i) the ADSs are readily tradable on an established securities market in the United States (ii) we were not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company ("PFIC") and (iii) the holder thereof has satisfied certain holding period requirements. Our ADSs ceased trading on the New York Stock Exchange on December 31, 2018, and were delisted and are now quoted and traded in the over-the-counter market on the Pink Market, which, based on existing guidance, generally is not considered an established securities market in the United States for relevant purposes. Accordingly, dividends we pay with respect to our ADSs generally will not be eligible for "qualified dividend" treatment.

The amount of a dividend generally will be treated as foreign-source dividend income to a U.S. Holder for foreign tax credit purposes. As discussed in more detail below under "—Foreign Tax Credits," it is not free from doubt whether Chilean withholding taxes imposed on distributions on shares or ADSs will be treated as income taxes eligible for a foreign tax credit for U.S. federal income tax purposes. If a Chilean withholding tax is treated as an eligible foreign income tax, subject to generally applicable limitations, you may claim a credit against your U.S. federal income tax liability for the eligible Chilean taxes withheld from distributions on shares or ADSs. **The rules relating to foreign tax credits are complex. U.S. Holders are urged to consult their own tax advisors regarding the treatment of Chilean withholding taxes imposed on distributions on shares or ADSs.**

#### *Sale or Other Disposition of Shares or ADSs*

If a beneficial owner is a U.S. Holder, for U.S. federal income tax purposes, the gain or loss a beneficial owner realizes on the sale or other disposition of shares or ADSs will be a capital gain or loss, and will be a long term capital gain or loss if the beneficial holder has held the shares or ADSs for more than one year. The amount of a beneficial owner's gain or loss will equal the difference between the beneficial owner's tax basis in the shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. Such gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. In addition, certain limitations exist on the deductibility of capital losses by both corporate and individual taxpayers.

In certain circumstances, Chilean taxes may be imposed upon the sale of shares (but not ADSs). See "Item 10. Additional Information — E. Taxation — Chilean Tax Considerations — Taxation of Shares and ADSs." If a Chilean tax is imposed on the sale or disposition of shares, a beneficial owner that is a U.S. Holder may be eligible to claim a credit against its U.S. federal income tax liability for the eligible Chilean taxes withheld pursuant to a sale or disposition of shares or ADSs as discussed in "— Foreign Tax Credits" below.

#### *Foreign Tax Credits*

Subject to applicable limitations that may vary depending upon a U.S. Holder's circumstances and subject to the discussion above regarding concerns expressed by the U.S. Treasury, you may be eligible to claim a credit against your U.S. tax liability for Chilean income taxes (or taxes imposed in lieu of an income tax) imposed in connection with distributions on and proceeds from the sale or other disposition of our shares or ADSs. Chilean dividend withholding taxes generally are expected to be income taxes eligible for the foreign tax credit. The Chilean capital gains tax is likely to be treated as an income tax (or a tax paid in lieu of an income tax) and thus eligible for the foreign tax credit; however, you generally may claim a foreign tax credit only after taking into account any available opportunity to reduce the Chilean capital gains tax, such as the reduction for the credit for Chilean corporate income tax that is taken into

account when calculating Chilean withholding tax. If a Chilean tax is imposed on the sale or disposition of our shares or ADSs, and a U.S. Holder does not receive significant foreign source income from other sources, such U.S. Holder may not be able to credit such Chilean tax against its U.S. federal income tax liability. If a Chilean tax is not treated as an income tax (or a tax paid in lieu of an income tax) for U.S. federal income tax purposes, a U.S. Holder would be unable to claim a foreign tax credit for any such Chilean tax withheld; however, a U.S. Holder may be able to deduct such tax in computing its U.S. federal income tax liability, subject to applicable limitations. In addition, instead of claiming a credit, a U.S. Holder may, at the U.S. Holder's election, deduct such Chilean taxes in computing the U.S. Holder's taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all taxes paid or accrued in the taxable year to foreign countries and possessions of the U.S. The calculation of foreign tax credits and, in the case of a U.S. Holder that elects to deduct foreign income taxes, the availability of deductions, involves the application of complex rules that depend on such U.S. Holders' particular circumstances. **U.S. Holders are urged to consult their tax advisors regarding the availability of foreign tax credits in their particular circumstances.**

#### ***Passive Foreign Investment Company Rules***

We were not a "passive foreign investment company" or PFIC for U.S. federal income tax purposes for our 2019 taxable year and we do not anticipate being a PFIC for our 2020 taxable year. However, because PFIC status depends upon the composition of a company's income and assets and the market value of its assets from time to time, and because it is unclear whether certain types of our income constitute passive income for PFIC purposes, there can be no assurance that we will not be considered a PFIC for any current, prior or future taxable year. If we were to become a PFIC for any taxable year during which a beneficial owner held shares or ADSs, certain adverse consequences could apply to the U.S. Holder, including the imposition of higher amounts of tax than would otherwise apply, and additional filing requirements. In addition, if we were treated as a PFIC in a taxable year in which we pay a dividend or in the prior taxable year, the favorable dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply (see "— Taxation of Distributions" above). **U.S. Holders should consult their tax advisors regarding the consequences to them if we were to become a PFIC, as well as the availability and advisability of making any election that might mitigate the adverse consequences of PFIC status.**

#### ***Required Disclosure with Respect to Foreign Financial Assets***

Certain U.S. Holders are required to report information relating to an interest in our shares or ADSs, subject to certain exceptions (including an exception for our shares or ADSs held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in our shares or ADSs. U.S. Holders are urged to consult their own U.S. tax advisors regarding information reporting requirements relating to their ownership of our shares or ADSs.

#### ***Information Reporting and Backup Withholding***

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.- related financial intermediaries generally are subject to information reporting and to backup withholding unless:

(i) the U.S. Holder is an exempt recipient or (ii) in the case of backup withholding, the beneficial owner provides a correct taxpayer identification number and certifies that the U.S. Holder is not subject to backup withholding.

The amount of any backup withholding from a payment to a beneficial owner will be allowed as a credit against the beneficial owner's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is furnished in a timely fashion to the U.S. Internal Revenue Service.

#### ***Medicare Contribution Tax***

A U.S. Holder that is an individual or estate, or a trust that does not meet certain requirements for an exemption, is subject to a tax of 3.8% on its "net investment income." Among other items, net investment income generally includes gross income from dividends and net gain attributable to the disposition of certain property, like the shares or ADSs, less

certain deductions. **A U.S. Holder should consult the holder's own tax advisor regarding the applicability of the "net investment income" tax in respect of such beneficial owner's particular circumstances.**

**U.S. Holders should consult their tax advisors with respect to the particular consequences to them owning or disposing of shares or ADSs.**

**F. Dividends and Paying Agents.**

Not applicable.

**G. Statement by Experts.**

Not applicable.

**H. Documents on Display.**

We are subject to the information requirements of the Exchange Act, except that as a foreign issuer, we are not subject to SEC proxy rules (other than general anti-fraud rules) or the short-swing profit disclosure rules of the Exchange Act. In accordance with these statutory requirements, we file or furnish reports and other information with the SEC. Reports, information statements and other information we file with or furnish to the SEC are available electronically on the SEC's website, which can be accessed at <http://www.sec.gov> and on our website [www.enelgeneracion.cl](http://www.enelgeneracion.cl).

**I. Subsidiary Information.**

For information on our principal subsidiaries, see "Item 4. Information on the Company — C. Organizational Structure — Principal Subsidiaries and Affiliates."

**Item 11. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to risks arising from volatility in commodity prices, interest rates and foreign exchange rates that affect the generation business in Chile.

**Commodity Price Risk**

In our electricity generation business segment, we are exposed to market risks arising from the price volatility of electricity, natural gas, diesel oil, and coal. We seek to ensure our fuel supply by securing long-term contracts with our suppliers for periods that are expected to match the lifetime of our generation assets. These contracts generally have provisions that allow us to purchase natural gas with a pricing formula that combines Henry Hub natural gas and Brent diesel oil at market prices prevailing at the time of purchase.

In order to reduce risk under extreme drought conditions, Enel Generation has designed a commercial policy that aligns sale commitment levels with the capacity of its generating facilities during a dry year by including risk mitigation clauses with unregulated clients in some contracts. In the case of regulated clients subject to long-term tender processes, indexed polynomials are determined to reduce commodity exposure.

Considering the operating conditions faced in the electricity generation market in Chile, drought, and the volatility of commodity prices in international markets, we are constantly evaluating whether it would be in our best interests to engage in hedging to mitigate the impact of price changes on profits.

As of December 31, 2019, we held the following swaps: 1,412 kTon of Coal API2 to be settled in 2020; 1,059 kBbl of Brent oil to be settled in 2020; and 4.79 TBtu of Henry Hub gas to be settled in 2020.

As of December 31, 2018, we held swaps for 432 kTon of Coal API2 to be settled in 2019, 994 kBbl of Brent oil to be settled in 2019, 225 kTon of BCI7 to be settled in 2019, and 0.2 TBtu of Henry Hub gas to be settled in 2019.

Depending on the operating conditions that are constantly updated, these hedging measures may be modified or included in other commodities.

We are continually analyzing strategies to hedge commodity price risk, including transferring commodity price variations to customers' contract prices, and permanently adjusting commodity indexed price formulas for new PPAs according to our exposure, or analyzing ways to mitigate risk through hydrological insurance in dry years. In the future, we may consider using price-sensitive instruments.

## Interest Rate and Foreign Currency Risk

As of December 31, 2019, the carrying values according to maturity and the corresponding fair value of our interest-bearing debt are detailed below. Values do not include derivatives. The rates in the table below are the result of the weighted average of the effective interest rates of each obligation, including expenses associated with financing and withholding taxes on interest payments related to financing obtained outside the country of domicile of each company

For the year ended December 31,	Expected maturity date						Total	Fair Value <sup>(2)</sup>
	2020	2021	2022	2023	2024	Thereafter		
	(in billions of Ch\$) <sup>(1)</sup>							
<b>Fixed Rate</b>								
<b>Ch\$/UF</b>	<b>207</b>	<b>60</b>	<b>60</b>	<b>59</b>	<b>59</b>	<b>596</b>	<b>1,042</b>	<b>1,042</b>
Weighted-average interest rate	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	—
<b>US\$</b>	<b>2,486</b>	<b>2,648</b>	<b>2,820</b>	<b>5,312</b>	<b>299,496</b>	<b>237,408</b>	<b>550,171</b>	<b>670,186</b>
Weighted-average interest rate	6.5%	6.5%	6.5%	6.5%	4.4%	8.2%	6.1%	—
<b>Total fixed rate</b>	<b>2,693</b>	<b>2,708</b>	<b>2,880</b>	<b>5,372</b>	<b>299,555</b>	<b>238,004</b>	<b>551,213</b>	<b>671,228</b>
Weighted-average interest rate	6.1%	6.4%	6.4%	6.4%	4.4%	8.1%	6.1%	—
<b>Variable Rate</b>								
<b>Ch\$/UF</b>	<b>31,625</b>	<b>31,625</b>	<b>31,625</b>	<b>31,625</b>	<b>31,625</b>	<b>153,594</b>	<b>311,718</b>	<b>421,668</b>
Weighted-average interest rate	7.9%	7.9%	7.9%	7.9%	7.9%	7.8%	7.8%	—
<b>US\$</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Weighted-average interest rate	—	—	—	—	—	—	—	—
<b>Total variable rate</b>	<b>31,625</b>	<b>31,625</b>	<b>31,625</b>	<b>31,625</b>	<b>31,625</b>	<b>153,594</b>	<b>311,718</b>	<b>421,668</b>
Weighted-average interest rate	7.9%	7.9%	7.9%	7.9%	7.9%	7.8%	7.8%	—
<b>Total</b>	<b>34,318</b>	<b>34,333</b>	<b>34,505</b>	<b>36,996</b>	<b>331,180</b>	<b>391,599</b>	<b>862,931</b>	<b>1,092,895</b>

- (1) Calculated based on the Observed Exchange Rate as of December 31, 2019, which was Ch\$ 748.74 per US\$ 1.00.  
(2) As of December 31, 2019, fair value was calculated based on the discounted value of future cash flows expected to be paid (or received), considering current discount rates that reflect the different risks involved.



As of December 31, 2018, the carrying values according to maturity and the corresponding fair value of our interest-bearing debt are detailed below. Values do not include derivatives. The rates in the table below are the result of the weighted average of the effective interest rates of each obligation, including expenses associated with financing and withholding taxes on interest payments related to financing obtained outside the country of domicile of each company

For the year ended December 31,	Expected maturity date						Total	Fair Value <sup>(2)</sup>
	2019	2020	2021	2022	2023	Thereafter		
	(in billions of Ch\$) <sup>(1)</sup>							
<b>Fixed Rate</b>								
<b>Ch\$/UF</b>	—	—	—	—	—	—	—	—
Weighted-average interest rate	—	—	—	—	—	—	—	—
<b>US\$</b>	<b>2,166</b>	<b>2,307</b>	<b>2,457</b>	<b>2,617</b>	<b>4,929</b>	<b>498,204</b>	<b>512,680</b>	<b>578,162</b>
Weighted-average interest rate	6.5%	6.5%	6.5%	6.5%	6.5%	13.0%	12.9%	—
<b>Total fixed rate</b>	<b>2,166</b>	<b>2,307</b>	<b>2,457</b>	<b>2,617</b>	<b>4,929</b>	<b>498,204</b>	<b>512,680</b>	<b>578,162</b>
Weighted-average interest rate	6.5%	6.5%	6.5%	6.5%	6.5%	13.0%	12.9%	—
<b>Variable Rate</b>								
<b>Ch\$/UF</b>	<b>30,793</b>	<b>30,793</b>	<b>30,793</b>	<b>30,793</b>	<b>30,793</b>	<b>180,350</b>	<b>334,318</b>	<b>405,181</b>
Weighted-average interest rate	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	—
<b>US\$</b>	—	—	—	—	—	—	—	—
Weighted-average interest rate	—	—	—	—	—	—	—	—
<b>Total variable rate</b>	<b>30,793</b>	<b>30,793</b>	<b>30,793</b>	<b>30,793</b>	<b>30,793</b>	<b>180,350</b>	<b>334,318</b>	<b>405,181</b>
Weighted-average interest rate	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	—
<b>Total</b>	<b>32,960</b>	<b>33,101</b>	<b>33,251</b>	<b>33,410</b>	<b>35,723</b>	<b>678,554</b>	<b>846,998</b>	<b>983,343</b>

- (1) Calculated based on the Observed Exchange Rate as of December 31, 2018, which was Ch\$ 694.77 per US\$ 1.00.  
(2) Fair values were calculated based on the discounted value of future cash flows expected to be paid (or received), considering current discount rates that reflect the different risks involved.

### ***Interest Rate Risk***

Our policy aims to minimize the average cost of debt and reduce the volatility of our financial results. Depending on our estimates and the debt structure, we sometimes manage interest rate risk by using interest rate derivatives.

As of December 31, 2019, and 2018, 94% and 93%, respectively, of our total outstanding debt was denominated in fixed terms and 6% and 7% respectively was subject to variable interest rates. Because the exposure to variable interest rate risk was low, we did not engage in derivative hedging instruments.

### ***Foreign Currency Risk***

Our policy seeks to maintain a balance between the currency in which cash flows are indexed and the currency of the debt of each company. Most of our subsidiaries have access to funding in the same currency as their revenues, therefore reducing the exchange rate volatility impact. In some cases, we cannot fully benefit from this, and therefore, we try to manage the exposure with financial derivatives such as cross currency swaps or currency forwards, among others. However, this may not always be possible under reasonable terms due to market conditions.

As of December 31, 2019, the carrying values for financial accounting purposes and the corresponding fair value of the instruments that hedge the foreign exchange risk of our interest bearing debt were as follows:

For the year ended December 31,	Expected Maturity Date						Total	Fair Value <sup>(2)</sup>
	2020	2021	2022	2023	2024	Thereafter		
	(in billions of Ch\$) <sup>(1)</sup>							
UF to US\$	—	—	—	—	517,638	—	517,638	(9,530)
US\$ to Ch\$/UF	—	—	—	—	—	—	—	—
Ch\$ to US\$	—	—	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>517,638</b>	<b>—</b>	<b>517,638</b>	<b>(9,530)</b>

- (1) Calculated based on the Observed Exchange Rate as of December 31, 2019, which was Ch\$ 748.74 per US\$ 1.00.  
(2) Fair values were calculated based on the discounted value of future cash flows expected to be paid (or received), considering current discount rates that reflect the different risks involved.

As of December 31, 2018, the carrying values for financial accounting purposes and the corresponding fair value of the instruments that hedge the foreign exchange risk of our interest bearing debt were as follows:

For the year ended December 31,	Expected Maturity Date						Total	Fair Value <sup>(2)</sup>
	2019	2020	2021	2022	2023	Thereafter		
	(in billions of Ch\$) <sup>(1)</sup>							
UF to US\$	534,547	—	—	—	—	—	534,547	(18,892)
US\$ to Ch\$/UF	—	—	—	—	—	—	—	—
Ch\$ to US\$	—	—	—	—	—	—	—	—
<b>Total</b>	<b>534,547</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>534,547</b>	<b>(18,892)</b>

- (1) Calculated based on the Observed Exchange Rate as of December 31, 2018, which was Ch\$ 694.77 per US\$ 1.00.  
(2) Fair values were calculated based on the discounted value of future cash flows expected to be paid (or received), considering current discount rates that reflect the different risks involved.

**(d) Safe Harbor.**

The information in this “Item 11. Quantitative and Qualitative Disclosures About Market Risk,” contains information that may constitute forward-looking statements. See “Forward-Looking Statements” in the Introduction of this Report for safe harbor provisions.

**Item 12. Description of Securities Other Than Equity Securities**

**A. Debt Securities.**

Not applicable.

**B. Warrants and Rights.**

Not applicable.

**C. Other Securities.**

Not applicable.

## D. American Depositary Shares.

### Depository Fees and Charges

Our ADS program's depository is Citibank, N.A. The Depository collects fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for withdrawal or from intermediaries acting for them. The Depository fees payable for cash distributions are deducted from the cash being distributed. In the case of distributions other than cash, the Depository will invoice the applicable ADS record date holders. The Depository may generally refuse to provide the requested services until its fees for those services are paid. Under the terms of the Deposit Agreement, an ADS holder may have to pay the following service fees to the Depository:

Service Fees	Fees
(1) Issuance of ADS upon deposit of shares (excluding issuances as a result of distributions described in paragraph (4) below)	Up to US\$ 5 per 100 ADSs (or fraction thereof) issued
(2) Delivery of deposited securities against surrender of ADS	Up to US\$ 5 per 100 ADSs (or fraction thereof) surrendered
(3) Distribution of cash dividends or other cash distributions (i.e., sale of rights and other entitlements)	Up to US\$5 per 100 ADSs (or fraction thereof) held
(4) Distribution of ADS pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADS	Up to US\$5 per 100 ADSs (or fraction thereof) held
(5) Distribution of securities other than ADS or rights to purchase additional ADS (i.e., a spin-off of shares)	Up to US\$5 per 100 ADSs (or fraction thereof) held
(6) Depository services	Up to US\$5 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depository

The Depository collects fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for withdrawal or from intermediaries acting for them. The Depository fees payable for cash distributions are deducted from the cash being distributed. In the case of distributions other than cash, the Depository will invoice the applicable ADS record date holders.

## PART II

### **Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

### **Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

### **Item 15. Controls and Procedures**

#### **(a) Disclosure Controls and Procedures**

We conducted an evaluation under the supervision and with the participation of our senior management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) for the year ended December 31, 2019.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error, and the circumvention or overriding of the controls and procedures. Accordingly, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives.

Based upon our evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is gathered and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective at that reasonable assurance level.

#### **(b) Management’s Annual Report on Internal Control over Financial Reporting**

As required by Section 404 of the Sarbanes-Oxley Act of 2002, our management is responsible for establishing and maintaining “adequate internal control over financial reporting” (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS, as issued by the IASB.

Because of its inherent limitations, internal control over financial reporting may not necessarily prevent or detect some misstatements. It can only provide reasonable assurance regarding financial statement preparation and presentation. Also, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate over time.

Management assessed the effectiveness of its internal control over financial reporting for the year ended December 31, 2019. The assessment was based on criteria established in “Internal Control — Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO 2013 framework”). Based on the assessment, our management has concluded that as of December 31, 2019, our internal control over financial reporting was effective.

### **(c) Attestation Report of the Registered Public Accounting Firm**

Our independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of December 31, 2019. Their attestation report appears on page F-5.

### **(d) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Exchange Act that occurred during 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting model.

#### **Item 16. Reserved**

##### **Item 16A. Audit Committee Financial Expert**

The Company currently does not have an audit committee or an audit committee financial expert.

Under Chilean law, a publicly held stock corporation is required to have at least one independent director and a Directors' Committee if the company has a market capitalization of at least UF 1,500,000 (Ch\$ 42.5 billion as of December 31, 2019) and at least 12.5% of its voting shares are held by shareholders who individually control or own less than 10% of such shares. We currently do not meet such criteria since minority investors account for only 6.4% of our voting shares. Therefore, we are not required to have an independent director and a Director's Committee. Until April 26, 2019, our Directors Committee performed the functions of the Audit Committee, and the committee's financial expert was Mr. Hernán Cheyre.

##### **Item 16B. Code of Ethics**

Our standards of ethical conduct are mainly governed by means of the following five corporate rulings or policies: the Code of Ethics, the Zero Tolerance Anti-Corruption Plan (the "ZTAC Plan"), the Human Rights Policy, the Manual for the Management of Information of Interest to the Market (the "Manual") and the Diversity Policy.

The Manual, adopted by our Board of Directors, addresses the following issues: applicable standards and blackout periods regarding the information in connection with transactions of our securities or those of our affiliates, entered into by directors, management, principal executives, employees and other related parties; the existence of mechanisms for the continuous disclosure of information that is of interest to the market; and mechanisms that provide protection for confidential information.

In addition to the corporate governance rules described above, our Board approved the Code of Ethics, ZTAC Plan and Human Rights Policy. The Code of Ethics is based on general principles such as impartiality, honesty, integrity and other values of similar importance, which are translated into detailed behavioral criteria. The ZTAC Plan reinforces the principles included in the Code of Ethics, but with a special emphasis on avoiding corruption in the form of bribes, preferential treatment, and other similar matters. The Human Rights Policy incorporates and adapts the general human rights principles championed by the United Nations into a corporate reality.

The Diversity Policy was approved by the Board of Directors on April 28, 2016. This policy defines the key principles required to spread a culture that focuses on diversity and is based on the respect and promotion of the principles of preventing arbitrary discrimination and encouraging equal opportunities and inclusion, which are fundamental values in the development of the Company's activities. In this sense, the Company seeks to improve the work environment and make possible a better quality of life at work. The Company is committed to creating an inclusive work environment where workers can develop their potential and maximize their contribution.

A copy of these documents is available on our webpage at [www.enelgeneracion.cl](http://www.enelgeneracion.cl) as well as upon request, free of charge, by writing or calling us at:

Enel Generación Chile S.A.  
Investor Relations Department  
Av. Santa Rosa 76, Piso 15  
Comuna de Santiago, Santiago, Chile  
(56-2) 2353-4400

During fiscal year 2019, there have been no amendments to any provisions of the documents described above. No waivers from any provisions of the Code of Ethics, the ZTAC Plan, or the Manual were expressly or implicitly granted to the Chief Executive Officer, the Chief Financial Officer, or any other senior financial officers of the Company in fiscal year 2019.

**Item 16C. Principal Accountant Fees and Services**

The following table provides information on the aggregate fees for approved services billed by our independent registered accounting firm, as well as the other member firms and their respective affiliates, by type of services for the periods indicated.

Services Rendered	2019	2018
	(in millions of Ch\$)	
Audit fees	541	571
Audit-related fees	5	4
Tax fees	—	—
All other fees	—	—
<b>Total</b>	<b>546</b>	<b>575</b>

All the fees disclosed under audit-related fees and all other fees were pre-approved by the Directors' Committee pre-approval policies and procedures.

***Directors' Pre-Approval Policies and Procedures***

Our external auditors are appointed by our shareholders at the GSM. Similarly, the shareholders of our subsidiaries appoint their external auditors according to applicable law and regulation.

Fees payable in connection with recurring audit services are pre-approved as part of our annual budget. Fees payable in connection with non-recurring audit services, once the CFO has examined them, are submitted to the Directors' Committee for its final consideration.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None.

**Item 16F. Change in Registrant's Certifying Accountant**

On March 30, 2020, the Board of Directors resolved to propose to the Company's shareholders a change in the Company's independent registered public accounting firm at the annual General Shareholders' Meeting held on April 28, 2020. On April 28, 2020, the shareholders approved the Board's proposal to appoint Mazars Auditores Consultores

SpA (“Mazars”) as the new independent registered public accounting firm for the Company. KPMG Auditores Consultores SpA. (“KPMG”) had served as the independent registered public accounting firm for the Company for the 2008 through 2019 fiscal years, in each case pursuant to the terms of an annual engagement letter. On April 28, 2020, KPMG was notified by the Company that shareholders had approved appointment of another independent registered public accounting firm for the 2020 fiscal year and that KPMG was dismissed from its engagement by the Company effective immediately.

The audit reports of KPMG on the Company’s consolidated financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 and the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company’s two most recent fiscal years ended December 31, 2019 and 2018, and the subsequent interim period through April 28, 2020, there were no disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to KPMG’s satisfaction, would have caused KPMG to make reference to the subject matter of such disagreements in connection with its reports on the Company’s consolidated financial statements for such periods.

During the Company’s two most recent fiscal years ended December 31, 2019 and 2018 and the subsequent interim period through April 28, 2020, there were no reportable events (as defined in Item 16F(a)(1)(v) of Form 20-F).

The Company has provided KPMG with a copy of the disclosure in Item 16F of this Form 20-F prior to its filing with the SEC. The Company requested KPMG to furnish the Company with a letter addressed to the SEC stating whether or not it agrees with the above statements, as required by Item 16F(a)(3) of Form 20-F. A copy of KPMG’s letter is filed as Exhibit 15.1 to this Form 20-F.

No later than June 30, 2020, the Company’s Board of Directors will engage Mazars as the Company’s new independent registered public accounting firm to audit the Company’s consolidated financial statements and internal control over financial reporting for the fiscal year ending December 31, 2020.

During the Company’s two most recent fiscal years and any subsequent interim period prior to the date of this Report, neither the Company nor anyone acting on its behalf has consulted Mazars on any of the matters or events set forth in Item 16F(a)(2)(i) or Item 16F(a)(2)(ii) of Form 20-F.

**Item 16G. Corporate Governance**

Not applicable

**Item 16H. Mine Safety Disclosure**

Not applicable.

## PART III

### Item 17. Financial Statements

Not Applicable.

### Item 18. Financial Statements

#### Enel Generación Chile S.A. and Subsidiary

##### Index to the Consolidated Financial Statements

##### Reports of Independent Registered Public Accounting Firms:

Report of KPMG Auditores Consultores SPA. — Enel Generación Chile S.A. 2019, 2018 and 2017 F-3

Report of KPMG Auditores Consultores SPA. — Enel Generación Chile S.A. — Internal Control over Financial Reporting 2019 F-5

##### Consolidated Financial Statements:

Consolidated Statements of Financial Position at December 31, 2019 and 2018 F-7

Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017 F-10

Consolidated Statements of Changes in Equity for the years ended December 31, 2019, 2018 and 2017 F-11

Consolidated Statements of Cash Flows Direct for the years ended December 31, 2019, 2018 and 2017 F-13

Notes to the Consolidated Financial Statements F-17

Ch\$ Chilean pesos

US\$ U.S. dollars

UF The UF is a Chilean inflation-indexed, peso-denominated monetary unit that is set daily in advance based on the previous month's inflation rate.

ThCh\$ Thousands of Chilean pesos

ThUS\$ Thousands of U.S. dollars

### Item 19. Exhibits

Exhibit	Description
1.1	By-laws (Estatutos) of Enel Generación Chile S.A.
2.1	Description of securities registered under section 12 of the securities exchange act of 1934.
8.1	List of Principal Subsidiaries as of December 31, 2019.
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
13.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
15.1	Letter dated April 28, 2020 of KPMG Auditores Consultores SPA. as required by Item 16F of Form 20-F.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document





**Enel Generación Chile S.A. and its Subsidiary**

**Consolidated Financial Statements as of December 31, 2019 and 2018 and the years ended December 31, 2019, 2018 and 2017.**

## **Index to the Audited Consolidated Financial Statements**

### **Reports of Independent Registered Public Accounting Firms:**

Report of KPMG Auditores Consultores SPA. — Enel Generación Chile S.A. 2019, 2018 and 2017	F-3
Report of KPMG Auditores Consultores SPA. — Enel Generación Chile S.A. — Internal Control over Financial Reporting 2019	F-5

### **Consolidated Financial Statements:**

Consolidated Statements of Financial Position at December 31, 2019 and 2018	F-7
Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017	F-10
Consolidated Statements of Changes in Equity for the years ended December 31, 2019, 2018 and 2017	F-11
Consolidated Statements of Cash Flows Direct for the years ended December 31, 2019, 2018 and 2017	F-13
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Ch\$	Chilean pesos
US\$	U. S. dollars
UF	The UF is a Chilean inflation-indexed, peso-denominated monetary unit that is set daily in advance based on the previous month's inflation rate.
ThCh\$	Thousands of Chilean pesos
ThUS\$	Thousands of U.S. dollars



## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Enel Generación Chile S.A.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated statements of financial position of Enel Generación Chile S.A. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 28, 2020, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Revenue recognition of energy provided and not invoiced at the balance sheet date***

As described in Notes 3-(p) and 26 to the 2019 consolidated financial statements, revenue from sales to clients includes an estimate of the energy provided and not invoiced at the balance sheet date which amounted to ThCh\$225,606,369. This estimate is made by Management based on complex calculations of volume and price of energy, which can include both, financial and non-financial data from multiple sources and, vary depending on the specific terms of contracts and current regulation. In addition, the local regulator has established specific terms of billing and collection for regulated clients, which causes a lag and implies judgment to determine a financial and accounting impact.

We identified the revenue recognition of energy provided and not invoiced as a critical audit matter because of the significant auditor effort required to assess the complexity of the non-standardized terms of contracts and regulations and the nature and source of the inputs used in the calculation of the price formulas established in contracts and regulations.

The primary procedures performed to address this critical audit matter included the following:

- We evaluated and tested management's process and controls over revenue recognition, including those associated to the evaluation of the methodology and price used for estimation of unbilled sales to clients;
- We compared the amount of energy consumed by and provided to clients at the end of the year, versus the actual revenue or external data provided by the local regulator, as applicable, for a sample of unbilled revenue from sales to clients;
- We reassessed a sample of the price used to calculate the unbilled sales to clients subject to tariff regulation based on; current client contracts and decrees issued by the local regulator and, external factors such as; US Dollar rate, inflation rate and, trade prices of gas, oil and coal;
- We also involved professionals with specialized skills and knowledge to assess the determination of the discount rate, taking as reference publicly available data, which is used to discount the cash flows related to regulated clients.

/s/ KPMG

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**KPMG Auditores Consultores SPA**

We have served as the Company's auditor since 2008.

Santiago, Chile

April 28, 2020



## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Enel Generación Chile S.A.:

### ***Opinion on Internal Control Over Financial Reporting***

We have audited Enel Generación Chile S.A. and subsidiaries (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated April 28, 2020 expressed an unqualified opinion on those consolidated financial statements.

### ***Basis for Opinion***

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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***Definition and Limitations of Internal Control Over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG

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**KPMG Auditores Consultores SPA**

We have served as the Company's auditor since 2008.

Santiago, Chile

April 28, 2020

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY

Consolidated Statements of Financial Position  
As of December 31, 2019 and 2018  
(In thousands of Chilean pesos – ThCh\$)

	Note	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	13,487,584	151,989,905
Other current financial assets	8	163,975	38,564,527
Other current non-financial assets	9	7,588,980	10,838,242
Trade and other current receivables	10	209,178,012	239,425,507
Current accounts receivable from related parties	11	288,344,589	135,105,117
Inventories	12	29,674,090	43,770,781
Current tax assets	13	42,647,814	52,773,274
<b>TOTAL CURRENT ASSETS</b>		<b>591,085,044</b>	<b>672,467,353</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	8	7,189,429	2,362,570
Other non-current non-financial assets	9	14,845,654	12,545,299
Trade and other non-current receivables	10	82,929,822	1,156,638
Non-current accounts receivable from related parties	11	80,339,778	—
Investments accounted for using the equity method	14	7,911,342	12,826,892
Intangible assets other than goodwill, net	15	30,393,637	23,910,977
Goodwill	16	24,860,356	24,860,356
Property, plant and equipment, net	17	2,747,643,715	2,919,097,994
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,996,113,733</b>	<b>2,996,760,726</b>
<b>TOTAL ASSETS</b>		<b>3,587,198,777</b>	<b>3,669,228,079</b>



ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY

Consolidated Statements of Financial Position  
As of December 31, 2019 and 2018  
(In thousands of Chilean pesos – ThCh\$)

	Note	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	19	96,335,567	125,350,544
Trade and other current payables	22	227,887,342	275,331,618
Current accounts payable to related parties	11	137,867,183	152,932,289
Other current liabilities	23	3,619,734	5,182,867
Current tax liabilities	13	17,662,740	12,541,174
Provisions for employee benefits, current	21	—	—
Other current non-financial liabilities	9	4,811,150	22,542,716
<b>TOTAL CURRENT LIABILITIES</b>		<b>488,183,716</b>	<b>593,881,208</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current financial liabilities	19	829,976,921	799,813,225
Other non-current payables	22	2	450,421
Non-current accounts payables to related parties	11	2,497,660	—
Other long-term provisions	23	143,448,085	79,493,801
Deferred tax liabilities	18	130,094,726	183,487,402
Non-current provisions for employee benefits	24.2	19,143,273	14,610,975
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,125,160,667</b>	<b>1,077,855,824</b>
<b>TOTAL LIABILITIES</b>		<b>1,613,344,383</b>	<b>1,671,737,032</b>
<b>EQUITY</b>			
Issued capital	25	552,777,321	552,777,321
Retained earnings		1,552,064,328	1,509,995,045
Share premium	25	85,511,492	85,511,492
Other reserves	25	(226,577,889)	(177,763,273)
<b>Equity attributable to Shareholders of the Parent Company</b>		<b>1,963,775,252</b>	<b>1,970,520,585</b>
<b>Non-controlling interests</b>	25	<b>10,079,142</b>	<b>26,970,462</b>
<b>TOTAL EQUITY</b>		<b>1,973,854,394</b>	<b>1,997,491,047</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,587,198,777</b>	<b>3,669,228,079</b>

**ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY**  
**Consolidated Statements of Comprehensive Income, by Nature**  
**For the years ended December 31, 2019, 2018 and 2017**  
**(In thousands of Chilean pesos – ThCh\$)**

STATEMENTS OF COMPREHENSIVE INCOME		12-31-2019	12-31-2018	12-31-2017
Profit (loss)	Note	ThCh\$	ThCh\$	ThCh\$
Revenues	26	1,494,119,513	1,481,554,138	1,599,032,140
Other operating income	26	144,254,921	39,500,045	35,904,948
<b>Revenues and Other Operating Income from continuing operations</b>		<b>1,638,374,434</b>	<b>1,521,054,183</b>	<b>1,634,937,088</b>
Raw materials and consumables used	27	(834,936,802)	(809,974,152)	(903,978,006)
<b>Contribution Margin from continuing operations</b>		<b>803,437,632</b>	<b>711,080,031</b>	<b>730,959,082</b>
Other work performed by the entity and capitalized	17.4.b	4,673,011	7,449,013	7,226,484
Employee benefits expense	28	(49,731,269)	(53,800,538)	(54,222,470)
Depreciation and amortization expense	29	(107,456,139)	(117,765,263)	(117,337,553)
Impairment loss recognized in the period's profit or loss	29	(280,020,263)	—	—
Reversals of losses on impairment on financial assets under IFRS 9	29	(1,347,346)	(100,900)	55,494
Other expenses	30	(88,636,766)	(82,478,947)	(102,821,020)
<b>Operating Income from continuing operations</b>		<b>280,918,860</b>	<b>464,383,396</b>	<b>463,860,017</b>
Other gains (losses), net	31	1,681,178	3,434,503	113,088,869
Financial income	32	9,420,340	5,778,242	5,273,672
Financial costs	32	(65,711,082)	(48,189,495)	(50,851,829)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	14	545,640	3,281,453	(2,696,904)
Foreign currency exchange differences	32	3,085,739	(3,055,807)	8,822,301
Gains (losses) from indexed assets and liabilities, net (*)	32	(5,157,076)	(2,480,291)	145,608
<b>Income before taxes</b>		<b>224,783,599</b>	<b>423,152,001</b>	<b>537,641,734</b>
Income tax expense, continuing operations	33	(23,457,536)	(104,946,765)	(112,099,519)
<b>NET INCOME</b>		<b>201,326,063</b>	<b>318,205,236</b>	<b>425,542,215</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>201,326,063</b>	<b>318,205,236</b>	<b>425,542,215</b>
<b>Net profit for the year attributable to</b>				
Shareholders of the parent company		196,343,162	309,029,455	418,453,814
Non-controlling interests	25.7	4,982,901	9,175,781	7,088,401
<b>NET INCOME</b>		<b>201,326,063</b>	<b>318,205,236</b>	<b>425,542,215</b>
<b>Basic earnings per share</b>				
Basic earnings per share from continuing operations	Ch\$ / share	23.94	37.68	51.02
Total Basic earnings per share	Ch\$ / share	23.94	37.68	51.02
Weighted average number of shares of common stock	Thousands	8,201,754.58	8,201,754.58	8,201,754.58
<b>Diluted earnings per share</b>				
Diluted earnings per share from continuing operations	Ch\$ / share	23.94	37.68	51.02
Total Diluted earnings per share	Ch\$ / share	23.94	37.68	51.02
Weighted average number of shares of common stock	Thousands	8,201,754.58	8,201,754.58	8,201,754.58

**ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY**  
**Consolidated Statements of Comprehensive Income, by Nature**  
**For the years ended December 31, 2019, 2018 and 2017**  
**(In thousands of Chilean pesos – ThCh\$)**

<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>	<b>Note</b>	<b>12-31-2019</b>	<b>12-31-2018</b>	<b>12-31-2017</b>
		<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
<b>Net Profit for the Year</b>		<b>201,326,063</b>	<b>318,205,236</b>	<b>425,542,215</b>
<b>Components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss, before income taxes</b>				
Remeasurement gains (losses) from defined benefit plans	18/ 24.2	(3,646,705)	(325,252)	251,976
<b>Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss</b>		<b>(3,646,705)</b>	<b>(325,252)</b>	<b>251,976</b>
<b>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss, before income taxes</b>				
(Losses) Foreign currency translation differences	18	(4,310,498)	(5,522,334)	(3,690,798)
(Losses) gains on other financial assets measured at fair value through OCI	18	(4)	(15)	8
(Losses) gains from cash flow hedges	18	(78,822,761)	(157,077,145)	73,333,487
Reclassification adjustments in cash flow hedges transferred to profit or loss	18	11,930,158	18,227,145	23,976,029
<b>Other comprehensive loss that will be reclassified subsequently to profit or loss</b>		<b>(71,203,105)</b>	<b>(144,372,349)</b>	<b>93,618,726</b>
<b>Total other comprehensive income (loss), before income taxes</b>		<b>(74,849,810)</b>	<b>(144,697,601)</b>	<b>93,870,702</b>
<b>Income taxes related to components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss</b>				
Income tax/(benefit) related to defined benefit plans	18	984,610	87,818	(68,034)
<b>Income tax related to components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss</b>		<b>984,610</b>	<b>87,818</b>	<b>(68,034)</b>
<b>Income taxes related to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss, before income taxes</b>				
Income tax related to cash flow hedge		18,061,004	37,616,791	(26,139,149)
Income tax related to available-for-sale financial assets	18	1	4	(2)
<b>Income taxes related to components of comprehensive income (losses) that will be reclassified subsequently to profit or loss</b>		<b>18,061,005</b>	<b>37,616,795</b>	<b>(26,139,151)</b>
<b>Total Other Comprehensive Income (Loss)</b>		<b>(55,804,195)</b>	<b>(106,992,988)</b>	<b>67,663,517</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>145,521,868</b>	<b>211,212,248</b>	<b>493,205,732</b>
<b>Comprehensive income (loss) attributable to</b>				
Shareholders of the parent company		140,538,967	202,172,256	486,205,094
Non-controlling interests		4,982,901	9,039,992	7,000,638
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>145,521,868</b>	<b>211,212,248</b>	<b>493,205,732</b>

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2019, 2018 and 2017  
(In thousands of Chilean pesos – ThCh\$)

Statements of Changes in Equity	Changes in other reserves												Total Equity
	Issued Capital ThCh\$	Issuance Premium ThCh\$	Reserve for Exchange Differences in Translation ThCh\$	Reserve for Cash Flow Hedges ThCh\$	Reserve for Gains and Losses for Defined Benefit Plans ThCh\$	Reserve for Gains and Losses on Remeasuring Available-for-Sale Financial Assets ThCh\$	Other Miscellaneous Reserves ThCh\$	Other Reserves related to assets held for sale and disposal groups ThCh\$	Total Other Reserves ThCh\$	Retained Earnings ThCh\$	Equity Attributable to Shareholders of the Parent Company ThCh\$	Non-controlling Interests ThCh\$	
Balance as of January 1, 2019	552,777,321	85,511,492	7,221,971	(153,562,242)	—	(1,038)	(31,421,964)	—	(177,763,273)	1,509,995,045	1,970,520,585	26,970,462	1,997,491,047
<b>Total Changes in equity</b>													
Net income	—	—	—	—	—	—	—	—	—	196,343,162	196,343,162	4,982,901	201,326,063
Other comprehensive income	—	—	(4,310,498)	(48,831,600)	(2,662,094)	(3)	—	—	(55,804,195)	—	(55,804,195)	—	(55,804,195)
Comprehensive income	—	—	—	—	—	—	—	—	—	—	140,538,967	4,982,901	145,521,868
Dividends	—	—	—	—	—	—	—	—	—	(151,611,785)	(151,611,785)	(8,707,849)	(160,319,634)
Increase (decrease) from other changes	—	—	—	—	2,662,094	—	4,327,485	—	6,989,579	(2,662,094)	4,327,485	(13,166,372)	(8,838,887)
<b>Total changes in equity</b>	—	—	(4,310,498)	(48,831,600)	—	(3)	4,327,485	—	(48,814,616)	42,069,283	(6,745,333)	(16,891,320)	(23,636,653)
<b>Balance as of December 31, 2019</b>	<b>552,777,321</b>	<b>85,511,492</b>	<b>2,911,473</b>	<b>(202,393,842)</b>	<b>—</b>	<b>(1,041)</b>	<b>(27,094,479)</b>	<b>—</b>	<b>(226,577,889)</b>	<b>1,552,064,328</b>	<b>1,963,775,252</b>	<b>10,079,142</b>	<b>1,973,854,394</b>

Statements of Changes in Equity	Changes in other reserves												Total Equity
	Issued Capital ThCh\$	Issuance Premium ThCh\$	Reserve for Exchange Differences in Translation ThCh\$	Reserve for Cash Flow Hedges ThCh\$	Reserve for Gains and Losses for Defined Benefit Plans ThCh\$	Reserve for Gains and Losses on Remeasuring Available-for-Sale Financial Assets ThCh\$	Other Miscellaneous Reserves ThCh\$	Other Reserves related to assets held for sale and disposal groups ThCh\$	Total Other Reserves ThCh\$	Retained Earnings ThCh\$	Equity Attributable to Shareholders of the Parent Company ThCh\$	Non-controlling Interests ThCh\$	
Balance as of January 1, 2018	552,777,321	85,511,492	12,608,918	(52,329,034)	—	(1,027)	(35,068,098)	—	(74,789,241)	1,398,018,155	1,961,517,727	27,496,226	1,989,013,953
Increase (decrease) from changes in accounting policies (1)	—	—	—	—	—	—	—	—	—	506,760	506,760	16,427	523,187
<b>Initial Balance Re-expressed</b>	<b>552,777,321</b>	<b>85,511,492</b>	<b>12,608,918</b>	<b>(52,329,034)</b>	<b>—</b>	<b>(1,027)</b>	<b>(35,068,098)</b>	<b>—</b>	<b>(74,789,241)</b>	<b>1,398,524,915</b>	<b>1,962,024,487</b>	<b>27,512,653</b>	<b>1,989,537,140</b>
<b>Total Changes in equity</b>													
Net income	—	—	—	—	—	—	—	—	—	309,029,455	309,029,455	9,175,781	318,205,236
Other comprehensive income	—	—	(5,386,947)	(101,233,208)	(237,033)	(11)	—	—	(106,857,199)	—	(106,857,199)	(135,789)	(106,992,988)
Comprehensive income	—	—	—	—	—	—	—	—	—	—	202,172,256	9,039,992	211,212,248
Dividends	—	—	—	—	—	—	—	—	—	(197,322,292)	(197,322,292)	(9,680,615)	(207,002,907)
Increase (decrease) from other changes	—	—	—	—	237,033	—	3,646,134	—	3,883,167	(237,033)	3,646,134	98,433	3,744,567
<b>Total changes in equity</b>	<b>—</b>	<b>—</b>	<b>(5,386,947)</b>	<b>(101,233,208)</b>	<b>—</b>	<b>(11)</b>	<b>3,646,134</b>	<b>—</b>	<b>(102,974,032)</b>	<b>111,470,130</b>	<b>8,496,098</b>	<b>(542,191)</b>	<b>7,953,907</b>
<b>Balance as of December 31, 2018</b>	<b>552,777,321</b>	<b>85,511,492</b>	<b>7,221,971</b>	<b>(153,562,242)</b>	<b>—</b>	<b>(1,038)</b>	<b>(31,421,964)</b>	<b>—</b>	<b>(177,763,273)</b>	<b>1,509,995,045</b>	<b>1,970,520,585</b>	<b>26,970,462</b>	<b>1,997,491,047</b>

(1) Considers a charge to retained earnings for ThCh\$141,284 by IFRS 9.

ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2019, 2018 and 2017  
(In thousands of Chilean pesos – ThCh\$)

Statements of Changes in Equity	Changes in Other Reserves												Total Equity ThCh\$
	Issued Capital ThCh\$	Issuance Premium ThCh\$	Reserve for Exchange Differences in Translation ThCh\$	Reserve for Cash Flow Hedges ThCh\$	Reserve for Gains and Losses for Defined Benefit Plans ThCh\$	Reserve for Gains and Losses on Remeasuring Available- for-Sale Financial Assets ThCh\$	Other Miscellaneous Reserves ThCh\$	Other Reserves related to assets held for sale and disposal groups ThCh\$	Total Other Reserves ThCh\$	Retained Earnings ThCh\$	Equity Attributable to Shareholders of the Parent Company ThCh\$	Non-controlling Interests ThCh\$	
Balance as of January 1, 2017	552,777,321	85,511,492	16,210,841	(123,499,401)	—	(1,033)	(32,188,067)	2,722,113	(136,755,547)	1,199,429,221	1,700,962,487	28,797,762	1,729,760,249
<b>Changes in equity</b>													
Net income	—	—	—	—	—	—	—	—	—	418,453,814	418,453,814	7,088,401	425,542,215
Other comprehensive income	—	—	(3,601,923)	71,170,367	182,830	6	—	—	67,751,280	—	67,751,280	(87,763)	67,663,517
Comprehensive income	—	—	—	—	—	—	—	—	—	—	486,205,094	7,000,638	493,205,732
Dividends	—	—	—	—	—	—	—	—	—	(220,047,710)	(220,047,710)	(8,302,174)	(228,349,884)
Increase (decrease) from other changes	—	—	—	—	(182,830)	—	(2,880,031)	(2,722,113)	(5,784,974)	182,830	(5,602,144)	—	(5,602,144)
<b>Total changes in equity</b>	—	—	(3,601,923)	71,170,367	—	6	(2,880,031)	(2,722,113)	61,966,306	198,588,934	260,555,240	(1,301,536)	259,253,704
Balance as of December 31, 2017	552,777,321	85,511,492	12,608,918	(52,329,034)	—	(1,027)	(35,068,098)	—	(74,789,241)	1,398,018,155	1,961,517,727	27,496,226	1,989,013,953

## ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY

### Consolidated Statements of Cash Flow, Direct For the years ended December 31, 2018, 2017 and 2016

(In thousands of Chilean pesos – ThCh\$)

<b>Statement of Direct Cash Flow</b>	<b>Note</b>	<b>12-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>	<b>12-31-2017 ThCh\$</b>
<b>Cash flows from operating activities</b>				
<b>Types of collection from operating activities</b>				
Collections from the sale of goods and services		1,907,162,467	1,907,020,342	2,096,113,174
Collections from premiums and services, annual payments, and other benefits from policies held		30,030,403	8,229,203	6,808,382
Other collections from operating activities		25,646	267,291	12,096,424
<b>Types of payment in cash from operating activities</b>				
Payments to suppliers for goods and services		(1,176,591,034)	(1,189,827,156)	(1,302,502,517)
Payments to and on behalf of employees		(46,732,879)	(53,181,080)	(57,204,085)
Payments on premiums and services, annual payments, and other obligations from policies held		(15,920,948)	(13,217,306)	(14,551,177)
Other payments for operating activities		(88,789,440)	(97,141,445)	(93,435,079)
<b>Cash generated from operating activities</b>				
Income taxes paid		(40,137,353)	(96,375,125)	(157,951,053)
Other outflows of cash		(440,091)	(501,449)	(1,206,687)
<b>Net cash provided by operating activities</b>		<b>568,606,771</b>	<b>465,273,275</b>	<b>488,167,382</b>
<b>Cash flows from investment activities</b>				
Cash flow used in the purchase of non-controlling interests		(14,644,158)	—	—
Other collections from the sale of equity or debt instruments belonging to other entities	5	—	—	115,582,806
Other payments to acquire stakes in joint ventures		—	—	(1,943,100)
Loans and funds transferred to related parties	11.c	(198,751,027)	(83,414,780)	(6,639,995)
Proceeds from the sale of property, plant and equipment		872,988	4,640,835	4,274,470
Purchases of property, plant and equipment		(192,933,291)	(222,327,048)	(206,775,663)
Purchases of intangible assets		(9,812,097)	—	—
Payments from future, forward, option and swap contracts		(3,853,080)	(1,210,213)	(7,808,837)
Collections from future, forward, option and swap contracts		2,737,887	352,734	835,105
Collections of loans and funds transferred from related parties	11.c	14,255,818	68,622,702	6,639,996
Dividends received		6,455,840	1,527,254	879,884
Interest received		3,096,168	3,635,059	3,087,687
Other inflows (outflows) of cash		(32,031)	48,423	-
<b>Net cash used in investing activities</b>		<b>(392,606,983)</b>	<b>(228,125,034)</b>	<b>(91,867,647)</b>
<b>Cash flows from financing activities</b>				
Loans from related parties		2,187,473	69,204,437	31,680,253
Payments on borrowings		(31,300,902)	(5,654,112)	(5,534,482)
Payments on financial lease liabilities		(2,350,680)	(1,889,685)	(2,592,237)
Repayments of loans from related parties		(2,018,232)	(66,540,959)	(31,680,253)
Dividends paid		(194,752,293)	(239,385,950)	(244,539,407)
Interest paid		(52,433,690)	(47,195,320)	(44,320,298)
Interest paid to Banks	7.c	(46,134)	(22,681)	(169)
Interest paid on placements	7.c	(44,927,734)	(42,860,557)	(43,514,578)
Interest paid – other	7.c	(641,557)	(739,070)	—
Interest paid to related parties	7.c	(1,012,443)	(76,123)	(805,551)
Interest paid on derivatives	7.c	(5,805,822)	(3,496,889)	—
Other outflows of cash	7.c	(33,701,181)	(478,035)	(4,848,787)
<b>Net cash used in financing activities</b>		<b>(314,369,505)</b>	<b>(291,939,624)</b>	<b>(301,835,211)</b>
<b>Net (decrease) increase in cash and cash equivalents before the effect of exchange rate changes</b>		<b>(138,369,717)</b>	<b>(54,791,383)</b>	<b>94,464,524</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>				
Effect of exchange rate changes on cash and cash equivalents		(132,604)	(4,245,853)	2,076,138
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(138,502,321)</b>	<b>(59,037,236)</b>	<b>96,540,662</b>
Cash and cash equivalents at the beginning of the year	7	151,989,905	211,027,141	114,486,479
<b>Cash and cash equivalents at the end of the year</b>	7	<b>13,487,584</b>	<b>151,989,905</b>	<b>211,027,141</b>

**ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**ENEL GENERACIÓN CHILE S.A. AND ITS SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**  
**(In thousands of Chilean pesos – ThCh\$)**

**1. THE GROUP'S ACTIVITIES AND FINANCIAL STATEMENTS**

Enel Generación Chile S.A (hereinafter “Enel Generación Chile”, the “Parent Company” or the “Company”) and its subsidiary comprise the Enel Generación Chile Group (hereinafter the “Group”).

Enel Generación Chile S.A. is a publicly traded corporation with a registered address and head office located at Avenida Santa Rosa, No. 76, in Santiago, Chile. The Company is registered in the securities register of the Financial Market Commission of Chile (Comisión para el Mercado Financiero, “CMF”) under number 114. In addition, the Company is registered with the Securities and Exchange Commission of the United States of America (hereinafter the “SEC”). The Company’s shares have been listed on the New York Stock Exchange in the period between 1994 to December 31, 2018, date in which the Company requested before the SEC the delisting of the issued securities. As of this date, December 31, 2018 the American Depositary Shares issued by Enel Generación Chile ceased trading on the NYSE.

Enel Generación Chile S.A. is a subsidiary of Enel Chile S.A. (“Enel Chile”) a company which, in turn, is a subsidiary Enel S.p.A. (hereinafter “Enel”).

The Company was initially incorporated by a public deed dated December 1, 1943 under the name Empresa Nacional de Electricidad S.A. The Treasury Department’s Supreme Decree No. 97 of January 3, 1944 authorized the incorporation of the Company and approved its by-laws. The Company changed its name to Enel Generación Chile S.A. effective October 4, 2016, the date its by-laws were amended in connection with the corporate reorganization of the Group during that year. For tax purposes, the Company operates under Chilean tax identification number 91.081.000-6.

As of December 31, 2019 the Group had 710 employees. During the year ended December 31, 2019, the Group averaged a total of 705 employees (see Note 35).

The Company’s corporate purpose consists of generating, transporting, producing, and distributing electrical energy. The purpose also includes investing in financial assets, developing projects, carrying out activities in the energy industry and in other fields in which electrical energy is essential, and participating in public civil or hydraulic infrastructure concessions in which it may participate directly or through subsidiaries or associate companies in Chile or abroad.

**1.1 Enel Group Proposed Corporate Reorganization**

The Company’s Board of Directors at its Extraordinary Session held on September 1, 2017, unanimously resolved to initiate all work and steps necessary to analyze the corporate reorganization proposed by our parent Enel Chile, in the terms applicable to Enel Generación Chile.

Enel Chile’s proposal consisted of a corporate reorganization within Ene (the “Reorganization”), which is intended to incorporate the renewable energy assets in Chile held through Enel Green Power Latin America S.A. (“EGPL”) through a merger with Enel Chile. EGPL was a subsidiary of Enel, actually controlled by Enel Green Power SpA.

The proposal also implies that the merger is contingent on the success of a public tender offer (“Tender Offer”) to be carried out by Enel Chile for all of the shares of its subsidiary Enel Generación Chile held by non-controlling interests.

The Reorganization involved two principal phases, each of which is conditional on the implementation of the other, as follows:

(i) Public tender offer

Enel Chile launched “Tender Offer” for all of the shares of its subsidiary Enel Generación Chile S.A. (“Enel Generación Chile”) held by non-controlling interests (equivalent to approximately 40% of the share capital). The Tender Offer consideration was paid in cash, subject to the condition that tendering Enel Generación Chile shareholders agreed to use a specified portion of the cash consideration to subscribe for shares or American Depositary Shares (“ADSs”) of Enel Chile (the “Share/ADS Subscription Condition”).

The effectiveness of the Tender Offer was conditioned on satisfaction or waiver by the following:

- The tender in the Tender Offer of a total number of shares that would enable Enel Chile to increase its ownership interest in Enel Generación Chile to more than 75% from then current 60%;
- The approval at the Extraordinary Shareholders' Meeting of Enel Generación Chile of a modification of the company's bylaws that eliminates the limit of concentration of share ownership in the Company, which did not allow a single shareholder to own more than 65% of the issued capital of the Company as stated in Title XII of DL 3,500;
- Enel Chile had available for issuance in the Tender Offer the necessary number of newly issued Enel Chile Shares following the expiration of the preemptive right period in the related capital increase to permit the subscription of the number of shares and ADSs of Enel Chile required to satisfy the Share/ADS Subscription Condition;
- The absence of any legal proceeding or action seeking to (i) prohibit or prevent the Merger between Enel Chile and EGPL; (ii) impose material limitations on Enel Chile’s ability to effectively exercise its property rights over the assets of EGPL to be assigned to Enel Chile as a consequence of the Merger; (iii) impose limitations on Enel Chile’s ability to continue developing and operating the projects owned by EGPL; and (iv) in general, any legal proceeding or action before any regulatory, judicial or administrative authority resulting in any of the consequences indicated in (i) to (iii) above;
- The absence of any legal proceeding or action seeking to (i) prohibit or prevent the closing of the Tender Offer; (ii) impose material limitations on Enel Chile’s ability to effectively acquire the Enel Generación Chile shares and Enel Generación Chile ADSs; (iii) impose limitations on Enel Chile’s ability to exercise its property rights over the Enel Generación Chile shares and Enel Generación Chile ADSs validly tendered and not validly withdrawn pursuant to the Tender Offer; and (iv) in general, any legal proceeding or action before any regulatory, judicial or administrative authority resulting in any of the consequences indicated in (i) to (iii) above;
- The Share/ADS Subscription Condition;
- Enel S.p.A must maintain at all times an ownership interest in Enel Chile of more than 50% and maintain its controlling shareholder position and shall not exceed the 65% stock ownership limit set forth in Enel Chile’s bylaws after the consummation of the proposed Reorganization;

- All of the other conditions to the Merger (other than the consummation of the Tender Offer); and
- The absence of any material adverse effect.

(ii) Merger

Once the Tender Offer was declared successful, EGPL merged into Enel Chile (the “Merger.”) which was subject to approval by Enel Chile shareholders and the unanimous written consent of the shareholders of EGPL. Consequently, the renewable assets held by EGPL was integrated into Enel Chile.

On December 20, 2017, the Extraordinary Shareholders’ Meeting of Enel Generación Chile, fulfilling one of the conditions precedent to the Tender Offer, approved the amendment of the Company’s bylaws to eliminate the limitations and restrictions established in Section XII of Decree No. 3.500.

On March 25, 2018, the amendments to Enel Chile's by-laws were approved to reflect the agreements related to the Merger, capital increase and expansion of Enel Chile's corporate purpose, among other provisions. The Tender Offer took place between February 16 and March 22, 2018; Enel Chile preemptive rights shares were subscribed between February 15 and March 16, 2018 in the capital increase; and the reorganization of renewable assets (including the Merger) was completed and became effective as of April 2, 2018 and resulted in an increase of Enel Chile's ownership in Enel Generación Chile from 59.98% to 93.55% and the merger of Enel Chile with EGPL effective as from this date.

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Accounting principles

The consolidated financial statements as of December 31, 2019 of the Group, approved for issuance by the Company's Board of Directors at its meeting held on April 28, 2020, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements reflect faithfully the financial position of Enel Generación Chile and its subsidiaries at December 31, 2019 and 2018, and the results of their operations, changes in their equity and their cash flows for the year ended December 31, 2019, 2018, and 2017 and corresponding notes.

These consolidated financial statements present the figures for 2017 of the consolidated statement of comprehensive income, statement of consolidated cash flows, statement of changes in consolidated equity, and their corresponding notes.

These consolidated financial statements have been prepared under going concern assumptions on a historical cost basis except when, in accordance with IFRS, those assets and liabilities that are measured at a fair value.

These consolidated financial statements are presented in thousands of Chilean pesos (unless expressly stated otherwise), as the Chilean peso is the functional currency of the Company and the presentation currency of the Group. Foreign operations are incorporated in accordance with the accounting policies stated in Notes 2.7.3 and 3.m.

### 2.2 New accounting pronouncements

#### a) The following accounting pronouncements have been adopted by the Group effective as of January 1, 2019:

##### i. New Standards and Interpretations

New Standards and Interpretations	Mandatory Effective Date
IFRS 16: Leases	Annual periods beginning on or after January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments.	Annual periods beginning on or after January 1, 2019

##### IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 which establishes recognition, measurement, presentation and disclosure principles for lease agreements. IFRS 16 supersedes IAS 17 *Leases* and its interpretations, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard became effective on January 1, 2019.

IFRS 16 is based on the concept of control in determining whether a contract is, or contains, a lease. In relation to the accounting treatment for a lessee and a lessor, the new standard states the following:

- i. Lessee accounting: IFRS 16 requires lessees to account for all leases under a single model, similar to accounting for finance leases under IAS 17. As a result, at the date of commencement of a lease, the lessee recognizes on the statement of financial position a right-of-use asset and a lease liability for the future lease payments. Subsequent to initial recognition it will recognize in the statement of profit or loss the depreciation expense of the asset separately from the interest related to the liability for leases. The standard provides two voluntary recognition exceptions for low-value asset leases and short-term leases (equal to or less than 12 months).
- ii. Lessor accounting: IFRS 16 does not change substantially from the model established for IAS 17. The lessor must classify leases as operating or financial leases under the same principles as the previous standard.

The implementation of IFRS 16 by the Group required the application of judgment and assumptions, which are summarized as follows:

- Analysis of the lease contracts within the scope of the standard. This analysis included not only the contracts in which the Group's companies act as a lessee, but also the contracts for the rendering of services and the contracts in which the Group companies act as a lessor.
- Estimate of the lease terms. This is based on the non-cancellable period and the periods covered by the renewal options, the exercise of which is in the power of Enel Generación Chile and is considered reasonably certain.
- Estimate of the discount rate to calculate the present value of the lease payments. This is equal to the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be easily determined. For the transition, in the calculation of the effects as of January 1, 2019, the Group used the lessee's incremental borrowing rate, defined as the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a value similar to the right-of-use asset in a similar economic environment.

The Group elected to apply to use certain exemptions from application of the standard, relating to lease contracts with a maturity of less than 12 months or that have underlying assets of low individual value, such as the lease of certain office equipment (personal computers, printers and photocopiers). See Notes 3.e and 17.4.

For the transition of the new standard, the Group applied the following practical expedients:

- Not to re-evaluate if a contract is, or contains, a lease. Instead, the Group applied the standard to contracts that were previously identified as leases by applying IAS 17 and IFRIC 4. Therefore, the Group did not apply the standard to contracts that were not previously identified as containing a lease.
- Apply the standard retrospectively with the cumulative effect of the initial application. This means not restating comparative periods and presenting the cumulative effect of the initial application of the standard as an adjustment to the opening balance of retained earnings as of January 1, 2019.
- Recognize right-of-use assets on the initial date of application for an amount equal to the lease liabilities, adjusted by the amount of any advance or accumulated lease payments recognized in the statement of financial position immediately before the initial date of application.

The new standard imposed by IFRS 16 has an impact on all Group entities that have lease contracts. The main issues that arise are those related to the lease of land, buildings and automobiles. As a result of the change in the accounting model for lessees, the Group recorded an increase in current and non-current liabilities for a total of ThCh\$1,458,988 as of January 1, 2019, for the recognition of lease liabilities and an increase in non-current assets for the same amount, as a result of the recognition of the right-of-use assets in such contracts. It should be noted that the application

of the standard did not result in any effect being recognized in the opening balance of retained earnings as of January 1, 2019. For further information see Notes 17.4 and 19.

The weighted average of the incremental borrowing rate used to record lease liabilities as of January 1, 2019, was 3.08%.

The reconciliation between the total amount of the minimum future payments under operating lease agreements according to IAS 17 and the finance lease liability recorded as of January 1, 2019, is as follows:

	<b>ThCh\$</b>
Minimum future payments of operating leases as of 12.31.2018	1,895,863
Effect of the discount at the Incremental borrowing rate	(436,875)
<b>Lease Liabilities</b>	<b>1,458,988</b>

During the year ended December 31, 2019, the Group recognized an increase of ThCh\$18,633 in financial expenses associated with the new lease liabilities and an increase of ThCh\$99,232 in depreciation associated with the right of-use assets.

#### • IFRIC 23 – Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 to clarify the application of recognition and measurement requirements in IAS 12, *Income Taxes* when there is uncertainty over income tax treatments. IFRIC 23 specifically addresses the following: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances.

Uncertainty over income tax treatments can affect both current and deferred taxes. Recognizing the effects of uncertainty depends on whether the tax authority is likely or not to accept an uncertain tax treatment, assuming that the tax authority will examine the amounts that it is entitled to examine and has full knowledge of all the related information.

IFRIC 23 became effective on January 1, 2019. The application of IFRIC 23 did not have a material impact on the Group's consolidated financial statements.

#### ii. Amendments and Improvements

<b>Amendments and Improvements</b>	<b>Mandatory Effective Date</b>
Amendment to IFRS 9: Prepayment Features with Negative Compensation	Annual periods beginning on or after January 1, 2019
Amendment to IAS 28: Long-term interests in Associates and Joint Ventures	Annual periods beginning on or after January 1, 2019
Annual Improvements to IFRS 2015 -2017 Cycle (IFRS 3, IFRS 11, IAS 12 and IAS 23).	Annual periods beginning on or after January 1, 2019.
Amendment to IAS 19: Plan Amendment, Curtailment or Settlement	Annual periods beginning on or after January 1, 2019

- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**

This amendment was issued on October 12, 2017, and amends the existing requirements in IFRS 9 *Financial Instruments* regarding termination rights in order to allow measurement of financial assets at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation prepayments.

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through profit or loss in other comprehensive income, provided that the contractual cash flows are only principal and interest payments on the outstanding principal and the instrument is carried out within the business model for that classification. The amendments to IFRS 9 are intended to clarify that a financial asset meets the criterion of “only principal payments plus interest”, regardless of the event or circumstance that causes the early termination of the contract or of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments to IFRS 9 should be applied when the prepayment is close to the unpaid amounts of principal and interest in such a way that it reflects the change in the benchmark interest rate. This implies that prepayments at fair value or for an amount that includes the fair value of the cost to terminate an associated hedging instrument will normally meet the criterion of only principal payments plus interest, only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are minimal.

The application of this amendment, as of January 1, 2019, did not have an impact on the Group’s consolidated financial statements.

- **Amendments to IAS 28: Long-term interests in Associates and Joint Ventures**

This amendment clarifies that IFRS 9 is applicable to an entity’s long-term interests in an associate or joint venture to which the equity method is not applied. This clarification is relevant because it implies that the expected credit loss model, described in IFRS 9, applies to these long-term interests.

The application of this amendment, as of January 1, 2019, did not have an impact on the Group’s consolidated financial statements.

- **Annual Improvements to IFRS: 2015 - 2017 Cycle (IFRS 3, IFRS 11, IAS 12 and IAS 23).**

The improvements to IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*: clarify the accounting for increases in ownership interest in a joint operation that meets the definition of a business. If a party maintains (or obtains) joint control, the previously held ownership interest is not remeasured. If a party obtains control, the transaction is a business combination in stages and the acquiring party remeasures the previously held ownership interest in the assets and liabilities of a joint operation, at fair value.

The improvements to IAS 12 *Income Taxes* clarifies that the income tax on dividends is linked more directly to past transactions or events that generated distributable profits than to distributions to shareholders. Therefore, an entity recognizes income tax on dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or past events.

The improvements to IAS 23 *Borrowing Costs* clarifies that loans that were specifically intended to finance qualifying assets become part of the entity’s general loan pool for the purpose of calculating the capitalization rate when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.



The application of these improvements, as of January 1, 2019 did not have a material impact on the Group's consolidated financial statements.

- **Amendment to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendment to IAS 19 *Employee Benefits*, issued in February 2018, addresses the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendment specifies that an entity is required to determine the current service cost and net interest for the remainder of the annual period using the actuarial assumptions used to remeasure the benefit liability (asset) and plan assets of the plan after the plan amendment, curtailment or settlement.

The amendment to IAS 19 also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognized in other comprehensive income.

This clarification provides that entities might have to recognize a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognized before. Changes in the effect of the asset ceiling are not netted against such amounts.

The amendment to IAS 19 applies to a plan amendment, curtailment or settlement that occurred on or after January 1, 2019. The Group did not have any of those events during the year ended December 31, 2019.

**b) Accounting pronouncements with application effective as of January 1, 2020 and thereafter:**

As of the date of issuance of these consolidated financial statements, the following accounting pronouncements had been issued by the IASB, but their application is not yet mandatorily effective:

**i. New Standards and Interpretations**

<b>Amendments and Improvements</b>	<b>Mandatory Effective Date</b>
Conceptual Framework ( <i>Revised</i> )	Annual periods beginning on or after January 1, 2020
Amendments to IFRS 3: <i>Definition of a Business</i>	Annual periods beginning on or after January 1, 2020
Amendments to IAS 1 and IAS 8: <i>Definition of Material or Materiality</i>	Annual periods beginning on or after January 1, 2020
Amendments to IFRS 9 and IAS 39 and IFRS 7: <i>Interest Rate Benchmark Reform</i> .	Annual periods beginning on or after January 1, 2020

- **Conceptual Framework (Revised).**

The IASB issued the Conceptual Framework (Revised) in March 2018. It incorporates some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important matters. Revisions to the Conceptual Framework may affect the application of IFRS when no standard applies to a particular transaction or event.

The IASB has also issued a separate accompanying document, "Amendments to References to the Conceptual Framework in IFRS Standards", which establishes amendments to affected IFRSs in order to update references to the new Conceptual Framework.

The revised Conceptual Framework and the Amendments to the References to the Conceptual Framework in IFRS Standards take effect on January 1, 2020. Early application is allowed if all the changes made are adopted at the same time. Management estimates that the application of the revised Conceptual Framework will not generate significant impacts on the Group's consolidated financial statements.

- **Amendment to IFRS 3: Definition of a Business.**

IFRS 3 Business Combinations was amended by the IASB in October 2018, to clarify the definition of business, in order to help entities to determine whether a transaction should be accounted for as a business combination or as the acquisition of an asset. To be considered as a business, an acquired integrated set of activities and assets must include, at least, an input and a substantive process that together contribute significantly to the ability to create output.

The amendment also adds guidance and illustrative examples to assess whether a substantial process has been acquired and introduces an optional fair value concentration test.

The amendment is applicable prospectively to business combinations and acquisitions of assets, the acquisition date of which is on or after January 1, 2020. Earlier application is permitted.

- **Amendments to IAS 1 and IAS 8: Definition of Material or Materiality.**

In October 2018, the IASB amended IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to improve the definition of “material” and the explanations accompanying the definition. The amendments ensure that the definition of material is consistent in all IFRS.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments will be applicable prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.**

*On September 26, 2019, the IASB issued amendments to IFRS 9 Financial Instruments IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures, in response to the reform that gradually eliminates benchmark interest rates, such as interbank offer rates (IBORs). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).*

The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss

- The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments are applicable for annual periods beginning on or after January 1, 2020. Earlier application is permitted. Management is evaluating the potential impact of the application of these amendments on the consolidated financial statements of the Group.

### **2.3 Responsibility for the information, judgments and estimates provided**

The Company's Board of Directors is responsible for the information contained in these consolidated financial statements and expressly states that all IFRS principles and standards, have been fully implemented.

In preparing the consolidated financial statements, certain judgments and estimates made by the Group's Management have been used to quantify some of the assets, liabilities, revenue, expenses and commitments recognized.

The most important areas where critical judgment was required are:

- The identification of Cash Generating Units (CGU) for impairment testing (see Note 3.d).
- The hierarchy of information used to measure assets and liabilities at fair value (see Note 3.g).
- Application of the revenue recognition model in accordance with IFRS 15 (see Note 3.p).

The estimates refer basically to:

- The valuations performed to determine the existence of impairment losses in non-financial assets and goodwill (see Note 3.d).
- The assumptions used to calculate the actuarial liabilities and obligations with employees, such as discount rates, mortality tables, salary increases, etc. (see Notes 3.1.1 and 24).
- The useful lives of property, plant and equipment, and intangible assets (see Notes 3.a and 3.c).
- The assumptions used to calculate the fair value of financial instruments (see Notes 3.f and 19).
- Certain assumptions inherent in the electricity system affecting transactions with other companies, such as production, customer billings, energy consumption, that allow for estimation of electricity system settlements that occur on the corresponding final settlement dates, but that are pending as of the date of issuance of the

consolidated financial statements and could affect the balances of assets, liabilities, income and expenses recognized in the financial statements (see Appendix 4.2).

- The interpretation of new regulations related to the Electric Sector, whose ultimate economic effects will be determined by the resolutions of the relevant agencies (see Notes 4 and 10).
- The probability that uncertain or contingent liabilities will be incurred and their related amounts (see Note 3.l).
- Future disbursements for closure of facilities and restoration of land, as well as associated discount rates to be used (see Note 3.a).
- The tax results of the various subsidiaries of the Group that will be reported to the respective tax authorities in the future, and other estimates that have been used as the basis for recording the various income tax-related balances in these consolidated financial statements (see Note 3.o).
- The fair value of assets acquired and liabilities assumed, and any pre-existing interest in an entity acquired in a business combination.
- Determination of expected credit losses on financial assets (see Note 3.f.3).
- Determination of the lease term of contracts with renewal options, as well as the rates to be used to discount lease payments (see Note 3.e.).

Although these judgments and estimates have been based on the best available information as of the issuance date of these consolidated financial statements, future events may occur that would require a change (increase or decrease) to these judgments and estimates in subsequent periods. This change would be made prospectively, recognizing the effects of this change in judgment and estimation in the corresponding future consolidated financial statements.

## **2.4 Subsidiaries**

Subsidiaries are defined as those entities controlled either directly or indirectly by Enel Generación Chile. Control is exercised if and only if the following conditions are met: the Company has i) power over the subsidiary; ii) exposure, or rights to variable returns from these entities; and iii) the ability to use its power to influence the amount of these returns.

Enel Generación Chile has power over its subsidiaries when it holds the majority of the substantive voting rights or, should that not be the case, when it has rights granting the practical ability to direct the entities' relevant activities, that is, the activities that significantly affect the subsidiary's results.

The Group will reassess whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Subsidiaries are consolidated as described in Note 2.7.

Appendix 1 "Enel Generación Chile Group Entities" to these consolidated financial statements, describes the relationship of the Company with each of its subsidiaries.

## **2.5 Investments in associates**

Associates are those entities over which Enel Generación Chile, either directly or indirectly, exercises significant influence.

Significant influence is the power to participate in the financial and operational policy decisions of the associate but is not control or joint control over those policies. In assessing significant influence, the Group takes into account the existence and effect of currently exercisable voting rights or convertible rights at the end of each reporting period, including currently exercisable voting rights held by the Company or other entities. In general, significant influence is presumed to be those cases in which the Group has more than 20% of the voting power of the investee.

Associates are accounted for under equity method as described in Note 3.h.

Appendix 2 “Associates and Joint Ventures” to these consolidated financial statements, describes the relationship of the Company with each of these companies.

## **2.6 Joint arrangements**

Joint arrangements are defined as those entities in which the Group exercises control under an agreement with other shareholders and jointly with them, in other words, when decisions on the entities’ relevant activities require the unanimous consent of the parties sharing control.

Depending on the rights and obligations of the participants, joint agreements are classified as:

- Joint venture: an agreement whereby the parties exercising joint control have rights to the entity’s net assets. Joint ventures are included in the consolidated financial statements using the equity method, as described in Note 3.h.
- Joint operation: an agreement whereby the parties exercising joint control have rights to the assets and obligations with respect to the liabilities relating to the arrangement. Joint operations are included in the consolidated financial statements recognizing the interest in the contractually named assets and liabilities held in the joint operation. As of December 31, 2019, the Group does not have any joint arrangements that qualify as joint operations.

In determining the type of joint arrangement in which it is involved, the management of the Group assesses its rights and obligations arising from the arrangement by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. If facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

Currently, the Company is not involved in any joint arrangement that qualifies as a joint operation.

Appendix 2 “Associates and Joint Ventures” to these consolidated financial statements describes the relationship of the Company and each of these companies.

## **2.7 Basis of consolidation and business combinations**

The subsidiaries are consolidated and all their assets, liabilities, revenues, expenses, and cash flows are included in the consolidated financial statements once the adjustments and eliminations from intra-group transactions have been made.

The comprehensive income of subsidiaries is included in the consolidated statement of comprehensive income from the date when the parent company obtains control of the subsidiary and until the date on which it loses control of the subsidiary.

The operations of the parent company and its subsidiaries have been consolidated under the following basic principles:

1. At the date the parent obtains control, the subsidiary’s assets acquired and its liabilities assumed are recorded at fair value, except for certain assets and liabilities that are recorded using valuation principles established in other IFRS standards. If the fair value of the consideration transferred plus the fair value of any non-controlling interests exceeds the fair value of the net assets acquired, this difference is recorded as goodwill. In the case of a bargain purchase, the resulting gain is recognized in profit or loss after reassessing whether all of the assets acquired and the liabilities assumed have been properly identified and following a review of the procedures used to measure the fair value of these amounts.

For each business combination, IFRSs allow valuation of the non-controlling interests in the acquiree on the date of acquisition: i) at fair value; or ii) for the proportional ownership of the identifiable net assets of the acquiree, with the latter being the methodology that the Group has systematically applied to its business combinations.

If the fair value of all assets acquired and liabilities assumed at the acquisition date has not been completed, the Group reports the provisional values accounted for in the business combination. During the measurement period, which shall not exceed one year from the acquisition date, the provisional values recognized will be adjusted retrospectively as if the accounting for the business combination had been completed at the acquisition date, and also additional assets or liabilities will be recognized to reflect new information obtained about events and circumstances that existed on the acquisition date, but which were unknown to the management at that time. Comparative information for prior periods presented in the financial statements is revised as needed, including making any change in depreciation, amortization or other income effects recognized in completing the initial accounting.

For business combinations achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

2. Non-controlling interests in equity and in comprehensive income of the subsidiaries are presented, respectively, under the line items "Total Equity: Non-controlling interests" in the consolidated statement of financial position and "Net Income attributable to non-controlling interests" and "Comprehensive income (loss) attributable to non-controlling interests" in the consolidated statement of comprehensive income.
3. The financial statements of the companies operating in non- hyper-inflationary economies, with functional currencies other than the Chilean peso are translated as follows:
  - a. For assets and liabilities the prevailing exchange rate on the closing date of the financial statements is used.
  - b. For items of the comprehensive income, the average exchange rate for the period is used (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates in effect on the dates of the transactions, in which case the exchange rate in effect on the date of each transaction is used).
  - c. For equity accounts the historical exchange rate from the date of acquisition or contribution is used, and retained earnings are translated at the average exchange rate at the date of origination.
  - d. Exchange differences arising in translation of financial statements are recognized in the item "Foreign currency translation gains (losses)" within the consolidated statement of comprehensive income in other comprehensive income (see Note 25.2).
4. The financial statements of the subsidiaries whose functional currency comes from hyper-inflationary economies, as is the case of the Argentine economy (see Note 6), are first adjusted for the inflation effect, and any gain or loss in the net monetary position is recognized in profit or loss; then all the items (assets, liabilities, equity items, expenses and revenue) are translated using the closing exchange rate corresponding to the closing date of the most recent statement of financial position
5. Balances and transactions between consolidated companies have been fully eliminated in the consolidation process.
6. Changes in the ownership interests in subsidiaries that do not result in the Group obtaining or losing control are recognized as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in Equity attributable to shareholders of the Parent.

7. Business combinations between entities under common control are accounted for using, as a reference, the ‘pooling of interest’ method. Under this method, the assets and liabilities involved in the transaction remain reflected at the same carrying amounts at which they were recognized in the ultimate controlling company, although subsequent accounting adjustments may need to be made to align the accounting policies of the companies involved.

Any difference between assets and liabilities contributed to the consolidation and the consideration paid is recorded directly in Net equity, as a charge or credit to Other reserves. The Group does not restate comparative periods in its financial statements for business combinations under common control.

### 3. ACCOUNTING POLICIES

The main accounting policies used in preparing the accompanying consolidated financial statements are the following:

#### a) Property, plant and equipment

Property, plant and equipment are measured, with general character, at acquisition cost, net of accumulated depreciation and any impairment losses they may have experienced. In addition to the price paid to acquire each item, the cost also includes, where applicable, the following concepts:

- Financing expenses accrued during the construction period that are directly attributable to the acquisition, construction, or production of qualified assets, which require a substantial period of time before being ready for use such as, for example, electricity generation or distribution facilities. The Group defines “substantial period” as one that exceeds twelve months. The interest rate used is that of the specific financing or, if none exists, the weighted average financing rate of the company carrying out the investment (see Note 17.2.a).
- Employee expenses directly related to construction in progress (see Note 17.2.b).
- Future disbursements that the Group will have to incur to close its facilities are added to the value of the asset at fair value, recognizing the corresponding provision for dismantling or restoration. The Group reviews its estimate of these future disbursements on an annual basis, increasing or decreasing the value of the asset based on the results of this estimate (see Note 23.b).

Items for construction work in progress are transferred to operating assets once the testing period has been completed and they are available for use, at which time depreciation begins.

Expansion, modernization or improvement costs that represent an increase in productivity, capacity or efficiency, or a longer useful life are capitalized as increasing the cost of the corresponding assets.

The replacement or overhaul of entire components that increase the asset’s useful life or economic capacity are recorded as an increase in cost for the respective assets, derecognizing the replaced or overhauled components.

Expenditures for periodic maintenance, conservation and repair are recognized directly as an expense for the year in which they are incurred.

The Group, based on the outcome of impairment testing performed as explained in Note 3.d, considers that the carrying amount of assets does not exceed their recoverable amount.

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of the different items that comprise it on a straight-line basis over its estimated useful life, which is the period during which the Group expects to use the assets. Useful life estimates and residual values are reviewed on an annual basis and if appropriate, adjusted prospectively.

In addition, the Group recognizes right-of-use assets for leases relating to property, plant and equipment in accordance with the criteria established in Note 3.e.

The following are the main categories of property, plant and equipment with their respective estimated useful lives:

<b>Categories of Property, plant and equipment</b>	<b>Years of estimated useful lives</b>
Buildings	10 – 60
Plant and equipment	6 – 65
IT equipment	3 – 15
Fixtures and fittings	2 – 35
Motor vehicles	5 – 10

Additionally, the following table sets forth more details on the useful lives of plant and equipment items:

<b>Categories of Property, plant and equipment</b>	<b>Years of estimated useful lives</b>
<b>Generating facilities:</b>	
Hydroelectric plants	
Civil engineering works	10 – 65
Electromechanical equipment	10 – 45
Coal / fuel plants	20 – 40
Combined cycle plants	10 – 25
Renewable energy power plants	20
<b>Natural gas transport facilities:</b>	
Pipelines	20

Land is not depreciated since it has an indefinite useful life, unless it relates to a right of use asset in which case it is depreciated over the term of the lease.

An item of property, plant and equipment is derecognized when it is sold or otherwise disposed of, or when no future economic benefits are expected from its use, sale or other disposal.

Gains or losses that arise from the sale or disposal of items of Property, plant, and equipment are recognized as “Other gains (losses)” in the comprehensive income statement and are calculated by deducting the net carrying amount of the asset and any sales expenses from the amount received in the sale.

#### **b) Goodwill**

Goodwill arising from business combinations, and reflected upon consolidation, represents the excess value of the consideration paid plus the amount of any non-controlling interests over the Group’s share of the net value of the assets acquired and liabilities assumed, measured at fair value at the acquisition date. If the accounting for a business combination is completed within the following year after the acquisition date, and thus the goodwill determination as well, the entity recognizes the corresponding adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date (see Note 2.7.1).

Goodwill arising from acquisition of companies with functional currencies other than the Chilean peso is measured in the functional currency of the acquired company and translated to Chilean pesos using the exchange rate effective as of the date of the statement of financial position.

Goodwill is not amortized; instead, at the end of each reporting period or when there are indicators that an impairment might have occurred, the Group estimates whether any impairment loss has reduced its recoverable amount to an amount less than the carrying amount and, if so, an impairment loss is immediately recognized in profit or loss (see Note 3.d).

#### **c) Intangible assets other than goodwill**

Intangible assets are initially recognized at their acquisition cost or production cost, and are subsequently measured at their cost, net of their accumulated amortization and impairment losses they may have experienced.



Intangible assets are amortized on a straight line basis during their useful lives, starting from the date when they are ready for use, except for those with an indefinite useful life, which are not amortized. As of December 31, 2019 and 2018, there are no significant intangible assets with an indefinite useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from sales of intangible assets are recognized in profit or loss for the period and are determined as the difference between the sale value and the net book value of the asset.

The criteria for recognizing these assets' impairment losses and, if applicable, recovery of impairment losses recorded in previous periods are explained in Note 3.d below.

#### **c.1) Research and development expenses**

The Group recognizes the costs incurred in a project's development phase as intangible assets in the statement of financial position as long as the project's technical feasibility and future economic benefits have been demonstrated.

Research costs are recorded as an expense in the consolidated statement of comprehensive income in the period in which they are incurred.

#### **c.2) Other intangible assets**

Other intangible assets correspond to computer software, water rights, and easements. They are initially recognized at acquisition or production cost and are subsequently measured at cost less accumulated amortization and impairment losses, if any.

Computer software is amortized (on average) over four years. Certain easements and water rights have indefinite useful lives and, are therefore, not amortized.

#### **d) Impairment of non-financial assets**

During the year, and principally at the end of each reporting period, the Group evaluates whether there is any indication that an asset has been impaired. If any such indication exists, the Group estimates the recoverable amount of that asset to determine the amount of the impairment loss. In the case of identifiable assets that do not generate cash flows independently, the Group estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs, which is understood to be the smallest identifiable group of assets that generates independent cash inflows.

Notwithstanding the preceding paragraph, in the case of CGUs to which goodwill or intangible assets with indefinite useful lives have been allocated, a recoverability analysis is performed routinely at each period end.

The criteria used to identify the CGUs are based, in line with the strategic and operational vision of management, on the specific characteristics of the business, on the operating standards and regulations of the market in which the Group operates and on the corporate organization.

Recoverable amount is the higher of fair value less costs of disposal and value in use, which is defined as the present value of the estimated future cash flows. In order to calculate the recoverable amount of Property, plant, and equipment, as well as of goodwill, and intangible assets, at the level of each CGU, the Group uses value in use criteria in practically all cases.

To estimate value in use, the Group prepares future pre-tax cash flow projections based on the most recent budgets available. These budgets incorporate management's best estimates of a CGUs revenue and costs using sector projections, past experience and future expectations.

In general, these projections cover the next five years, estimating cash flows for subsequent years by applying reasonable growth rates which, in no case, are increasing rates nor exceed the average long-term growth rates for the particular sector and country in which the Group operates. As of December 31, 2019 future cash flows projections were extrapolated using the growth rate of 3.0%.

Future cash flows are discounted to calculate their present value at a pre-tax rate that covers the cost of capital for the business activity and the geographic area in which it is being carried out. The time value of money and risk premiums generally used among analysts for the business activity and the geographic zone are taken into account to calculate the pre-tax rate. As of December 31, 2019, the Group applied the pre-tax discount rate of 10.7%, expressed in nominal terms.

The Company's approach to allocate value to each key element used to project cash flows, considers:

- Evolution of demand: the growth estimate has been calculated based on the projected increase of the Gross Domestic Product (GDP), in addition to other assumptions used by the Company regarding the evolution of consumption.
- Energy purchase and sale prices: based on specifically developed internal projection models. The price of the planned "pool" is estimated by considering a series of determining factors, such as the various technologies' costs and productions and electricity demand, among other items.
- Regulatory measures: an important part of the Company's business is regulated and subject to extensive standards, which could undergo revisions, either as a result of new laws or the amendment of existing ones, and therefore the projections include adequate application of the current standards and those that are currently in development, and those expected to be valid during the projected period.
- Installed capacity: in the estimate of the Group's installed capacity, the existing facilities are taken into account, as well as the plans for both increasing and closing down capacity. The investment plan is constantly updated based on the evolution of the business, quality of service regulations determined by the regulator and changes in the business development strategy adopted by Management. The necessary investments are taken into account to maintain the installed capacity in appropriate operating conditions.
- Hydrology and NCRE: the projections are made from historical series of meteorological conditions and, based on them, an average year is projected.
- Fuel costs: to estimate fuel costs, existing supply contracts are taken into account and long-term projections of oil, gas or coal prices are made, based on forward markets and available analyst estimates.
- Fixed costs: they are projected considering the foreseen level of business, both in terms of the evolution of the workforce (considering salary raises in line with the CPI), and in term of other operating and maintenance costs, the level of projected inflation and long-term existing maintenance or other contracts. The efficiencies that the Group is adopting over time are also considered, such as those that arise from the initiatives of digitalization of internal processes.
- External sources are always considered to check hypotheses related to the macroeconomic environment such as price developments, GDP growth, demand, inflation, interest rates and exchange rates, among others.

Past experience has demonstrated the reliability of the Company's projections, which allows the key assumptions to be based on historical information. During 2019 the deviations observed with respect to the expectations established in the projections used to conduct the impairment tests as of December 31, 2018 have not been significant and the cash flows generated in 2019 were similar to those expected for that year, with the exception of the effect of the agreement signed in June 2019 between Enel Generación Chile and the Ministry of Energy for the progressive withdrawal of generating units running on coal (see Note 17.5.1) and the effect of Law 21,185,

approved in October 2019, which establishes the mechanism for stabilizing electricity prices for customers subject to rate regulation (see Notes 4 and 10).

If the recoverable amount of the CGU is less than the net carrying amount of the asset, the corresponding impairment loss is recognized for the difference, and charged to “Reversal of impairment loss (impairment loss) recognized in profit or loss” in the consolidated statement of comprehensive income. The impairment is first allocated to the CGUs goodwill carrying amount, if any, and then to the other assets comprising it, prorated on the basis of the carrying amount of each one, limited to its fair value less costs of disposal, or its value in use, a negative amount may not be obtained.

Impairment losses recognized in prior periods for an asset other than goodwill are reversed, if and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and crediting profit or loss, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. In the case of goodwill, impairment losses are not reversed.

#### **e) Leases**

In order to determine whether an arrangement is, or contains, a lease, the Group assesses the economic substance of the agreement, assessing whether the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is considered to exist if the customer has i) the right to obtain substantially all the economic benefits arising from the use of an identified asset; and ii) the right to direct the use of the asset.

When the Group acts as lessee, at the commencement of the lease (i.e. on the date on which the underlying asset is available for use) it records a right-of-use asset and a lease liability in the statement of financial position.

The Group initially recognizes right-of-use assets at cost. The cost of right-of-use assets comprises: (i) the amount of the initial measurement of the lease liability; (ii) lease payments made until the commencement date less lease incentives received; (iii) initial direct costs incurred; and (iv) the estimate of decommissioning or restoration costs.

Subsequently, the right-of-use asset is measured at cost, adjusted by any new measurement of the lease liability, less accumulated depreciation and accumulated impairment losses. A right-of-use asset is depreciated on the same terms as other similar depreciable assets if there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If there is no such certainty, the asset is depreciated over the shorter of the asset’s useful life or the lease term. The same criteria detailed in Note 3.d are applied to determine whether the right-of-use asset has become impaired.

The lease liability is initially measured at the present value of the lease payments, discounted at the company’s incremental lending rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the liability comprise: (i) fixed payments, less any lease incentive receivable; (ii) variable lease payments that depend on an index or rate; (iii) residual value guarantees; (iv) purchase option exercise price if it is reasonably certain the Group will exercise that option; and (v) lease termination penalties, if any.

After the start date, the lease liability increases to reflect the accrual of interest and is reduced by the lease payments made. In addition, the carrying amount of the liability is remeasured if there is a change in the terms of the lease (changes in the lease term, in the amount of expected payments related to a residual value guarantee, in the evaluation of a purchase option or in an index or rate used to determine lease payments). Interest expense is recognized as finance cost and distributed over the years making up the lease period, so that a constant interest rate is obtained in each year on the outstanding balance of the lease liability.

Short-term leases of one year or less or leases of low value assets are exempted from the application of the recognition criteria described above, recording the payments associated with the lease as expense on a straight-line basis over the term of the lease.

When the Group acts as lessor, it classifies at the inception of the agreement the lease as operating or finance, based on the substance of the transaction. Leases in which all the risks and rewards inherent to the ownership to the underlying asset are substantially transferred are classified as finance leases. All other leases are classified as operating leases.

In the case of finance leases, at the inception date, the company recognizes in its statement of financial position the assets held under finance leases and presents them as an account receivable, equal in value to the net investment in the lease, calculated as the sum of the present value of the lease payments and the present value of any accrued residual value, discounted at the interest rate implicit in the lease. Subsequently, finance income is recognized over the term of the lease, based on a model that reflects a constant rate of return on the net financial investment made in the lease.

In the case of operating leases, lease payments are recognized as income on a straight-line basis over the lease term, unless some other systematic basis of allocation is more representative. The initial direct costs incurred in obtaining an operating lease are added to the book value of the underlying asset and are recognized as expense throughout the lease period, applying the same basis as for rental income.

## **f) Financial instruments**

Financial instruments are contracts that give rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

### **f.1) Financial assets other than derivatives**

The Group classifies its non-derivative financial assets, whether permanent or temporary, excluding investments accounted for using the equity method (see Notes 3.h and 14) and non-current assets and disposal groups held for sale or distribution to owners (see Note 3.j), into three categories.

- i) Amortized cost:** This category includes the financial assets that meet the following conditions (i) the business model that supports it aims to maintain the financial assets to obtain the contractual cash flows, and (ii) the contractual terms of financial assets give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI criterion).

Financial assets that meet the conditions established in IFRS 9, to be valued at amortized cost in the Group are: accounts receivable, loans and cash equivalents. These assets are recorded at amortized cost, which is the initial fair value, less repayments of principal, plus uncollected accrued interest, calculated using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and allocating the finance income or financial expenses throughout the relevant period. The effective interest rate is the discount rate that exactly matches the estimated cash flows to be received or paid over the expected useful life of the financial instrument (or, when appropriate, in a shorter period of time), with the net carrying amount of the financial asset or financial liability.

- ii) Financial Assets Recorded at Fair Value through Other Comprehensive Income:** This category includes the financial assets that meet the following conditions: (i) they are classified in a business model, the purpose of which is to maintain the financial assets both to collect the contractual cash flows and to sell them, and (ii) the contractual conditions comply with the SPPI criterion.

These investments are recognized in the consolidated statement of financial position at fair value when it is possible to determine reliably. In the case of holdings in unlisted companies or companies with low liquidity, it is usually not possible to determine the fair value reliably. Therefore, when this circumstance occurs, such holdings are valued at their acquisition cost or for a lower amount if there is evidence of their impairment.

Changes in fair value, net of their tax effect, are recorded in the consolidated statement of comprehensive income: Other comprehensive income, until such time as the disposal of these financial assets takes place, at which time the accumulated amount in this section is fully posted in the results for the period, with the exception of investments in equity instruments where the accumulated other comprehensive balance is reclassified to retained earnings.

In the event that the fair value is lower than the acquisition cost, if there is objective evidence that the asset has suffered an impairment that cannot be considered as temporary, the difference is recorded directly in the losses for the period.

- iii) Financial Assets Recorded at Fair Value through Profit or Loss:** This category includes the trading portfolio of the financial assets that have been allocated as such upon their initial recognition and which are administered and assessed according to the fair value criterion, and the financial assets that do not meet the conditions to be classified in the two above categories.

They are valued at fair value in the consolidated statement of financial position and any changes in value are recorded directly in profit or loss when they occur.

## **f.2) Cash and cash equivalents**

This item within the consolidated statement of financial position includes cash and bank balances, time deposits, and other highly liquid investments (with original maturity of less than or equal to 90 days) that are readily convertible to cash and are subject to insignificant risk of changes in value.

## **f.3) Impairment of financial assets**

Under IFRS 9, the Group applies an impairment model based on expected credit losses, based on the Group's past history, existing market conditions, and prospective estimates at the end of each reporting period. The new impairment model is applied to financial assets measured at amortized cost and those measured at fair value through other comprehensive income, except for investments in equity instruments.

The expected credit loss, determined considering Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), is the difference between all cash flows that are owed under the contract and all the cash flows that are expected to be received (that is, all cash deficiencies), discounted at the original effective interest rate.

To determine the expected credit losses the Group applies two separate approaches:

- General approach: applied to financial assets other than trade accounts receivable, contractual assets or lease receivables. This approach is based on the evaluation of significant increases in the credit risk of financial assets, from the date of initial recognition. If on the date of issuance of the financial statements the credit risk has not increased significantly, the impairment losses are measured by reference to the expected credit losses in the next 12 months; If, on the contrary, the credit risk has increased significantly, the impairment is measured considering the expected credit losses throughout the lifetime of the asset.

In general, the measurement of expected credit losses under the general approach is performed on an individual basis.

- Simplified approach: applied to trade receivables, contract assets and lease receivables. The impairment provision is always recognized by reference to the lifetime expected credit losses for the asset. This is the Group’s most commonly applied approach since trade receivables represent the main financial asset of Enel Generación Chile and its subsidiary.

For trade account receivables, contract assets and account receivables for leases, the Group mainly conducts an individual evaluation to determine the expected credit losses. Given the regulatory context and the type of business in which the Company operates, Management has considered that the accounts receivables are individually significant, and therefore applies an analytical approach to each of them. For the individual evaluation, the Probability of Default (PD) is obtained mainly from an external provider.

Based on the reference market and the regulatory context of the sector, as well as the recovery expectations after 90 days, for such accounts receivable, the Group mainly applies a predetermined definition of 180 days after the due date as “in default” to determine the expected credit losses, since this is considered an effective indicator of a significant increase in credit risk. Therefore, financial assets that are of more than 90 days old are generally not considered to be in default.

Based on specific evaluations of Management, the prospective adjustment can be applied considering qualitative and quantitative information to reflect possible future events and macroeconomic scenarios, which may affect the risk of the portfolio or the financial instrument.

#### **f.4) Financial liabilities other than derivatives**

Financial liabilities with general character are recognized based on cash received, net of any costs incurred in the transaction. In subsequent periods, these obligations are measured at their amortized cost using the effective interest rate method (see Note 3.f.1).

Lease liabilities are initially measured at the present value of future lease payments, determined in accordance with the criteria described in Note 3.e.

In the particular case that a liability is the hedged item in a fair value hedge, as an exception, such liability is measured at its fair value for the portion of the hedged risk.

In order to calculate the fair value of debt, both when it is recorded in the statement of financial position and for fair value disclosure purposes as shown in Note 21, debt has been divided into fixed interest rate debt (hereinafter “fixed-rate debt”) and variable interest rate debt (hereinafter “floating-rate debt”). Fixed-rate debt is that on which fixed-interest coupons established at the beginning of the transaction are paid explicitly or implicitly over its term. Floating-rate debt is that debt issued at a variable interest rate, i.e., each coupon is established at the beginning of each period based on the reference interest rate. All debt has been measured by discounting expected future cash flows with a market interest rate curve based on the payment currency.

#### **f.5) Derivative financial instruments and hedge accounting**

Derivatives held by the Group are transactions entered into to hedge interest and/or exchange rate risk, intended to eliminate or significantly reduce these risks in the underlying transactions being hedged.

Derivatives are recorded at fair value at the end of each reporting period as follows: if their fair value is positive, they are recorded within “Other financial assets”; and if their fair value is negative, they are recorded within “Other financial liabilities”. For derivatives on commodities, the positive fair value are recorded in “Trade and other receivables”, and negative fair values is recognized in “Trade and other payables”.

Changes in fair value are recorded directly in profit or loss, except when the derivative has been designated for hedge accounting purposes as a hedge instrument (in a cash flow hedge) and all of the conditions for applying hedge accounting established by IFRS are met, including that the hedge be highly effective. In this case, changes are recognized as follows:

- **Fair value hedges:** The underlying portion for which the risk is being hedged (hedged risk) and the hedge instrument are measured at fair value, and any changes in value of both items are recognized in the consolidated statement of comprehensive income by offsetting the effects in the same comprehensive income statement account.
- **Cash flow hedges:** Changes in the fair value of the effective portion of the hedged item and hedge instrument are recognized in other comprehensive income and accumulated in an equity reserve known as “Reserve for cash flow hedges”. The cumulative loss or gain in this reserve is transferred to the consolidated statement of comprehensive income to the extent that the hedged item impacts the consolidated statement of comprehensive income because of the hedged risk, offsetting the effect in the same comprehensive income statement account. Gains or losses from the ineffective portion of the hedge relationship are recognized directly in the consolidated statement of comprehensive income.

Hedge accounting is discontinued only when the hedging relationship (or a part of the relationship) fails to meet the required criteria, after making any rebalancing of the hedging relationship, if applicable. If it is not possible to continue the hedging relationship, including when the hedging instrument expires, is sold, settled or exercised, any gain or loss accumulated in equity at that date remains in equity until the projected transaction affects the statement of comprehensive income. When a projected transaction is no longer expected to occur, the gain or loss accumulated in equity is immediately transferred to the income statement.

The Group does not apply hedge accounting to its foreign investments.

As a general rule, long-term commodity purchases or sales agreements are recognized in the consolidated statement of financial position at their fair value at the end of each reporting period, recognizing any differences in value directly in profit or loss, except for, when all of the following conditions are met:

- The sole purpose of the agreement is for its own use, which is understood as: (i) in the case of fuel purchase agreements such use is to generate electricity; (ii) in the case of electrical energy purchased for sale, its sale is to the end-customers; and, (iii) in the case of electricity sales its sale is to the end-customers.
- The Group’s future projections evidence the existence of these agreements for own use.
- Past experience with agreements evidence that they are “own use” agreements, except in certain isolated cases when for exceptional reasons or reasons associated with logistical issues, they have been used for other purposes beyond the control and expectations of the Group.
- The agreement does not stipulate net settlement and the parties have not made it a practice to net settle similar contracts in the past.

The long-term commodity purchase or sale agreements maintained by the Group, which are mainly for electricity, fuel, and other supplies, meet the conditions described above. Thus, the purpose of fuel purchase agreements is to use them to generate electricity, electricity purchase contracts are used to sell to end-customers, and electricity sale contracts are used to sell the Group’s own products.

The Group also evaluates the existence of derivatives embedded in contracts or financial instruments to determine if their characteristics and risk are closely related to the host contract, provided that when taken as a whole they are not being accounted for at fair value. If they are not closely related, they are recorded separately and changes in value are accounted for directly in the statement of comprehensive income.

#### **f.6) Derecognition of financial assets and liabilities**

Financial assets are derecognized when:

- The contractual rights to receive cash flows from the financial asset expire or have been transferred or, if the contractual rights are retained, the Group has assumed a contractual obligation to pay these cash flows to one or more recipients.
- The Group has substantially transferred all the risks and rewards of ownership of the financial asset, or, if it has neither transferred nor retained substantially all the risks and rewards, when it does not retain control of the financial asset.

Transactions in which the Group retains substantially all the inherent risks and rewards of ownership of the transferred asset, it continues recognizing the transferred asset in its entirety and recognizes a financial liability for the consideration received. Transactions costs are recognized in profit and loss by using the effective interest method (see Note 3.f.1).

Financial liabilities are derecognized when they are extinguished, that is, when the obligation arising from the liability has been paid or cancelled, or has expired. An exchange for a debt instrument with substantially different conditions, or a substantial modification in the current conditions of an existing financial liability (or a part thereof), is recorded as a cancellation of the original financial liability, and a new financial liability is recognized instead.

#### **f.7) Offsetting financial assets and liabilities**

The Group offsets financial assets and liabilities, and the net amount is presented in the statement of financial position only when:

- there is a legally binding right to offset the recognized amounts; and
- the Company intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

The right of offset may only be legally enforceable in the normal course of business, or in the event of default, or in the event of insolvency or bankruptcy, of one or all of the counterparties.

#### **f.8) Financial guarantee contracts**

The financial guarantee contracts, defined as the guarantees issued by the Group to third parties, are initially measured at their fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, financial guarantee contracts are recognized at the higher of:

- The amount of the liability determined in accordance with the accounting policy described in Note 3.l; and
- The amount of the asset initially recognized less, if appropriate, any accumulated amortization recognized in accordance with the revenue recognition policies described in Note 3.p.

#### **g) Measurement of fair value**

The fair value of an asset or liability is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market, namely, the market with the greatest volume and level of activity for that asset or liability. In the absence of a principal market, it is assumed that the transaction is carried out in the most advantageous market available



to the entity, namely, the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

In estimating fair value, the Group uses valuation techniques that are appropriate for the circumstances and for which there is sufficient data to perform the measurement, where it maximizes the use of relevant observable data and minimizes the use of unobservable data.

Given the hierarchy explained below, data used in the valuation techniques, assets and liabilities measured at fair value can be classified at the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The methods and assumptions used to determine the fair values at Level 2 by type of financial assets or financial liabilities take into consideration estimated future cash flows discounted at market rates. Future cash flows for financial assets and financial liabilities are discounted with the zero coupon interest rate curves for each currency (these valuations are carried out using external tools such as Bloomberg); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The Group takes into account the characteristics of the asset or liability when measuring fair value, in particular:

- For non-financial assets, fair value measurement takes into account the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset at its highest and best use;
- For liabilities and equity instruments, the fair value measurement assumes that the liability would not be settled and an equity instrument would not be cancelled or otherwise extinguished on the measurement date. The fair value of the liability reflects the effect of non-performance risk, namely, the risk that an entity will not fulfill the obligation, which includes, but is not limited to, the Company's own credit risk;
- For derivatives not traded on active markets, the fair value is determined by using the discounted cash flow method and generally accepted options valuation models, based on current and future market conditions as of the close of the financial statements. This methodology also adjusts the value based on the Company's own credit risk (Debt Valuation Adjustment, DVA), and the counterparty risk (Credit Valuation Adjustment, CVA). These CVA and DVA adjustments are measured on the basis of the potential future exposure of the instrument (creditor or borrower position) and the risk profile of both the counterparties and the Group itself; and
- For financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risks, it is permitted to measure the fair value on a net basis. However, this must be consistent with the manner in which market participants would price the net risk exposure at the measurement date.

Financial assets and liabilities measured at fair value are shown in Note 21.

#### **h) Investments accounted for using the equity method**

The Group's interests in joint ventures and associates are recognized using the equity method.

Under the equity method, an investment in an associate or joint venture is initially recognized at cost. As of the acquisition date, the investment is recognized in the statement of financial position based on the share of its equity that the Group's interest represents in its capital, adjusted for, if appropriate, the effect of transactions with the Group plus any goodwill generated in acquiring the associate or joint venture. If the resulting amount is negative, zero is recorded for that investment in the statement of financial position, unless the Group has a present

obligation (either legal or constructive) to support the investee's negative equity situation, in which case a provision is recognized.

Goodwill from the associate or joint venture is included in the carrying amount of the investment. It is not amortized but is subject to impairment testing as part of the overall investment carrying amount when there are indicators of impairment.

Dividends received from these investments are deducted from the carrying amount of the investment, and any profit or loss obtained from them to which the Group is entitled based on its ownership interest is recognized under "Share of profit (loss) of associates accounted for using equity method".

Appendix 2 "Associates and Joint Ventures" to these consolidated financial statements, describes the relationship of the Company with each of these companies.

#### **i) Inventories**

Inventories are measured at their weighted average acquisition cost or the net realizable value, whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The cost of inventories includes all costs of purchase and all necessary costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

#### **j) Non-current assets (or disposal groups of assets) held for sale or distribution to owners and discontinued operations**

Non-current assets including property, plant and equipment, intangible assets, investments accounted for using the equity method and joint ventures and disposal groups (a group of assets to be disposed of and the liabilities directly associated with those assets) are classified as:

- Held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use; or
- Held for distribution to owners when the entity is committed to distribute the assets (or disposal groups) to the owners.

For the above classifications, the assets must be available for immediate sale or distribution in their present condition and its sale or distribution is highly probable. For a transaction to be considered highly probable, management must be committed to the sale or distribution and actions to complete the transaction must have been initiated and should be expected to be completed within one year from the date of classification.

Actions required to complete the sale or distribution plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale or distribution is highly probable.

Non-current assets or disposal groups held-for-sale or held for distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell or costs to distribute, as appropriate.

Depreciation and amortization on these assets cease when they meet the criteria to be classified as non-current assets held for sale or held for distribution to owners.

Assets that are no longer classified as held for sale or held for distribution to owners, or are no longer part of a disposal group, are measured at the lower of their carrying amounts before being classified as held for sale or held for distribution less any depreciations, amortizations or revaluations that would have been recognized if they

had not been classified as held for sale or held for distribution to owners and their recoverable amount at the date of subsequent decision where would be reclassified as non-current assets.

Non-current assets held for sale and the components of the disposal groups classified as held for sale or held for distribution to owners are presented in the consolidated statement of financial position as a single line item within assets called “Non-current assets or disposal groups held for sale or for distribution to owners”, and the respective liabilities are presented as a single line item within liabilities called “Liabilities included in disposal groups held for sale or for distribution to owners”.

The Group classifies as discontinued operations those components of the Group that either have been disposed of, or are classified as held for sale and:

- represents a separate major lines of business or geographical area of operations;
- is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The components of profit or loss after taxes from discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or groups constituting the discontinued operation are presented as a single line item in the consolidated comprehensive income statement as “Income after tax from discontinued operations”.

#### **k) Treasury shares**

Treasury shares are deducted from equity in the consolidated statement of financial position and measured at acquisition cost.

Gains and losses from the disposal of treasury shares are recognized directly in “Equity – Retained earnings”, without affecting profit or loss for the period.

#### **l) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The unwinding of the discount is recognized as a finance cost. Incremental legal cost expected to be incurred in resolving a legal claim is included in measuring of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current, best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A contingent liability does not result in the recognition of a provision. Legal costs expected to be incurred in defending a legal claim are expensed as they are incurred. Significant contingent liabilities are disclosed unless the likelihood of an outflow of resources embodying economic benefits is remote.

### **l.1) Provisions for post-employment benefits and similar obligations**

Some of the Group's subsidiaries have pension and similar obligations to their employees. Such obligations, related to defined benefit plans, are basically formalized through pension plans, except for certain non-monetary benefits, mainly electricity supply commitments, which, due to their nature, have not been externalized and are covered by the related in-house provisions.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Past service costs relating to changes in benefits are recognized immediately.

The defined benefit plan obligations in the statement of financial position represent the present value of the accrued obligations, adjusted, once the fair value of the different plans' assets has been deducted, if any.

Actuarial gains and losses arising in measurement of both the plan liabilities and the plan assets are recognized directly in other comprehensive income.

#### **m) Translation of foreign currency balances**

Transactions carried out by each entity in a currency other than its functional currency are recognized using the exchange rates prevailing as of the date of the transactions. During the year, any differences that arise between the prevailing exchange rate at the date of the transaction and the exchange rate as of the date of collection or payment are recognized as "Foreign currency exchange losses, net" in the consolidated statement of comprehensive income.

Likewise, at the end of each reporting period, receivable or payable balances denominated in a currency other than each entity's functional currency are translated using the closing exchange rate. Any differences are recorded as "Foreign currency exchange losses, net" in the consolidated statement of comprehensive income.

The Group has established a policy to hedge the portion of revenue from its consolidated subsidiaries that is directly linked to variations in the U.S. dollar, through obtaining financing in such currency. Exchange differences related to this debt, which is regarded as the hedging instrument in cash flow hedge transactions, are recognized, net of taxes, in other comprehensive income and are accumulated in an equity reserve and reclassified to profit or loss when the hedged cash flows affect profit or loss. This term has been estimated at ten years.

#### **n) Current/non-current classification**

In these consolidated statements of financial position, assets and liabilities expected to be recovered or settled within twelve months are presented as current items, except for post-employment and other similar obligations. Those assets and liabilities expected to be recovered or settled in more than twelve months are presented as non-current items. Deferred income tax assets and liabilities are classified as non-current.

When the Group has any obligations that mature in less than twelve months but can be refinanced over the long term at the Group's discretion, through unconditionally available credit agreements with long-term maturities, such obligations are classified as non current liabilities.

#### **o) Income taxes**

Income tax expense for the period is determined as the sum of current taxes from each of the Group's subsidiaries and results from applying the tax rate to the taxable income for the period, after permitted deductions have been made, plus any changes in deferred tax assets and liabilities and tax credits, both for tax losses and deductions. Differences between the carrying amount and tax basis of assets and liabilities generate deferred tax assets and liabilities, which are calculated using the tax rates expected to apply when the assets and liabilities are realized or settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits exist to recover the deductible temporary differences and make use of the tax credits. Such deferred tax asset is not recognized if the deductible temporary difference arises from the initial recognition of an asset or liability that:

- Did not arise from a business combination; and
- At initial recognition affected neither accounting profit nor taxable profit (loss).

With respect to deductible temporary differences associated with investments in subsidiaries, associates and joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from investments in subsidiaries, associates and joint ventures in which the Group can control their reversal and where it is probable that they will not be reversed in the foreseeable future.

Current tax and changes in deferred tax assets or liabilities are recognized in profit or loss or in equity, depending on where the gains or losses that triggered these tax entries have been recognized.

Any tax deductions that can be applied to current tax liabilities are credited to earnings within the line item “Income tax expenses”, except when uncertainty about their tax realization exists, in which case they are not recognized until they are effectively realized, or when they correspond to specific tax incentives, in which case they are recorded as government grants.

At the end of each reporting period, the Group reviews the deferred taxes assets and liabilities recognized, and makes, if any, necessary corrections based on the results of this analysis.

Deferred tax assets and deferred tax liabilities are offset in the consolidated statement of financial position if has a legally enforceable right to set off current tax assets against current tax liabilities, and only when the deferred taxes relate to income taxes levied by the same taxation authority.

#### **p) Revenue and expense recognition**

Revenue is recognized when (or as) the control over a good or service is transferred to the customer. Revenue is measured based on the consideration to which it is expected to be entitled for said transfer of control, excluding the amounts collected on behalf of third parties.

The Group analyzes and takes into consideration all the relevant facts and circumstances for revenue recognition, applying the five step of the model established by IFRS 15: 1) Identifying the contract with a customer; 2) Identifying the performance obligations; 3) Determining the transaction price; 4) Allocating the transaction price; and 5) Recognizing revenue.

The following are the criteria for revenue recognition by type of good or service provided by the Group:

- Electricity supply (sale and transportation): Corresponds to a single performance obligation that transfers to the customer a number of different goods/services that are substantially the same and that have the same transfer pattern. Since the customer receives and simultaneously consumes the benefits provided by the Company, it is considered a performance obligation satisfied over time. In these cases, the Company applies an output method to recognize revenue in the amount to which it is entitled to bill for electricity supplied to date.

Revenue is recorded according to the physical deliveries of energy and power, at the prices established in the respective contracts, at the prices stipulated in the electricity market by the current regulations or at the marginal

cost of energy and power, depending on whether free customers, regulated customers or energy trading in the spot market, are involved, respectively.

This revenue includes an estimate of the goods/services provided and not invoiced at the balance sheet date (see Note 2.3, Note 26 and Appendix 4.2).

- Sale and Transportation of Gas: revenue is recognized over time, based on the actual physical deliveries of gas in the period of consumption, at the prices established in the respective contracts.
- Other services: mainly the provision of supplementary services to the electricity business, construction of works and engineering and consulting services. Customers control committed assets as they are created or improved. Therefore, the Company recognizes this revenue over time based on the progress, measuring progress through output methods (performance completed to date, milestones reached, etc.), or resource methods (resources consumed, hours of labor spent, etc.), as appropriate in each case.

In contracts in which multiple committed goods and services are identified, the recognition criteria will be applied to each of the identifiable performance obligation of the transaction, based on the control transfer pattern of each good or service that is separate and an independent selling price allocated to each of them, or to two or more transactions jointly, when these are linked to contracts with customers that are negotiated with a single commercial purpose and the goods and services committed represent a single performance obligation and their selling prices are not independent

Enel Generación Chile, determines the existence of significant financing components in its contracts, adjusting the value of the consideration if applicable, to reflect the effects of the time value of money. However, the Group applies the practical solution provided by IFRS 15, and will not adjust the value of the consideration committed for the purpose of a significant financing component, if the Company expects, at the beginning of the contract, that the period between the payment and the transfer of goods or service to the customer is one year or less.

The Group excludes the gross revenue of economic benefits received when acting as an agent or broker on behalf of third parties from the revenue figure. The Group only records as revenue the payment or commission to which it expects to be entitled.

Given that the Company mainly recognizes revenue for the amount to which it has the right to invoice, it has decided to apply the practical disclosure solution provided in IFRS 15, through which it is not required to disclose the aggregate amount of the transaction price allocated to the obligations of performance not met (or partially not met) at the end of the reporting period.

In addition, the Group evaluates the existence of incremental costs of obtaining a contract and costs directly related to the fulfillment of a contract. These costs are recognized as an asset, if their recovery is expected, and amortized in a manner consistent with the transfer of the related goods or services. As a practical solution, the incremental costs of obtaining a contract can be recognized as an expense, if the depreciation period of the asset that has been recognized is one year or less. Costs that do not qualify for capitalization are recognized as expenses at the time they are incurred, unless they are explicitly attributable to the customer. As of December 31, 2019 and 2018, the Group has not incurred costs to obtain or fulfill a contract which meet the conditions for such capitalization. The costs incurred to gain a contract are substantially commission payments for sales that, although they are incremental costs, are related to short-term contracts or performance obligations that are met at a certain point; therefore, the Group has decided to recognize these costs as an expense when they occur.

Interest revenue (expenses) is (are) recorded considering the effective interest rate applicable to the principal with pending amortization, during the corresponding accrual period.

#### q) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares of the Parent Company held by other subsidiaries within the Group, if any.

Basic earnings per share for continuing and discontinued operations are calculated by dividing net income from continuing and discontinued operations attributable to shareholders of the Parent Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year, excluding the average number of shares of the Parent Company held by other subsidiaries within the Group, if any.

Diluted earnings per share is calculated by dividing net income to shareholders of the Parent Company by the weighted-average number of ordinary shares outstanding during the period plus the weighted-average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, if any.

#### r) Dividends

Article No. 79 of the Chilean Corporations Law (Law No. 18,046) establishes that, unless unanimously agreed otherwise by the shareholders of all issued shares, listed corporations must distribute a cash dividend to shareholders on an annual basis, pro rata to the shares owned or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed.

As it is practically impossible to achieve a unanimous agreement given the Group's highly fragmented share capital, at the end of each reporting period the amount of the minimum statutory dividend obligation to its shareholders is determined, net of interim dividends approved during the fiscal year, and then accounted for in "Trade and other current payables" and "Accounts payable to related companies", as appropriate, and recognized in Equity.

Interim and final dividends are deducted from Equity as soon as they are approved by the competent body, which in the first case is normally the Company's Board of Directors and in the second case is the shareholders as agreed at an Ordinary Shareholders' Meeting.

#### s) Statement of cash flows

The statement of cash flows reflects changes in cash and cash equivalents that took place during the period, determined with the direct method. It uses the following expressions and corresponding meanings:

- **Cash flows:** inflows and outflows of cash or cash equivalents, which are defined as highly liquid investments maturing in less than three months with a low risk of changes in value.
- **Operating activities:** the principal revenue-producing activities of the Group and other activities that cannot be considered investing or financing activities.
- **Investing activities:** the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- **Financing activities:** activities that result in changes in the size and composition of the total equity and borrowings of the Group.

**t) Segmentation criteria**

To identify the reporting operating segments, the Group considers how operating results are regularly presented for decision-making by Management and the aggregation criteria, according to the provisions of IFRS 8 Operating Segments.

Enel Generación Chile's main business is the generation and sale of electricity. This business requires thermoelectric, hydroelectric and wind power plants, whose economic management and operating decision making is carried out as a single generation unit. The commercial policy is optimized by considering the portfolio of all the plants in order to maximize the variable margin and minimize business volatility (hydrology, demand, fuel prices, etc.) and therefore there is no allocation of contracts per plant.

The Group's generating plants operate within Chilean the National Electric System, in which the generation of each of the generating units is defined by the National Electric Coordinator. On the other hand, consistent with its commercial policy, the Group submits bids to tenders for regulated supply, considering jointly all the generation assets in the country, with the contracts not being separable by generation unit. Therefore, geographical segmentation is not applicable.

As a result, for the purposes of applying IFRS 8, all of the businesses described above are defined as one single operating segment for the Company.



## 4. SECTOR REGULATIONS AND ELECTRICITY SYSTEM OPERATIONS

### 1) Regulatory framework

The electricity sector is regulated by the General Law of Electrical Services (Law No 20,018 the “Chilean Electricity Law”), also known as DFL No. 1 of 1982, of the Ministry of Mining – whose compiled and coordinated text was established in DFL No. 4 issued in 2006 by the Ministry of Economy (the “Electricity Law”) – as well as by an associated regulation (D.S. No. 327 issued in 1998).

The main authority in energy matters is the Ministry of Energy, which is responsible for proposing and driving public policies for energy matters, strengthening coordination and expediting a comprehensive look at the sector. It was born on February 1, 2010 as an autonomous agency, after years of being part of the Ministry of Mines.

Answering to the Ministry of Energy are the regulatory agency of the power sector (the National Energy Commission) and the auditing agency (Superintendency of Electricity and Fuels). The Ministry also has the Chilean Nuclear Energy Commission (CChEN), with the Agency of Energy Sustainability.

The CNE, which has the authority to propose regulated tariffs (node prices) and to approve plans for the construction of new generating units. Besides, the SEF, supervises and oversees compliance with the laws, regulations, and technical standards that govern the generation, transmission, and distribution of electricity, as well as liquid fuels, and gas.

Furthermore, the law considers a Panel of Experts, made up of experts whose main function is to resolve any discrepancies occurring with regard to matters stipulated in the Electricity Law and in the application of other laws involving energy matters, by means of binding decrees.

From a physical viewpoint, the Chilean electrical sector is divided into three electrical grids: the *Sistema Eléctrico Nacional* (“SEN”), and two separate medium-size grids located in southern Chile, one in Aysén and the other in Magallanes. The SEN was created in November 2017 with the interconnection of the Sistema Interconectado Central (“SIC”) and Sistema Interconectado del Norte Grande (“SING”). Until the interconnection, the SIC constituted the main electrical grid of Chile, which extended longitudinally 2,400 km and connected the country from Taltal in the north to Quellón, on the island of Chiloé in the south. Besides, the SING covered the northern part of the country, from Arica down to Coloso a length of some 700 km.

The Chilean power industry has basically three activities – Generation, Transmission and Distribution. Power facilities associated with these three activities are obligated to operate in an interconnected, coordinated manner, with the main purpose of providing the market with electrical energy at minimum cost and within the standards of service quality and safety required by the electricity regulations.

As essential services, the power transmission and distribution businesses are natural monopolies; these segments are regulated as such by the Electricity Law, which requires free access to networks and regulates rates.

Two products (Energy and Power) and sundry services are provided in the electricity market. In particular, the National Electricity Coordinator is in charge of making the balances, determining the respective transfers between generating companies and calculating the marginal hourly cost, at which price the energy transfers are valued. For its part, the CNE determines the Power prices.

Consumers are classified according to the size of their demand into regulated or unregulated customers. Regulated customers are those that have a connected capacity of less than 5,000 kW. Without detriment to the above, customers with a connected power of between 500 kW and 5,000 kW may opt for a regulated or unregulated rates system.

## **Limits on integration and concentration**

Chile has legislation in effect that defends free competition and, together with specific regulations that apply to the electricity market, defines criteria to avoid certain levels of economic concentration and/or abusive market practices.

In principle, the regulator allows the participation of companies in different activities (e.g. generation, distribution, and commercialization) as long as there is an adequate separation of each activity, for both accounting and company purposes. Nevertheless, most of the restrictions imposed involve the transmission sector mainly due to its nature and to the need to guarantee adequate access to all agents. The Chilean Electricity Law establishes limits for participation of generation or distribution companies in the Trunk Transmission Systems and prohibits participation of Trunk Transmission Systems companies in the generation and distribution segment.

### **1.1. Generation segment**

Generation companies must comply with the operation plan of the CISEN. However, each generation company is free to decide whether to sell its energy and capacity to regulated or unregulated customers. Any surplus or deficit between a company's sales to its customers and its energy supply is sold to, or purchased from, other generators at the spot market price.

A power generation company may have the following types of customers:

- (i) Unregulated customers: Those customers, mainly industrial and mining companies, with a connected capacity higher than 5,000 kW. These customers can freely negotiate prices for electrical supply with generators and/or distributors. Those customers with connected capacity between 500 and 5,000 kW have the option to contract energy at prices agreed upon with their suppliers or be subject to regulated prices, with a minimum term of at least four years under each pricing system.
- (ii) Distribution companies that supply power to regulated customers: distinguishing supply from its regulated and free customers. For the supply of their regulated customers, the distribution companies buy energy from the generating companies through Participation in public tenders regulated by the CNE for the supply to their free customers through bilateral contracts.
- (iii) Other Generation Companies in Spot market: The relationship between generating companies can occur through bilateral contracts or due to transfers. This represents energy and capacity transactions among generating companies that result from the CISEN's coordination to keep the system running as economically as possible, where the surpluses (deficits) between a generator's energy supply and the energy it needs to comply with business commitments are transferred through sales (purchases) to (from) other generators in the CISEN, valued at the marginal cost, while node prices for capacity are set every semester by the regulators.

In Chile, the capacity that must be paid to each generator depends on an annual calculation performed according to current regulations by the CISEN, to determine the sufficiency capacity of each power plant, a value that depends mainly on the availability both of the facilities as such, and of the generation resource according to the technology.

### **Non-Conventional Renewable Energy**

Law No. 20,257 was enacted in April of 2008 to encourage the use of Non-Conventional Renewable Energy ("NCRE"). The principal aspect of this law is that at least 5% of the energy sold by generation companies to their customers must come from renewable sources between years 2010 and 2014. This requirement progressively increases by 0.5% from 2015 until 2024, when a 10% renewable energy requirement will be reached. This law was amended in 2013 by Law No. 20,698, dubbed the "20/25 law," as it establishes that by 2025, 20% of energy supplied will be generated by NCRE. It does not change the previous law's plan for supplying energy under agreements in effect in July 2013.

## **1.2. Transmission segment**

The transmission segment is comprised of a combination of lines, substations and equipment for the transmission of electricity from the production points (generators) to the centers of consumption or distribution, which do not correspond to distribution facilities. The transmission segment is divided into National Transmission System, Development Poles Transmission System, Zonal Transmission System, Dedicated Transmission System and International Interconnection Systems.

The transmission system is open access, and transmission companies may impose rights of way over the available transmission capacity under non-discriminatory conditions. The fees of the existing facilities of the National Transmission System and Zonal Transmission System is determined through a tariff setting process that is carried out every four years. In that process, the Annual Value of the Transmission is determined, which comprises efficient operation and maintenance costs and the annuity of the investment value, determined on the basis of a discount rate fixed by the authority on a quarterly basis (minimum 7% after tax) and the economic useful life of the facilities.

The planning of the National and Zonal Transmission Systems corresponds to a regulated and centralized process, where the CISEN annually issues an expansion plan, which is published by the National Energy Commission to receive proposals from companies. The Expansion Plan Report can receive comments from participants and must be approved ultimately by the CNE.

The expansions of both systems are carried out through open tenders, distinguishing between new projects and expansion of existing facilities projects. For new projects open tenders are considered, being the successful bidder the owner of the facilities. In the case of expansion of existing facilities, the owner of the original facilities is also the owner of its extension and has the obligation to tender its construction. Both types of tenders are managed by the Coordinator.

The bids correspond to the value resulting from the tender, which constitutes the income for the first 20 years from the start of operation. As of the year 21, the fees of such transmission facilities are determined as if they were existing facilities.

Current regulations state that the income for transmission is the sum of the tariff revenues and the collection of charges for the use of the transmission systems. These charges are defined (CLP\$/ kWh) by the CNE, on a half-yearly basis.

## **1.3. Distribution segment**

The distribution segment is defined for regulatory purposes as all electricity supplied to end customers at a voltage no higher than 23 kW.

Distribution companies operate under a public service concession regime, having the obligation to provide service to all customers and clients submitted to regulated tariffs (clients with a connected capacity inferior to 5,000 kW, except for clients between 500 and 5,000 kW- connected capacity who exercise their option to opt for an unregulated tariff). It should be noted, that clients with an unregulated tariff could negotiate their supply with any supplier (distribution or generation company) by paying a regulated usage charge for the use of the distribution network.

Regarding price regulation, the Chilean Electricity Law establishes that the distribution companies must permanently have available energy supply, on the basis of open, non-discriminatory and transparent public tenders. These bidding processes are managed by the CNE and are carried out at least five years in advance. The result of the process is a “pay as bid” contract, with an extension up to 20 years. In case of unforeseen deviations in the projections of demand, the regulator has the authority to carry out a short-term tenders. In addition, a reimbursement mechanism exists allowing supply without contract.

The tariffs setting for this segment are set every four years on the basis of a costs study in order to determine the distribution value added (VAD). VAD determination is based on an enterprise outline efficient model and concept of typical area.

On December 21, 2019, the Ministry of Energy published Law No. 21,194 (Short Law) that reduces the Profitability of Distribution Companies and improves the electricity distribution tariff process. As a result, the process for determining distribution tariffs in the 4-year period 2020-2024 incorporates the provisions of this Law.

For the process of determining VAD, the CNE classifies companies with similar distribution costs by groups named "typical areas". For each typical area, the CNE commissions studies by independent consultants to determine the associated costs with an efficient model company considering fixed costs, average energy and power losses and standard investment, maintenance and operating costs associated with the distribution, including some restrictions faced by distribution companies. The calculation of the annual investment costs considers the New Replacement Value (NRV) of the facilities adapted to the demand, their useful life and an update rate, calculated every four years by the National Energy Commission, which cannot be less than 6% or greater than 8% annually after tax.

Subsequently, tariffs are structured and the economic after tax rate of return is validated, and that rate cannot differ by more than two points upwards and three points downwards from the rate defined by the National Energy Commission.

Additionally, every four years a review of Services Associated with the calculation of VAD is carried out, which do not represent energy supply and which the Free Competition Court qualifies as subject to tariff regulation.

The Chilean distribution tariff model is a consolidated model, which already had eight cycles of tariff settings since the enactment of the General Electric Services Law in 1982.

## **2) Regulatory Developments in 2019**

### **Laws Published in 2019**

Law No. 21,185, of the Ministry of Energy, published on November 2, 2019 sets up a Transitional Mechanism for the Stabilization of Electric Power Prices for Customers subject to Tariff Regulation. Through this Law, between July 1, 2019 and December 31, 2020, the prices to be transferred to regulated customers are the price levels defined for the first half of 2019 (Decree 20T / 2018) and will be called " Stabilized Price to Regulated Client "(PEC). Between January 1, 2021 and until the end of the stabilization mechanism, the prices will be those established half-yearly in accordance with article 158 of the Electricity Law, but may not exceed the PEC adjusted for the Consumer Price Index as of January 1, 2021 based on the same date (adjusted PEC). Any billing differences will generate an account receivable in favor of electricity generation companies with a limit of US 1,350 million until 2023. The balance must be recovered no later than December 31, 2027.

Law No. 21,194, of the Ministry of Energy, published on December 21, 2019, effective as of that same date reduces the profitability of Distribution Companies and improves the electricity distribution's tariff process. Through this Law, the proportional application of two thirds for the VAD study carried out by the National Energy Commission and one third for the VAD study carried out by the distribution companies is eliminated, and is replaced with a single study requested by the National Energy Commission. On the other hand, the rate for updating the calculation of annual investment costs is changed from the actual annual 10% to a rate calculated by the National Energy Commission every four years, which cannot be less than 6% or greater than 8% a year after tax. The distribution companies' after-tax rate of return may not differ by more than two points upwards and three points downwards from the rate defined by the National Energy Commission. Additionally, as of January 2021, distribution companies must have a single line of business.

## **CNE 2019 Regulatory Plan**

Under the Exempt Resolution No. 790 dated December 10, 2018, in accordance with the provisions of Article 72-19 of the General Electric Services Law, CNE published its Annual Work Plan for the preparation of the technical regulations for 2019. The document defines the general guidelines and the programmatic priorities of the CNE's Regulatory Work Plan 2019 and the pending regulatory procedures of the 2019 Plan, the preparation of which will continue being performed during 2019.

### **Regulations Published in 2019**

**Regulation of Supplementary Services.** On March 27, 2019, the Ministry of Energy approved Decree No. 113/2017 which is the Supplementary Services Regulation referred to in article No. 72-7 of the General Law of Electric Services, but this Decree's effective date is January 1, 2020.

### **3) Energy Tenders**

Under the current law for energy tenders, three bidding processes have been carried out: Supply Bidding No. 2015/01, Supply Bidding No. 2015/02 and Supply Bidding No. 2017/01. In addition, the National Energy Commission reported the start of a fourth process called Supply Tender 2019/01.

Supply Bidding No. 2015/02 was launched in June 2015 and finalized in October 2015. The final outcome of the process resulted in three energy blocks awarded for a total of 1.2 TWh (100%) per year at a weighted average price of US\$79.3 per MWh.

Supply Bidding No. 2015/01 was launched in May 2015 and finalized in July 2016. The final outcome of the process resulted in five blocks awarded for a total of 12.4 TWh/year (100%) to 84 companies at a weighted average price of US\$47.6 per MWh, with new players being incorporated into the market.

The main award of Supply Bidding No. 2015/01 was Enel Generación Chile with 5.9 TWh per year, which represents a 47.6% of the total energy awarded.

Supply Bidding No. 2017/01 was launched in January 2017 and finalized in November 2017. The final outcome of the process resulted for a total of 2,200 TWh/year (100%) to 5 companies at a weighted average price of US\$32.5 per MWh.

As in the previous process, the main successful bidder was Enel Generación Chile, which was awarded supply contracts of 1.2 TWh/year, representing 54% of the total awarded.

The 2019/01 Supply Tender process began in 2019, which contemplates a total amount of 5.8TWh /year to be included in the tender. The supply is to be awarded for the years 2026 to 2040. The deadline for submitting bids is May 27, 2020, as announced by the National Energy Commission.

## 5. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

### **Electrogas S.A.**

On December 16, 2016, Enel Generación Chile signed a share purchase agreement with Aerio Chile SpA (hereinafter “Aerio Chile”), which is indirectly wholly-owned subsidiary of Redes Energeticas Nacionais, S.G.P.S. S.A. (“REN”). In accordance with the agreement Enel Generación Chile agreed to sell its entire ownership interest in Electrogas S.A., representing 42.5% of the issued capital of that company. The agreed price was US\$180 million, which was paid on the transaction closing date.

The sale of this investment to Aerio Chile was subject to satisfaction of customary conditions precedent for this type of transactions, which includes, among others, the non-exercise by the other shareholders of Electrogas S.A. of the preferential acquisition rights, which they were entitled to in accordance with the terms and conditions established in the shareholders agreement.

The closing of the transaction and transfer of the investment occurred on February 7, 2017. The cash consideration received was ThCh\$115,582,806 and was recognized a gain on sale before taxes of ThCh\$105,311,912 (see Notes 7.c and 31).

Electrogas S.A. is a private corporation whose corporate purpose is to provide services of transportation of natural gas and other fuels, on its own and on behalf of third parties. In order to provide its services, it can build, operate and maintain gas and oil pipelines, polyducts and supplementary facilities.

## 6. ARGENTINA'S HYPERINFLATIONARY ECONOMY

Since July 2018 Argentina's economy is considered hyper-inflationary under the provisions of International Accounting Standard No. 29 - Financial Reporting in Hyperinflationary Economies. A number of qualitative and quantitative criteria led to this qualification; chief among them is the cumulative inflation rate over three years exceeding 100%.

In accordance with the provisions of IAS 29, the financial statements of the Argentine branch owned by the Group have been retrospectively restated by applying a general price index to the historical cost, in order to reflect changes in the purchasing power of the Argentine currency as of the closing date of these financial statements.

Considering that the Group's functional and presentation currency is not that of a hyper-inflationary economy, according to the guidelines of IAS 29, the restatement of comparative periods is not required in the Group's consolidated financial statements.

The general price indices used at the close of the reporting periods are as follows:

	General price index (*)
From January 2015 to December 2017	82.52%
From January to December 2018	47.83%
From January to December 2019	53.64%

The following is, a summary of the effect in consolidated comprehensive income of Enel Generación Chile:

Hyperinflation results	12-31-2019 12-31-2018	
	ThCh\$	ThCh\$
Intangible assets other than goodwill	203	180
Property, plant and equipment	1,132,453	1,035,084
Equity	(5,805,120)	(3,743,959)
Other Services Provision	(664,454)	(1,189,452)
Other Variable Provisioning and Services	431	21,503
Employee benefits expenses	166,715	143,148
Other Fixed Operating Expenses	127,226	147,975
Financial income	(367,059)	(268,511)
Financial costs	44,707	67,707
<b>Total Hyperinflation (*)</b>	<b>(5,364,898)</b>	<b>(3,786,325)</b>

(\*) Corresponds to the financial effect from the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", which arises from gain/loss on the net position of monetary assets and liabilities, as defined by IAS 29. This profit or loss is determined by restating non-monetary assets and liabilities, as well as those income statement accounts that have not already been updated (see Note 32).

## 7. CASH AND CASH EQUIVALENTS

a) The detail of cash and cash equivalents as of December 31, 2019 and 2018, is as follows:

Cash and cash equivalents	as of December 31,	
	12-31-2019	12-31-2018
	ThCh\$	ThCh\$
Cash balances	—	7,372
Bank balances	9,382,509	25,684,852
Time deposits	4,105,075	5,778,935
Other fixed-income instruments	—	120,518,746
<b>Total</b>	<b>13,487,584</b>	<b>151,989,905</b>

Time deposits included in cash and cash equivalents represent interest-bearing time deposits with original maturity of less or equal to 90 days. Other fixed-income investments are mainly comprised of repurchase agreements with original maturities of less than or equal to 90 days. There are no restrictions of significant amounts of cash availability.

b) The detail of cash and cash equivalents by currency is as follows:

Detail of Cash and cash equivalents	Currency	as of December 31,	
		12-31-2019	12-31-2018
		ThCh\$	ThCh\$
Amount of cash and cash equivalents	Chilean peso	679,471	137,208,062
Amount of cash and cash equivalents	Argentine peso	7,096,519	6,057,793
Amount of cash and cash equivalents	U.S. dollar	5,191,174	8,670,454
Amount of cash and cash equivalents	Euros	520,420	53,596
<b>Total</b>	<b>Total</b>	<b>13,487,584</b>	<b>151,989,905</b>

c) The detail of the sale of interests in associated companies for the years ended December 31, 2019, 2018 and 2017 is as follows.:

Loss of significant influence in Associate	12-31-2019	12-31-2018	31-12-2017
	ThCh\$	ThCh\$	ThCh\$
Amounts received for the sale of Associates. (See Note 5)	—	—	115,582,806
<b>Total</b>	<b>—</b>	<b>—</b>	<b>115,582,806</b>

(\*)See Note 5



d) Reconciliation of liabilities arising from financing activities:

Liabilities arising from financing activities	Financing Cash Flows					Changes that do not represent cash flows					Balance as of 12-31-2019 ThCh\$
	Balance as of 01-01-2019 ThCh\$	Coming ThCh\$	Used ThCh\$	Interest paid ThCh\$	Total ThCh\$	Changes in fair value ThCh\$	Foreign exchange differences ThCh\$	Financial costs ThCh\$	New financial Leases ThCh\$	Other changes ThCh\$	
Bank loans	4	—	—	(46,134)	(46,134)	—	—	46,134	—	—	4
Unsecured obligations (*)	826,494,248	—	(31,300,902)	(44,927,734)	(76,228,636)	—	46,711,727	47,184,107	—	—	844,161,446
Finance leases (**)	14,476,450	—	(2,350,680)	(641,557)	(2,992,237)	—	1,023,312	642,158	1,160,141	—	14,309,824
Financial derivatives for hedging	45,655,586	—	(33,131,632)	(5,805,822)	(38,937,454)	34,142,298	(31,728,826)	398,636	—	—	9,530,240
Loans to related parties	2,376,570	2,187,473	(2,018,232)	(1,012,443)	(843,202)	—	—	374,235	—	(1,907,603)	—
Other obligations	—	—	(569,549)	—	(569,549)	—	—	569,549	—	—	—
<b>Total</b>	<b>889,002,858</b>	<b>2,187,473</b>	<b>(69,370,995)</b>	<b>(52,433,690)</b>	<b>(119,617,212)</b>	<b>34,142,298</b>	<b>16,006,213</b>	<b>49,214,819</b>	<b>1,160,141</b>	<b>(1,907,603)</b>	<b>868,001,514</b>

Liabilities arising from financing activities	Financing Cash Flows					Changes that do not represent cash flows					Balance as of 12-31-2018 ThCh\$
	Balance as of 01-01-2018 ThCh\$	Coming ThCh\$	Used ThCh\$	Interest paid ThCh\$	Total ThCh\$	Changes in fair value ThCh\$	Foreign exchange differences ThCh\$	Financial costs ThCh\$	New financial Leases ThCh\$	Other changes ThCh\$	
Bank loans	109	—	—	(22,681)	(22,681)	—	—	22,576	—	—	4
Unsecured obligations (*)	763,579,585	—	(5,654,112)	(42,860,557)	(48,514,669)	—	66,096,234	45,333,098	—	—	826,494,248
Finance leases (**)	14,608,915	—	(1,889,685)	(739,070)	(2,628,755)	—	1,757,220	739,070	—	—	14,476,450
Financial derivatives for hedging	(29,478,643)	—	—	(3,496,889)	(3,496,889)	48,389,489	34,349,104	3,569,025	—	(7,676,500)	45,655,586
Loans to related parties	985	69,204,437	(66,540,959)	(76,123)	2,587,355	—	—	543,601	—	(755,371)	2,376,570
Other obligations	—	—	(478,035)	—	(478,035)	—	—	478,035	—	—	—
<b>Total</b>	<b>748,710,951</b>	<b>69,204,437</b>	<b>(74,562,791)</b>	<b>(47,195,320)</b>	<b>(52,553,674)</b>	<b>48,389,489</b>	<b>102,202,558</b>	<b>50,685,405</b>	<b>—</b>	<b>(8,431,871)</b>	<b>889,002,858</b>

Liabilities arising from financing activities	Financing Cash Flows					Changes that do not represent cash flows					Balance as of 12-31-2018 ThCh\$
	Balance as of 01-01-2017 ThCh\$	Coming ThCh\$	Used ThCh\$	Interest paid ThCh\$	Total ThCh\$	Changes in fair value ThCh\$	Foreign exchange differences ThCh\$	Financial costs ThCh\$	New financial Leases ThCh\$	Other changes ThCh\$	
Bank loans	4,172	—	(4,156)	(169)	(4,325)	—	—	262	—	—	109
Unsecured obligations	802,306,161	—	(5,530,327)	(43,514,578)	(49,044,905)	—	(33,226,098)	43,544,427	—	—	763,579,585
Finance leases	17,749,647	—	(2,592,235)	—	(2,592,235)	—	(1,359,668)	811,171	—	—	14,608,915
Financial derivatives for hedging	23,640,893	—	(3,543,400)	—	(3,543,400)	(25,059,561)	(23,488,915)	3,473,938	—	(4,501,598)	(29,478,643)
Loans to related parties	39,211	31,680,253	(31,680,253)	(805,551)	(805,551)	—	—	767,325	—	—	985
Other obligations	—	—	(1,305,388)	—	(1,305,388)	—	—	1,305,388	—	—	—
<b>Total</b>	<b>843,740,084</b>	<b>31,680,253</b>	<b>(44,655,759)</b>	<b>(44,320,298)</b>	<b>(57,295,804)</b>	<b>(25,059,561)</b>	<b>(58,074,681)</b>	<b>49,902,511</b>	<b>—</b>	<b>(4,501,598)</b>	<b>748,710,951</b>

(\*) See Note 19.1

(\*\*) See Note 19.3

## 8. OTHER FINANCIAL ASSETS

The detail of other financial assets as of December 31, 2019 and 2018 is as follows:

Other Financial Assets	Current		Non-Current	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Hedging derivatives (*)	—	38,169,894	4,862,949	—
Non- hedging derivatives	—	41,022	—	36,086
Financial assets measured at amortized cost	36,121	84,580	—	—
Financial assets at fair value with changes in other comprehensive income	127,854	269,031	2,326,480	2,326,484
<b>Total</b>	<b>163,975</b>	<b>38,564,527</b>	<b>7,189,429</b>	<b>2,362,570</b>

(\*) See Note 21.2.a.

## 9. OTHER NON-FINANCIAL ASSETS AND LIABILITIES

### a. Other non-financial assets

Details of other non-financial assets as of December 31, 2019 and 2018 are as follows:

Other Financial Assets	Current		Non-current	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2019 ThCh\$	12-31-2018 ThCh\$
VAT Tax Credit and Other Taxes	6,522,885	7,780,245	—	—
Prepaid expenses	532,370	657,534	—	—
Deposits in guarantee	—	—	1,379,970	1,379,970
Deferred (prepaid) water rights	—	—	7,670,114	5,763,496
Spare parts with consumption schedule over 12 months	—	—	5,773,991	4,324,153
Other	533,725	2,400,463	21,579	1,077,680
<b>Total</b>	<b>7,588,980</b>	<b>10,838,242</b>	<b>14,845,654</b>	<b>12,545,299</b>

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### b. Other non-financial liabilities

Details of other non-financial liabilities as of December 31, 2019 and 2018 are as follows:

Other current non-financial liabilities	Current		Non-Current	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2019 ThCh\$	12-31-2018 ThCh\$
VAT Dedit Tax and Other Taxes	4,811,150	22,542,716	—	—
<b>Total</b>	<b>4,811,150</b>	<b>22,542,716</b>	<b>—</b>	<b>—</b>

## 10. TRADE AND OTHER RECEIVABLES

a. The detail of trade and other receivables as of December 31, 2019 and 2018 is as follows:

Trade and Other Receivables, Gross	Balance as of			
	12-31-2019		12-31-2018	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
<b>Trade and other receivables, gross</b>	<b>212,078,614</b>	<b>82,929,822</b>	<b>240,978,763</b>	<b>1,156,638</b>
Trade receivables, gross	197,724,077	81,617,823	205,542,774	21,255
Other receivables, gross	14,354,537	1,311,999	35,435,989	1,135,383

Trade and Other Receivables, Net	Balance as of			
	12-31-2019		12-31-2018	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
<b>Trade and other receivables, net</b>	<b>209,178,012</b>	<b>82,929,822</b>	<b>239,425,507</b>	<b>1,156,638</b>
Trade receivables, net	194,823,475	81,617,823	203,989,518	21,255
Other receivables, net (1)	14,354,537	1,311,999	35,435,989	1,135,383

(1) The detail of accounts receivable is as follow:

Other receivables, net (1)	Balance as of			
	12/31/2019		12/31/2018	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Accounts receivable from personnel	3,176,270	1,302,531	3,244,516	1,135,383
Supplier and creditor advances	9,933,918	—	14,295,401	—
VAT receivable	932,960	—	865,947	—
Indemnities receivable	—	—	15,284,940	—
Spare parts	—	—	1,641,361	—
Monto consignado al tribunal pendiente de cobro	—	—	—	—
Other	311,389	9,468	103,824	—
<b>Total</b>	<b>14,354,537</b>	<b>1,311,999</b>	<b>35,435,989</b>	<b>1,135,383</b>

As of December 31, 2019, non-current trade accounts receivable, gross increased by ThCh\$ 81,596,568 compared to December 31, 2018.

On November 2, 2019, the Ministry of Energy published Law No. 21,185, which created a Transitional Mechanism for the Stabilization of Electricity Prices for Customers Subject to Tariff Regulation. Through this Law, between July 1, 2019 and December 31, 2020, the prices to be charged to regulated customers are kept at the same price levels defined for the first half of 2019 (Decree 20T / 2018) and will be called the “Stabilized Price to Regulated Client” (PEC).

Between January 1, 2021 and until the end of the stabilization mechanism, the prices will be those defined in the semi-annual price-fixing referred to in article 158 of the Electricity Law, but may not exceed the PEC as adjusted by the Consumer’s Price Index as of January 1, 2021 based on the same date (adjusted PEC).

The billing differences that occur between the billing applying the stabilization mechanism and the theoretical billing, considering the price that would have been applied in accordance with the conditions of the respective contracts with the electricity distribution companies, will generate an account receivable in favor of the electricity generation companies with a limit of ThUS\$ 1,350 until 2023. All billing differences will be denominated in US dollars and will not accrue interest until December 31, 2025. The balance must be recovered no later than December 31, 2027.

The application of the aforementioned Law, causes a greater lag in the billing and collection of sales generated in our Electric Electricity Generation segment, with the corresponding financial and accounting impact that the situation entails. For this reason, at the end of 2019, the Company recognized lower revenue from energy sales to end-customers of ThCh\$ 2,600,428 a higher financial expense of ThCh\$ 14,250,887 in financial expense. In addition, a profit was recorded for exchange

differences of ThCh\$ 3,835,024 due to the dollarization of unbilled accounts receivable and financial income of ThCh\$ 414,292 (see Note 32).

- b. As of December 31, 2019 and 2018 the balance of trade receivables past due and not impaired is as follows:

Trade Receivables Past Due But Not Impaired	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Less than three months	3,199,534	1,059,743
Between three and six months	816,201	46,499
Between six and twelve months	1,308,312	887,726
More than twelve months	2,002,231	3,541,333
<b>Total</b>	<b>7,326,278</b>	<b>5,535,301</b>

- c. The reconciliation of changes in the allowance for credit loss of trade receivables (determined in accordance with Note 3.f.3) is as follows:

Trade Receivables Past Due and Impaired	Current ThCh\$
<b>Balance as of January 1, 2018</b>	<u>1,258,817</u>
Initial Balance Adjustment by IFRS 9	193,539
Increases (decreases) for the year (*)	100,900
Other movements	—
<b>Balance as of December 31, 2018</b>	<u>1,553,256</u>
Increases (decreases) for the year	1,347,346
<b>Balance as of December 31, 2019</b>	<u>2,900,602</u>

(\*) See Note 29

#### **Write-offs for past due receivables**

Past-due receivables are written off once all collection procedures and legal proceedings have been exhausted and the debtors' insolvency has been demonstrated. In our power generation business, this process normally takes at least one year of procedures.

d. **Additional information:**

- Additional statistical information required under Official Bulletin 715 of the CMF of February 3, 2012 (XBRL Taxonomy). See Appendix 4.
- Supplementary information on trade receivables. See Appendix 4.1.

## **11. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

Related party transactions are performed at current market conditions.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not itemized in this Note.

As of the date of these consolidated financial statements, no guarantees have been given or received nor has any allowance for bad or doubtful accounts been recorded with respect to receivable balances for related party transactions.

## 11.1 Balances and transactions with related parties

The balances of accounts receivable and payables between the Company and its non-consolidated related parties are as follows:

### a) Receivables from related parties:

Taxpayer ID No.	Company	Receivables from related parties					Balance as of			
		Description of the transaction	Term of the transaction	Relationship	Currency	Country	12-31-2019		12-31-2018	
							Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
76.041.595-5	Aysén Energía S.A.	Other services	Less than 90 days	Negocio Conjunto	Ch\$	Chile	—	—	14,286	—
76.041.891-9	Aysén Transmisión S.A.	Other services	Less than 90 days	Negocio Conjunto	Ch\$	Chile	—	—	14,286	—
76.052.206-6	Parque Eólico Valle De Los Vientos S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	6,277	—	27,352	—
76.052.206-6	Parque Eólico Valle De Los Vientos S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	11,929	—	1,240	—
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	11	—	28,260	—
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	8,660	—	—	—
76.179.024-2	Parque Eólico Tal Tal S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	9,550	—	30,087	—
76.179.024-2	Parque Eólico Tal Tal S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	83	—	169,547	—
76.201.136-0	Energía y Servicios South America S.p.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	4,271	—	—	—
76.250.019-1	Enel Green Power Chile Ltda.	Other services	Less than 90 days	Common control	Ch\$	Chile	1,617,269	—	—	—
76.321.458-3	Almeyda Solar S.P.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	1,574	—	10,941	—
76.321.458-3	Almeyda Solar S.P.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	4,607	—	20,046	—
76.412.562-2	Enel Green Power Del Sur S.P.A	Other services	Less than 90 days	Common control	Ch\$	Chile	39,217	—	170,790	—
76.412.562-2	Enel Green Power Del Sur S.P.A	Energy sales	Less than 90 days	Common control	Ch\$	Chile	—	—	6,323	—
76.418.940-K	GNL Chile S.A.	Gas Purchase Advance	Less than 90 days	Associate	Us\$	Chile	31,025,024	34,407,142	14,666,414	—
76.418.940-K	GNL Chile S.A.	Dividend	Less than 90 days	Associate	Us\$	Chile	—	—	788,336	—
76.536.353-5	Enel Chile S.A.	Commercial Current Account	Less than 90 days	Parent	Ch\$	Chile	197,040,672	—	14,440,679	—
76.536.353-5	Enel Chile S.A.	Other services	Less than 90 days	Parent	Ch\$	Chile	1,708,336	—	806,932	—
76.722.488-5	Empresa De Transmisión Chena S.A.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	6	—	6	—
94.271.000-3	Enel Américas S.A.	Dividend	Less than 90 days	Common control	Ch\$	Chile	—	—	193	—
94.271.000-3	Enel Américas S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	91,741	—	106,878	—
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	87,075	—	251,237	—
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	111,101	—	9,094	—
96.783.910-8	Empresa Eléctrica De Colina Ltda.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	8,752	—	8,783	—
96.800.460-3	Luz Andes Ltda.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	490	—	3,351	—
96.800.570-7	Enel Distribución Chile S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	626,358	—	567,260	—
96.800.570-7	Enel Distribución Chile S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	31,895,148	45,932,636	76,767,486	—
96.800.570-7	Enel Distribución Chile S.A.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	3,471	—	19,880	—
96.920.110-0	Enel Green Power Chile Ltda.	Other services	Less than 90 days	Common control	Ch\$	Chile	—	—	381,077	—
96.971.330-6	Geotérmica del Norte S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	2,732	—	56,443	—
Foreign	Emgesa S.A. E.S.P.	Other services	Less than 90 days	Common control	Us\$	Colombia	578,848	—	703,368	—
Foreign	Endesa España S.A.	Other services	Less than 90 days	Common control	Eur	Spain	12,888	—	13,684	—
Foreign	Endesa Generación S.A.	Other services	Less than 90 days	Common control	Eur	Spain	45,069	—	41,820	—
Foreign	Enel Brasil S.A.	Other services	Less than 90 days	Common control	Us\$	Brazil	62,676	—	68,318	—
Foreign	Enel Generación Costanera S.A.	Other services	Less than 90 days	Common control	Us\$	Argentina	34,771	—	32,264	—
Foreign	Enel Generación El Chocón S.A.	Other services	Less than 90 days	Common control	Us\$	Argentina	12,589	—	13,367	—
Foreign	Enel Generación Perú S.A.	Other services	Less than 90 days	Common control	Us\$	Perú	860,498	—	914,115	—
Foreign	Enel Generación Piura S.A.	Other services	Less than 90 days	Common control	Us\$	Perú	60,670	—	89,545	—
Foreign	Enel Green Power Brasil Participações Ltda.	Other services	Less than 90 days	Common control	Us\$	Brazil	51,895	—	52,215	—
Foreign	Enel Green Power Italia	Other services	Less than 90 days	Common control	Eur	Italy	—	—	979,122	—
Foreign	Enel Green Power Perú	Other services	Less than 90 days	Common control	Us\$	Perú	302,697	—	223,188	—
Foreign	Enel Italia Servizi Srl	Other services	Less than 90 days	Common control	Eur	Italy	—	—	8,524	—
Foreign	Enel Produzione S.P.A.	Other services	Less than 90 days	Common control	Eur	Italy	13,781	—	—	—
Foreign	Enel S.P.A.	Other services	Less than 90 days	Common control	Eur	Italy	183,151	—	—	—
Foreign	Energía Nueva Energía Limpia Mexico Srl De Cv	Other services	Less than 90 days	Common control	Us\$	México	72,410	—	35,739	—
Foreign	Sociedad Portuaria Central Cartagena S.A.	Other services	Less than 90 days	Common control	Us\$	Colombia	149,525	—	—	—
Foreign	Proyectos Y Soluciones Renovables S.A.C.	Other services	Less than 90 days	Common control	Us\$	Perú	60,717	—	29,054	—
Foreign	Enel Green Power México	Other services	Less than 90 days	Common control	Us\$	México	—	—	98,519	—
Foreign	Enel Global Thermal Generation S.R.L.	Technical services	Less than 90 days	Common control	Eur	Italy	273,003	—	—	—
Foreign	Enel Global Trading S.p.A.	Other services	Less than 90 days	Common control	Eur	Italy	120,276	—	197,924	—
Foreign	Enel Global Trading S.p.A.	Sale Related LNG Boats	Less than 90 days	Common control	Eur	Italy	16,880,527	—	18,565,698	—
Foreign	Enel Global Trading S.p.A.	Commodity derivatives	Less than 90 days	Common control	Eur	Italy	2,962,387	—	3,671,446	—
Foreign	Enel Green Power Morocco, S.A.R.L.A.U.	Other services	Less than 90 days	Common control	Eur	Morocco	94,340	—	—	—
Foreign	Parque Amistad II Sa De Cv	Other services	Less than 90 days	Common control	Us\$	Mexico	67,854	—	—	—
Foreign	Enel Green Power S.p.A.	Other services	Less than 90 days	Common control	Eur	Italy	1,131,635	—	—	—
Foreign	Enel Italia S.R.L.	Other services	Less than 90 days	Common control	Eur	Italy	8,028	—	—	—
						<b>Total</b>	<b>288,344,589</b>	<b>80,339,778</b>	<b>135,105,117</b>	

b) Accounts payable to related parties, current:

Taxpayer ID No.	Company	Description of the transaction	Term of the transaction	Relationship	Currency	Country	Balance as of				
							12-31-2019		12-31-2018		
							Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	
76.052.206-6	Parque Eólico Valle De Los Vientos S.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	1,483,334	—	1,303,508	—	
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	128,944	—	103,022	—	
76.179.024-2	Parque Eólico Tal Tal S.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	1,586,979	—	1,637,333	—	
76.201.136-0	Energía y Servicios South America S.p.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	75,600	—	—	—	
76.250.019-1	Enel Green Power Chile Ltda.	Other services	Less than 90 days	Common control	Ch\$	Chile	726,077	—	—	—	
76.321.458-3	Almevda Solar S.P.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	5,422	—	540	—	
76.412.562-2	Enel Green Power Del Sur S.P.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	15,016,107	—	13,431,566	—	
76.418.940-K	GNL Chile S.A.	Other services	Less than 90 days	Associate	Us\$	Chile	—	—	12,389	—	
76.418.940-K	GNL Chile S.A.	Gas purchases	Less than 90 days	Associate	Us\$	Chile	4,980,936	2,497,660	5,935,652	—	
76.536.353-5	Enel Chile S.A.	Commercial Current Account	Less than 90 days	Parent	Ch\$	Chile	—	—	2,376,570	—	
76.536.353-5	Enel Chile S.A.	Dividend	Less than 90 days	Parent	Ch\$	Chile	55,102,585	—	86,727,349	—	
76.536.353-5	Enel Chile S.A.	Other services	Less than 90 days	Parent	Ch\$	Chile	6,160,080	—	9,780,125	—	
76.722.488-5	Empresa De Transmisión Chena S.A.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	36,072	—	20,757	—	
76.924.079-9	Enel X Chile S.p.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	386	—	—	—	
77.017.930-0	Transmisora Eléctrica De Quillota Ltda.	Energy Toll	Less than 90 days	Negocio Conjunto	Ch\$	Chile	13,887	—	13,887	—	
94.271.000-3	Enel Américas S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	11,107	—	1,987	—	
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	595,772	—	1,019,252	—	
96.783.910-8	Empresa Eléctrica De Colina Ltda.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	—	—	64	—	
96.800.460-3	Luz Andes Ltda.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	—	—	7	—	
96.800.570-7	Enel Distribución Chile S.A.	Other services	Less than 90 days	Common control	Ch\$	Chile	53,025	—	75,850	—	
96.800.570-7	Enel Distribución Chile S.A.	Energy Toll	Less than 90 days	Common control	Ch\$	Chile	3,281,849	—	634,197	—	
96.800.570-7	Enel Distribución Chile S.A.	Energy sales	Less than 90 days	Common control	Ch\$	Chile	10,013,713	—	—	—	
96.920.110-0	Enel Green Power Chile Ltda.	Other services	Less than 90 days	Common control	Ch\$	Chile	—	—	441,510	—	
96.971.330-6	Geotérmica del Norte S.A.	Energy purchases	Less than 90 days	Common control	Ch\$	Chile	65,775	—	2,824	—	
Foreign	Cesi S.P.A.	Other services	Less than 90 days	Common control	Eur	Italy	890,343	—	458,228	—	
Foreign	Endesa Generación S.A.	Other services	Less than 90 days	Common control	Eur	Spain	216,521	—	702,702	—	
Foreign	Enel Brasil S.A.	Other services	Less than 90 days	Common control	Us\$	Brazil	—	—	74,949	—	
Foreign	Enel Green Power Italia	Other services	Less than 90 days	Common control	Eur	Italy	—	—	2,416,756	—	
Foreign	Enel Iberia SRL	Other services	Less than 90 days	Common control	Eur	Spain	96,784	—	97,601	—	
Foreign	Enel Italia Servizi Srl	Other services	Less than 90 days	Common control	Eur	Italy	—	—	3,278,687	—	
Foreign	Enel Produzione S.P.A.	Other services	Less than 90 days	Common control	Eur	Italy	5,779,394	—	6,631,834	—	
Foreign	Enel S.P.A.	Other services	Less than 90 days	Common control	Eur	Italy	3,791,037	—	1,463,990	—	
Foreign	Enel Trading Argentina S.R.L.	Other services	Less than 90 days	Common control	Us\$	Argentina	13,574	—	13,574	—	
Foreign	Tecatom S.A.	Other services	Less than 90 days	Common control	Eur	Spain	29,093	—	102,962	—	
Foreign	Enel Global Thermal Generation S.R.L.	Other services	Less than 90 days	Common control	Eur	Italy	3,699,392	—	2,199,811	—	
Foreign	Enel Global Trading S.p.A.	Other services	Less than 90 days	Common control	Eur	Italy	3,820,754	—	2,123,546	—	
Foreign	Enel Global Trading S.p.A.	Commodity derivatives	Less than 90 days	Common control	Eur	Italy	9,295,836	—	9,849,260	—	
Foreign	Enel Green Power S.p.A.	Other services	Less than 90 days	Common control	Eur	Italy	4,727,873	—	—	—	
Foreign	Enel Italia	Other services	Less than 90 days	Common control	Eur	Italy	6,168,932	—	—	—	
<b>Total</b>							<b>137,867,183</b>	<b>2,497,660</b>	<b>152,932,289</b>		

c) Significant transactions and effects on income/expenses:

Transactions with related parties that are not consolidated and their effects on profit or loss are as follows:

Taxpayer ID No.	Transactions with effects on income/expenses				For the years ended		
	Company	Relationship	Description of Transaction	Country	12-31-2019	12-31-2018	12-31-2017
					ThCh\$	ThCh\$	ThCh\$
76.052.206-6	Parque Eólico Valle De Los Vientos S.A.	Common control	Energy sales	Chile	26,106	21,172	144,589
76.052.206-6	Parque Eólico Valle De Los Vientos S.A.	Common control	Services Rendered	Chile	27,549	23,613	17,710
76.052.206-6	Parque Eólico Valle De Los Vientos S.A.	Common control	Energy purchases	Chile	(15,953,166)	(14,098,262)	(16,630,421)
76.107.186-6	Servicios Informáticos E Inmobiliarios Ltda.	Common control	Services Rendered	Chile	—	—	210,198
76.107.186-6	Servicios Informáticos E Inmobiliarios Ltda.	Common control	Services Received	Chile	—	—	(490,193)
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Common control	Energy sales	Chile	92,594	21,358	128,626
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Common control	Services Rendered	Chile	27,549	23,613	17,710
76.126.507-5	Parque Eólico Talinay Oriente S.A.	Common control	Energy purchases	Chile	(496,443)	(582,421)	(538,013)
76.179.024-2	Parque Eólico Tal Tal S.A.	Common control	Energy sales	Chile	214,136	260,698	109,643
76.179.024-2	Parque Eólico Tal Tal S.A.	Common control	Services Rendered	Chile	30,304	25,975	19,481
76.179.024-2	Parque Eólico Tal Tal S.A.	Common control	Energy purchases	Chile	(21,941,809)	(19,329,374)	(25,957,124)
96.920.110-0	Enel Green Power Chile Ltda.	Common control	Services Rendered	Chile	955,733	58,840	132,577
96.920.110-0	Enel Green Power Chile Ltda.	Common control	Services Received	Chile	—	(184,246)	—
76.321.458-3	Almeyda Solar S.P.A.	Common control	Energy sales	Chile	174,763	80,357	149,146
76.321.458-3	Almeyda Solar S.P.A.	Common control	Energy purchases	Chile	(14,532)	(17,460)	(53,340)
76.321.458-3	Almeyda Solar S.P.A.	Common control	Services Rendered	Chile	11,020	9,445	7,084
76.412.562-2	Enel Green Power Del Sur S.P.A	Common control	Energy sales	Chile	239,332	78,932	528,740
76.412.562-2	Enel Green Power Del Sur S.P.A	Common control	Services Rendered	Chile	172,018	147,444	110,583
76.412.562-2	Enel Green Power Del Sur S.P.A	Common control	Energy purchases	Chile	(135,049,067)	(122,488,331)	(104,860,402)
76.418.940-K	GNL Chile S.A.	Associate	Services Rendered	Chile	24,881	(71,770)	85,274
76.418.940-K	GNL Chile S.A.	Associate	Gas consumption	Chile	(99,801,403)	(131,521,989)	(194,163,392)
76.536.353-5	Enel Chile S.A.	Parent	Services Received	Chile	(14,405,955)	(11,635,262)	(11,433,038)
76.536.353-5	Enel Chile S.A.	Parent	Financial expenses	Chile	(564,763)	(543,476)	(754,401)
76.536.353-5	Enel Chile S.A.	Parent	Financial income	Chile	1,598,157	185,047	—
76.536.353-5	Enel Chile S.A.	Parent	Other services rendered	Chile	2,026,016	—	—
76.722.488-5	Empresa De Transmisión Chena S.A.	Common control	Energy Toll	Chile	(198,112)	(268,681)	(218,223)
77.017.930-0	Transmisora Eléctrica De Quillota Ltda.	Negocio Conjunto	Energy Toll	Chile	—	(242,887)	(1,383,710)
94.271.000-3	Enel Américas S.A.	Common control	Services Rendered	Chile	226,506	298,161	387,924
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Common control	Energy sales	Chile	1,750,248	270,998	914,613
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Common control	Services Rendered	Chile	253,045	—	162,672
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Common control	Energy Toll	Chile	(183,233)	16,128	(75,145)
96.524.140-K	Empresa Eléctrica Panguipulli S.A.	Common control	Energy purchases	Chile	(6,505,231)	(6,462,747)	(5,095,279)
96.783.910-8	Empresa Eléctrica De Colina Ltda.	Common control	Energy Toll	Chile	80,189	61,440	59,757
96.800.460-3	Luz Andes Ltda.	Common control	Energy Toll	Chile	7,660	5,519	6,585
96.800.570-7	Enel Distribución Chile S.A.	Common control	Energy sales	Chile	361,918,373	388,037,272	374,922,466
96.800.570-7	Enel Distribución Chile S.A.	Common control	Services Rendered	Chile	6,888,013	1,603,224	1,592,105
96.800.570-7	Enel Distribución Chile S.A.	Common control	Energy Toll	Chile	—	(5,215,145)	4,884,387
96.800.570-7	Enel Distribución Chile S.A.	Common control	Financial expenses	Chile	(3,677,730)	—	—
96.806.130-5	Electrogas S.A.	Associate	Gas Tolls	Chile	—	—	(276,124)
96.971.330-6	Geotérmica del Norte S.A.	Common control	Energy sales	Chile	168,979	137,152	—
96.971.330-6	Geotérmica del Norte S.A.	Common control	Services Rendered	Chile	—	—	80,157
96.971.330-6	Geotérmica del Norte S.A.	Common control	Energy purchases	Chile	(188,644)	(1,500)	(456)
Foreign	Cesi S.P.A.	Common control	Other fixed operating expenses	Italy	(26,125)	—	—
Foreign	Chinango S.A.C.	Common control	Services Rendered	Perú	—	39,759	18,516
Foreign	Cia.Distribuidora y Comercializadora De Energia S.A.	Common control	Services Received	Colombia	—	13,637	3,844
Foreign	Emgesa S.A. E.S.P.	Common control	Services Rendered	Colombia	849,785	622,686	1,866
Foreign	Enel Brasil S.A.	Common control	Services Received	Brazil	—	(207,966)	—
Foreign	Enel Brasil S.A.	Common control	Financial expenses	Brazil	—	(56)	—
Foreign	Enel Generación Costanera S.A.	Common control	Services Rendered	Argentina	—	28,106	—
Foreign	Enel Generación El Chocón S.A.	Common control	Services Rendered	Argentina	—	10,176	—
Foreign	Enel Generación Perú S.A.	Common control	Services Rendered	Perú	1,099,922	1,139,809	745,818
Foreign	Enel Generación Perú S.A.	Common control	Loans	Perú	—	—	(349)
Foreign	Enel Generación Piura S.A.	Common control	Services Rendered	Perú	8,399	(57,180)	98,421
Foreign	Enel Generación Piura S.A.	Common control	Loans	Perú	—	—	(135)
Foreign	Enel Generación Piura S.A.	Common control	Financial expenses	Perú	—	(57)	—
Foreign	Enel Global Thermal Generation S.R.L.	Common control	Services Received	Italy	(899,419)	(1,845,425)	—
Foreign	Enel Global Trading S.p.a.	Common control	Services Received	Italy	(1,634,832)	(1,213,116)	—
Foreign	Enel Global Trading S.p.a.	Common control	Financial expenses	Italy	—	(13)	—
Foreign	Enel Global Trading S.p.a.	Common control	Commodity derivatives	Italy	(12,118,800)	7,584,772	18,311,342
Foreign	Enel Global Trading S.p.a.	Common control	Gas sales	Italy	58,352,346	34,701,425	21,484,590
Foreign	Endesa Energía S.A.	Common control	Gas sales	Spain	—	—	10,394,146
Foreign	Endesa Energía S.A.	Common control	Fuel consumption	Spain	—	—	(8,946,259)
Foreign	Enel Green Power Brasil Participações Ltda.	Common control	Services Rendered	Brazil	—	—	9,188
Foreign	Enel Green Power Brasil Participações Ltda.	Common control	Financial income	Brazil	—	5,426	—
Foreign	Enel Green Power Colombia Sas	Common control	Services Rendered	Colombia	—	—	46,557
Foreign	Enel Green Power Colombia Sas	Common control	Services Received	Colombia	—	(4,797)	—
Foreign	Enel Green Power Italia	Common control	Services Rendered	Italy	—	—	262,694
Foreign	Enel Green Power Perú	Common control	Services Rendered	Perú	79,509	45,710	177,478
Foreign	Enel Italia Servizi Srl	Common control	Services Received	Italy	—	(2,484,835)	—
Foreign	Enel Produzione S.P.A.	Common control	Services Received	Italy	—	—	94,045
Foreign	Enel S.p.A	Common control	Services Received	Italy	(2,327,047)	(1,110,545)	—
Foreign	Energia Nueva Energia Limpia Mexico Srl De Cv	Common control	Services Rendered	México	28,546	35,739	—
Foreign	Ph Chucas S.A.	Common control	Services Rendered	Costa Rica	—	(79,327)	6,629
Foreign	Ph Chucas S.A.	Common control	Loans	Costa Rica	—	—	(162,177)
Foreign	Sociedad Portuaria Central Cartagena S.A.	Common control	Other services rendered	Colombia	149,525	—	—
Foreign	Parque Amistad Ii Sa De Cv	Common control	Other services rendered	Mexico	17,731	—	—
Foreign	Enel Green Power S.p.A.	Common control	Other services rendered	Italy	229,546	—	—
Foreign	Enel Green Power S.p.A.	Common control	Technical services	Italy	(2,114,024)	—	—
Foreign	Enel Italia S.R.L.	Common control	Other services rendered	Italy	(872,420)	—	—
Foreign	Enel Italia S.R.L.	Common control	Technical services	Italy	(1,840,698)	—	—
Foreign	Endesa Generación S.A.	Common control	Services Rendered	Spain	—	(158,128)	—



Foreign	Compania Energetica Veracruz S.A.C.	Common control	Services Rendered	Perú	—	—	283,346
Foreign	Enel Green Power Brasil	Common control	Services Rendered	Brazil	—	—	37,936
Foreign	Enel Green Power Italia S.p.A	Common control	Services Rendered	Italy	—	(730,968)	—
Foreign	Enel Green Power Mexico	Common control	Services Rendered	Mexico	—	(53,976)	152,495
Foreign	Enel Iberoamérica Srl	Common control	Services Received	Spain	—	—	(6,115)
Foreign	Enel Perú S.A.C.	Common control	Services Rendered	Perú	—	8,832	7,405
Foreign	Enel Perú S.A.C.	Common control	Services Received	Perú	—	—	(181)
				<b>Total</b>	<b>116,915,027</b>	<b>114,992,525</b>	<b>65,763,866</b>

Enel Chile S.A. provides administrative services, among others, to Enel Generación Chile and other subsidiaries of the Enel Chile Group, through a Centralized Cash Contract that has been in effect since the second half of 2018, which finances the cash deficits of its subsidiaries or consolidates their cash surpluses. These accounts may have a debit or credit balance and can be prepaid in the short-term. Their interest rate is variable and reflects market conditions. To reflect these market conditions, interest rates are periodically reviewed through an update procedure approved by the Board of Directors of the involved companies. Prior to the Centralized Cash Contract, Enel Chile S.A. and Enel Generación Chile had a Trade Checking Account Contract in place, through which they could make intercompany loans to each other.

As of December 31, 2019, Enel Generación Chile recorded surplus cash transferred to Enel Chile S.A. during the year through the Centralized Cash Contract, in the amount of ThCh\$198,751,027 (ThCh\$ 83,414,780 as of December 31, 2018), and recorded collections of funds transferred to Enel Chile S.A. in the amount of ThCh\$ 14,255,818 (ThCh\$ 0 in 2018). These balances accrued interest at a TAB 1M + 0.30% annual rate (TAB 1M + 0.00% annual rate as of December 31, 2018).

During 2017, the Company transferred ThCh\$ 6,639,995 through the Trade Checking Account Contract to Enel Chile S.A., and the same amount is recorded as a collection submitted by the related entity.

## 11.2 Board of directors and key management personnel

The Company is managed by a Board of Directors which consists of five members. Each director serves for a three-year term being able to reelection.

The Board of Directors as of December 31, 2019 was the one elected at the General Shareholders' Meeting held on April 26, 2019. At the April 26, 2019 Board meeting the current Board Chairman and Secretary were appointed.

Board members:

- Mr. Giuseppe Conti (Chairman)
- Mr. Fabrizio Barderi
- Mr. Cristiano Bussi
- Mrs. Maria Soledad Arellano Schmidt
- Mr. Julio Pellegrini Vial

### a) Accounts receivable and payable and other transactions

- Accounts receivable and payable

There are no outstanding amounts receivable or payable between the Company and the members of the Board of Directors and key management personnel.

- Other transactions

No transactions other than the payment of compensation have taken place between the Company and the members of the Board of Directors and key management personnel and other than transaction in the normal course of business electricity supply.

**b) Compensation for Directors**

In accordance with Article 33 of Law No. 18,046 governing stock corporations, the compensation of Directors is established each year at the General Shareholders Meeting of the Company. The methodology to determining the compensation, described below, was established at the April 26, 2019 General Shareholders Meeting of the Company.

The remuneration is detailed as follows:

- a) UF 150 as a fixed monthly fee, and
- b) UF 70 as a per diem for each Board meeting attended.

In accordance with the bylaws, the compensation of the Chairman will be double that of a Director.

If any Director of the Company is a member of more than one Board in any Chilean or foreign subsidiaries and/or associates or holds the position of Director or advisor in other Chilean or foreign companies or legal entities in which the Company has a direct or indirect ownership interest, that Director can be compensated for his/her participation in only one of those Boards or Management Committees.

The Executive Officers of the Company and/or any of its Chilean or foreign subsidiaries or associates will not receive any compensation or per diem if they hold the position of Director in any of the Chilean or foreign subsidiaries or associates of the Company.

The following tables show details of the compensation paid to the members of the Board of Directors for the years ended December 31, 2019, 2018 and 2017:

Name	Position	Period in Position	12-31-2019		
			Enel Generación Board ThCh\$	Board of Subsidiaries ThCh\$	Directors' Committee ThCh\$
Giuseppe Conti (*)	Chairman	01/01/19 to 12/31/19	—	—	—
Maria Soledad Arellano Schimdt (2)	Director	01/25/19 to 12/31/19	78,652	—	4,741
Julio Pellegrini Vial	Director	01/01/19 to 12/31/19	78,652	—	7,110
Fabrizio Barderi (*)	Director	01/01/19 to 12/31/19	—	—	—
Cristiano Bussi (3) (*)	Director	01/01/19 to 12/31/19	—	—	—
Francesco Giorgianni (4) (*)	Director	01/01/19 to 04/26/19	—	—	—
Hernán Cheyre Valenzuela (1)(4)	Director	01/01/19 to 04/26/19	27,412	—	7,110
Luca Noviello (4) (*)	Director	01/01/19 to 04/26/19	—	—	—
Antonio Scala (1)(4) (*)	Director	01/01/19 to 04/26/19	—	—	—
	<b>Total</b>		<b>184,716</b>	<b>—</b>	<b>18,961</b>

			12-31-2018		
Name	Position	Period in Position	Enel Generación Board ThCh\$	Board of Subsidiaries ThCh\$	Directors' Committee ThCh\$
Giuseppe Conti (*)	Chairman	01/01/18 to 12/31/19	—	—	—
Jorge Atton Palma (2)	Director	01/01/18 to 11/29/18	76,781	—	24,841
Julio Pellegrini Vial	Director	01/01/18 to 12/31/19	90,996	—	29,579
Fabrizio Barderi (*)	Director	01/01/18 to 12/31/19	—	—	—
Cristiano Bussi (3) (*)	Director	11/19/18 to 12/31/19	—	—	—
Francesco Giorgianni (4)(*)	Director	01/01/18 to 12/31/19	—	—	—
Hernán Cheyre Valenzuela (1)(4)	Director	04/24/18 to 12/31/19	67,914	—	22,638
Luca Noviello (4)(*)	Director	01/01/18 to 12/31/19	—	—	—
Antonio Scala (1)(4)(*)	Director	04/24/18 to 12/31/19	—	—	—
Mauro Di Carlo (3) (*)	Director	01/01/18 to 11/19/18	—	—	—
Umberto Magrini (1) (*)	Director	01/01/18 to 04/24/18	—	—	—
Enrique Cibié Bluth (1)	Director	01/01/18 to 04/24/18	23,082	—	6,941
<b>Total</b>			<b>258,773</b>	<b>—</b>	<b>83,999</b>

			12-31-2017		
Name	Position	Period in Position	Company Board ThCh\$	Board of Subsidiaries ThCh\$	Directors' Committee ThCh\$
Giuseppe Conti	Chairman	01/01/17 to 12/31/17	—	—	—
Jorge Atton Palma	Director	01/01/17 to 12/31/17	95,729	—	32,648
Julio Pellegrini Vial	Director	01/01/17 to 12/31/17	95,729	—	32,648
Fabrizio Barderi	Director	08/28/17 to 12/31/17	—	—	—
Mauro Di Carlo	Director	01/01/17 to 12/31/17	—	—	—
Francesco Giorgianni	Director	01/01/17 to 12/31/17	—	—	—
Luca Noviello	Director	01/01/17 to 12/31/17	—	—	—
Umberto Magrini	Director	01/01/17 to 12/31/17	—	—	—
Enrique Cibié Bluth	Director	01/01/17 to 12/31/17	95,729	—	32,648
Francesco Buresti	Director	01/01/17 to 06/27/17	—	—	—
<b>Total</b>			<b>287,187</b>	<b>—</b>	<b>97,944</b>

- (1) Hernán Cheyre Valenzuela and Mr. Antonio Scala were appointed Directors effective as of April 24, 2018 on the same date that Mr. Enrique Cibié Bluth and Mr. Umberto Magrini stepped down as Directors.
- (2) Ms. Maria Arellano Schmidt was appointed Director on January 25, 2019, replacing Mr. Jorge Atton Palma, who ceased being a Director on November 29, 2018.
- (3) Mr. Cristiano Bussi was appointed Director on November 19, 2018, on the same date that Mr. Mauro Di Carlo stepped down as a Director.
- (4) Mr. Francisco Giorgianni, Mr. Hernán Cheyre, Mr. Luca Noviello and Mr. Antonio Scala stepped down as Directors on April 26, 2019.
- (\*) Giuseppe Conti, Francesco Giorgianni, Mauro Di Carlo, Umberto Magrini, Luca Noviello, Fabrizio Barderi, Antonio Scala and Cristiano Bussi waived the compensation and fees for attending meetings they received as a result of being members of the Board of Directors of Enel Generación Chile S.A.

### c) Guarantees granted by the Company in favor of the Directors

During the years ended December 31, 2019 and 2018, no guarantees have been granted in favor of the Directors.

### 11.3 Compensation for the Group's executives

The key management personnel of Enel Generación Chile as of December 31, 2019 are as follows:

Company Executives		
Chilean ID No.	Name	Position
24.789.926-K	Michele Siciliano (1)	Chief Executive Officer
24.789.926-K	Michele Siciliano (1)	Business Development Manager (Interim)
24.789.926-K	Michele Siciliano (1)	Regulation Manager (Interim)
14.106.334-0	Viviana Meneses Robledo (2)	Planning and Control Officer
7.700.353-3	Carlos Ivan Peña Garay (3)	Chilean Hydroelectric Generation Officer
10.939.381-9	Claudio Ordenes Tirado	Engineering and Thermal Construction Officer
11.565.097-1	Bernardo Canales Fuenzalida	Engineering and Construction Officer
7.012.475-0	Raúl Arteaga Errázuriz	Chief Financial Officer
13.441.572-k (4)	Maria Paulina Guglielmi Espósito	Human Resources Officer
11.629.179-7	Humberto Espejo Paluz	Marketing and Trading Officer
7.776.718-5	Luis Ignacio Quiñones Sotomayor	General Counsel

- (1) Mr. Michele Siciliano was appointed Chief Executive Officer, Acting Development Manager and Acting Regulation Manager on October 1, 2019, replacing Mr. Valter Moro who was in office until September 30, 2019.
- (2) Ms. Viviana Meneses was appointed Planning and Control Manager on July 1, 2019, replacing Mr. Juan Candia who was in office until June 30, 2019.
- (3) Mr. Carlos Peña Gary was appointed Hydroelectric Generation Manager on December 1, 2019, replacing Mr. Carlo Carvallo Artigas who was in office until November 30, 2019.
- (4) Ms. Maria Guglielmi Espósito was appointed Human Resources Manager on December 1, 2019, replacing Mr. Luis Vergara Adamides who was in office until November 30, 2019.

#### a) Incentive plans for key management personnel

The Company has implemented an annual bonus plan for its executives based on meeting company-wide objectives and on the level of their individual contribution in achieving the overall goals of the Company. The plan provides for a range of bonus amounts according to seniority level. The bonuses paid to the executives consist of a certain multiple of monthly gross compensation.

The compensation of key management personnel in the aggregate for the years ended December 31, 2019, 2018 and 2017 is the following:

Remuneration of the Key Management Personnel	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2017 ThCh\$
Cash compensation	1,953,096	1,975,478	2,057,900
Short-term benefits for employees	414,976	454,564	550,238
Other long-term benefits	86,937	115,499	321,692
<b>Total</b>	<b>2,455,009</b>	<b>2,545,541</b>	<b>2,929,830</b>

#### b) Guarantees established by the Company in favor of key management personnel

During the years ended December 31, 2019 and 2018, no guarantees have been granted in favor of key management personnel.

#### 11.4 Compensation plans linked to share price

There are no payment plans granted to Directors or key management personnel based on the share price of the Company.

#### 12. INVENTORIES

The detail of inventories as of December 31, 2019 and 2018, is as follows:

Classes of Inventories	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Supplies for Production	18,352,464	34,384,583
Gas	2,287,934	5,712,979
Oil	3,888,712	2,684,688
Coal	12,175,818	25,986,916
Supplies for projects and spare parts	11,321,626	9,386,198
<b>Total</b>	<b>29,674,090</b>	<b>43,770,781</b>

There are no inventories pledged as security for liabilities.

For the year ended December 31, 2019, 2018 and 2017 the amount for raw materials and consumables recognized as fuel consumption for continuing operations was ThCh\$230,944,414, ThCh\$230,993,754 and ThCh\$ 280,739,362, respectively). See Note 27.

As of December 31, 2019, “Other non-current non-financial assets” includes an amount of ThCh\$14,845,654 (ThCh\$12,545,299 for the year ended December 31, 2018) and ThCh\$5,773,991 (ThCh\$4,324,153 for the year ended December 31, 2018) corresponding to spare parts and materials that will be used over a twelve-month period, respectively. See Note 9.

There are no inventories that have been written down due to obsolesce or impairment.

#### 13. CURRENT TAX RECEIVABLES AND PAYABLES

The detail of current tax receivables as of December 31, 2019 and 2018 is as follows:

Tax Receivables	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Monthly provisional tax payments	23,628,163	37,544,939
Tax credit for absorbed profits	16,664,648	15,037,217
Minimum presumed income	2,355,003	191,118
<b>Total</b>	<b>42,647,814</b>	<b>52,773,274</b>

The detail of current tax payables as of December 31, 2019 and 2018 is as follows:

Tax Payables	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Income tax	17,662,740	12,541,174
<b>Total</b>	<b>17,662,740</b>	<b>12,541,174</b>

## 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### 14.1 Investments accounted for using the equity method

a) The following tables present the changes in investments accounted for using the equity method for the years ended December 31, 2019 and 2018:

Changes in Investments in Associates	Relationship	Country	Functional Currency	Ownership Interest %	Balance as of 1-1-2019 ThCh\$	Share of Profit (Loss) (*) ThCh\$	Dividends Declared ThCh\$	Foreign Currency Translation ThCh\$	Other Increase (Decrease) ThCh\$	Balance as of 12-31-2019 ThCh\$
GNL Chile S.A.	Associate	Chile	U.S. dollar	33.33%	3,052,983	(254,132)	(1,518,880)	130,235	—	1,410,206
Transmisora Eléctrica de Quillota Ltda.	Joint venture	Chile	Chilean peso	50.00%	9,473,711	695,437	(4,069,920)	—	—	6,099,228
Enel Argentina (formerly named Endesa Argentina S.A.)	Associate	Argentina	Argentine peso	0.08%	300,198	104,335	—	(95,726)	93,101	401,908
<b>TOTAL</b>					<b>12,826,892</b>	<b>545,640</b>	<b>(5,588,800)</b>	<b>34,509</b>	<b>93,101</b>	<b>7,911,342</b>

Changes in Investments in Associates	Relationship	Country	Functional Currency	Ownership Interest %	Balance as of 1-1-2018 ThCh\$	Share of Profit (Loss) (*) ThCh\$	Dividends Declared ThCh\$	Foreign Currency Translation ThCh\$	Other Increase (Decrease) ThCh\$	Balance as of 12-31-2018 ThCh\$
GNL Chile S.A.	Associate	Chile	U.S. dollar	33.33%	3,783,316	805,972	(1,884,140)	347,835	—	3,052,983
Centrales Hidroeléctricas de Aysén S.A. (*)	Joint venture	Chile	Chilean peso	51.00%	4,205,233	1,734,508	—	—	(5,939,741)	—
Transmisora Eléctrica de Quillota Ltda.	Joint venture	Chile	Chilean peso	50.00%	8,818,759	654,952	—	—	—	9,473,711
Enel Argentina (formerly named Endesa Argentina S.A.)	Associate	Argentina	Argentine peso	0.08%	105,146	86,021	—	(108,069)	217,100	300,198
<b>TOTAL</b>					<b>16,912,454</b>	<b>3,281,453</b>	<b>(1,884,140)</b>	<b>239,766</b>	<b>(5,722,641)</b>	<b>12,826,892</b>

(\*) See Note 14.b

### b) Centrales Hidroeléctricas de Aysén S.A. (Hidroaysén)

In May 2014, the Committee of Ministers revoked the Environmental Qualification Resolution (“RCA”) of the Centrales Hidroeléctricas de Aysén S.A. project, in which the Company participated by accepting some of the claims filed against this project. It is a public information that this decision was resorted before the Environmental Courts in Valdivia and Santiago. On January 28, 2015, it was made public that the water rights request made by Centrales Hidroeléctricas de Aysén S.A. has been partially rejected in 2008.

The Company had expressed its intention to promote at Centrales Hidroeléctricas de Aysén S.A. the defense for water rights and the environmental qualification granted to the project in the corresponding instances, continuing with the judicial actions already started or implementing new administrative or judicial actions that are necessary to this end, and it maintained the belief that water resources of the Aysén region are important for the energy development of the country.

Nevertheless, there was uncertainty on the recoverability of the investment made so far at Centrales Hidroeléctricas de Aysén S.A., since it depended both on judicial decisions and on definitions in the energy agenda which could not be foreseen, consequently the investment was not included in the portfolio of the Company’s immediate projects. At closing date of fiscal year 2014, the Company recognized an impairment of its participation in Centrales Hidroeléctricas de Aysén S.A. amounting to ThCh\$ 69,066,857.

On December 7, 2017 an extraordinary meeting of shareholders of Centrales Hidroeléctricas de Aysén S.A. was held, in which the early dissolution of the same was agreed and how the liquidation process of the assets of the company will be carried out. The liquidation process contemplated a distribution of assets to its shareholders Enel Generación and Colbún according to their stakes of 51% and 49%, respectively. This liquidation process and the corresponding distribution took place on September 7, 2018.

The following is the stand-alone balance sheet considered for the liquidation process:

CENTRALES HIDROELECTRICAS DE AYSEN S.A.	Liquidation Balance	Recognized by Enel Generation (51%)
	09-07-2018 ThCh\$	09-07-2018 ThCh\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	72,339	36,892
Trade and other current receivables	56,021	28,571
<b>TOTAL CURRENT ASSETS</b>	<b>128,360</b>	<b>65,463</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	11,603,281	5,917,673
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,603,281</b>	<b>5,917,673</b>
<b>TOTAL ASSETS</b>	<b>11,731,641</b>	<b>5,983,136</b>
<b>CURRENT LIABILITIES</b>		
Other current provisions	83,403	42,535
<b>TOTAL CURRENT LIABILITIES</b>	<b>83,403</b>	<b>42,535</b>
<b>EQUITY</b>		
Issued capital	188,855,665	96,316,389
Retained earnings	(177,207,427)	(90,375,788)
<b>TOTAL EQUITY</b>	<b>11,648,238</b>	<b>5,940,601</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,731,641</b>	<b>5,983,136</b>

## 14.2 Additional financial information on investments in associates

The following tables show financial information from the statement of financial position and statements of income as of and for the years December 31, 2019 and 2018 of the investments in associates where the Group has significant influence:

As of and for the year ended December 31, 2019										
Investments with Significant Influence	Ownership Interest %	Current Assets ThCh\$	Non-current Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Revenues ThCh\$	Expenses ThCh\$	Profit (Loss) ThCh\$	Other Comprehensive Income ThCh\$	Comprehensive Income ThCh\$
GNL Chile S.A.	33.33%	67,419,256	1,615,973,312	161,197,047	1,517,964,903	582,441,735	(583,204,131)	(762,396)	389,843	(372,553)

As of and for the year ended December 31, 2018										
Investments with Significant Influence	Ownership Interest %	Current Assets ThCh\$	Non-current Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Revenues ThCh\$	Expenses ThCh\$	Profit (Loss) ThCh\$	Other Comprehensive Income ThCh\$	Comprehensive Income ThCh\$
GNL Chile S.A.	33.33%	75,571,058	267,884	66,679,077	—	707,597,382	(705,179,225)	2,418,157	1,043,609	3,461,766

None of our associates have published price quotations.

Appendix 2 to these consolidated financial statements provides information on the main activities of our associates and the ownership interest the Group holds in them.

## 14.3 Additional financial information on investments in joint ventures

The following tables present information from the statement of financial position and statement of income as of and for the years ended December 31, 2019 and 2018, on the main joint ventures:

Investments in Joint Ventures	Centrales Hidroeléctricas de Aysén S.A.		Transmisora Eléctrica de Quillota Ltda.	
	51.00% 12-31-2019 (*)	51.00% 12-31-2018	50.00% 12-31-2019	50.00% 12-31-2018
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total current assets	—	—	3,346,667	9,360,553
Total non-current assets	—	—	10,834,220	11,530,788
Total current liabilities	—	—	365,640	235,264
Total non-current liabilities	—	—	1,616,791	1,708,660
Cash and cash equivalents	—	—	2,403,904	8,185,391
Revenues	—	—	3,191,566	3,003,757
Depreciation and amortization expense	—	—	(782,800)	(784,364)
Other fixed operating expenses	—	(125,697)	(768,866)	(758,607)
Interest income	—	—	152,370	187,601
Other income	—	3,526,179	6,087	11,364
Income tax expense	—	—	(407,478)	(349,848)
<b>Profit (loss)</b>	—	<b>3,400,997</b>	<b>1,390,879</b>	<b>1,309,903</b>
<b>Comprehensive income (loss)</b>	—	<b>3,400,997</b>	<b>1,390,879</b>	<b>1,309,903</b>

(\*) See Note 14.b.

There are no significant commitments or contingencies or restrictions on funds transfers to the owners of associates and joint ventures.



## 15. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets as of December 31, 2019 and 2018 are detailed as follows:

Intangible Assets, Net	Balance as of	
	12-31-2019	12-31-2018
	ThCh\$	ThCh\$
<b>Intangible Assets, Net</b>	<b>30,393,637</b>	<b>23,910,977</b>
Easements and water rights	5,756,396	5,664,621
Computer software	24,184,746	17,792,405
Other identifiable intangible assets	452,495	453,951

Intangible Assets, Gross	Balance as of	
	12-31-2019	12-31-2018
	ThCh\$	ThCh\$
<b>Intangible Assets, Gross</b>	<b>58,469,438</b>	<b>48,865,559</b>
Easements and water rights	6,246,926	6,281,675
Computer software	48,994,477	39,370,957
Other identifiable intangible assets	3,228,035	3,212,927

Accumulated Amortization and Impairment	Balance as of	
	12-31-2019	12-31-2018
	ThCh\$	ThCh\$
<b>Accumulated Amortization and Impairment</b>	<b>(28,075,801)</b>	<b>(24,954,582)</b>
Easements and water rights	(490,530)	(617,054)
Computer software	(24,809,731)	(21,578,552)
Other identifiable intangible assets	(2,775,540)	(2,758,976)

The reconciliation of the carrying amounts of intangible assets as of December 31, 2019 and 2018 is as follows:

Changes in Intangible Assets	Easements and Water Rights	Computer Software	Other Identifiable Intangible Assets, Net	Intangible Assets, Net
<b>Opening Balance as of January 1, 2019</b>	<b>5,664,621</b>	<b>17,792,405</b>	<b>453,951</b>	<b>23,910,977</b>
<b>Changes in identifiable intangible assets</b>				
Increases other than those from business combinations	—	9,639,650	—	<b>9,639,650</b>
Increase (decrease) from net foreign exchange differences,	—	—	(61)	<b>(61)</b>
net				
Amortization	—	(3,166,966)	(1,598)	<b>(3,168,564)</b>
<b>Increases (decreases) from transfers and other changes</b>	—	—	—	—
Increases (decreases) from transfers	—	—	—	—
<b>Disposals and withdrawals from service</b>	—	—	—	—
Disposals	—	—	—	—
Increases (decreases)	91,775	(80,343)	—	<b>11,432</b>
Argentine companies hyperinflation	—	—	<b>203</b>	<b>203</b>
<b>Total changes in identifiable intangible assets</b>	<b>91,775</b>	<b>6,392,341</b>	<b>(1,456)</b>	<b>6,482,660</b>
<b>Closing Balance as of December 31, 2019</b>	<b>5,756,396</b>	<b>24,184,746</b>	<b>452,495</b>	<b>30,393,637</b>

Changes in Intangible Assets	Easements and Water Rights ThCh\$	Computer Software ThCh\$	Other Identifiable Assets ThCh\$	Intangible Assets, Net ThCh\$
<b>Opening Balance as of January 1, 2018</b>	<b>6,338,591</b>	<b>9,242,490</b>	<b>3,026,892</b>	<b>18,607,973</b>
<b>Changes in identifiable intangible assets</b>				
Increase other than those from business combinations	2,721	11,231,076	—	11,233,797
Increase (decrease) from net foreign exchange differences, net	—	(143)	—	(143)
Amortization	—	(6,255,236)	(2,130)	(6,257,366)
<b>Increases (decreases) from transfers and other changes</b>	<b>—</b>	<b>2,571,157</b>	<b>(2,571,157)</b>	<b>—</b>
Increases (decreases) from transfers	—	2,571,157	(2,571,157)	—
<b>Disposals and withdrawals from service</b>	<b>(509,981)</b>	<b>—</b>	<b>—</b>	<b>(509,981)</b>
Disposals (*)	(509,981)	—	—	(509,981)
Increase (decrease)	(166,710)	1,003,061	—	836,351
Argentine companies hyperinflation	—	—	346	346
<b>Total changes in identifiable intangible assets</b>	<b>(673,970)</b>	<b>8,549,915</b>	<b>(2,572,941)</b>	<b>5,303,004</b>
<b>Closing Balance as of December 31, 2018</b>	<b>5,664,621</b>	<b>17,792,405</b>	<b>453,951</b>	<b>23,910,977</b>

As of December 31, 2019 and 2018, the Group does not have significant intangible assets with an indefinite useful life.

## 16. GOODWILL

The following table shows goodwill by the CGU or group of CGUs to which it belongs and changes for the years ended December 31, 2019 and 2018:

Company	Cash- Generating Unit	Balance as of 1-1-2018	Balance as of 12-31-2018	Transfer on mergers	Balance as of 12-31-2019
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Enel Generación Chile S.A.	Generación Chile	—	—	24,860,356	24,860,356
GasAtacama Chile S.A.	Generación Chile	24,860,356	24,860,356	(24,860,356)	—
	<b>Total</b>	<b>24,860,356</b>	<b>24,860,356</b>	<b>—</b>	<b>24,860,356</b>

(\*) Merged into Enel Generación Chile on September, 2019

The origin of goodwill as detailed below is a result of the acquisitions of the following entities, subsequently merged directly or indirectly into GasAtacama Chile S.A. (merged into Enel Generación Chile):

On July 12, 2002, Enel Generación Chile acquired 2.51% of the shares of Empresa Eléctrica Pangué S.A. through a put option held by the minority shareholder International Finance Corporation (IFC).

On August 11, 2005, Enel Generación Chile acquired interest of Inversiones Lo Venecia Ltda., which held as its only asset 25% interest in Compañía Eléctrica San Isidro S.A.

On May 2, 2012, Empresa Eléctrica Pangué S.A. and Compañía Eléctrica San Isidro S.A. were merged with Compañía Eléctrica Tarapacá S.A., with the latter company being the surviving company.

On April 22, 2014, Enel Generación Chile purchased the 50% interest in Inversiones GasAtacama Holding Ltda. held by Southern Cross Latin America Private Equity Fund III L.P. at that time.

On October 1, 2016, Inversiones GasAtacama Holding Ltda. was merged with Compañía Eléctrica Tarapacá S.A., with the latter company being the surviving company.

On November 1, 2016, Compañía Eléctrica Tarapacá S.A. was merged with GasAtacama Chile S.A., with the latter company being the surviving company.

According to the Group management's estimates and projections, the expected future cash flows projections attributable to the CGU's or groups of CGU's, to which the acquired goodwill has been allocated, allow recovery of its carrying amount as of December 31, 2019 and 2018 (see Note 3.b).

## 17. PROPERTY, PLANT AND EQUIPMENT, NET

### Property, plant, and equipment as of December 31, 2019 and 2018:

Classes of Property, Plant and Equipment, Net	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Property, plant and equipment, net</b>	<b>2,747,643,715</b>	<b>2,919,097,994</b>
Construction in progress	730,069,617	654,854,659
Land	61,662,723	57,932,689
Buildings	30,487,377	8,438,832
Plant and equipment	1,879,714,167	2,146,295,618
Network Infrastructure	27,990,039	33,921,524
Right-of-use assets	17,719,792	17,654,672

Classes of Property, Plant and Equipment, Gross	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Property, plant and equipment, gross</b>	<b>5,713,190,162</b>	<b>5,533,677,016</b>
Construction in progress	730,069,617	654,854,659
Land	61,662,723	57,932,689
Buildings	45,102,449	22,243,315
Plant and equipment	4,750,674,167	4,670,987,645
Network Infrastructure	95,783,216	98,898,677
Right-of-use assets	29,897,990	28,760,031

Classes of Accumulated Depreciation and Impairment of Property, Plant and Equipment	Balance as of	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Total Accumulated Depreciation and Impairment in Property, Plant and Equipment</b>	<b>(2,965,546,447)</b>	<b>(2,614,579,022)</b>
Buildings	(14,615,072)	(13,804,483)
Plant and equipment	(2,870,960,000)	(2,524,692,027)
Fixtures and fittings	(67,793,177)	(64,977,153)
Right-of-use assets	(12,178,198)	(11,105,359)

The detail and changes in, property, plant, and equipment, net for the years December 31, 2019 and 2018 are as follows:

Changes in the year ended December 31, 2019	Construction in	Land	Buildings, Net	Plant and	Fixtures and	Other Property,	Property,
	Progress			Equipment, Net	Fittings, Net	Plant and	Plant and
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	Equipment under	Equipment,
						Finance Leases, Net	Net
						ThCh\$	ThCh\$
<b>Opening Balance as of January 1, 2019</b>	<b>654,854,659</b>	<b>57,932,689</b>	<b>8,438,832</b>	<b>2,146,295,618</b>	<b>33,921,524</b>	<b>17,654,672</b>	<b>2,919,097,994</b>
Increase other than those from business combinations	153,074,293	—	—	(127)	—	—	153,074,166
Increase (decrease) from net foreign exchange differences	(55,056)	(15,144)	(25,367)	(205,534)	(99,087)	—	(400,188)
Depreciation	—	—	(805,507)	(99,335,330)	(3,073,899)	(1,072,839)	(104,287,575)
Impairment losses recognized in profit or loss	(32,225,073)	—	—	(247,795,190)	—	—	(280,020,263)
<b>Increases (decreases) from transfers and other changes</b>	<b>(44,686,867)</b>	<b>4,151,834</b>	<b>22,879,420</b>	<b>17,534,668</b>	<b>120,945</b>	<b>—</b>	<b>—</b>
<b>Change</b> Increases (decreases) from transfers from construction in process	(44,686,867)	4,151,834	22,879,420	17,534,668	120,945	—	—
<b>Disposals and withdrawals from service</b>	<b>—</b>	<b>(406,656)</b>	<b>—</b>	<b>(948,350)</b>	<b>(837,345)</b>	<b>—</b>	<b>(2,192,351)</b>
Disposals	—	(406,656)	—	(948,350)	(837,345)	—	(1,355,006)
Removals	—	—	—	—	(837,345)	—	(837,345)
First time adoption IFRS 16	—	—	—	—	—	—	—
Hyperinflation Argentine societies	—	—	—	1,132,453	—	1,458,988	2,591,441
Other increases (decrease)	(892,339)	—	(1)	63,035,959	(2,042,099)	(321,029)	59,780,491
<b>Total changes</b>	<b>75,214,958</b>	<b>3,730,034</b>	<b>22,048,545</b>	<b>(266,581,451)</b>	<b>(5,931,485)</b>	<b>65,120</b>	<b>(171,454,279)</b>
<b>Closing balance as of December 31, 2019</b>	<b>730,069,617</b>	<b>61,662,723</b>	<b>30,487,377</b>	<b>1,879,714,167</b>	<b>27,990,039</b>	<b>17,719,792</b>	<b>2,747,643,715</b>

Changes in the year ended December 31, 2018	Construction in	Land	Buildings, Net	Plant and	Fixtures and	Other Property,	Property,
	Progress			Equipment, Net	Fittings, Net	Plant and	Plant and
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	Equipment under	Equipment,
						Finance Leases, Net	Net
						ThCh\$	ThCh\$
<b>Opening Balance as of January 1, 2018</b>	<b>554,424,935</b>	<b>52,063,679</b>	<b>9,029,526</b>	<b>2,117,017,034</b>	<b>37,160,396</b>	<b>18,508,931</b>	<b>2,788,204,501</b>
Increase other than those from business combinations	223,154,320	5,893,739	—	46,227	—	—	229,094,286
Increase (decrease) from net foreign exchange differences	(129,401)	(35,406)	(61,194)	(790,755)	106,382	—	(910,374)
Depreciation (*)	—	—	(611,036)	(108,405,979)	(1,636,624)	(854,258)	(111,507,897)
<b>Increases (decreases) from transfers and other changes</b>	<b>(135,136,356)</b>	<b>—</b>	<b>81,534</b>	<b>135,214,591</b>	<b>(159,769)</b>	<b>—</b>	<b>—</b>
<b>Change</b> Increases (decreases) from transfers from construction in process	(135,136,356)	—	81,534	135,214,591	(159,769)	—	—
<b>Disposals and withdrawals from service</b>	<b>763</b>	<b>—</b>	<b>—</b>	<b>(527,470)</b>	<b>(1)</b>	<b>—</b>	<b>(526,708)</b>
Disposals	—	—	—	(527,469)	(1)	—	(527,469)
Removals	763	—	—	(1)	(1)	—	761
First time adoption IFRS 16	—	—	—	—	—	—	—
Hyperinflation Argentine societies	—	—	—	1,912,829	—	—	1,912,829
Other increases (decrease)	12,540,398	10,677	2	1,829,141	(1,548,860)	(1)	12,831,357
<b>Total changes</b>	<b>100,429,724</b>	<b>5,869,010</b>	<b>(590,694)</b>	<b>29,278,584</b>	<b>(3,238,872)</b>	<b>(854,259)</b>	<b>130,893,493</b>
<b>Closing balance as of December 31, 2018</b>	<b>654,854,659</b>	<b>57,932,689</b>	<b>8,438,832</b>	<b>2,146,295,618</b>	<b>33,921,524</b>	<b>17,654,672</b>	<b>2,919,097,994</b>

Additional information about Property, Plant and Equipment, net

17.1 Principal investments

Material investments in the electricity generation business in Chile include developments in the program to create new capacity, including progress on the construction of the Los C6ndores hydroelectric plant, which will use the resources of the Maule Lagoon and will have approximately installed capacity of 150 MW. The construction involved additions of ThCh\$91,638,411 for the year ended December 31, 2019 (ThCh\$142,578,993 for the year ended December 31, 2018).

17.2 Capitalized costs

a) Capitalized borrowing costs:

Capitalized borrowing costs during the years ended December 31, 2019, 2018 and 2017, amounted to ThCh\$9,321,354, ThCh\$6,523,443 and ThCh\$4,078,463, respectively. Weighted average capitalization rate varied from 7.71% to 8.00% for the year ended December 31, 2019 and from 7.71% to 7.12% for the year ended December 31, 2018 (see Note 32).

**b) Capitalized personnel expenses:**

Personnel expenses directly related to the construction capitalized during the years ended December 31, 2019, 2018 and 2017 amounted to ThCh\$4,673,011, ThCh\$7,449,013 and ThCh\$7,226,484, respectively.

**17.3 Right-of-use assets:**

The following is the detail of the right-of-use assets net as of December 31, 2019:

<b>Changes in 2019</b>	<b>Land</b>	<b>Other Plants and</b>	<b>Right-of-use assets,</b>
	<b>ThCh\$</b>	<b>Equipments, net</b>	<b>Net</b>
		<b>ThCh\$</b>	<b>ThCh\$</b>
<b>Opening balance as of January 1, 2019 before application of IFRS 16</b>	<b>2,758</b>	<b>17,651,914</b>	<b>17,654,672</b>
Effects first time adoption IFRS 16	-	1,458,988	1,458,988
<b>Opening balance as of January 1, 2019 after application of IFRS 16</b>	<b>2,758</b>	<b>19,110,902</b>	<b>19,113,660</b>
Inversions (decreases) for foreign currency translation difference, net	-	-	-
Depreciation	(545)	(1,072,294)	(1,072,839)
Other increases (decreases)	91	(321,120)	(321,029)
<b>Total changes</b>	<b>(454)</b>	<b>(1,393,414)</b>	<b>(1,393,868)</b>
<b>Balance as of December 31, 2019</b>	<b>2,304</b>	<b>17,717,488</b>	<b>17,719,792</b>

As of December 31, 2019, the following are the main right-of-use assets and lease liabilities:

A contract for Electric Transmission Lines and Installations (Ralco-Charrúa 2x220 KV), made between Enel Generación Chile S.A. and Transelec S.A. is the contract has a 20-year term and accrues interest at an annual rate of 6.5%. This contract qualified as a financial liability as of December 31, 2019 and 2018, as per the application of IAS 17 and IFRS 16, respectively.

In addition, as a result of the application of IFRS 16 (see Notes 2.2.a.i. and 3.e), the Group recognized as of January 1, 2019 right-of-use assets in the amount of ThCh\$1,458,988, related to property, plant and equipment.

The present value of future lease payments derived from these finance leases is as follows:

	<b>12-31-2019</b>			<b>12-31-2018</b>		
	<b>Gross</b>	<b>Unearned</b>	<b>Present</b>	<b>Gross</b>	<b>Unearned</b>	<b>Present</b>
	<b>ThCh\$</b>	<b>Interest</b>	<b>Value</b>	<b>ThCh\$</b>	<b>Interest</b>	<b>Value</b>
		<b>ThCh\$</b>	<b>ThCh\$</b>		<b>ThCh\$</b>	<b>ThCh\$</b>
Less than one year	3,221,198	526,482	2,694,716	2,779,080	612,806	2,166,274
From one to two years	3,065,057	363,742	2,701,315	2,779,080	471,998	2,307,082
From two to three years	3,063,925	190,536	2,873,389	2,779,080	322,037	2,457,043
From three to four years	5,400,635	33,948	5,366,687	7,726,436	180,386	7,546,050
From four to five years	68,375	13,361	55,014	—	—	—
More than five years	685,338	66,634	618,704	—	—	—
<b>Total (*)</b>	<b>15,504,528</b>	<b>1,194,703</b>	<b>14,309,825</b>	<b>16,063,676</b>	<b>1,587,227</b>	<b>14,476,449</b>

#### 17.4 Short-term and low value leases

The consolidated statement of income for the year ended December 31, 2019 includes short-term lease expenses in the amount of ThCh\$602,493, related to variable payments of leases which are exempted from the application of IFRS 16 (see Note 2.2.a.i). As of December 31, 2018, the amount recognized in profit or loss was ThCh\$2,066,713, from leases of assets qualifying as operating leases, in accordance with IAS 17.

As of December 31, 2019 the total future lease payments under these contracts are as follows:

Years	12-31-2019 ThCh\$
Less than one year	788,157
From one to two years	—
From two to three years	—
From three to four years	—
From four to five years	—
More than five years	—
<b>Total</b>	<b>788,157</b>

#### 17.5 Other information

1. As a result of the public disorders that have affected Chile since October 18, 2019, fixed assets worth ThCh\$ 837,345 were written off for the year ended December 31, 2019 (see Note 30). There are insurers involved, who are conducting an investigative process that is part of the settlement of the claims .
2. On June 4, 2019, Enel Generación Chile and GasAtacama Chile (merged into Enel Generación Chile in September 2019) signed an agreement whereby both companies, in line with their own sustainability strategy and strategic plan, and the Ministry of Energy, regulated how to proceed with respect to the progressive closures of the Tarapacá, Bocamina I and Bocamina II coal generating units (hereinafter, Tarapacá, Bocamina I and Bocamina II).

The agreement is subject to the condition precedent that the regulation of power transfers between generation companies enters into full effect, establishing, among other things, the essential conditions to ensure non-discriminatory treatment between the different generators and define the Strategic Reserve Status. Therefore, the Enel Generación and GasAtacama Chile were normally and irrevocably bound to the final closures of Bocamina I and Tarapacá, respectively, from the National Electric System, establishing deadlines of May 31, 2020 for the Tarapacá plant and December 31, 2023 for the Bocamina I plant.

The Group's intention is to accelerate the closures of Tarapacá and Bocamina I, in full coordination with the CNE. In this context, on June 17, 2019 GasAtacama Chile requested the CNE to permit final retirement, disconnection and cessation of operation of the Tarapacá plant to be carried out in advance, as of December 31, 2019. On July 26, 2019, through Exempt Resolution No. 450 and in accordance with the provisions of article 72 -18 of Electric Law, the CNE authorized the final retirement, disconnection and cessation of operation of the Tarapacá coal fired generating unit as of December 31, 2019.

As a result of the foregoing, the Group recorded an impairment loss of ThCh\$197,188,542 and ThCh\$ 82,831,721 to adjust the carrying amount of the capitalized investment in Tarapacá and Bocamina I, respectively, to their recoverable values.

The goal for early Bocamina II's retirement is targeted to be no later than December 31, 2040. All above subject to the authorization established in Electric Law. The financial effects will depend on factors that influence the behavior of the electricity market, such as, among others, the price of fuels, hydrological conditions, the growth of electricity demand and international inflation rates, which to date are not possible to determine.

Notwithstanding the foregoing, the useful lives of the Bocamina II assets were adjusted, so that in no case will depreciation be recorded for a date beyond December 31, 2040. This decision implied recognizing a larger amount of depreciation at December 31, 2019 of ThCh\$4,083,855.

3. As of December 31, 2019 and 2018 the Group had contractual commitments for the acquisition of property, plant and equipment amounting to ThCh\$82,032,379 and ThCh\$166,392,958, respectively.
4. As of December 31, 2019, and 2018 Enel Generación Chile S.A. does not have property, plant and equipment that was pledged as security for liabilities.
5. The Company and its domestic subsidiaries have insurance contracts in place that provide policies covering against all risks, earthquakes and machinery breakdowns, with a limit of € 1,000 million, including insurance against damages from business interruption. Additionally, the Company has Civil Liability insurance in place to cover third-party claims with a limit of € 200 million, and with a limit of € 500 million to cover claims resulting from overflows of dams owned by the Company or its subsidiaries, and with a limit of € 20 million in the case of Environmental Civil Liability. The premiums associated with these policies are recorded proportionally in each company under pre-paid expenses.
6. The condition of certain assets of the Company changed, primarily works and infrastructure for facilities built to support power generation in the SIC grid in 1998, due primarily to the installation in the SIC of new thermoelectric plants, the arrival of LNG, and new other projects. As such, a new supply configuration for the upcoming years, in which it is expected that these facilities will not be used. Therefore, in 2009, the Company recognized an impairment loss of ThCh\$ 43,999,600 for these assets, which is still has not reversed. (see Note 3.d).
7. At the end of 2014, Enel Generación Chile recognized an impairment loss of ThCh\$ 12,581,947 related to the Punta Alcalde project. This impairment loss was triggered because the current definition of the project is not fully aligned with the strategy that the Company is reformulating; particularly, with regard to technological leadership, and to community and environmental sustainability. Enel Generación Chile S.A. has decided to suspend the project as its profitability is still unclear (see Note 3.d).
8. As of December 31, 2015, Enel Generación Chile recognized an impairment loss of ThCh\$ 2,522,445 related to the Waiwen wind project. This impairment loss was a result of new assessment of the feasibility of the project performed by the Company and a conclusion that, under existing conditions to date, its profitability is uncertain.
9. In line with its sustainability strategy and in order to develop community relations, Enel Generación Chile has decided to research new design alternatives for the Neltume project, in particular regarding the issue of the discharge of Lake Neltume, which has been raised by the communities in the various instances of dialogue.

To start a new phase of research of an alternative project, which includes the discharge of water on the Fuy River in late December 2015, the Company withdrew the Environmental Impact Study. This decision applies only to the portion of the Neltume project related to the power plant and not to portion related to the transmission project, which continues its course on handling in the Environmental Assessment Service.

As a result of the above, as of December 31, 2015, Enel Generación Chile recognized a loss of ThCh\$2,706,830, associated with the write down of certain assets related to Environmental Impact Study, which has been withdrawn and to other studies directly linked to the old design of assets.

Consequently, in line with the new sustainability strategy and as a result of sustained dialog with the communities, the Company's projects in the territory, namely Neltume and Choshuenco, have good prospects from a social community point of view. However, given the current condition of the Chilean electricity market, expected profitability of the Neltume and Choshuenco projects is lower than the total capitalized investment in them. As a result, at the end of 2016, the Group recognized an impairment loss of ThCh\$ 20,459,461 associated with the Neltume project and ThCh\$ 3,748,124 associated with the Choshuenco project.

At the end of 2017, after a deep analysis during the last months, Enel Generación Chile determined to abandon the Neltume project; a decision justified mainly by the high-sustained competitiveness in the Chilean electricity market, which was ratified in November 2017 with the result of the last tender of Electric Distributors. Added to the above, there is the time associated with developing the alternative water discharge, considering a period of no less than 5 years, given the necessity to request and obtain a transfer of the current water right and commission a new Environmental Impact Study. The abandonment implied the recognition of a ThCh\$ 21,975,640 loss, with the purpose of reducing to zero the net book value of the assets associated with the project.

Additionally, the Group also decided to abandon the Choshuenco project, mainly because the strong synergies considered with the Neltume hydroelectric project would not exist anymore and make it not viable. This decision involved recognizing a loss of ThCh\$3,130,270, with the purpose of reducing the net book value of the assets associated with the project to zero.

10. On August 31, 2016, Enel Generación Chile S.A. decided to withdraw from the water rights associated with the hydroelectric projects Bardón, Chillan 1, Chillan 2, Futaleufú, Hechún and Puelo. This decision was taken because of, among other aspects evaluated, the high annual maintenance cost of these unused water rights, lack of technical and economic feasibility and insufficient local community support. As a result, the Group wrote-off a total amount of ThCh\$ 32,834,160 of property, plant and equipment and ThCh\$ 2,549,926 of intangible assets, which represent 100% of the related costs previously capitalized.
11. As of December 31, 2016, the Group recognized an impairment loss of ThCh\$ 6,577,946 associated with certain Non-Conventional Renewable Energy (“NCRE”) initiatives, such as wind, mini-hydro, biomass and solar projects. These initiatives deal with collection of natural resources data (wind speed, solar radiation, etc.) as well as engineering studies enabling the Company to perform and support technical and economical assessments in order to visualize their perspectives and decide on future steps. The results of the studies have not been entirely satisfactory, mainly due to the current conditions in the Chilean electricity market, as future viability of the NCRE projects is uncertain. As a result the Group recognized an impairment of 100% of the capitalized investments to date in NCRE projects.

On the other hand, the Group decided to write off 100% of capitalized investment in the Tames and Totalillo thermal projects that until now were held in its portfolio. These projects were being developed within the framework of the public land concessions offered by the National Heritage Ministry in 2013. The amount of the write-off was ThCh\$ 1,096,137 and arose as a result of the current conditions in the Chilean electricity market, lack of future viability of this type of technology (steam-coal) and high development costs, which make these projects unfeasible. In addition, Enel Generación Chile recognized a provision of ThCh\$2,244,900 for the fines to be paid upon withdrawing from the concessions related to these projects. During fiscal year 2017, the Ministry of National Assets and Enel Generación Chile, agreed to extinguish onerous concessions by mutual agreement, and fines were not applied.



## 18. DEFERRED TAXES

- a) The following is the analysis of deferred income tax assets/(liabilities) presented in the consolidated statements of financial position as of December 31, 2019 and 2018

	Net balance as of January 1, 2019	Initial application IFRS 9 and IAS 29	Net balance restated as of January 1, 2019	Changes				Closing balance as of 12/31/2019	Balance as of December 31, 2019	
				Increase (decrease) in in profit or loss	Increase (decrease) in other comprehensive income	Foreign Currency Translation	other increase (decrease)		Deferred tax assets	Deferred Tax Liabilities
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Deferred tax assets/(liabilities)</b>										
Depreciation	(212,358,098)	-	(212,358,098)	28,061,878	-	1,037,949	24,267	(183,234,004)	-	(183,234,004)
Obligations for post-employment benefits	1,373,395	-	1,373,395	181,469	984,610	-	-	2,539,474	2,539,474	-
Tax loss	-	-	-	-	-	-	-	-	-	-
<b>Provisions</b>	<b>24,869,371</b>	-	<b>24,869,371</b>	<b>17,431,416</b>	-	-	<b>4,452,436</b>	<b>46,753,223</b>	<b>46,753,223</b>	-
Dismantling Provision	21,463,326	-	21,463,326	17,267,657	-	-	-	38,730,983	38,730,983	-
Provision for doubtful trade accounts	500,412	-	500,412	175,867	-	-	-	676,279	676,279	-
Provision of Human Resources accounts	2,761,908	-	2,761,908	(35,772)	-	-	514	2,726,650	2,726,650	-
Other Provisions	143,725	-	143,725	23,664	-	-	4,451,922	4,619,311	4,619,311	-
<b>Other Deferred tax</b>	<b>2,627,930</b>	-	<b>2,627,930</b>	<b>5,695,353</b>	<b>1</b>	-	<b>(4,476,703)</b>	<b>3,846,581</b>	<b>9,880,324</b>	<b>(6,033,743)</b>
Tax Credit	-	-	-	-	-	-	-	-	-	-
Deferred income	385,412	-	385,412	(378,014)	-	-	-	7,398	7,398	-
Assets classified as held to distribute to owners (*)	-	-	-	-	-	-	-	-	-	-
Monetary Correction - Argentina	(425,688)	-	(425,688)	(207,915)	-	-	(24,267)	(657,870)	-	(657,870)
Other Deferred Taxes	2,668,206	-	2,668,206	6,281,282	1	-	(4,452,436)	4,497,053	9,872,926	(5,375,873)
<b>Deferred tax asses/(liabilities)</b>	<b>(183,487,402)</b>	-	<b>(183,487,402)</b>	<b>51,370,116</b>	<b>984,611</b>	<b>1,037,949</b>	-	<b>(130,094,726)</b>	<b>59,173,021</b>	<b>(189,267,747)</b>
Offsetting of deferred tax assets/(liabilities)	-	-	-	-	-	-	-	-	(59,173,021)	59,173,021
<b>Deferred tax assets/(liabilities) after offsetting</b>								<b>(130,094,726)</b>	-	<b>(130,094,726)</b>

	Net balance as of January 1, 2018	Initial application IFRS 9 and IAS 29	Net balance restated as of January 1, 2019	Changes				Closing balance as of 12/31/2018	Balance as of December 31, 2018	
				Increase (decrease) in in profit or loss	Increase (decrease) in other comprehensive income	Foreign Currency Translation	other increase (decrease)		Deferred tax assets	Deferred Tax Liabilities
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Deferred tax assets/(liabilities)</b>										
Depreciation	(232,741,069)	-	(232,741,069)	20,382,971	-	-	-	(212,358,098)	11,567	(212,369,665)
Obligations for post-employment benefits	1,478,416	-	1,478,416	(192,839)	87,818	-	-	1,373,395	1,474,757	(101,362)
Tax loss	9,536,102	-	9,536,102	(9,536,102)	-	-	-	-	-	-
<b>Provisions</b>	<b>20,314,110</b>	<b>52,255</b>	<b>20,366,365</b>	<b>4,503,006</b>	-	-	-	<b>24,869,371</b>	<b>24,869,371</b>	-
Dismantling Provision	17,277,993	-	17,277,993	4,185,333	-	-	-	21,463,326	21,463,326	-
Provision for doubtful trade accounts	555,914	52,255	608,169	(107,757)	-	-	-	500,412	500,412	-
Provision of Human Resources accounts	2,373,725	-	2,373,725	388,183	-	-	-	2,761,908	2,761,908	-
Other Provisions	106,478	-	106,478	37,247	-	-	-	143,725	143,725	-
<b>Other Deferred tax</b>	<b>41,118,525</b>	<b>(213,442)</b>	<b>40,905,083</b>	<b>(27,785,843)</b>	<b>4</b>	-	<b>(10,491,314)</b>	<b>2,627,930</b>	<b>8,695,342</b>	<b>(6,067,412)</b>
Tax Credit	10,491,314	-	10,491,314	-	-	-	(10,491,314)	-	-	-
Deferred income	(673,896)	-	(673,896)	1,059,308	-	-	-	385,412	385,412	-
Assets classified as held to distribute to owners (*)	30,938,736	-	30,938,736	(30,938,736)	-	-	-	-	1,398,289	-
Monetary Correction - Argentina	-	(213,442)	(213,442)	(212,246)	-	-	-	(425,688)	-	(425,688)
Other Deferred Taxes	362,371	-	362,371	2,305,831	4	-	-	2,668,206	6,911,641	(5,641,724)
<b>Deferred tax asses/(liabilities)</b>	<b>(160,293,916)</b>	<b>(161,187)</b>	<b>(160,455,103)</b>	<b>(12,628,807)</b>	<b>87,822</b>	-	<b>(10,491,314)</b>	<b>(183,487,402)</b>	<b>35,051,037</b>	<b>(218,538,439)</b>
Offsetting of deferred tax assets/(liabilities)	-	-	-	-	-	-	-	-	(35,051,037)	35,051,037
<b>Deferred tax assets/(liabilities) after offsetting</b>								<b>(183,487,402)</b>	-	<b>(183,487,402)</b>

(\*) See Note 14.b

Recovery of deferred tax assets will depend on whether sufficient tax profits will be obtained in the future. The Group believes that the future profit projections for its subsidiaries will allow these assets to be recovered.

- b) As of December 31, 2019, the Group does not have unrecognized deferred tax assets related to tax losses carry forward (see Note 3.o).

The Group has not recognized deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries and joint ventures, as it is able to control the timing of the reversal of the temporary differences and considers that it is probable that such temporary differences will not reverse in the foreseeable future. The aggregate amount of taxable temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognized totaled ThCh\$3,245,819 as of December 31, 2019 (ThCh\$11,313,612 as of December 31, 2018).

Additionally, the Group has not recognized deferred tax assets for deductible temporary differences, associated with investment in subsidiaries and joint ventures, as it is able to control the timing of the reversal of the temporary differences and considers that it is probable that such temporary differences will not reverse in the foreseeable future, which as of December 31, 2019, totaled ThCh\$127,574,264 (ThCh\$242,676,148 as of December 31, 2018).

The Group entities are potentially subject to income tax audits by the Chilean tax authorities and are limited to three tax years after which tax audits over those years can no longer be performed. Tax audits by nature are often complex and can require several years to complete. The tax years potentially subject to examination are 2016 through 2018.

Given the range of possible interpretations of tax standards, the results of any future inspections carried out by Chilean tax authority for the years subject to audit can give rise to tax liabilities that cannot currently be quantified objectively. Nevertheless, Management estimates that the liabilities, if any, that may arise from such tax audits, would not significantly impact the Group's future results.

At the present time, tax audits are under way. The Group considers that the uncertainties associated with these audits have no significant effect on the consolidated financial statements as of December 31, 2019.

The effects of deferred tax on the components of other comprehensive income for the years ended December 31, 2019, 2018 and 2017 are as follows:

Effects of Deferred Tax on the Components of Other Comprehensive Income	For the year ended December 31, 2019			For the year ended December 31, 2018			For the year ended December 31, 2017		
	Amount Before Tax	Income Tax Expense (Benefit)	Amount After Income Tax	Amount Before Tax	Income Tax Expense (Benefit)	Amount After	Amount Before Tax	Income Tax Expense (Benefit)	Amount After
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Available-for-sale financial assets	(4)	1	(3)	(15)	4	(11)	8	(2)	6
Cash flow hedge	(66,892,603)	18,061,004	(48,831,600)	(138,850,000)	37,616,791	(101,233,208)	97,309,516	(26,139,149)	71,170,367
Foreign currency translation	(4,310,498)	—	(4,310,498)	(5,522,334)	—	(5,522,736)	(3,690,798)	—	(3,690,798)
Actuarial income on defined-benefit pension plans	(3,646,705)	984,610	(2,662,094)	(325,252)	87,818	(237,033)	251,976	(68,034)	183,942
<b>Income tax related to components of other income and expenses debited or credited to Equity</b>	<b>(74,849,810)</b>	<b>19,045,615</b>	<b>(55,804,195)</b>	<b>(144,697,601)</b>	<b>37,704,613</b>	<b>(106,992,988)</b>	<b>93,870,702</b>	<b>(26,207,185)</b>	<b>67,663,517</b>

The reconciliation of deferred tax movements between balance sheet and comprehensive income for the years 2019, 2018 and 2017 is as follows:

Reconciliation of changes in deferred taxes of components of other comprehensive income	For the years ended		
	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Total increases (decreases) for deferred taxes of other comprehensive income	984,611	87,822	(68,036)
Income tax of changes in cash flow hedge transactions (income and derivative coverage)	18,061,004	37,616,791	(26,139,149)
<b>Total</b>	<b>19,045,615</b>	<b>37,704,613</b>	<b>(26,207,185)</b>

In Chile, Law No. 20,780 was published in the Official Gazette on September 29, 2014, it changes the income tax system and other taxes, by replacing the current tax system in 2017 with two alternative tax systems: the attributed income system and the partially integrated system.

This law gradually increases the rate of income tax on corporate income. Thus, it is increased to 21% in 2014, to 22.5% in 2015, and 24% in 2016. From 2017 taxpayers choosing the attributed income system are subject to a rate of 25%, while companies choosing the partially integrated system are subject to a rate of 25.5% in 2017 and 27% in 2018.

The law also states that corporations will automatically be subject to the partially integrated system unless a future Extraordinary Shareholders' Meeting agrees to select the attributed income system.

Law No. 20,899 was published on February 8, 2016, simplifying the income tax system. This law among its main modifications, imposes the partially integrated system as mandatory for corporations, cancelling the previously available attributed income system option.

## 19. OTHER FINANCIAL LIABILITIES

The balance of other financial liabilities as of December 31, 2019 and 2018 is as follows:

Other Financial Liabilities	For the years ended			
	12-31-2019		12-31-2018	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Interest-bearing borrowings	46,083,325	812,387,948	43,946,822	797,023,880
Hedging derivatives (*)	48,225,766	17,464,925	81,195,765	2,629,715
Non-hedging derivatives (**)	2,026,476	124,048	207,957	159,630
<b>Total</b>	<b>96,335,567</b>	<b>829,976,921</b>	<b>125,350,544</b>	<b>799,813,225</b>

(\*) See Note 21.2.a.

(\*\*) See Note 21.2.b.

### 19.1 Interest-bearing borrowings

The detail of current and non-current interest-bearing borrowings as of December 31, 2019 and 2018 is as follows:

Interest-bearing borrowings	Balance as of			
	12-31-2019		12-31-2018	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Bank loans	4	—	4	—
Unsecured liabilities	43,388,605	800,772,841	41,780,543	784,713,705
Finance leases	2,694,716	11,615,107	2,166,275	12,310,175
<b>Total</b>	<b>46,083,325</b>	<b>812,387,948</b>	<b>43,946,822</b>	<b>797,023,880</b>

### 19.2 Bank loans by currency and contractual maturity as of December 31, 2019 and 2018 are as follows:

#### – Summary of bank loans by currency and contractual maturity

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes / No)	Balance as of 12-31-2019							Total	
					Current			Non-Current					
					Less than 90 days ThCh\$	More than 90 days ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$		More than five years ThCh\$
Chile	Ch\$	6.00%	6.00%	No	4	-	4	-	-	-	-	-	-
				<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes / No)	Balance as of 12-31-2018							Total	
					Current			Non-Current					
					Less than 90 days ThCh\$	More than 90 days ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$		More than five years ThCh\$
Chile	Ch\$	6.00%	6.00%	No	4	-	4	-	-	-	-	-	-
				<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

– Identification of Bank Loans by Company

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. (RUT)	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Interest payment	Balance as of 12-31-2019								
										Current			Non-Current					Total Non-Current
										Less than 90 days	More than 91 days	Total Current	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$							
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Overdraft line (Banco Santander)	Chile	Ch\$	6.00%	6.00%	At maturity	4	-	4	-	-	-	-	-	-
				<b>Total</b>		<b>ThCh\$</b>				<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Taxpayer ID No. (RUT)	Company	Country	Taxpayer ID No. (RUT)	Financial Institution	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Interest payment	Balance as of 12-31-2018								
										Current			Non-Current					Total Non-Current
										Less than 90 days	More than 91 days	Total Current	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$						
91.081.000-6	Enel Generación Chile S.A.	Chile	97.006.000-6	Overdraft line (Banco Santander)	Chile	Ch\$	6.00%	6.00%	At maturity	4	-	4	-	-	-	-	-	-
				<b>Total</b>		<b>ThCh\$</b>				<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 19.3 Unsecured liabilities

The detail of unsecured liabilities by currency and maturity as of December 31, 2019 and 2018 is as follows:

Balance as of 12-31-2019													
Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Current			Non-current					Total ThCh\$
					One to three months ThCh\$	Three to twelve months ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	
Chile	US\$	6.99%	6.90%	No	7,700,030	2,828,573	10,528,603	—	—	—	296,420,703	230,317,080	526,737,783
Chile	UF	6.00%	5.48%	No	—	32,860,002	32,860,002	31,624,776	31,624,776	31,624,776	31,624,776	147,535,954	274,035,058
				<b>Total</b>	<b>7,700,030</b>	<b>35,688,575</b>	<b>43,388,605</b>	<b>31,624,776</b>	<b>31,624,776</b>	<b>31,624,776</b>	<b>328,045,479</b>	<b>377,853,034</b>	<b>800,772,841</b>

Balance as of 12-31-2018													
Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Current			Non-current					Total ThCh\$
					One to three months ThCh\$	Three to twelve months ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	
Chile	US\$	6.99%	6.90%	No	7,144,997	2,493,452	9,638,449	—	—	—	—	487,595,270	487,595,270
Chile	UF	6.00%	5.48%	No	—	32,142,094	32,142,094	30,793,493	30,793,493	30,793,493	30,793,493	173,944,463	297,118,435
				<b>Total</b>	<b>7,144,997</b>	<b>34,635,546</b>	<b>41,780,543</b>	<b>30,793,493</b>	<b>30,793,493</b>	<b>30,793,493</b>	<b>30,793,493</b>	<b>661,539,733</b>	<b>784,713,705</b>

### 19.4 Secured liabilities

The detail of secured liabilities by currency and maturity as of December 31, 2019 and 2018 is as follows:

– **Summary of secured liabilities by currency and maturity**

There are no secured liabilities as of December 31, 2019 and 2018.

– **Fair value measurement and hierarchy**

The fair value of current and non-current bond obligations, both secured and unsecured, as of December 31, 2019 and 2018 totaled ThCh\$1,081,354,659 and ThCh\$966,998,354 respectively. During both periods, the obligations have been classified as Level 2 fair values based on the inputs from the valuation techniques used (see Note 3.g). Notably, these financial liabilities are measured at amortized cost. (See Note 3.f.4).

– Secured and Unsecured Liabilities by Company

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Company	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes / No)	Balance as of 12-31-2019									
										Current			Non-current				Total		
										Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years		More than five years	
ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS									
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-1	US	US\$	7.96%	7.88%	No	5,058,091	—	5,058,091	—	—	—	—	—	153,480,285	153,480,285
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-2	US	US\$	7.40%	7.33%	No	1,617,476	—	1,617,476	—	—	—	—	—	51,960,662	51,960,662
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-3	US	US\$	8.26%	8.13%	No	1,024,463	—	1,024,463	—	—	—	—	—	24,876,133	24,876,133
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon 24296	US	US\$	4.32%	4.25%	No	—	2,828,573	2,828,573	—	—	—	296,420,703	—	296,420,703	
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 317-H	Chile	U.F.	7.17%	6.20%	No	—	6,592,332	6,592,332	5,888,467	5,888,467	—	—	5,888,467	43,982,519	
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 522-M	Chile	U.F.	4.82%	4.75%	No	—	26,267,670	26,267,670	25,736,309	25,736,309	25,736,309	—	—	127,107,303	230,052,539
<b>Total</b>										<b>7,700,030</b>	<b>35,688,575</b>	<b>43,388,605</b>	<b>31,624,776</b>	<b>31,624,776</b>	<b>31,624,776</b>	<b>328,045,479</b>	<b>377,853,034</b>	<b>800,772,841</b>	

Taxpayer ID No.	Company	Country	Taxpayer ID No.	Company	Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes / No)	Balance as of 12-31-2018									
										Current			Non-current				Total		
										Less than 90 days	More than 90 days	Total	One to two years	Two to three years	Three to four years	Four to five years		More than five years	
ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS	ThChS									
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-1	US	US\$	7.96%	7.88%	No	4,693,498	—	4,693,498	—	—	—	—	—	142,300,747	142,300,747
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-2	US	US\$	7.40%	7.33%	No	1,500,880	—	1,500,880	—	—	—	—	—	48,131,124	48,131,124
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon S-3	US	US\$	8.26%	8.13%	No	950,619	—	950,619	—	—	—	—	—	22,694,249	22,694,249
91.081.000-6	Enel Generación Chile S.A.	Chile	Foreign	BNY Mellon 24296	US	US\$	4.32%	4.25%	No	—	2,493,452	2,493,452	—	—	—	—	—	274,469,150	274,469,150
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 317-H	Chile	U.F.	7.17%	6.20%	No	—	6,513,162	6,513,162	5,733,684	5,733,684	5,733,684	—	—	25,386,928	48,321,664
91.081.000-6	Enel Generación Chile S.A.	Chile	97.036.000-k	Banco Santander 522-M	Chile	U.F.	4.82%	4.75%	No	—	25,628,932	25,628,932	25,059,809	25,059,809	25,059,809	—	—	148,557,535	248,796,771
<b>Total</b>										<b>7,144,997</b>	<b>34,635,546</b>	<b>41,780,543</b>	<b>30,793,493</b>	<b>30,793,493</b>	<b>30,793,493</b>	<b>30,793,493</b>	<b>661,539,733</b>	<b>784,713,705</b>	

– Detail of Finance Lease Obligations

										Balance as of December 31, 2019								
										Current			Non-current					
Taxpayer ID No.	Company	Country	Taxpayer ID No.	Name	Country	Currency	Nominal Interest Rate	Amortization		Less than 90 days ThChS	More than 90 days ThChS	Total Current ThChS	One to two years ThChS	Two to three years ThChS	Three to four years ThChS	Four to five years ThChS	More than five years ThChS	Total Non-Current ThChS
91.081.000-6	Enel Generación Chile S.A.	Chile	76.555.400-4	Transelec S.A	Chile	US\$	6.50%	Monthly		606,973	1,879,223	2,486,296	2,647,907	2,820,020	5,312,211	—	—	10,780,138
91.081.000-6	Enel Generación Chile S.A.	Chile	10.579.624-2	Marcelo Alberto Amar Basulto	Chile	UF	2.06%	Monthly		4,067	13,237	17,304	17,966	18,335	18,713	19,097	208,057	282,168
91.081.000-6	Enel Generación Chile S.A.	Chile	91.004.000-6	Productos Fernandez S.A.	Chile	UF	2.09%	Monthly		12,399	24,861	37,260	33,755	34,460	35,182	35,917	410,646	549,960
91.081.000-6	Enel Generación Chile S.A.	Chile	61.216.000-7	Empresa de Ferrocarriles del Estado	Chile	UF	1.07%	Bi-Annually		1,104	557	1,661	1,123	—	—	—	—	1,123
91.081.000-6	Enel Generación Chile S.A.	Chile	78.392.580-K	Agrícola el Bagaal LTDA.	Chile	UF	1.91%	Annual		1,152	—	1,152	564	573	581	—	—	1,718
91.081.000-6	Enel Generación Chile S.A.	Chile	99.527.200-8	Rentaquipos Tramaca S.A.	Chile	UF	0.83%	Monthly		144,436	—	144,436	—	—	—	—	—	—
91.081.000-6	Enel Generación Chile S.A.	Chile	96.565.580-8	Compañía de Leasing Tattersall S.A.	Chile	UF	0.83%	Monthly		6,607	—	6,607	—	—	—	—	—	—
<b>Total</b>										<b>776,738</b>	<b>1,917,978</b>	<b>2,694,716</b>	<b>2,701,315</b>	<b>2,873,388</b>	<b>5,366,687</b>	<b>55,014</b>	<b>618,703</b>	<b>11,615,107</b>

										Balance as of December 31, 2018								
										Current			Non-current					
Taxpayer ID No.	Company	Country	Taxpayer ID No.	Name	Country	Currency	Nominal Interest Rate	Amortization		Less than 90 days ThChS	More than 90 days ThChS	Total Current ThChS	One to two years ThChS	Two to three years ThChS	Three to four years ThChS	Four to five years ThChS	More than five years ThChS	Total Non-Current ThChS
91.081.000-6	Enel Generación Chile S.A.	Chile	76.555.400-4	Transelec S.A	Chile	US\$	6.50%	Monthly		528,847	1,637,428	2,166,275	2,307,082	2,457,043	2,616,750	4,929,300	—	12,310,175
91.081.000-6	Enel Generación Chile S.A.	Chile	10.579.624-2	Marcelo Alberto Amar Basulto	Chile	UF	2.06%	Monthly		—	—	—	—	—	—	—	—	—
91.081.000-6	Enel Generación Chile S.A.	Chile	91.004.000-6	Productos Fernandez S.A.	Chile	UF	2.09%	Monthly		—	—	—	—	—	—	—	—	—
91.081.000-6	Enel Generación Chile S.A.	Chile	61.216.000-7	Empresa de Ferrocarriles del Estado	Chile	UF	1.07%	Bi-Annually		—	—	—	—	—	—	—	—	—
91.081.000-6	Enel Generación Chile S.A.	Chile	78.392.580-K	Agrícola el Bagaal LTDA.	Chile	UF	1.91%	Annual		—	—	—	—	—	—	—	—	—
91.081.000-6	Enel Generación Chile S.A.	Chile	99.527.200-8	Rentaquipos Tramaca S.A.	Chile	UF	0.83%	Monthly		—	—	—	—	—	—	—	—	—
91.081.000-6	Enel Generación Chile S.A.	Chile	96.565.580-8	Compañía de Leasing Tattersall S.A.	Chile	UF	0.83%	Monthly		—	—	—	—	—	—	—	—	—
<b>Total</b>										<b>528,847</b>	<b>1,637,428</b>	<b>2,166,275</b>	<b>2,307,082</b>	<b>2,457,043</b>	<b>2,616,750</b>	<b>4,929,300</b>	<b>—</b>	<b>12,310,175</b>

## 19.5 Hedged debt

Of the U.S. dollar denominated debt held by the Group as of December 31, 2019, ThCh\$536,904,233 is related to future cash flow hedges for the Group's U.S. dollar-linked operating income (see Note 3.m). As of December 31, 2018, this amount was ThCh\$498,203,587.

The following table details changes in "Reserve for cash flow hedges" for the years ended December 31, 2019, 2018 and 2017 due to exchange differences corresponding to this debt:

HEDGING RESERVE	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Balance in hedging reserves (hedging income) at beginning of year	(74,214,318)	(44,278,685)	(85,790,673)
Foreign currency exchange differences recorded in net equity	(28,251,471)	(41,257,222)	28,878,949
Recognition of foreign currency exchange differences in profit (loss)	8,503,129	11,321,589	12,633,039
Balance in hedging reserves (hedging income) at year end	(93,962,660)	(74,214,318)	(44,278,685)

## 19.6 Other information

As of December 31, 2019 the Group had undrawn long-term lines of credit unconditionally available for use totaling ThCh\$ 0 (ThCh\$ 138,954,000 as of December 31, 2018).



## 19.7 Future undiscounted debt flows

The following table shows the estimates of undiscounted cash flows by type of financial debt:

- Secured and unsecured bank loans

				Balance as of 12-31-2019									
Country	Currency	Nominal Interest Rate	Secured (Yes / No)	Current			Non-Current						
				Less than 90 days ThCh\$	More than 90 days ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	Total ThCh\$	
Chile	Ch\$	6.00%	No	4	-	4	-	-	-	-	-	-	-
<b>Total</b>				<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

				Balance as of 12-31-2018									
Country	Currency	Nominal Interest Rate	Secured (Yes / No)	Current			Non-Current						
				Less than 90 days ThCh\$	More than 90 days ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	Total ThCh\$	
Chile	Ch\$	6.00%	No	4	-	4	-	-	-	-	-	-	-
<b>Total</b>				<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Summary of secured and unsecured liabilities

											Balance as of 12-31-2019					
Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Current			Non-current								
					One to three months ThCh\$	Three to twelve months ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	Total ThCh\$			
Chile	US\$	6.00%	6.90%	No	7,935,743	23,807,227	31,742,970	31,742,969	31,742,969	31,742,969	317,085,500	491,144,626	903,459,033			
Chile	UF	6.00%	5.48%	No	21,802,800	33,021,797	54,824,597	52,420,069	50,015,543	47,611,017	45,206,491	201,354,595	396,607,715			
<b>Total</b>					<b>29,738,543</b>	<b>56,829,024</b>	<b>86,567,567</b>	<b>84,163,038</b>	<b>81,758,512</b>	<b>79,353,986</b>	<b>362,291,991</b>	<b>692,499,221</b>	<b>1,300,066,748</b>			

											Balance as of 12-31-2018					
Country	Currency	Effective Interest Rate	Nominal Interest Rate	Secured (Yes/No)	Current			Non-current								
					One to three months ThCh\$	Three to twelve months ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	Total ThCh\$			
Chile	US\$	6.00%	6.90%	No	7,557,992	22,673,976	30,231,968	30,231,967	30,231,967	30,231,967	30,231,967	763,227,018	884,154,886			
Chile	UF	6.00%	5.48%	No	6,603,562	49,871,556	56,475,118	54,036,540	51,597,963	49,159,386	46,720,808	224,787,689	426,302,386			
<b>Total</b>					<b>14,161,554</b>	<b>72,545,532</b>	<b>86,707,086</b>	<b>84,268,507</b>	<b>81,829,930</b>	<b>79,391,353</b>	<b>76,952,775</b>	<b>988,014,707</b>	<b>1,310,457,272</b>			

## Summary of finance lease

				Balance as of December 31, 2019								
				Current			Non-current					
Country	Currency	Nominal Interest Rate	Secured (Yes/No)	Less than 90 days ThCh\$	More than 90 days ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	Total ThCh\$
Chile	US\$	6.50%	No	795,505	2,384,881	3,180,386	3,175,864	3,171,049	6,075,307	—	—	12,422,220
Chile	UF	1.50%	No	57,054	169,785	226,839	71,721	70,799	69,656	68,520	651,781	932,477
<b>Total</b>				<b>852,559</b>	<b>2,554,666</b>	<b>3,407,225</b>	<b>3,247,585</b>	<b>3,241,848</b>	<b>6,144,963</b>	<b>68,520</b>	<b>651,781</b>	<b>13,354,697</b>

				Balance as of December 31, 2018								
				Current			Non-current					
Country	Currency	Nominal Interest Rate	Secured (Yes/No)	Less than 90 days ThCh\$	More than 90 days ThCh\$	Total ThCh\$	One to two years ThCh\$	Two to three years ThCh\$	Three to four years ThCh\$	Four to five years ThCh\$	More than five years ThCh\$	Total ThCh\$
Chile	US\$	6.50%	No	760,090	2,278,842	3,038,932	3,034,977	3,030,765	3,026,279	5,044,764	—	14,136,785
<b>Total</b>				<b>760,090</b>	<b>2,278,842</b>	<b>3,038,932</b>	<b>3,034,977</b>	<b>3,030,765</b>	<b>3,026,279</b>	<b>5,044,764</b>	<b>—</b>	<b>14,136,785</b>

## 20. RISK MANAGEMENT POLICY

The Group's companies are exposed to certain risks that are managed by systems that identify, measure, limit concentration of, and monitor these risks. The main principles in the Group's risk management policy include the following:

- Compliance with good corporate governance standards.
- Strict compliance with all the Group's internal policies.
- Each business and corporate area determines:
  - i) The markets in which it can operate based on its knowledge and ability to ensure effective risk management,
  - ii) Criteria regarding counterparties, and
  - iii) Authorized operators.
- Business and corporate areas establish their risk tolerance in a manner consistent with the defined strategy for each market in which they operate.
- All of the operations of the businesses and corporate areas are conducted within the limits approved for each case.
- Businesses, corporate areas, lines of business and companies design the risk management controls necessary to ensure that transactions in the markets are conducted in accordance with the Group policies, standards, and procedures.

### 20.1 Interest rate risk

The changes in interest rates affect the fair value of assets and liabilities bearing fixed interest rates, as well as the expected future cash flows of assets and liabilities subject to floating interest rates.

The objective of managing interest rate risk exposure is to achieve a balance in the debt structure to minimize the cost of debt with reduced volatility in profit or loss.

Depending on the Group's estimates and on the objectives of the debt structure, hedging transactions are performed by entering into derivatives contracts that mitigate interest rate risk.

The financial debt structure of the Group detailed by fixed and/or hedged and floating interest rate on total net debt, net of hedging derivative instruments, is as follows:

Gross position

	Balance as of	
	12-31-2019	12-31-2018
	%	%
Fixed interest rate	94%	93%

## 20.2 Exchange rate risk

Exchange rate risks principally involve the following transactions:

- Debt taken on by the Group’s companies that is denominated in a currency other than that in which its cash flows are indexed.
- Payments to be made for the acquisition of project-related materials in a currency other than that in which its cash flows are indexed.
- Revenues in Group companies directly linked to changes in currencies other than those of its cash flows.

In order to mitigate foreign currency exchange rate risk, the Group’s foreign currency risk management policy is based on cash flows and includes maintaining a balance between U.S. dollar flows and the levels of assets and liabilities denominated in this currency. The objective is to minimize the exposure to variability in cash flows that are attributable to foreign exchange risk.

The hedging instruments currently being used to comply with the policy are currency swaps and forward exchange contracts. In addition, the policy seeks to refinance debt in the functional currency of each of the Group’s companies.

## 20.3 Commodities risk

The Group has a risk exposure to price changes in certain commodities, due basically to:

- Purchases of fuel used to generate electricity.
- Energy purchase/sale transactions that take place in local markets.

In order to reduce the risk in situations of extreme drought, the Company has designed a commercial policy that defines the levels of sales commitments in line with the capacity of its generating power plants in a dry year. It also includes risk mitigation terms in certain contracts with unregulated customers and with regulated customers subject to long-term tender agreements, establishing indexation polynomials that allow for reducing commodities exposure risk.

Considering the operating conditions faced by the power generation market in Chile, with drought and highly volatile commodity prices on international markets, the Company is constantly analyzing whether it is in its best interest to use hedging to lessen the impacts that these price swings have on its results.

As of December 31, 2019 there were current transactions for 1,412 kTon of API2 to be settled in 2020, 1,059 kTon of Brent to be settled in 2020 and 4.79 TBtu of HH to be settled in 2020.

As of December 31, 2018 there were current transactions for 432 kTon of API2 to be settled in 2019, 994 kBbl of Brent to be settled in 2019, 225 kTon of BCI7 to be settled in 2019 and 0.2 TBtu of HH to be settled in 2019 (figures considered net hedged position).

Depending on operating conditions, which are constantly being updated, these hedges may be modified or may cover other commodities.

#### **20.4 Liquidity risk**

The Group's liquidity risk management policy consists of entering into long-term committed banking facilities and temporary financial investments for amounts that cover the projected needs over a period of time that is determined based on the situation and expectations for debt and capital markets.

The projected needs mentioned above include maturities of financial debt, net of financial derivatives. For further details regarding the features and conditions of financial obligations and financial derivatives (see Note 19 and appendix N 4).

As of December 31, 2019 the Group has a liquidity position in cash and cash equivalents of ThCh\$13,487,584. As of December 31, 2018, the Group had liquidity consisting of cash and cash equivalents of ThCh\$151,989,905 and unconditionally available long-term credit lines for ThCh\$ 138,954,000.

#### **20.5 Credit risk**

The Group closely monitors its credit risk.

Trade receivables:

The credit risk for receivables from the Group's commercial activity has historically been very low, due to the short-term period of collections from customers, resulting in non-significant cumulative receivables amounts.

Regulators allow energy service to customers with outstanding payments to be suspended, and most contracts have termination clauses for payment default. The Group monitors its credit risk on an ongoing basis and measures its maximum exposure to payment default risk, which, as stated above, is very limited.

Financial assets, other than trade receivables:

Cash surpluses are invested in the highest-rated local and foreign financial entities (with risk rating equivalent to investment grade where possible) with thresholds established for each entity.

Banks having investment grade ratings from the three main international rating agencies (Moody's, S&P and Fitch) are considered in the investment selection process.

Investments may be backed with Chilean treasury bonds and/or with commercial paper issued by the highest rated banks; the latter are preferred, as they offer higher returns (always in line with current investment policies).

#### **20.6 Risk measurement**

The Group measures the Value at Risk (VaR) of its debt positions and financial derivatives in order to monitor the risk assumed by the Group, thereby reducing volatility in the income statement.

The portfolio of positions included for purposes of calculating the current VaR consists of the following:

- Financial debt.
- Hedge derivatives for debt, dividends and projects.

The VaR determined represents the potential variation in value of the portfolio of positions described above within a quarter with a 95% confidence level. To determine the VaR, we take into account the volatility of the risk variables affecting the value of the portfolio of positions including:

- U.S. dollar LIBOR interest rate.
- The exchange rates of the various currencies used in the calculation.

The calculation of VaR is based on generating possible future scenarios (at one quarter) of market values (both spot and term) for the risk variables based on the scenarios with observable inputs for a same period (quarter) during five (5) years.

The one-quarter 95%-confidence VaR number is calculated as the 5% percentile of the potential quarterly variations in the fair value of the portfolio in one quarter.

Given the aforementioned assumptions, the one quarter VaR of the positions discussed above was ThCh\$ 73,011,293.

This amount represents the potential increase of the debt and derivatives portfolio, thus these VaRs are inherently related, among other factors, to the portfolio's value at each quarter's end.

## 21. FINANCIAL INSTRUMENTS

### 21.1 Financial instruments, classified by type and category

- a) The detail of financial assets, classified by type and category, as of December 31, 2019 and 2018 is as follows:

	Balance as of 12-31-2019			
	Financial assets at fair value with changes in results	Financial assets measured at amortized cost	Financial assets at fair value with changes in other comprehensive income	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity instruments	—	—	127,854	—
Trade and other receivables	—	494,625,341	—	—
Derivative instruments	1,573,704	—	1,323,556	—
Other financial assets	—	36,121	—	—
<b>Total current</b>	<b>1,573,704</b>	<b>494,661,462</b>	<b>1,451,410</b>	<b>—</b>
Equity instruments	—	—	2,326,480	—
Trade and other receivables	—	163,269,600	—	—
Derivative instruments	—	—	—	4,862,949
<b>Total non-current</b>	<b>—</b>	<b>163,269,600</b>	<b>2,326,480</b>	<b>4,862,949</b>
<b>Total</b>	<b>1,573,704</b>	<b>657,931,062</b>	<b>3,777,890</b>	<b>4,862,949</b>

	Balance as of 12-31-2018			
	Financial assets at fair value with changes in results	Financial assets measured at amortized cost	Financial assets at fair value with changes in other comprehensive income	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity instruments	—	—	269,031	—
Trade and other receivables	—	371,656,536	—	—
Derivative instruments	1,491,497	—	1,423,613	38,169,894
Other financial assets	—	84,580	—	—
<b>Total current</b>	<b>1,491,497</b>	<b>371,741,116</b>	<b>1,692,644</b>	<b>38,169,894</b>
Equity instruments	—	—	2,326,484	—
Trade and other receivables	—	1,156,638	—	—
Derivative instruments	36,086	—	—	—
<b>Total non-current</b>	<b>36,086</b>	<b>1,156,638</b>	<b>2,326,484</b>	<b>—</b>
<b>Total</b>	<b>1,527,583</b>	<b>372,897,754</b>	<b>4,019,128</b>	<b>38,169,894</b>

b) The detail of financial liabilities, classified by type and category, as of December 31, 2019 and 2018 is as follows:

	Balance as of 12-31-2019			
	Financial liabilities at fair value with changes in results	Financial liabilities measured at amortized cost	Financial liabilities at fair value with changes in other comprehensive income	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Interest-bearing loans	—	46,083,325	—	—
Trade and other current payables	—	356,829,694	—	—
Derivative instruments	2,026,476	—	8,924,831	48,225,766
<b>Total current</b>	<b>2,026,476</b>	<b>402,913,019</b>	<b>8,924,831</b>	<b>48,225,766</b>
Interest-bearing loans	—	812,387,948	—	—
Trade and other current payables	—	2,497,662	—	—
Derivative instruments	124,048	—	—	17,464,925
<b>Total non-current</b>	<b>124,048</b>	<b>814,885,610</b>	<b>—</b>	<b>17,464,925</b>
<b>Total</b>	<b>2,150,524</b>	<b>1,217,798,629</b>	<b>8,924,831</b>	<b>65,690,691</b>

	Balance as of 12-31-2018			
	Financial liabilities at fair value with changes in results	Financial liabilities measured at amortized cost	Financial liabilities at fair value with changes in other comprehensive income	Financial derivatives designated for hedging
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Interest-bearing loans	—	43,946,822	—	—
Trade and other current payables	—	419,006,236	—	—
Derivative instruments	756,005	—	7,161,949	81,195,765
Other financial liabilities	—	—	—	—
<b>Total current</b>	<b>756,005</b>	<b>462,953,058</b>	<b>7,161,949</b>	<b>81,195,765</b>
Interest-bearing loans	—	797,023,880	—	—
Trade and other current payables	—	450,421	—	—
Derivative instruments	159,630	—	—	2,629,715
<b>Total non-current</b>	<b>159,630</b>	<b>797,474,301</b>	<b>—</b>	<b>2,629,715</b>
<b>Total</b>	<b>915,635</b>	<b>1,260,427,359</b>	<b>7,161,949</b>	<b>83,825,480</b>

## 21.2 Derivative instruments

The risk management policy of Enel Generación Chile primarily interest rate and foreign exchange rate derivatives to hedge its exposure to interest rate and foreign currency risks.

The Group classifies its derivatives as follows:

- Cash flow hedges: Those that hedge the cash flows of the underlying hedged item.
- Fair value hedges: Those that hedge the fair value of the underlying hedged item.
- Non-hedge derivatives: Financial derivatives that do not meet the requirements established by IFRS to be designated as hedge instruments are recognized at fair value with changes in net profit (assets held for trading).

a) **Assets and liabilities for hedge derivative instruments**

As of December 31, 2019 and 2018, financial derivative transactions qualifying as hedge instruments resulted in recognition of the following assets and liabilities in the consolidated statement of financial position:

	Balance as of 12-31-2019				Balance as of 12-31-2018			
	Assets		Liabilities		Assets		Liabilities	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Exchange rate hedge:	—	4,862,949	48,225,766	17,464,925	38,169,894	—	81,195,765	2,629,715
Cash flow hedge	—	4,862,949	48,225,766	17,464,925	38,169,894	—	81,195,765	2,629,715
<b>Total</b>	<b>—</b>	<b>4,862,949</b>	<b>48,225,766</b>	<b>17,464,925</b>	<b>38,169,894</b>	<b>—</b>	<b>81,195,765</b>	<b>2,629,715</b>

– **General information on hedge derivative instruments**

Hedge derivative instruments and their corresponding hedged instruments are shown in the following table:

Type of hedging instrument	Description of hedging instrument	Description of hedged item	Fair value of hedged item 12-31-2019 ThCh\$	Fair value of hedged item 12-31-2018 ThCh\$	Type of risks hedged
SWAP	Exchange rate	Unsecured liabilities (bonds)	(9,530,240)	(18,892,399)	Cash flow
FORWARD	Exchange rate	Revenues	(51,297,502)	(26,763,187)	Cash flow

For the years ended December 31, 2019 and 2018, the Group did not recognize significant gains or losses for ineffective cash flow hedges.

b) **Financial derivative instrument assets and liabilities at fair value through profit or loss**

As of December 31, 2019 and 2018, financial derivative transactions recognized at fair value through profit or loss, resulted in the recognition of the following assets and liabilities in the statement of financial position:

	Balance as of							
	12-31-2019				12-31-2018			
	Asset		Liabilities (*)		Asset		Liabilities	
Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	
Non-hedging derivative instruments	—	—	2,026,476	124,048	41,022	36,086	207,957	159,630
<b>Total</b>	<b>—</b>	<b>—</b>	<b>2,026,476</b>	<b>124,048</b>	<b>41,022</b>	<b>36,086</b>	<b>207,957</b>	<b>159,630</b>

(\*) These derivative instruments correspond to forward contracts entered into by the Group, whose purpose is to hedge the exchange rate risk related to future obligations arising from civil works contracts linked to the construction of the Los Cóndores Plant. Although these hedges have an economic background, they do not qualify as accounting hedge because they do not strictly comply with the accounting hedge requirements established in IFRS 9 “Financial Instruments”.

### c) Other disclosures on financial derivatives

The following tables present the fair value of hedging and non-hedging financial derivatives entered into by the Group as well as the remaining contractual maturities as of December 31, 2019 and 2018:

	Balance as of 12-31-2019					
	Notional value					
	Fair value	Less than	1 - 2 years	2 - 3 years	4 - 5 years	Total
Financial derivatives	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate hedges:	(60,827,742)	490,799,070	40,581,708	—	517,637,686	1,049,018,464
Cash flow hedges	(60,827,742)	490,799,070	40,581,708	—	517,637,686	1,049,018,464
Derivatives not designated for hedge accounting	(2,150,524)	31,746,086	2,061,840	—	—	33,807,926
<b>Total</b>	<b>(62,978,266)</b>	<b>522,545,156</b>	<b>42,643,548</b>	<b>—</b>	<b>517,637,686</b>	<b>1,082,826,390</b>

	Balance as of 12-31-2018					
	Notional value					
	Fair value	Less than	1 - 2 years	2 - 3 years	4 - 5 years	Total
Financial derivatives	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate hedges:	(45,655,586)	1,227,557,071	76,355,223	—	—	1,303,912,294
Cash flow hedges	(45,655,586)	1,227,557,071	76,355,223	—	—	1,303,912,294
Derivatives not designated for hedge accounting	(290,478)	34,525,045	29,457,793	1,913,220	—	65,896,058
<b>Total</b>	<b>(45,946,064)</b>	<b>1,262,082,116</b>	<b>105,813,016</b>	<b>1,913,220</b>	<b>—</b>	<b>1,369,808,352</b>

The hedging and non-hedging derivatives contractual maturities do not represent the Group's total risk exposure, as the amounts recorded in the above tables have been drawn up based on undiscounted contractual cash inflows and outflows for their settlement.

### 21.3 Fair value hierarchy

Financial instruments recognized at fair value in the consolidated statement of financial position are classified based on the hierarchy described in Note 3.g above.

The following table presents financial assets and liabilities measured at fair value as of December 31, 2019 and 2018:

Financial instruments measured at fair value	Balance as of 12-31-2019 ThCh\$	Fair value measured at end of reporting period using:		
		Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedges	4,862,949	—	4,862,949	—
Financial derivatives not designated for hedge accounting	—	—	—	—
Commodity derivatives designated as non-cash flow hedge	1,573,704	—	1,573,704	—
Commodity derivatives designated as cash flow hedges	3,520,508	—	3,520,508	—
Available-for-sale financial assets, non-current	—	—	—	—
Equity instruments at fair value with changes in other comprehensive income	2,454,334	2,326,480	127,854	—
<b>Total</b>	<b>12,411,495</b>	<b>2,326,480</b>	<b>10,085,015</b>	<b>—</b>
<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedges	65,690,691	—	65,690,691	—
Financial derivatives not designated for hedge accounting	—	—	—	—
Commodity derivatives designated as non-cash flow hedge	2,150,524	—	2,150,524	—
Commodity derivatives designated as fair value hedge	8,924,831	—	8,924,831	—
<b>Total</b>	<b>76,766,046</b>	<b>—</b>	<b>76,766,046</b>	<b>—</b>



Financial instruments measured at fair value	Balance as of 12-31-2018 ThCh\$	Fair value measured at end of reporting period using:		
		Level 1 ThCh\$	Level 2 ThCh\$	Level 3 ThCh\$
<b>Financial Assets</b>				
Financial derivatives designated as cash flow hedges	38,169,894	—	38,169,894	—
Financial derivatives not designated for hedge accounting	77,109	—	77,109	—
Commodity derivatives designated as non-cash flow hedge	1,450,474	—	1,450,474	—
Commodity derivatives designated as cash flow hedges	1,423,613	—	1,423,613	—
Available-for-sale financial assets, non-current	—	—	—	—
Equity instruments at fair value with changes in other comprehensive income	2,595,515	2,326,484	269,031	—
<b>Total</b>	<b>43,716,605</b>	<b>2,326,484</b>	<b>41,390,121</b>	<b>—</b>
<b>Financial Liabilities</b>				
Financial derivatives designated as cash flow hedges	83,825,480	—	83,825,480	—
Financial derivatives not designated for hedge accounting	367,587	—	367,587	—
Commodity derivatives designated as non-cash flow hedge	548,048	—	548,048	—
Commodity derivatives designated as fair value hedge	7,161,949	—	7,161,949	—
<b>Total</b>	<b>91,903,064</b>	<b>—</b>	<b>91,903,064</b>	<b>—</b>

## 22. TRADE AND OTHER PAYABLES

The detail of trade and other payables as of December 31, 2019 and 2018 is as follows:

	Current		Non-Current	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Trade and other payables</b>				
Energy suppliers	44,207,683	66,627,358	—	—
Fuel and gas suppliers	55,179,023	39,787,839	—	—
Payables to tax authorities other than Corporate Income Tax	—	—	—	—
Accounts payable for goods and services	25,912,319	32,379,106	—	6,765
Accounts payable for asset purchases	79,551,463	112,047,422	—	—
<b>Sub total</b>	<b>204,850,488</b>	<b>250,841,725</b>	<b>—</b>	<b>6,765</b>
<b>Other payables</b>				
Dividends payable to non-controlling interests	6,568,250	9,357,160	—	—
Deposits in guarantee	183,514	183,514	—	—
Accounts payable to staff	12,478,296	12,745,222	2	—
Other payables	3,806,794	2,203,997	—	443,656
<b>Sub total</b>	<b>23,036,854</b>	<b>24,489,893</b>	<b>2</b>	<b>443,656</b>
<b>Total trade and other payables</b>	<b>227,887,342</b>	<b>275,331,618</b>	<b>2</b>	<b>450,421</b>

See Note 20.4 for the description of the liquidity risk management policy.

The detail of payments due and paid as of December 31, 2019 and 2018 is presented in Appendix 5.

## 23. PROVISIONS

a) The detail of provisions as of December 31, 2019 and 2018 is as follows:

Provisions	Current		Non-Current	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Provision for legal proceedings	2,320,885	3,884,018	—	—
Decommissioning or restoration (*)	—	—	143,448,085	79,493,801
Other provisions	1,298,849	1,298,849	—	—
<b>Total</b>	<b>3,619,734</b>	<b>5,182,867</b>	<b>143,448,085</b>	<b>79,493,801</b>

(\*) See Note 3.a.

Provision for legal proceedings mainly consist of the contingencies related to the lawsuits on administrative sanctions.

The provisions for decommissioning originate from the fact that, considering the new environmental institutional in Chile, the scope of the rights and obligations associated with environmental licenses have been clarified in recent times. In light of the foregoing, the provisions have been adjusted to reflect the best estimate at the closing date of the financial statements.

The expected amount of any cash disbursement related to the foregoing provisions is uncertain and depends on the resolution of specific issues related to each of them. For example, in the specific case of litigation, this depends on the final resolution of the corresponding legal claim. Management considers that the provisions recognized in the financial statements adequately cover the corresponding risks.

b) Changes in provisions for the years ended December 31, 2019, and 2018 are as follows:

Changes in Provisions	Legal Proceedings ThCh\$	Decommissioning and Restoration ThCh\$	Other Provisions ThCh\$	Total ThCh\$
<b>Balance as of January 1, 2019</b>	<b>3,884,018</b>	<b>79,493,801</b>	<b>1,298,849</b>	<b>84,676,668</b>
Increase (decrease) in existing provisions (1)	1,352,937	60,165,484	—	61,518,421
Provisions used	(165,748)	(31,436)	—	(197,184)
Reversal of Not Used Provision (2)	(2,737,242)	—	—	(2,737,242)
Increase for adjustment to value of money over time	—	3,820,236	—	3,820,236
Foreign currency translation	(13,080)	—	—	(13,080)
<b>Total changes in provisions</b>	<b>(1,563,133)</b>	<b>63,954,284</b>	<b>—</b>	<b>62,391,151</b>
<b>Balance as of December 31, 2019</b>	<b>2,320,885</b>	<b>143,448,085</b>	<b>1,298,849</b>	<b>147,067,819</b>

Changes in Provisions	Legal Proceedings ThCh\$	Decommissioning and Restoration ThCh\$	Other Provisions ThCh\$	Total ThCh\$
<b>Balance as of January 1, 2018</b>	<b>3,497,786</b>	<b>63,992,567</b>	<b>1,798,849</b>	<b>69,289,202</b>
Increase (decrease) in existing provisions	991,032	12,485,197	—	13,476,229
Provisions used	(315,412)	—	(500,000)	(815,412)
Reversal of Not Used Provision	(259,419)	—	—	(259,419)
Increase for adjustment to value of money over time	—	3,016,037	—	3,016,037
Foreign currency translation	(29,969)	—	—	(29,969)
<b>Total changes in provisions</b>	<b>386,232</b>	<b>15,501,234</b>	<b>(500,000)</b>	<b>15,387,466</b>
<b>Balance as of December 31, 2018</b>	<b>3,884,018</b>	<b>79,493,801</b>	<b>1,298,849</b>	<b>84,676,668</b>

(1) The ThCh\$ 60,165,484 variation of the provisions for dismantling or restoration work during the year endedn December 31, 2019 is mainly due to the increase in disbursements expected for the early closure of the Tarapacá and Bocamina I plants, which is part of the Group's agreement with the Ministry of Energy for the progressive closure of coal-fired power plants (see Note 17.5.2); and to a lesser extent due to an increase in the present value of the provisions, due to a low discount rates applied.

(2) Corresponds to reversals of provisions for Litigation.

## 24. EMPLOYEE BENEFIT OBLIGATIONS

### 24.1 General information

The Group provides various post-employment benefits for all or some of their active or retired employees. These benefits are calculated and recognized in the financial statements according to the criteria described in Note 3.1.1, and include primarily the following:

– **Defined benefit plans:**

Employee severance indemnities: The beneficiary receives a certain number of contractual salaries upon retirement. Such benefit is subject to a minimum service vesting requirement period, which depending on the company, varies within a range from 5 to 15 years.

Complementary pension: The beneficiary is entitled to receive a monthly amount that supplements the pension obtained from the respective social security system.

Health benefit: The beneficiary receives health coverage in addition to that to which they are entitled to under applicable social security system.

### 24.2 Details, changes and presentation in financial statements

- a) The post-employment obligations associated with the defined benefits plan as of December 31, 2019 and 2018 are as follows:

Post-employment obligations	12-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Post-employment obligations long term</b>	<b>19,143,273</b>	<b>14,610,975</b>
Compensation for years of services	14,354,260	9,872,878
Health Plans	3,063,854	3,143,113
Energy Supply Plans	1,725,159	1,594,984
<b>Total Post-employment obligations, net</b>	<b>19,143,273</b>	<b>14,610,975</b>

- b) The balance and changes in post-employment defined benefit obligations as of and for the years ended December 31, 2019 and 2018 are as follows:

Actuarial Value of Post-employment Obligations	ThCh\$
<b>Balance as of December 31, 2017</b>	<b>14,875,948</b>
Current service cost	680,467
Net interest cost	695,935
Actuarial gains from changes in financial assumptions	145,338
Actuarial gains from changes in seniority adjustments	179,914
Contributions paid by the Company	(1,925,219)
Past service costs	(39,060)
Transfer of personnel	(2,348)
<b>Closing balance as of December 31, 2018</b>	<b>14,610,975</b>
Current service cost	756,654
Net interest cost	747,373
Actuarial gains from changes in financial assumptions	1,250,166
Actuarial gains from changes in seniority adjustments	2,396,539
Contributions paid by the Company	(1,251,195)
Past service costs	760,068
Transfer of personnel	(127,307)
<b>Closing balance as of December 31, 2019</b>	<b>19,143,273</b>

The Group companies make no contributions to funds for financing the payment of these benefits.

- c) **The following amounts were recognized in the consolidated statement of comprehensive income for continuing and discontinued operations for the years ended December 31, 2019, 2018 and 2017:**

Expense Recognized in Comprehensive Income Statement	For the year ended		
	12-31-2019 ThCh\$	12-31-2018 ThCh\$	12-31-2017 ThCh\$
Current service cost for defined benefits plan	756,654	680,467	790,850
Interest cost for defined benefits plan	747,373	695,935	691,075
Past service costs	760,068	(39,060)	—
<b>Expenses recognized in the Statement of Income</b>	<b>2,264,095</b>	<b>1,337,342</b>	<b>1,481,925</b>
Losses from remeasurement of defined benefit plans	3,646,705	325,252	(251,976)
<b>Total expense recognized in Comprehensive Income Statement</b>	<b>5,910,800</b>	<b>1,662,594</b>	<b>1,229,949</b>

### 24.3 Other disclosures

#### Actuarial assumptions

As of December 31, 2019 and 2018 the following assumptions were used in the actuarial calculation of defined benefits:

Actuarial assumptions	Chile	
	12-31-2019	12-31-2018
Discount rates used	3.40%	4.70%
Expected rate of salary increases	3.80%	3.80%
Mortality tables	CB-H-2014 y RV-M-2014	CB-H-2014 y RV-M-2014
Expected rotation rate	5.4%	4.0%

#### Sensitivity

As of December 31, 2019, the sensitivity of the value of the actuarial liability for post-employment benefits to variations of 100 basis points in the discount rate assumes a decrease of ThCh\$1,343,403 (ThCh\$905,602 as of December 31, 2018) if the rate rises and an increase of ThCh\$1,535,060 (ThCh\$1,034,800 as of December 31, 2018) if the rate falls.

#### Future disbursements

According to the available estimate the disbursements for defined benefit plans will increase to ThCh\$2,022,131 for 2019 period.

#### Term of commitments

The Group's obligations have a weighted average term of 7.76 years, and the flow for benefits for the next 10 years and beyond expected to be as follows:

Years	ThCh\$
1	2,022,131
2	1,865,173
3	1,639,401
4	1,324,178
5	1,835,230
6 to 10	6,834,655

## 25. TOTAL EQUITY

### 25.1 Equity attributable to the Parent

#### 25.1.1 Subscribed and paid-up capital and number of shares

As of December 31, 2019, shareholders of the capital of the Company was ThCh\$ 552,777,321, divided into 8,201,754,580 fully subscribed and paid no par value shares listed at the Santiago Stock Exchange and the Electronic Stock Exchange and in the form of ADRs on the New York Stock Exchange (NYSE).

As a result of the Spin-Off, share premium, raised from capital contributions made in 1986 and 1994, which amounted to ThCh\$ 206,008,557 as of December 31, 2015, decreased to ThCh\$85,511,492 as of December 31, 2017.

During the years ended December 31, 2019 and 2018, the Group did not engage in any transaction of any kind with potential dilutive effects leading to diluted earnings per share that could differ from basic earnings per share.

#### 25.1.2 Dividends

In the February 28, 2019 ordinary meetings the Board of Directors unanimously agreed to propose to the General Shareholders Meeting scheduled for the first four months of 2019, to distribute, by charging it to the 2019 year, a provisional dividend of 15% of the profit as of September 30, 2019, as per the consolidated financial statements at that date, a dividend to be paid in January 2020. The final dividend will be defined by the General Shareholders Meeting scheduled during the first four months of 2020.

The Board of Directors will propose to the General Shareholder's Meeting, scheduled to take place within the first four months of 2020, to distribute a final dividend equivalent to 60% of the profits of fiscal year 2019. Fulfilling the above dividend policy will be dependent, as regards dividends, on the profits that are actually earned, as well as on the results indicated by the projections periodically made by the Company, or on the existence of certain conditions, as the case may be.

The following table details the dividends paid by the Company in recent years:

N° Dividend	Type of Dividends	Date	Date of payment	Total amount		Imputed to the Exercise
				ThCh\$	Ch\$ by share	
63	Provisional	30-11-2017	26-01-2018	40,485,044	4.93614	2017
64	Definitive	24-04-2018	18-05-2018	189,664,552	23.12488	2017
65	Provisional	29-11-2018	11-01-2019	91,823,319	11.19557	2018
66	Definitive	26-04-2019	17-05-2019	93,594,353	11.41150	2018
67	Provisional	26-11-2019	24-01-2020	19,343,307	2.35844	2019

### 25.2 Foreign currency translation reserves

The following table details currency translation adjustments attributable to the shareholders of the Parent in the consolidated statement of financial position for the years ended December 31, 2019, 2018 and 2017:

Reserves for Accumulated Currency Translation Differences	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Enel Generación Chile S.A.	2,028,830	—	—
GasAtacama Chile S.A.	—	6,674,136	11,688,351
Others	882,643	547,835	920,567
<b>Total</b>	<b>2,911,473</b>	<b>7,221,971</b>	<b>12,608,918</b>

## 25.3 Capital management

The Company's objective is to maintain an adequate level of capitalization in order to be able to secure its access to the financial markets, so as to fulfill its medium- and long-term goals while maximizing the return to its shareholders and maintaining a solid financial position.

## 25.4 Restrictions on subsidiaries transferring funds to the parent

As of December 31, 2019 and 2018, there were no restrictions on funds transfers from subsidiaries to the parent.

## 25.5 Other reserves

Other reserves within Equity attributable to shareholders of the Parent for the years ended December 31, 2019, 2018 and 2017 are as follows:

Other Reserves	Balance as of	Changes	Balance as of
	1-1-2019		12-31-2019
	ThCh\$	ThCh\$	ThCh\$
Exchange differences on translation	7,221,971	(4,310,498)	2,911,473
Cash flow hedges	(153,562,242)	(48,831,600)	(202,393,842)
Remeasurement of available-for-sale financial assets	(1,038)	(3)	(1,041)
Other miscellaneous reserves	(31,421,964)	4,327,485	(27,094,479)
<b>Total</b>	<b>(177,763,273)</b>	<b>(48,814,616)</b>	<b>(226,577,889)</b>

Other Reserves	Balance as of	Changes	Balance as of
	1-1-2018		12-31-2018
	ThCh\$	ThCh\$	ThCh\$
Exchange differences on translation	12,608,918	(5,386,947)	7,221,971
Cash flow hedges	(52,329,034)	(101,233,208)	(153,562,242)
Remeasurement of available-for-sale financial assets	(1,027)	(11)	(1,038)
Other miscellaneous reserves	(35,068,098)	3,646,134	(31,421,964)
<b>Total</b>	<b>(74,789,241)</b>	<b>(102,974,032)</b>	<b>(177,763,273)</b>

Other Reserves	Balance as of	Changes	Balance as of
	1-1-2017		12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Exchange differences on translation	16,210,841	(3,601,923)	12,608,918
Cash flow hedges	(123,499,401)	71,170,367	(52,329,034)
Remeasurement of available-for-sale financial assets	(1,033)	6	(1,027)
Other comprehensive income from non-current assets held for distribution to owners	(32,188,067)	(2,880,031)	(35,068,098)
Other miscellaneous reserves	2,722,113	(2,722,113)	—
<b>Total</b>	<b>(136,755,547)</b>	<b>61,966,306</b>	<b>(74,789,241)</b>

- **Reserves for Exchange differences on translation:** These arise primarily from exchange differences relating to:
  - Translation of the financial statements of our foreign operations from their functional currencies to our presentation currency (i.e. the Chilean peso) (see Note 2.7.3);
  - Translation of goodwill arising from the acquisition of foreign operations with a functional currency other than the Chilean peso (see Note 3.b).
- **Cash flow hedge reserves:** These reserves represent the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges (see Notes 3.f.5 and 3.m).
- **Remeasurement of available-for-sale financial assets:** These represent variations in fair value, net of their effect on the available-for-sale investments (see Note 3.f.1).

## 25.6 Other miscellaneous reserves:

The main items of other miscellaneous reserves and their effects for the nine month periods ended December 31, 2019, 2018 and 2017, are the following:

Other Miscellaneous Reserves	Balance as of	Balance as of	Balance as of
	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Reserve for corporate reorganization ("Spin-Off") (1)	458,265,366	458,265,366	458,265,366
Reserve for transition to IFRS (2)	(493,425,043)	(493,425,043)	(493,425,043)
Reserve for subsidiaries transactions (3)	(4,047,287)	(4,047,287)	(4,047,287)
Other miscellaneous reserves (4)	12,112,485	7,785,000	4,138,866
<b>Total miscellaneous reserves</b>	<b>(27,094,479)</b>	<b>(31,421,964)</b>	<b>(35,068,098)</b>

- (1) Reserve for corporate reorganization (Spin-Off). Corresponds to the effects from the reorganization of the Company and the separation of the non-Chilean businesses into a new entity, Endesa Américas S.A. completed on March 1, 2016.
- (2) Reserve for transition to IFRS. In accordance with Official Bulletin No. 456 from the CMF, included in this line item is the monetary correction corresponding to the accumulated paid-in capital from the date of transition to IFRS, January 1, 2004, to December 31, 2008..

Please note that, while the Company adopted IFRS as its statutory accounting standards on January 1, 2009, the date of transition to that international standard used was January 1, 2004. This results from applying the exemption for that purpose in IFRS 1, "First Time Adoption".

- (3) Reserve from transactions with our subsidiaries. Corresponds to the effect of purchases of equity interests in subsidiaries that were accounted for as transactions between entities under common control.

## 25.7 Non-controlling interests

The details of non-controlling interests as of December 31, 2019, 2018 and 2017, are as follows:

Non-Controlling Interests Company	Non-Controlling Interests	% financial interest				
		Equity		Profit (loss)		
		12-31-2019	12-31-2018	12-31-2019	12-31-2018	12-31-2017
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Eléctrica						
Pehuenche S.A.	7.35%	10,079,142	10,310,215	6,241,065	6,885,422	5,649,253
GasAtacama Chile S.A. (*)	0.00%	—	16,660,247	(1,258,164)	2,290,359	1,439,148
<b>Total</b>		<b>10,079,142</b>	<b>26,970,462</b>	<b>4,982,901</b>	<b>9,175,781</b>	<b>7,088,401</b>

## 26. REVENUE AND OTHER INCOME

The detail of revenues presented in the statement of comprehensive income for the years ended December 31, 2019, 2018 and 2017 is as follows:

Revenues	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Energy sales (1)	1,390,027,937	1,369,333,310	1,457,671,722
<b>Generation</b>	<b>1,390,027,937</b>	<b>1,369,333,310</b>	<b>1,457,671,722</b>
Regulated customers	901,254,815	997,315,635	1,101,089,106
Non-regulated customers	460,993,808	337,748,542	285,623,737
Spot market sales	27,779,314	34,269,133	70,958,879
<b>Other sales</b>	<b>97,856,848</b>	<b>103,745,285</b>	<b>94,452,287</b>
Natural gas sales	97,564,261	103,717,558	91,652,707
Sales of products and services	292,587	27,727	2,799,580
<b>Other services provided</b>	<b>6,234,728</b>	<b>8,475,543</b>	<b>46,908,131</b>
Tolls and transmission	1,983,040	3,267,012	38,850,596
Engineering and consulting services	4,251,688	5,208,531	8,057,535
<b>Total operating revenue</b>	<b>1,494,119,513</b>	<b>1,481,554,138</b>	<b>1,599,032,140</b>
<b>Other operating income</b>	<b>12-31-2019</b>	<b>12-31-2018</b>	<b>12-31-2017</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Income from early termination of electricity supply contracts (2)	121,117,605	—	—
Other income	23,137,316	39,500,045	35,904,948
<b>Total Other operating income</b>	<b>144,254,921</b>	<b>39,500,045</b>	<b>35,904,948</b>

(1) As of December 31, 2019, a total of ThCh\$225,606,369 is included in total revenue, corresponding to estimated and unbilled sales, which are related to energy sold in the month of December 2019 and to the provisions made because PEC and node prices. As of December 31, 2018 and 2017, the amounts correspond to ThCh\$161,593,743 and ThCh\$134,478,188, respectively.

(2) In February 2019, Anglo American Sur S.A. notified Enel Generación Chile of its decision to terminate early three electricity supply contracts which both parties had signed in 2016. In accordance with the provisions in the exit and termination clauses of the respective contracts, the notice of early termination granted Enel Generación Chile the right to receive exit compensation, consisting of the payment of a cash amount by Anglo American Sur S.A., determinable according to a predetermined calculation mechanism.

It is important to note that, between the date of notification of early termination and the effective termination date of the contracts, there were no performance obligations pending delivery by the Company, since the original contracts established the commencement of supply in January 2021. Therefore, in accordance with the accounting criteria described in Note 3.p), income of ThCh\$ 121,117,605 was recognized.

Finally, on June 21, 2019, Enel Generación Chile entered into an agreement with Banco Santander, to transfer this account receivable in exchange for a cash flow. As a result of the foregoing, the cash inflow implied the corresponding derecognition of the account receivable with Anglo American Sur S.A. that existed at that date



## 27. RAW MATERIALS AND CONSUMABLES USED

The detail of raw materials and consumables presented in profit or loss for the years ended December 31, 2019, 2018 and 2017 is as follows:

<b>Raw Materials and Consumables</b>	<b>12-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>	<b>12-31-2017 ThCh\$</b>
Energy purchases	(327,157,312)	(326,365,798)	(346,954,692)
Fuel consumption	<b>(230,944,414)</b>	<b>(230,993,754)</b>	<b>(280,739,362)</b>
- Gas	(134,127,364)	(140,113,581)	(170,456,730)
- Oil	(3,326,061)	(11,143,015)	(21,227,747)
- Coal	(93,490,989)	(79,737,158)	(89,054,885)
Transportation costs	(158,965,923)	(141,551,194)	(152,869,838)
Cost of gas sales	(74,998,608)	(80,477,713)	(75,662,185)
Other raw materials and consumables	(42,870,545)	(30,585,693)	(47,751,929)
<b>Total</b>	<b>(834,936,802)</b>	<b>(809,974,152)</b>	<b>(903,978,006)</b>

## 28. EMPLOYEE BENEFITS EXPENSE

Employee expenses recognized in profit or loss for the years ended December 31, 2019, 2018 and 2017 are as follows:

<b>Employee Benefits Expense</b>	<b>12-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>	<b>12-31-2017 ThCh\$</b>
Wages and salaries	(40,946,741)	(44,154,344)	(44,367,982)
Post-employment benefit obligations expense	(1,516,722)	(641,407)	(790,850)
Social security and other contributions	(5,641,858)	(5,797,834)	(6,524,962)
Other staff expenses	(1,625,948)	(3,206,953)	(2,538,676)
<b>Total employee benefits expense</b>	<b>(49,731,269)</b>	<b>(53,800,538)</b>	<b>(54,222,470)</b>

## 29. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The detail of depreciation, amortization and impairment losses recognized in profit or loss for the years ended December 31, 2019, 2018 and 2017 is as follows:

<b>Depreciation, amortization and impairment losses</b>	<b>12-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>	<b>12-31-2017 ThCh\$</b>
Depreciation	(104,287,575)	(111,507,897)	(114,203,295)
Amortization	(3,168,564)	(6,257,366)	(3,134,258)
<b>Subtotal</b>	<b>(107,456,139)</b>	<b>(117,765,263)</b>	<b>(117,337,553)</b>
(Impairment)/Reversal of impairment (*)	(281,367,609)	(100,900)	55,494
<b>Total depreciation, amortization and impairment losses</b>	<b>(388,823,748)</b>	<b>(117,866,163)</b>	<b>(117,282,059)</b>

<b>(1) (Impairment)/Reversal of impairment</b>	<b>12-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>	<b>12-31-2017 ThCh\$</b>
Reversal of impairment losses (impairment losses) recognized on non-financial assets (see note 17)	<b>(280,020,263)</b>	—	—
Impairment gains and reversals of impairment losses (impairment losses) determined in accordance with IFRS 9 (see note 10.C)	(1,347,346)	(100,900)	55,494
<b>Total</b>	<b>(281,367,609)</b>	<b>(100,900)</b>	<b>55,494</b>

(\*) See Note 17.5.2

### 30. OTHER EXPENSES BY NATURE

Other operating expenses for the years ended December 31, 2019, 2018 and 2017 are as follows:

Other expenses by nature	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Professional, outsourced and other services	(36,533,784)	(37,412,289)	(27,666,155)
Other supplies and services	(6,728,833)	(5,328,997)	(18,746,799)
Insurance premiums	(14,861,921)	(13,270,568)	(12,479,501)
Taxes and charges	(2,635,027)	(2,549,959)	(3,411,239)
Repairs and maintenance	(14,848,408)	(11,775,133)	(2,183,793)
Marketing, public relations and advertising	(264,832)	(205,114)	(388,562)
Leases and rental costs	(602,493)	(2,066,713)	(3,606,514)
Environmental expenses	(5,501,313)	(6,024,405)	(3,862,251)
Impairment of property, plant and equipment (*)	(837,345)	—	—
Write-off Property, plant and equipment (**)	—	—	(25,105,910)
Other supplies	(3,452,073)	(2,512,815)	(2,720,780)
Travel expenses	(1,408,617)	(1,005,823)	(1,925,277)
Indemnities and fines	(962,120)	(327,131)	(724,239)
<b>Total other expenses by nature</b>	<b>(88,636,766)</b>	<b>(82,478,947)</b>	<b>(102,821,020)</b>

(\*) See Note 17.5.1.

(\*\*) See Note 17.5. 9.

### 31. OTHER GAINS, NET

Other gains, net for the years ended December 31, 2019, 2018 and 2017 are as follows:

Other gains (losses)	For the years ended		
	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
Gain on disposal of Electrogas (*)	—	—	105,311,912
Gain on disposal of Pangué Duqueco transmission lines	—	3,024,549	—
Gain on sale of land	1,530,689	—	7,626,100
Other	150,489	409,954	150,857
<b>Total other gains, net</b>	<b>1,681,178</b>	<b>3,434,503</b>	<b>113,088,869</b>

(\*) See Note 5

## 32. FINANCIAL RESULTS

Financial income and costs for the years ended December 31, 2019, 2018 and 2017 are as follows:

	12-31-2019	12-31-2018	12-31-2017
<b>Financial Income</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Cash and cash equivalents	3,504,848	5,527,543	3,077,708
Financial income by Law N°21.185 (*)	414,292	—	—
Other financial income	5,501,200	250,699	2,195,964
<b>Total financial income</b>	<b>9,420,340</b>	<b>5,778,242</b>	<b>5,273,672</b>

	12-31-2019	12-31-2018	12-31-2017
<b>Financial Costs</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
<b>Financial Costs</b>	<b>(65,711,082)</b>	<b>(48,189,495)</b>	<b>(50,851,829)</b>
Bank loans	(46,134)	(22,576)	(261)
Secured and unsecured obligations	(45,714,879)	(43,965,839)	(42,708,253)
Lease liabilities	(642,158)	(739,069)	(811,172)
Valuation of financial derivatives	1,577,288	—	(1,067,820)
Post-employment benefit obligations	(747,373)	(695,935)	(691,075)
Capitalized borrowing costs (**)	9,321,354	6,523,443	4,078,463
Financial income by Law N°21.185 (*)	(14,250,887)	—	—
Formalization of debts and other associated expenses	—	—	(836,174)
Other	(15,208,293)	(9,289,519)	(8,815,537)
<b>Gains from indexed assets and liabilities, net (a)</b>	<b>(5,157,076)</b>	<b>(2,480,291)</b>	<b>145,608</b>
<b>Foreign currency exchange differences (b)</b>	<b>3,085,739</b>	<b>(3,055,807)</b>	<b>8,822,301</b>
Positive	33,142,374	18,458,283	19,563,838
Negative	(30,056,635)	(21,514,090)	(10,741,537)
<b>Total financial costs</b>	<b>(67,782,419)</b>	<b>(53,725,593)</b>	<b>(41,883,920)</b>
<b>Total financial results</b>	<b>(58,362,079)</b>	<b>(47,947,351)</b>	<b>(36,610,248)</b>

(\*) See Note 10

(\*\*) See Note 17.2.a.

The effects on financial results from exchange differences and the application of indexed assets and liabilities originated from the following:

	For the years ended		
	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
<b>Gains from indexed assets and liabilities, net (a)</b>			
Other financial assets	—	7,676,500	4,657,016
Current tax receivables and liabilities	1,697,602	3,020,250	1,039,755
Property, Plant and Equipment	26,649	—	—
Other financial liabilities (financial debt and derivative instruments)	(1,507,245)	(9,390,716)	(5,551,163)
Trade and other accounts receivable	(7,494)	—	—
Other non-financial liabilities	(1,690)	—	—
<b>Total Gains from indexed</b>	<b>207,822</b>	<b>1,306,034</b>	<b>145,608</b>
<b>Total Hyperinflation (1)</b>	<b>(5,364,898)</b>	<b>(3,786,325)</b>	<b>—</b>
<b>Gains from indexed assets and liabilities, net (a)</b>	<b>(5,157,076)</b>	<b>(2,480,291)</b>	<b>145,608</b>

(1) See Note 6.

	For the years ended		
	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
<b>Foreign currency exchange differences (b)</b>			
Cash and cash equivalents	1,739,410	(938,799)	3,109,046
Other financial assets (derivative instruments)	5,777,146	5,973,179	10,895,862
Other non-financial assets	—	55,196	—
Trade and other accounts receivable	4,378,306	4,105,799	363,325
Current tax receivables and liabilities	—	—	(188,270)
Other financial liabilities (financial debt and derivative instruments)	(9,702,648)	(7,440,825)	(4,358,937)
Trade and other accounts payable	934,076	(4,810,357)	(998,725)
Other non-financial liabilities	(40,551)	—	—
<b>Total foreign currency exchange differences</b>	<b>3,085,739</b>	<b>(3,055,807)</b>	<b>8,822,301</b>

### 33. INCOME TAXES

The following table presents the components of the income tax expense/(benefit) recognized in the accompanying consolidated statement of comprehensive income for the years ended December 31, 2019, 2018 and 2017:

	For the years ended		
	12-31-2019	12-31-2018	12-31-2017
	ThCh\$	ThCh\$	ThCh\$
<b>Current Income Tax and Adjustments to Current Income Tax for Previous Periods</b>			
Current income tax	(56,493,392)	(47,840,814)	(133,038,125)
Adjustments to current tax from the previous period	342,760	(5,882,343)	(24,409)
Current tax income/(expense) related to hedge accounting	(18,677,018)	(38,594,801)	18,309,177
<b>Current tax expense, net</b>	<b>(74,827,650)</b>	<b>(92,317,958)</b>	<b>(114,753,357)</b>
Expense from deferred taxes for origination and reversal of temporary differences	51,370,114	(17,447,105)	2,653,838
Expense for deferred income tax due to changes in tax rates or the introduction of new taxes	—	4,818,298	—
<b>Total deferred tax benefit</b>	<b>51,370,114</b>	<b>(12,628,807)</b>	<b>2,653,838</b>
<b>Income tax expense, continuing operations</b>	<b>(23,457,536)</b>	<b>(104,946,765)</b>	<b>(112,099,519)</b>

The principal temporary differences are detailed in Note 18.a.

The following table reconciles computed income tax expense resulting from applying the applicable statutory tax rate to “Profit before income taxes” and the actual income tax expense recognized in the accompanying consolidated statement of comprehensive income for the years ended December 31, 2019, 2018 and 2017:

<b>Reconciliation of Tax Expense</b>	<b>Rate</b>	<b>12-31-2019</b>	<b>Rate</b>	<b>12-31-2018</b>	<b>Rate</b>	<b>12-31-2017</b>
	<b>%</b>	<b>ThCh\$</b>	<b>%</b>	<b>ThCh\$</b>	<b>%</b>	<b>ThCh\$</b>
<b>ACCOUNTING PROFIT BEFORE INCOME TAX</b>		<b>224,783,599</b>		<b>423,152,001</b>		<b>537,641,734</b>
<b>Total tax income (expense) using statutory rate</b>	<b>(27.00%)</b>	<b>(60,691,572)</b>	<b>(27.00%)</b>	<b>(114,251,041)</b>	<b>(25.50%)</b>	<b>(137,098,643)</b>
Tax effect of rates applied in other countries	0.10%	232,897	—	—	0.06%	328,968
Tax effect of non-taxable operations	13.97%	31,395,185	0.19%	801,347	6.43%	34,547,907
Tax effect of non-tax-deductible expenses	(2.99%)	(6,723,336)	(0.32%)	(1,370,485)	(3.09%)	(16,589,585)
Tax effect of adjustments to deferred taxes in previous periods	0.15%	342,760	(1.39%)	(5,882,343)	(0.00%)	(24,409)
Deferred tax adjustments from previous years	—	—	1.14%	4,818,298	—	—
Price level restatement for tax purposes (equity investments)	5.33%	11,986,530	2.58%	10,937,459	1.25%	6,736,243
<b>Total adjustments to tax expense using statutory rates</b>	<b>16.56%</b>	<b>37,234,036</b>	<b>2.20%</b>	<b>9,304,276</b>	<b>4.65%</b>	<b>24,999,124</b>
<b>Actual income tax expense</b>	<b>(10.44%)</b>	<b>(23,457,536)</b>	<b>(24.80%)</b>	<b>(104,946,765)</b>	<b>(20.85%)</b>	<b>(112,099,519)</b>

### **34. THIRD PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES, AND OTHER COMMITMENTS**

#### **34.1 Direct guarantees**

As of December 31, 2019 and 2018 no property, plant and equipment was pledged as security for liabilities.

As of December 31, 2019, the Group had no future energy purchase commitments.

#### **34.2 Indirect guarantees**

There were no indirect guarantees as of December 31, 2019 and 2018.

#### **34.3 Litigation and Arbitration Proceedings**

##### **Enel Generación Chile S.A.**

1. By means of ORD No. 5,705 dated May 23, 2016, the Superintendency of Electricity and Fuels, filed charges against GasAtacama Chile S.A. (which merged into Enel Generación Chile S.A., on October 1, 2019) for providing allegedly erroneous information to CDEC-SING with respect to the Minimum Technical parameters (MT) and Average Operating Time parameters (TMO) during the period between January 1, 2011 and October 29, 2015, GasAtacama Chile S.A. presented its objections, which were rejected by the Superintendency's Resolution No. 014606 dated August 4, 2016 which imposed a fine of 120,000 UTM (ThCh\$5,954,760). In opposition to the resolution of the Superintendency that applied the fine, GasAtacama Chile S.A. submitted a request for reconsideration before the Superintendency, which was rejected by the Superintendency through Resolution No. 15,908, dated November 2, 2016, which confirmed the fine imposed. In opposition to the resolution, GasAtacama Chile S.A. filed a claim of illegality before the Court of Appeals of Santiago, which on April 9, 2019, issued a ruling that reduced the fine imposed to 500 UTA (ThCh\$ 297,738). Both the Superintendency and GasAtacama Chile S.A. filed appeals before the Supreme Court against this ruling, which on January 15, 2020 rejected both appeals, confirmed the fine of 500 UTA (ThCh\$297,738) and also declared, that there had been no delivery of false information to the coordinator of the CDEC-SING by GasAtacama Chile S.A. during the relevant period.
2. Inversiones Tricahue S.A., a minority shareholder of Empresa Eléctrica Pehuenche S.A., requested in the 20th Civil Court of Santiago the appointment of an arbitrator, to hear and resolve the arbitration claim that Inversiones Tricahue S.A. seeks to bring against Empresa Eléctrica Pehuenche S.A., Enel Generación Chile S.A., Enel Chile S.A., and the directors of these three companies, for the alleged damages that the Pehuenche management allegedly inflicted on the minority shareholders, as a result of the Project Elqui reorganization plan and the development of Pehuenche's electricity generation business.

Once the request for the appointment of an arbitrator was presented, the three defendant companies and their directors submitted numerous objections, all of which were rejected by the ruling dated June 25, 2018. Subsequently, Mr. Nelson Contador was designated as the arbitrator and accepted the appointment. The companies and their directors appealed the appointment of arbitrator, a hearing on the appeal was held and the appeal is pending a ruling. In parallel, the appointed arbitrator issued a ruling that summoned the parties to a hearing to set the rules of procedure and fees of the arbitrator, which will be carried out on the tenth day after notification of the ruling to all of the parties, which as of December 31, 2019 had not yet occurred.

In relation to the litigation proceedings described above, the Group had established provisions for ThCh\$2,196,828 as of December 31, 2019 (see Note 23) . Although there are other lawsuits that also have associated provisions but are not described in this note because they individually represent immaterial amounts, the management of the Company considers that the provisions recorded in the consolidated financial statements are adequate to cover the risks of litigation and therefore do not expect additional liabilities other than those already specified.

Given the characteristics of the risks covered by these provisions, it is not possible to determine a reasonable schedule of payment dates if there are any.

#### **34.4 Financial restrictions**

A number of the Group's loan agreements include the obligation to comply with certain financial ratios, which is normal for the contracts of this nature. There are also affirmative and negative covenants requiring the monitoring of these commitments. In addition, there are restrictions in the events-of-default clauses of the agreements which require compliance.

##### **1) Cross Default**

Some of the financial debt contracts of Enel Generación Chile contain cross default clauses.

Under the bond issues of the Company registered with the United States Securities and Exchange Commission (the "SEC"), commonly called "Yankee bonds", a cross default can be triggered by another debt of the Company or of any of its Chilean subsidiaries, for any amount overdue provided that the principal of the debt giving rise to the cross default exceeds US\$ 30 million or its equivalent in other currencies. Debt acceleration due to cross default does not occur automatically but has to be demanded by the holders of at least 25% of the bonds of that certain series of Yankee bonds. In addition, events of bankruptcy or insolvency of foreign subsidiaries have no contractual effects on the Company's Yankee bonds. The Company's Yankee bonds mature in 2024, 2027, 2037 and 2097. Specifically for those maturing in 2024 (issued in April 2014), the threshold for triggering a cross default was increased to US\$ 50 million or its equivalent in other currencies. As of December 31, 2019, the outstanding amount of Yankee bonds totals ThCh\$537,266,386.

The bonds of Enel Generación Chile issued in Chile state that cross default can be triggered only by the default of the issuer when in cases where the amount in default exceeds US\$50 million or its equivalent in other currencies. The debt acceleration requires the agreement of at least 50% of the bondholders of that certain series. As of December 31, 2019, the outstanding amount of local bonds was ThCh\$ 306,895,060.

##### **2) Financial covenants**

Financial covenants are contractual commitments with respect to minimum or maximum financial ratios that Enel Generación Chile is obliged to meet at certain periods of time (quarterly, annually, etc.). Most of the Group's financial covenants limit the level of indebtedness and evaluate the ability to generate cash flows in order to service the companies' debts. Various companies are also required to certify these covenants periodically. The types of covenants and their respective limits vary according to the type of debt.

The Company bonds issued in Chile include the following financial covenants whose definitions and calculation formulas are established in the respective indentures:

###### **Series H**

- Consolidated Debt Ratio: The consolidated debt ratio, which is Financial debt to Capitalization, must be less than or equal to 0.64. The financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; Other financial liabilities, current; Other financial liabilities, non-current; and Other obligations guaranteed by the issuer or its subsidiaries; while Capitalization is the sum of Financial

liabilities, Equity attributable to the shareholders of the Company, and Non-controlling interests. As of December 31, 2019, the ratio was 0.30.

- Consolidated Equity: A minimum equity of ThCh\$804,609 must be maintained; this limit is adjusted at the end of each year as established in the indenture. Equity corresponds to Equity attributable to the shareholders of the Parent Company. As of December 31, 2019, the equity attributable to shareholders of the Parent Company was Ch\$ 1,963,775 million.
- Financial Expense Coverage: A financial expense coverage ratio of at least 1.85 must be maintained. Financial expense coverage is the quotient between i) the gross margin plus financial income and dividends received from associates, and ii) financial expenses; both items refer to the period of four consecutive quarters ending on the quarter being reported. For the year ended December 31, 2019, this ratio was 10.43.
- Net Asset Position with Related Parties: A net asset position must be maintained with related parties of no more than a hundred million dollars. The Net asset position with related parties is the difference between i) the sum of Accounts receivable from related entities, Current, accounts receivable from related entities, non-current, less transactions in the ordinary course of business of less than 180 days term, short-term transactions of associates of Enel Generación Chile S.A. in which Enel Américas S.A. has no participation, and long-term transactions of associates of Enel Generación Chile S.A. in which Enel Américas S.A. has no participation, and ii) the sum of Accounts payable to related entities, current, Accounts payable to related entities, non-current, less transactions in the ordinary course of business at less than 180 days term, short-term transactions of associates of Enel Generación Chile S.A. in which Enel Américas S.A. has no participation, and long-term transactions of associates of Enel Generación Chile S.A. in which Enel Américas S.A. has no participation. As of December 31, 2019, using the exchange rate prevailing on that date, the net asset position with related parties was a negative US\$ 252.58 million, indicating that Enel Américas S.A. is a net debtor of Enel Generación Chile S.A..

#### Series M

- Consolidated Debt Ratio: The consolidated debt ratio, which is Financial debt to Capitalization, must be no less than or equal to 0.64. The financial debt is the sum of Interest-bearing loans, current; Interest-bearing loans, non-current; Other financial liabilities, current; and Other financial liabilities, non-current; while Capitalization is the sum of Financial liabilities and Total Equity. As of December 31, 2019, the debt ratio was 0.30.
- Consolidated Equity: Same as for Series H.
- Financial Expense Coverage Ratio: Same as for Series H.

Yankee bonds are not subject to financial covenants.

As of December 31, 2019, the most restrictive financial covenant was the Debt Equity Ratio requirement for two credit lines.

The other Group companies not mentioned in this Note, are not subject to compliance with financial covenants.

Finally, in most of the contracts, debt acceleration for non-compliance with these covenants does not occur automatically, but is subject to certain conditions, such as a cure period.

As of December 31, 2019 and 2018, no company of the Group was in default under their financial obligations summarized herein or other financial obligations whose defaults might trigger the acceleration of their financial commitments.



### 35. PERSONNEL FIGURES

The Group personnel, is distributed as follows as of December 31, 2019 and 2018:

12-31-2019					
Country	Managers and Main Executives	Professionals and Technicians	Workers and Others	Total	
Chile	19	600	68	687	
Argentina	—	6	17	23	
<b>Total</b>	<b>19</b>	<b>606</b>	<b>85</b>	<b>710</b>	
Average	19	600	86		

12-31-2018					
Country	Managers and Main Executives	Professionals and Technicians	Workers and Others	Total	
Chile	20	653	68	741	
Argentina	—	7	19	26	
<b>Total</b>	<b>20</b>	<b>660</b>	<b>87</b>	<b>767</b>	
Average	19	703	74		

## 36. SANCTIONS

The following Group's companies have received sanctions from administrative authorities:

### 36.1. Enel Generación Chile S.A.

As of December 31, 2019, the request for reconsideration of the sanction proceedings initiated by the Bío Bío Regional Health Ministry, by Act 180566, which imposed a fine in the amount of 500 UTM (ThCh\$24,812), for alleged infractions by Enel Generación Chile S.A. of obligations and regulations related to waste disposal regulations in the Cantarrana landfill is pending.

Likewise the Valparaíso Regional Health Ministry initiated sanction proceedings with respect to inspection reports No. 1705213, for alleged breaches of obligations and regulations related to the Noise Exposure Protocols and other health surveillance regulations at the Quintero plant. The amount of this fine is 500 UTM (ThCh\$24,812).

Two requests for reconsideration are pending with respect to the resolutions of the Tarapacá Regional Health Ministry which, through inspection reports No. 011599 and 766, imposed fines in an amount of 500 UTM each. (totaling ThCh\$49,624).

Finally, a health summary in the amount of 500 UTM (ThCh\$24,812) is pending resolution before the Coquimbo Regional Health Ministry.

### 36.2. Empresa Eléctrica Pehuenche S.A.

As of December 31, 2019, there were no proceedings for sanctions pending.

In relation to the sanctions described above, the Group has established provisions for Ch\$124,058 as of December 31, 2019. Although there are other sanctions that also have associated provisions but are not described in this note because they individually represent immaterial amounts, the management of the Company considers that the provisions recorded are adequate to cover the risks resulting from sanctions, and therefore do not expect additional liabilities other than those already specified.

### 37. ENVIRONMENT

Environmental expenses for the years ended December 31, 2019, 2018 and 2017, are as follows:

Company	Project Name	Project Description	Project Status (Terminated, In Process)	12-31-2019					12-31-2018	
				Total Disbursements	Amounts Capitalized	Expenses	Disbursement amount in the future	Estimated future payment date	Total Disbursements	Total disbursements previous period
				ThCh\$	ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$
Pehuenche	Central Pehuenche	Waste Management	In process	3,165	—	3,165	—	-	3,165	—
		Environmental Sanitation	In process	1,988	—	1,988	—	-	1,988	—
	Central Curillínque	Campañas y Estudios	In process	9,061	—	9,061	—	-	9,061	—
Enel Generación Chile S.A		Environmental Sanitation	In process	882	—	882	—	-	882	—
	Central Loma Alta	Environmental Sanitation	In process	882	—	882	—	-	882	—
	Monitoreo Ambiental	Environmental Monitoring Cto. with SK Ecology, operation and maintenance CEMS	In process	576,519	—	576,519	—	-	576,519	797,543
	Normalización Cems	Standardization wineries, environmental management, regularization environmental impact assessment (EIA)	In process	207,966	207,966	—	—	-	207,966	645,302
	Centrales Hidráulica	Waste Management and sanitation	In process	2,315	—	2,315	—	-	2,315	11,567
	Gastos Ambientales CC.CC.	Principal incurred expenses: Bocamina U1-2: Operation and maintenance of air monitoring and meteorological stations, Environmental audit monitoring network, CEMS Annual Validation, Biomass Protocol Service, Environment Materials (magazine, books), Isocinetic Measurements , SGI Works (NC Objective, Inspections, Audits and Audit) ISO 14001, OHSAS Certification, Operation and Maintenance Service CEMS.	In process	1,452,158	855,667	596,491	855,667	31-12-2020	2,307,825	2,102,056
	Gastos Ambientales CC.TT.	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste in thermoelectric plants (C.T.)	In process	5,387,657	1,763,829	3,623,828	1,763,829	31-12-2020	7,151,486	600,350
	Gastos Ambientales CC.HH.	Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants. (C.H.)	In process	339,103	—	339,103	420,877	31-12-2020	759,980	2,867,523
	Central Quintero	CEMS Central Quinteros	In process	458,001	110,923	347,078	37,983	31-12-2020	495,984	—
<b>Total</b>				<b>8,439,697</b>	<b>2,938,385</b>	<b>5,501,313</b>	<b>3,078,356</b>		<b>11,518,053</b>	<b>7,024,341</b>

Company	Project Name	Project Description	Project Status (Terminated, In Process)	12-31-2018					12-31-2017	
				Total Disbursements	Amounts Capitalized	Expenses	Disbursement amount in the future	Estimated future payment date	Total Disbursements	Total disbursements previous period
				ThCh\$	ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$
Pehuenche	Gastos Medioambientales Centrales Hidroeléctricas	C.H. Pehuenche E E Pehuenche S.A. Supply of flow measurement equipment.	In process	48,574	48,574	—	—	-	48,574	—
		Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants. (C.H.)	In process	62,560	—	62,560	—	-	62,560	6,787
Gas Atacama Chile S.A.	Monitoreo Ambiental	Environmental Monitoring Cto. with SK Ecology, operation and maintenance CEMS	In process	797,543	—	797,543	—	-	797,543	1,463,204
	Normalización Cems	Standardization wineries, environmental management, regularization environmental impact assessment (EIA)	In process	645,302	645,302	—	—	-	645,302	1,021,630
	Centrales Hidráulica	Waste Management and sanitation	In process	11,567	—	11,567	—	-	11,567	—
	Gastos Ambientales CC.CC.	Principal incurred expenses: Bocamina U1-2: Operation and maintenance of air monitoring and meteorological stations, Environmental audit monitoring network, CEMS Annual Validation, Biomass Protocol Service, Environment Materials (magazine, books), Isocinetic Measurements , SGI Works (NC Objective, Inspections, Audits and Audit) ISO 14001, OHSAS Certification, Operation and Maintenance Service CEMS.	In process	2,102,056	—	2,102,056	—	-	2,102,056	1,252,355
Enel Generación Chile S.A	Gastos Ambientales CC.HH.	Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants. (C.H.)	In process	2,867,523	—	2,867,523	—	-	2,867,523	870,281
	Gastos Ambientales CC.TT.	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste in thermoelectric plants (C.T.)	In process	601,070	417,194	183,156	—	-	600,350	251,277
	C.H. Ralco	Plan Ralco: Reforestation according to Agreement with the Catholic University and Electrification of housing in Ayin Maipo	In process	4,542,216	4,542,216	—	—	-	4,542,216	5,075,137
<b>Total</b>				<b>11,678,411</b>	<b>5,653,286</b>	<b>6,024,405</b>	<b>—</b>		<b>11,677,691</b>	<b>9,940,671</b>

Company	Project Name	Project Description	Project Status (Terminated, In Process)	12-31-2017					Total Disbursements ThCh\$
				Total Disbursements ThCh\$	Amounts Capitalized ThCh\$	Expenses ThCh\$	Disbursement amount in the future ThCh\$	Estimated future payment date ThCh\$	
Pehuenche	Gastos Medioambientales Centrales Hidroeléctricas	Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants. (C.H.)	In process	6,787	—	6,787	—	-	6,787
Gas Atacama Chile S.A.	Monitoreo ambiental	Environmental Monitoring Cto. with SK Ecology, operation and maintenance CEMS	In process	1,463,204	—	1,463,204	—	-	1,463,204
	Normalización CEMS	Standardization wineries, environmental management, regularization environmental impact assessment (EIA)	In process	1,021,630	1,021,630	—	—	-	1,021,630
Eólica Canela	Mejoramiento sectores revegetados	RCA Maintenance (Environment)	In process	104,810	104,810	—	—	-	104,810
	Gastos Medioambientales en CC.EE.	Water quality analysis and Canela's Sanitation	In process	18,347	—	18,347	—	-	18,347
	Gastos Ambientales CC.CC.	Principal incurred expenses: Bocamina U1-2: Operation and maintenance of air monitoring and meteorological stations, Environmental audit monitoring network, CEMS Annual Validation, Biomass Protocol Service, Environment Materials (magazine, books), Isocinetic Measurements , SGI Works (NC Objective, Inspections, Audits and Audit) ISO 14001, OHSAS Certification, Operation and Maintenance Service CEMS.	In process	1,252,355	—	1,252,355	—	-	1,252,355
Enel Generación Chile S.A	Gastos Ambientales CC.HH.	Studies, monitoring, laboratory analysis, withdrawal and final disposal of solid waste in hydroelectric plants. (C.H.)	In process	870,281	—	870,281	—	-	870,281
	Gastos Ambientales CC.TT.	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste in thermoelectric plants (C.T.)	In process	251,277	—	251,277	—	-	251,277
	C.H. Ralco	Plan Ralco: Reforestation according to Agreement with the Catholic University and Electrification of housing in Avin Maipu	In process	5,075,137	5,075,137	—	—	-	5,075,137
	C.T. Tal Tal	Nox Taltal Dejection: Engineering, Civil Works and permits	In process	1,290,133	1,290,133	—	—	-	1,290,133
		<b>Total</b>		<b>11,353,961</b>	<b>7,491,710</b>	<b>3,862,251</b>	<b>—</b>	<b>—</b>	<b>11,353,961</b>

### 38. FINANCIAL INFORMATION ON SUBSIDIARIES, SUMMARIZED

As of and for the years ended December 31, 2019 and 2018 the summarized financial information of our principal subsidiaries under IFRS is as follows:

As of and for the year ended 12-31-2019	Financial Statements	Current Assets ThCh\$	Non-current Assets ThCh\$	Total Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Equity ThCh\$	Total Liabilities and Equity ThCh\$	Revenues ThCh\$	Costs ThCh\$	Profit (loss) ThCh\$	Other Comprehensive Income ThCh\$	Total Comprehensive Income ThCh\$
Empresa Eléctrica Pehuénche S.A.	Separate	40,913,391	172,823,608	213,736,999	32,304,951	44,330,262	137,101,786	213,736,999	147,472,130	(19,725,956)	84,888,177	—	84,888,177
Group GasAtacama Chile S.A. (*)	Consolidated	—	—	—	—	—	—	—	186,194,328	(54,061,747)	(47,841,223)	(4,396,031)	(52,237,254)

As of and for the year ended 12-31-2018	Financial Statements	Current Assets ThCh\$	Non-current Assets ThCh\$	Total Assets ThCh\$	Current Liabilities ThCh\$	Non-current Liabilities ThCh\$	Equity ThCh\$	Total Liabilities and Equity ThCh\$	Revenues ThCh\$	Costs ThCh\$	Profit (loss) ThCh\$	Other Comprehensive Income ThCh\$	Total Comprehensive Income ThCh\$
Empresa Eléctrica Pehuénche S.A.	Separate	51,279,432	179,693,183	230,972,615	44,459,385	46,238,191	140,275,039	230,972,615	162,768,187	(21,539,172)	93,679,208	—	93,679,208
Group GasAtacama Chile S.A. (*)	Consolidated	154,726,337	601,914,918	756,641,255	61,155,090	94,466,221	601,019,944	756,641,255	271,433,788	(94,746,409)	87,093,211	(5,273,886)	81,819,325

(\*) Merged into the Company as of October 1, 2019

## 39. SUBSEQUENT EVENTS

### Events after the reporting period (Enel Generación Chile)

On January 30, 2020, the World Health Organization (WHO) declared the outbreak of a novel Coronavirus 2019, or COVID-19, “Public Health Emergency of International Concern.” On March 11, 2020, the WHO confirmed that the outbreak of the COVID-19 has risen to the level of a pandemic, which could significantly affect Chile, as well as our trading partners inside and outside the country.

On March 18, 2020, to deal with this international public health emergency of COVID-19, President Sebastián Piñera decreed a state of emergency establishing numerous containment measures, essentially aimed at restricting the free movement of people, which include curfews, selective mandatory quarantines in affected areas, prohibition of mass gatherings and the temporary closure of companies and businesses, among other measures.

In this sense, the Group has issued guidelines aimed at ensuring compliance with the measures introduced by the government and taken numerous steps to adopt the most suitable procedures to prevent and/or mitigate the effects of contagion by COVID-19 in the workplace, while ensuring business continuity. This has been possible due to:

- the use of telecommuting for all employees whose jobs can be done remotely, an approach introduced some years ago that required investments in digitalization, allows our people to work remotely at the same level of efficiency and effectiveness;
- the digitization of processes and infrastructure, that ensure the normal operation of our assets, the continuity of electricity service and the remote management of all activities relating to the market and our relationship with customers.

Based on the information currently available, in a scenario of continuous evolution, regarding the spread of infections and the containment measures taken by government of Chile, it is not possible at this time to quantify the effects that the COVID-19 pandemic could have in our business. However, because our Group has a solid financial structure and a level of digitization that allows us to guarantee the continuity of operational activities with the same level of service, as of the date of presentation of this report, there is no evidence of a significant impact of COVID-19 on the Group.

## APPENDIX 1 GROUP COMPANIES

This appendix is part of Note 2.4, “Subsidiaries”. It presents the Group’s percentage of control in each subsidiary.

Taxpayer ID No.	Company	Functional Currency	% of control as of 12-31-2019			% of control as of 12-31-2018			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total			
96.504.980-0	Empresa Eléctrica Pehuenche S.A.	Chilean peso	92.65%	0.00%	92.65%	92.65%	0.00%	92.65%	Subsidiary	Chile	Complete electric energy cycle
96.830.980-3	GasAtacama Chile S.A.	Chilean peso	0.00%	0.00%	0.00%	97.37%	0.00%	97.37%	Subsidiary	Chile	Management of Companies
78.952.420-3	Gasoducto Atacama Argentina S.A.	Chilean peso	0.00%	0.00%	0.00%	0.03%	99.97%	100.00%	Subsidiary	Chile	Natural gas exploitation and transportation

(\*) Gasoducto Gasatagama Argentina S.A. was merged into Gasatagama Chile S.A. on September 1, 2019 with the latter is the surviving company. Subsequently, on October 1, 2019, Gasatagama Chile S.A. was merged into Enel Generación Chile agreed transaction approved by the Board of Directors of Enel Generación Chile S.A. on August 29, 2019. The transaction consisted of Enel Generación Chile S.A.’s acquisition of 2.63% of the shares in Gasatagama Chile S.A. held by Enel Chile S.A.. As a result, Enel Generación Chile S.A. became the owner of 100% of the shares in Gasatagama Chile S.A., absorbing it, through a merger, and becoming the surviving company.

## APPENDIX 2 ASSOCIATED COMPANIES AND JOINT VENTURES

This appendix is an integral part of Note 3.h “Investments accounted for using the equity method” .

Taxpayer ID No.	Company (in alphabetical order)	Functional currency	Ownership Interest as of 12-31-2019			Ownership Interest as of 12-31-2018			Relationship	Country	Activity
			Direct	Indirect	Total	Direct	Indirect	Total			
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chilean peso	50.00%	0.00%	50.00%	0.00%	50.00%	50.00%	Joint Venture	Chile	Electric energy transportation and distribution
76.418.940-K	GNL Chile S.A.	American Dollar	33.33%	0.00%	33.33%	33.33%	0.00%	33.33%	Associate	Chile	Promotion of liquefied natural gas supply project
Foreign	Enel Argentina S.A. (ex - Endesa Argentina S.A.)	Argentine Peso	0.08%	0.00%	0.08%	0.00%	0.08%	0.08%	Associate	Argentina	Portfolio company
76.041.595-5	Aysén Energía S.A. (2)	Chilean peso	0.00%	0.00%	0.00%	51.00%	0.00%	51.00%	Joint Venture	Chile	Hydroelectric plant development and operation
76.041.891-9	Aysén Transmisión S.A. (2)	Chilean peso	0.00%	0.00%	0.00%	51.00%	0.00%	51.00%	Joint Venture	Chile	Hydroelectric plant development and operation

(\* ) The companies Aysén Energía S.A. and Aysén Transmisión S.A. were liquidated as of June 24, 2019.



### APPENDIX 3 DETAIL OF ASSETS AND LIABILITIES IN FOREIGN CURRENCY

This appendix forms an integral part of the Group's financial statements. The detail of assets denominated in foreign currencies is the following:

ASSETS	12-31-2019					
	UF	Chilean Peso	Dollar	Euro	Argentine Peso	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThUS\$
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	-	679,471	5,191,174	520,420	7,096,519	13,487,584
Other current financial assets	-	163,975	-	-	-	163,975
Other current non-financial assets	-	7,588,980	-	-	-	7,588,980
Trade and other current receivables	-	208,325,320	769,099	83,593	-	209,178,012
Current accounts receivable from related parties	-	233,279,330	33,340,174	21,725,085	-	288,344,589
Inventories	-	29,674,090	-	-	-	29,674,090
Current tax assets	-	42,647,814	-	-	-	42,647,814
<b>TOTAL CURRENT ASSETS</b>	-	<b>522,358,980</b>	<b>39,300,447</b>	<b>22,329,098</b>	<b>7,096,519</b>	<b>591,085,044</b>
<b>NON-CURRENT ASSETS</b>						
Other non-current financial assets	-	7,189,429	-	-	-	7,189,429
Other non-current non-financial assets	-	14,845,654	-	-	-	14,845,654
Trade and other non-current receivables	-	82,929,822	-	-	-	82,929,822
Non-current accounts receivable from related parties	-	45,932,636	34,407,142	-	-	80,339,778
Investments accounted for using the equity method	-	7,911,342	-	-	-	7,911,342
Intangible assets other than goodwill	-	30,393,637	-	-	-	30,393,637
Goodwill	-	24,860,356	-	-	-	24,860,356
Property, plant and equipment	-	2,747,643,715	-	-	-	2,747,643,715
<b>TOTAL NON CURRENT ASSETS</b>	-	<b>2,961,706,591</b>	<b>34,407,142</b>	-	-	<b>2,996,113,733</b>
<b>TOTAL ASSETS</b>	-	<b>3,484,065,571</b>	<b>73,707,589</b>	<b>22,329,098</b>	<b>7,096,519</b>	<b>3,587,198,777</b>

ASSETS	12-31-2018					
	UF	Chilean Peso	Dollar	Euro	Argentine Peso	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThUS\$
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	-	137,208,062	8,670,454	53,596	6,057,793	151,989,905
Other current financial assets	-	447,236	38,117,291	-	-	38,564,527
Other current non-financial assets	-	8,950,756	969,768	917,718	-	10,838,242
Trade and other current receivables	-	239,394,990	-	-	30,517	239,425,507
Current accounts receivable from related parties	-	93,195,997	18,430,902	23,478,218	-	135,105,117
Inventories	-	43,770,781	-	-	-	43,770,781
Current tax assets	-	52,627,429	-	-	145,845	52,773,274
<b>TOTAL CURRENT ASSETS</b>	-	<b>575,595,251</b>	<b>66,188,415</b>	<b>24,449,532</b>	<b>6,234,155</b>	<b>672,467,353</b>
<b>NON-CURRENT ASSETS</b>						
Other non-current financial assets	-	2,326,484	36,086	-	-	2,362,570
Other non-current non-financial assets	-	12,275,188	52,108	-	218,003	12,545,299
Trade and other non-current receivables	-	1,135,383	-	-	21,255	1,156,638
Non-current accounts receivable from related parties	-	-	-	-	-	-
Investments accounted for using the equity method	-	12,826,892	-	-	-	12,826,892
Intangible assets other than goodwill	-	23,651,498	-	-	259,479	23,910,977
Goodwill	-	24,860,356	-	-	-	24,860,356
Property, plant and equipment	-	2,903,535,873	-	-	15,562,121	2,919,097,994
Investment property	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
<b>TOTAL NON CURRENT ASSETS</b>	-	<b>2,980,611,674</b>	<b>88,194</b>	-	<b>16,060,858</b>	<b>2,996,760,726</b>
<b>TOTAL ASSETS</b>	-	<b>3,556,206,925</b>	<b>66,276,609</b>	<b>24,449,532</b>	<b>22,295,013</b>	<b>3,669,228,079</b>

12-31-2019						
LIABILITIES	UF	Chilean Peso	Dollar	Euro	Argentine Peso	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThUS\$
<b>CURRENT LIABILITIES</b>						
Other current financial liabilities	33,068,422	4	63,267,141	-	-	96,335,567
Trade and other current payables	-	211,168,146	15,118,688	1,600,508	-	227,887,342
Current accounts payable to related parties	-	94,356,715	4,994,509	38,515,959	-	137,867,183
Other current provisions	-	3,619,734	-	-	-	3,619,734
Current tax liabilities	-	17,662,740	-	-	-	17,662,740
Other current non-financial liabilities	-	4,811,150	-	-	-	4,811,150
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,068,422</b>	<b>331,618,489</b>	<b>83,380,338</b>	<b>40,116,467</b>	<b>-</b>	<b>488,183,716</b>
<b>NON-CURRENT LIABILITIES</b>						
Other non-current financial liabilities	274,870,030	-	555,106,891	-	-	829,976,921
Trade and other non-current payables	-	2	-	-	-	2
Non-Current accounts payable to related parties	-	-	2,497,660	-	-	2,497,660
Other long-term provisions	-	143,448,085	-	-	-	143,448,085
Deferred tax liabilities	-	130,094,726	-	-	-	130,094,726
Non-current provisions for employee benefits	-	19,143,273	-	-	-	19,143,273
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>274,870,030</b>	<b>292,686,086</b>	<b>557,604,551</b>	<b>-</b>	<b>-</b>	<b>1,125,160,667</b>
<b>TOTAL LIABILITIES</b>	<b>307,938,452</b>	<b>624,304,575</b>	<b>640,984,889</b>	<b>40,116,467</b>	<b>-</b>	<b>1,613,344,383</b>

12-31-2018						
LIABILITIES	UF	Chilean Peso	Dollar	Euro	Argentine Peso	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThUS\$
<b>CURRENT LIABILITIES</b>						
Other current financial liabilities	32,142,094	-	93,208,450	-	-	125,350,544
Trade and other current payables	-	272,993,946	1,081,390	744,822	511,460	275,331,618
Current accounts payable to related parties	-	101,987,841	21,619,106	29,325,342	-	152,932,289
Other current provisions	-	5,158,200	-	-	24,667	5,182,867
Current tax liabilities	-	12,129,598	-	-	411,576	12,541,174
Other current non-financial liabilities	-	22,532,655	-	-	10,061	22,542,716
<b>TOTAL CURRENT LIABILITIES</b>	<b>32,142,094</b>	<b>414,802,240</b>	<b>115,908,946</b>	<b>30,070,164</b>	<b>957,764</b>	<b>593,881,208</b>
<b>NON-CURRENT LIABILITIES</b>						
Other non-current financial liabilities	297,118,434	-	502,694,791	-	-	799,813,225
Trade and other non-current payables	-	445,659	4,762	-	-	450,421
Non-Current accounts payable to related parties	-	-	-	-	-	-
Other long-term provisions	-	79,493,801	-	-	-	79,493,801
Deferred tax liabilities	-	183,487,402	-	-	-	183,487,402
Non-current provisions for employee benefits	-	14,610,975	-	-	-	14,610,975
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>297,118,434</b>	<b>278,037,837</b>	<b>502,699,553</b>	<b>-</b>	<b>-</b>	<b>1,077,855,824</b>
<b>TOTAL LIABILITIES</b>	<b>329,260,528</b>	<b>692,840,077</b>	<b>618,608,499</b>	<b>30,070,164</b>	<b>957,764</b>	<b>1,671,737,032</b>

APPENDIX 4 ADDITIONAL INFORMATION CIRCULAR No. 715 OF FEBRUARY 3, 2012

This appendix forms an integral part of the Group's consolidated financial statements.

a) Portfolio stratification

- Trade and other receivables by aging (original maturity):

12-31-2019												
Trade and Other Receivables	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	More than 251 days	Total Current	Total Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade receivables, gross	187,497,197	2,635,343	14,257	549,934	290,383	13,672	512,146	25,744	484,408	5,700,993	197,724,077	81,617,823
Allowance for doubtful accounts	—	—	—	—	—	—	—	—	—	(2,900,602)	(2,900,602)	—
Other receivables, gross	14,354,537	—	—	—	—	—	—	—	—	—	14,354,537	1,311,999
<b>Total</b>	<b>201,851,734</b>	<b>2,635,343</b>	<b>14,257</b>	<b>549,934</b>	<b>290,383</b>	<b>13,672</b>	<b>512,146</b>	<b>25,744</b>	<b>484,408</b>	<b>2,800,391</b>	<b>209,178,012</b>	<b>82,929,822</b>

Balance as of 12-31-2018												
Trade and Other Receivables	On demand	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-250 days	More than 251 days	Total Current	Total Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade receivables, gross	198,454,217	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	5,882,588	205,542,774	21,255
Allowance for doubtful accounts	—	—	—	—	—	—	—	—	—	(1,553,256)	(1,553,256)	—
Other receivables, gross	35,435,989	—	—	—	—	—	—	—	—	—	35,435,989	1,135,383
<b>Total</b>	<b>233,890,206</b>	<b>671,037</b>	<b>248,135</b>	<b>140,571</b>	<b>224</b>	<b>7,274</b>	<b>39,001</b>	<b>43,681</b>	<b>56,046</b>	<b>4,329,332</b>	<b>239,425,507</b>	<b>1,156,638</b>

– By type of portfolio:

Aging (original maturity) of balances of trade receivables	Non-renegotiated portfolio as of 12-31-2019		Renegotiated portfolio as of 12-31-2019		Total portfolio as of 12-31-2019		Non-renegotiated portfolio as of 12-31-2018		Renegotiated portfolio as of 12-31-2018		Total portfolio as of 12-31-2018	
	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$	Number of customers	Gross value ThCh\$
On demand and non-current	675	269,115,020	—	—	675	269,115,020	582	198,424,050	2	51,422	584	198,475,472
1 to 30 days	92	2,635,343	—	—	92	2,635,343	148	671,037	—	—	148	671,037
31 to 60 days	90	14,257	—	—	90	14,257	57	248,135	—	—	57	248,135
61 to 90 days	48	549,934	—	—	48	549,934	27	140,571	—	—	27	140,571
91 to 120 days	117	290,383	—	—	117	290,383	1	224	—	—	1	224
121 to 150 days	69	13,672	—	—	69	13,672	10	7,274	—	—	10	7,274
151 to 180 days	66	512,146	—	—	66	512,146	6	39,001	—	—	6	39,001
181 to 210 days	55	25,744	—	—	55	25,744	7	43,681	—	—	7	43,681
211 to 250 days	34	484,408	—	—	34	484,408	4	56,046	—	—	4	56,046
More than 251 days	489	5,700,993	—	—	489	5,700,993	354	5,882,588	—	—	354	5,882,588
<b>Total</b>	<b>1,735</b>	<b>279,341,900</b>	<b>—</b>	<b>—</b>	<b>1,735</b>	<b>279,341,900</b>	<b>1,196</b>	<b>205,512,607</b>	<b>2</b>	<b>51,422</b>	<b>1,198</b>	<b>205,564,029</b>

**b) Provisions and write-offs**

Provisions and Write-offs	For the year ended	
	12-31-2019 ThCh\$	12-31-2018 ThCh\$
Provision (recovery of provision) for non-renegotiated portfolio	1,347,346	79,911
Provision renegotiated portfolio	—	17,890
Write-offs during the period	—	3,099
<b>Total</b>	<b>1,347,346</b>	<b>100,900</b>

**c) Number and value of operations**

Number and Value of Operations	For the years ended			
	12-31-2019		12-31-2018	
	Last quarter	During the Year	Last quarter	During the Year
<b>Impairment provision and recoveries</b>				
Number of operations	1	2	1	3
Value of operations, in ThCh\$	—	1,347,346	—	100,900

## APPENDIX 4.1 SUPPLEMENTARY INFORMATION ON TRADE RECEIVABLES

This appendix forms an integral part of the Group's financial statements.

### a) Portfolio stratification

– Trade receivables by aging (original maturity):

Trade Receivables	Balance as of 12-31-2019											Total Current ThCh\$	Total Non-current ThCh\$
	On demand ThCh\$	1-30 days ThCh\$	31-60 days ThCh\$	61-90 days ThCh\$	91-120 days ThCh\$	121-150 days ThCh\$	151-180 days ThCh\$	181-210 days ThCh\$	211-250 days ThCh\$	251-365 days ThCh\$	More than 365 days ThCh\$		
<b>Generation and transmission receivables</b>	187,497,197	2,635,343	14,257	549,934	290,383	13,672	512,146	25,744	484,408	798,160	4,902,833	197,724,077	81,617,823
-Large customers	187,497,197	2,635,343	14,257	549,934	290,383	13,672	512,146	25,744	484,408	798,160	4,902,833	197,724,077	81,617,823
-Others	—	—	—	—	—	—	—	—	—	—	—	—	—
Allowance for doubtful Accounts	—	—	—	—	—	—	—	—	—	—	(2,900,602)	(2,900,602)	—
Unbilled services	—	—	—	—	—	—	—	—	—	—	—	—	—
Billed services	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total trade receivables, gross</b>	<b>187,497,197</b>	<b>2,635,343</b>	<b>14,257</b>	<b>549,934</b>	<b>290,383</b>	<b>13,672</b>	<b>512,146</b>	<b>25,744</b>	<b>484,408</b>	<b>798,160</b>	<b>4,902,833</b>	<b>197,724,077</b>	<b>81,617,823</b>
<b>Total allowance for doubtful accounts</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,900,602)</b>	<b>(2,900,602)</b>	<b>—</b>
<b>Total trade receivables, net</b>	<b>187,497,197</b>	<b>2,635,343</b>	<b>14,257</b>	<b>549,934</b>	<b>290,383</b>	<b>13,672</b>	<b>512,146</b>	<b>25,744</b>	<b>484,408</b>	<b>798,160</b>	<b>2,002,231</b>	<b>194,823,475</b>	<b>81,617,823</b>

Trade Receivables	Balance as of 12-31-2018											Total Current ThCh\$	Total Non-current ThCh\$
	On demand ThCh\$	1-30 days ThCh\$	31-60 days ThCh\$	61-90 days ThCh\$	91-120 days ThCh\$	121-150 days ThCh\$	151-180 days ThCh\$	181-210 days ThCh\$	211-250 days ThCh\$	251-365 days ThCh\$	More than 365 days ThCh\$		
<b>Generation and transmission receivables</b>	198,454,217	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	787,999	5,094,589	205,542,774	21,255
-Large customers	198,424,050	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	787,999	5,094,589	205,512,607	—
-Others	30,167	—	—	—	—	—	—	—	—	—	—	30,167	21,255
Allowance for doubtful Accounts	—	—	—	—	—	—	—	—	—	—	(1,553,256)	(1,553,256)	—
Unbilled services	165,128,644	—	—	—	—	—	—	—	—	—	—	165,128,644	—
Billed services	33,325,573	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	787,999	5,094,589	40,414,130	21,255
<b>Total trade receivables, gross</b>	<b>198,454,217</b>	<b>671,037</b>	<b>248,135</b>	<b>140,571</b>	<b>224</b>	<b>7,274</b>	<b>39,001</b>	<b>43,681</b>	<b>56,046</b>	<b>787,999</b>	<b>5,094,589</b>	<b>205,542,774</b>	<b>21,255</b>
<b>Total allowance for doubtful accounts</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,553,256)</b>	<b>(1,553,256)</b>	<b>—</b>
<b>Total trade receivables, net</b>	<b>198,454,217</b>	<b>671,037</b>	<b>248,135</b>	<b>140,571</b>	<b>224</b>	<b>7,274</b>	<b>39,001</b>	<b>43,681</b>	<b>56,046</b>	<b>787,999</b>	<b>3,541,333</b>	<b>203,989,518</b>	<b>21,255</b>

– By type of portfolio:

Balance as of 12-31-2019												
By Type of Portfolio	Up-to-date portfolio ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current Portfolio, gross ThCh\$	Total Non- Current Portfolio, gross ThCh\$
<b>GENERATION AND TRANSMISSION</b>												
<b>Non-renegotiated portfolio</b>	187,497,197	2,635,343	14,257	549,934	290,383	13,672	512,146	25,744	484,408	5,700,993	197,724,077	81,617,823
-Large customers	187,497,197	2,635,343	14,257	549,934	290,383	13,672	512,146	25,744	484,408	5,700,993	197,724,077	81,617,823
-Others	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total gross portfolio</b>	187,497,197	2,635,343	14,257	549,934	290,383	13,672	512,146	25,744	484,408	5,700,993	197,724,077	81,617,823

Balance as of 12-31-2018												
Portfolio type	Up-to-date portfolio ThCh\$	1-30 days in arrears ThCh\$	31-60 days in arrears ThCh\$	61-90 days in arrears ThCh\$	91-120 days in arrears ThCh\$	121-150 days in arrears ThCh\$	151-180 days in arrears ThCh\$	181-210 days in arrears ThCh\$	211-250 days in arrears ThCh\$	More than 251 days in arrears ThCh\$	Total Current Portfolio, gross ThCh\$	Total Non- Current Portfolio, gross ThCh\$
<b>GENERATION AND TRANSMISSION</b>												
<b>Generation and transmission</b>	198,454,217	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	5,882,588	205,542,774	—
-Large customers	198,424,050	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	5,882,588	205,512,607	—
-Others	30,167	—	—	—	—	—	—	—	—	—	30,167	—
<b>Total gross portfolio</b>	198,454,217	671,037	248,135	140,571	224	7,274	39,001	43,681	56,046	5,882,588	205,542,774	—

## APPENDIX 4.2 ESTIMATED SALES AND PURCHASES OF ENERGY AND CAPACITY

This appendix forms an integral part of the Group's consolidate financial statements.

Country	chile			
	12-31-2019		12-31-2018	
	Energy and Capacity	Tolls	Energy and Capacity	Tolls
STATEMENT OF FINANCIAL POSITION	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Current accounts receivable from related parties	74,269,074	2,589	29,859,410	3,122,150
Trade and other current receivables	64,404,444	7,767,884	68,899,106	24,547,426
<b>Total Estimated Assets</b>	<b>138,673,518</b>	<b>7,770,473</b>	<b>98,758,516</b>	<b>27,669,576</b>
Trade and other current payables to related parties	18,297,814	228,597	15,834,297	261,734
Trade and other current payables	9,658,260	7,166,421	2,675,704	13,626,518
<b>Total Estimated Liabilities</b>	<b>27,956,074</b>	<b>7,395,018</b>	<b>18,510,001</b>	<b>13,888,252</b>

## APPENDIX 5 DETAILS OF DUE DATES OF PAYMENTS TO SUPPLIERS

This appendix forms an integral part of the Group's consolidated financial statements.

Country	Chile					
	12-31-2019		12-31-2018		12-31-2017	
	Energy and Capacity ThCh\$	Tolls ThCh\$	Energy and Capacity ThCh\$	Tolls ThCh\$	Energy and Capacity ThCh\$	Tolls ThCh\$
<b>STATEMENT OF INCOME</b>						
Energy Sales	138,673,518	7,776,584	150,947,785	50,140,904	146,352,483	49,591,659
Energy Purchases	27,956,074	7,373,831	48,679,508	11,425,216	60,035,699	47,156,593

Due dates of payments to suppliers	12-31-2019				12-31-2018			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
On demand	80,078,456	124,772,032	—	204,850,488	12,198,153	229,044,692	—	241,242,845
31 to 60 days	—	—	—	—	436,324	9,162,556	—	9,598,880
61 to 90 days	—	—	—	—	—	—	—	—
91 to 120 days	—	—	—	—	—	—	—	—
121 to 365 days	—	—	—	—	—	—	—	—
More than 365 days	—	—	—	—	—	6,765	—	6,765
<b>Total</b>	<b>80,078,456</b>	<b>124,772,032</b>	<b>—</b>	<b>204,850,488</b>	<b>12,634,477</b>	<b>238,214,013</b>	<b>—</b>	<b>250,848,490</b>

EXPIRATION DETAIL	12-31-2019				12-31-2018			
	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$	Goods ThCh\$	Services ThCh\$	Other ThCh\$	Total ThCh\$
Suppliers for energy purchase	-	44,207,683	-	44,207,683	-	66,627,358	-	66,627,358
Suppliers for fuel and gas purchases	-	55,179,023	-	55,179,023	12,634,477	27,153,362	-	39,787,839
Accounts payable for goods and services	526,993	25,385,326	-	25,912,319	-	32,385,871	-	32,385,871
Accounts payable for asset purchases	79,551,463	-	-	79,551,463	-	112,047,422	-	112,047,422
<b>Totales</b>	<b>80,078,456</b>	<b>124,772,032</b>	<b>—</b>	<b>204,850,488</b>	<b>12,634,477</b>	<b>238,214,013</b>	<b>—</b>	<b>250,848,490</b>



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**BYLAWS (ESTATUTOS) OF ENEL GENERACIÓN CHILE S. A.**  
(Effective as of April 26, 2019)

**CHAPTER ONE**  
**Name, Registered Office and Duration**

**Article 1:** A corporation named “ENEL GENERACIÓN CHILE S.A.” is established, which shall be governed by these bylaws and, on those matters omitted, by other rules applicable to this type of corporation.

**Article 2:** The corporation’s registered office shall be in the city of Santiago, without prejudice to special offices registered in other parts of the country or abroad.

**Article 3:** The corporation shall have an indefinite duration.

**Article 4:** The corporation’s main purpose shall be to exploit the production, transportation, distribution and supply of electricity, with the ability to acquire, for these purposes, the respective concessions and grants. The corporation’s purpose will also be to render engineering consulting and corporate management services; acquire, design, construct, maintain and exploit civil or hydraulic infrastructure works directly related to public works concessions; manage its assets; invest, develop projects and carry out operations or activities in the energy field and in those activities or products related directly to energy; invest, develop projects and carry out operations or activities in industrial procedures in which electric energy is essential, determinant and has an intensive use.

Furthermore, the corporation may invest in real estate and financial assets, securities, stock and commercial paper in general, provided they are related to the corporation’s purpose, being able to acquire, manage and dispose of them.

In the fulfillment of its purpose, the corporation may act directly or through subsidiary or affiliate companies.

**CHAPTER TWO**  
**Capital and Shares**

**Article 5:** The subscribed and paid in capital of the corporation amounts to Ch\$ 552,777,320,871 divided into 8,201,754,580 nominative shares, all of the same series and with no par value, to be subscribed, and paid in the manner described in the First Transitory Article of these bylaws.

**Article 6:** The corporation shall keep a Shareholders Register, together with the number of shares held by each one of them, as well as other annotations as stated in Article 7 of Law 18,046 and its regulations. Only shareholders who are duly registered therein may exercise their rights as such.

The form of the share certificates, and their issuance, exchange, ineffectiveness, loss, replacement, transfer and other circumstances, shall be governed by the law and its provisions. The payment of the subscribed shares may be in cash or in other assets, whether tangible or intangible.

**CHAPTER THREE**  
**Management**

**Article 7:** The corporation shall be managed by a Board of Directors composed of five members, who may or may not be shareholders of the corporation.

**Article 8:** Directors shall serve for a term of three years at the end of which they may be reelected for additional terms indefinitely.

**Article 9:** The entire Board shall be reelected in its entirety every three years at the ordinary shareholders’ meeting. In the election of directors and all other elections made at such meetings, the shareholders shall have one vote per share owned or represented and they may accumulate such vote in favor of a person or distribute them as they wish,

consequentially electing those persons who, in the same and only vote, obtain the greatest number of votes until all available vacancies are filled.

The provisions of the preceding paragraph do not prevent the shareholders in the meeting with voting rights to unanimously agree to omit voting by ballot and proceed with the elections by acclamation.

**Article 10:** The minutes containing the election of the directors shall also contain a description of the shareholders that attended the meeting, the specification of the number of shares voted by each of them or represented by proxy, and the result of the voting.

**Article 11:** In the event of the death, resignation, bankruptcy, incompatibilities or limitations or other impossibility that disqualifies a director from performing his/her functions or makes him/her cease in them, the Board shall be elected at the next ordinary shareholders' meeting to be held by the corporation. In the meantime, the Board may appoint a replacement to fill the vacancy.

**Article 12:** The Board may be removed as a whole before the expiration of its term by resolution of an ordinary or extraordinary shareholders' meeting, in which case, the shareholders shall proceed to appoint a new Board. Accordingly, the replacement of less than all of its members shall not be permitted.

**Article 13:** At the first meeting of the Board following the ordinary shareholders' meeting at which it was elected, the Board shall elect a Chairman. The Chief Executive Officer of the corporation or a person expressly appointed by the Board, will act as Secretary.

**Article 14:** Board meetings may be ordinary or extraordinary. Ordinary meetings shall be held once every month, on the dates that the Board itself shall determine. Extraordinary meetings shall be held when called by the Chairman or at the request of one or more directors, in which case prior evaluation of the Chairman as to the need of holding such a meeting is required, except where the meeting is requested by the absolute majority of the directors.

In the extraordinary meetings, directors shall only discuss the matters specifically set out in the notice.

**Article 15:** The required quorum for a Board meeting is an absolute majority of directors. Decisions shall be taken by the absolute majority of the directors at the meeting except for matters that require a greater majority, as provided by law or these bylaws. In the event of a tied vote, the Chairman of the meeting shall have the deciding vote.

**Article 16:** Deleted.

**Article 17:** The deliberations and resolutions of the Board shall be documented in a special minute book, which shall be signed on each occasion by the directors who attended the meeting. Should any of them die or be unavailable for any reason to sign the corresponding minutes, a note shall be made of such impediment at the end of the minutes. The minutes shall be deemed to be approved as of the moment they are signed by the aforementioned persons and the resolutions adopted therein may be put into effect immediately. In any event, the unanimous agreement of the directors present at the meeting may resolve that the adopted resolutions take effect immediately, without waiting for the approval of the respective minutes. This determination shall be evidenced in a document containing the resolution adopted and signed by all of the directors.

**Article 18:** If a director intends to be released from any liability arising from any of the Board's acts or resolutions, the director's objections shall be recorded in the minutes and the Chairman shall inform the shareholders of this opposition at the next ordinary shareholders' meeting.

**Article 19:** The directors shall be remunerated for their service and their compensation shall be set annually at the ordinary shareholders' meeting. The Chairman shall be entitled to double what is paid to each Director.

**Article 20:** The Board represents the corporation, judicially and extra-judicially, for the fulfillment of its corporate purpose, a fact which is not required to be demonstrated to third parties, and it shall have all powers of administration and disposal that the law or these bylaws do not exclusively reserve for the shareholders' meeting,

without the need for a special power of attorney, even for those acts or contracts for which the law demands such authorization. This is without prejudice to the powers that correspond to the corporation's Chief Executive Officer.

**Article 21:** The duties of a director may not be delegated and shall be exercised collectively at a legally constituted meeting.

The Board may delegate part of its powers to managers, senior executives, assistant managers or legal counsels of the corporation, to the Chairman, a director or a committee of directors and, for specially determined purposes, to other persons.

The corporation shall maintain a public record indicating its Chairman, directors, managers, senior executives and liquidators, specifying the dates of the beginning and end of their appointments.

The corporation shall have a Chief Executive Officer who shall be appointed by the Board of Directors and shall be granted all the powers of a commercial agent and those expressly agreed by the Board of Directors. The position of Chief Executive Officer is incompatible with that of Chairman, director, auditor or accountant of the corporation.

#### **CHAPTER FOUR**

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**Article 22:** Deleted.

**Article 23:** Deleted.

**Article 24:** Deleted.

**Article 25:** Deleted.

**Article 26:** Deleted.

**Article 27:** Deleted.

**Article 28:** Deleted.

**Article 29:** Deleted.

**Article 30:** Deleted.

**Article 31:** Deleted.

**Article 32:** Deleted.

**Article 33:** Deleted.

**CHAPTER FIVE**  
**Shareholders' Meetings**

**Article 34:** The shareholders shall meet at ordinary or extraordinary meetings. The ordinary meetings shall be held once within the first four months of each year to resolve matters reserved exclusively for their consideration with no need to expressly state such agenda in the corresponding notice.

The extraordinary meetings may be held at any time as may be required by corporate needs, in order to resolve on any matter which the law or these bylaws reserve for the consideration of shareholders' meetings, provided such matters are expressly stated in the corresponding notice.

Notice of ordinary and extraordinary meetings shall not be necessary when all validly issued shares are represented at the respective meeting. When an extraordinary meeting is to decide on matters in the competence of an ordinary meeting, its operation and agreement shall be subject, as appropriate, to the quorums applicable to an ordinary meeting.

**Article 35:** The following are matters for an ordinary shareholders' meeting:

- a) Review of the corporation's financial situation and the reports of the management's account inspectors and the approval or rejection of the annual report, balance sheet, financial statements and reports presented by the Board or the corporation's liquidators;
- b) The distribution of the profits of each financial year and, especially, the distribution of dividends;
- c) The appointment or replacement of the members of the Board, the liquidators and the management's account inspectors;
- d) Determining the Board's compensation; and
- e) Any other matter related with the interests and operation of the corporation, except for matters that should be considered at an extraordinary shareholders' meeting in accordance with the law and these bylaws.

**Article 36:** The following matters are reserved for the extraordinary shareholders' meetings:

- a) The dissolution of the corporation;
- b) The transformation, merger or division of the corporation and the amendment of its bylaws;
- c) The issuance of bonds or debentures convertible into shares;
- d) The disposal of the assets of the corporation in the terms set out in No. 9 of Article 67 of Law 18,046;
- e) The granting of real or personal guarantees to secure obligations of third parties, unless these are subsidiaries, in which case the approval of the Board shall be sufficient; and
- f) Other matters which by law or these bylaws are reserved for the consideration or competence of shareholders' meetings.

The matters mentioned in letters a), b), c) and d) above may only be agreed upon at meetings held before a Notary, who shall certify that the minutes faithfully record what occurred and was agreed at the meeting.

**Article 37:** The shareholders' meetings shall be called by the Board of the corporation. The Board must call:

- 1. Ordinary shareholders' meetings, with the purpose to evaluate all the matters of its competence;
- 2. Extraordinary shareholders' meetings as long as, in its opinion, the interests of the corporation so justify it;

3. Ordinary or extraordinary shareholders' meetings, as the case may be, when requested by a number of shareholders representing at least 10% of the issued shares with voting rights, stating the matters to be discussed at the meeting in the respective request;
4. Ordinary or extraordinary shareholders' meetings, as the case may be, when required by the Superintendence of Securities and Insurance, notwithstanding its authority to call the meeting directly.

Meetings called by requirement of the shareholders or the Superintendence must be held within 30 days of the date of the respective request.

**Article 38:** The notice for shareholders' meetings, both ordinary or extraordinary, shall be published on at least three different days in the newspaper where the registered office is located, as determined by the meeting, in the form and conditions established in the regulations.

A notification should also be sent to every shareholder at least fifteen days prior to the date of the meeting which shall contain a reference to the matters to be discussed at the meeting and an indication of the appropriate method to obtain full copies of the documents justifying the opinions submitted for their vote, which must also be made available to shareholders on the web site of the corporation.

**Article 39:** Both ordinary and extraordinary meetings shall be validly constituted on the first notification with the presence of holders of at least the absolute majority of the outstanding issued shares with voting rights and, on the second notification, with those shares present or represented, whatever their number, and resolutions shall be adopted by the absolute majority of the shares with voting rights present or represented, subject to the special majorities required by the law and these bylaws.

Notices for second notification of meetings may only be published after the meeting subject to the first notification has failed to convene. In any event, the meeting subject to the second notification shall be held within forty-five days of the date set for the holding of the original meeting. The meetings shall be chaired by the Chairman of the Board of Directors or by whomever is acting as the Chairman of the Board of Directors and the Secretary of the Board of Directors of the corporation will act as Secretary of the meeting, where there is one, with the Chief Executive Officer, as the Secretary's alternate.

**Article 40:** Only the holders of shares duly recorded in the Shareholder Register five business days prior to the date on which the respective meeting is to be held, may participate in such meeting and exercise their rights to vote and speak.

Each shareholder shall have the right to one vote for each share held or represented.

Shareholders may be represented at meetings by another person, whether or not he/she is a shareholder. The shareholder's proxy shall be granted in writing in the form and conditions contemplated in the law and regulations.

The qualification of the proxies shall take place as established by the law and regulations.

**Article 41:** The shareholders attending the meetings shall sign an attendance sheet, indicating, below their signature, the number of shares they hold, the number of shares they are representing at the meeting and the name of the shareholders they represent.

**Article 42:** Deleted.

**Article 43:** The meeting shall annually appoint an external auditing firm governed by Chapter XXVIII of Law 18,045 to examine the accounting, inventory, balance sheet and other financial statements of the corporation, which shall have the obligation to report in writing, at the next ordinary shareholders' meeting, the fulfillment of its mandate.

## **CHAPTER SIX**

### **Balance Sheet and Distribution of profits**

**Article 44:** The financial year shall end on December 31 of each year and a general balance sheet shall be prepared of the assets and liabilities of the Corporation. The balance sheet must express the new capital value of the corporation and the shares, in accordance with the law.

The Board must submit to the consideration of the ordinary shareholders' meeting, together with an annual report of the corporation's financial position, the general balance sheet along with the profit and loss statement and the report filed by the external auditors. All these documents must clearly reflect the corporation's equity at the end of the respective financial year.

On a date no later than the first call of the ordinary shareholders' meeting, the Board shall make available to each of the shareholders registered in the respective Register, a copy of the corporation's Balance Sheet and Annual Report, including the opinion of the inspectors and their respective notes.

If the balance sheet and profit and loss statement are modified by the meeting, such amendments, where pertinent, shall be made available to shareholders within fifteen days following the date of the meeting.

The General Balance Sheet and the profit and loss statement, duly audited, and other information required by the Superintendence of Securities and Insurance, shall be published once, in a widely-circulating newspaper in the place of the registered office, not less than ten or more than twenty days prior to the date of holding the meeting that will pronounce on the same, notwithstanding their publication on the web site of the corporation.

Moreover, the documents mentioned in the previous paragraph must be submitted within the same term to the Superintendence of Securities and Insurance, in the number of copies that the latter may require.

Should the balance sheet and profit and loss statement be altered by the meeting, the amendments must be published in the same newspaper in which such documents were published, within fifteen days of the date of the meeting.

The annual report, balance sheet, inventory, minutes, books and reports of the inspectors shall be available to shareholders for their examination in the registered offices of the corporation during the fifteen days prior to the date for holding the meeting.

During the period indicated in the preceding paragraph, the shareholders will have the right to examine the same documents of the subsidiaries, in the manner, term and conditions set out in the regulation.

Updated copies of the bylaws and an updated list of the shareholders of the company, in the terms and conditions set out in article 7 of Law 18,046, shall be held available to shareholders at the registered office, as well as on the web site of the corporation.

**Article 45:** The dividends shall be paid exclusively against the net profits for the year, or against the retained profits arising from previous balances approved by the shareholders' meeting.

If the corporation has accrued losses, the profits obtained in the year shall first be applied to absorb such losses.

Should there be losses in an exercise, these shall be combined with the retained profits, if any.

**Article 46:** A cash dividend shall be distributed annually to the shareholders, pro rata to their shares, of an amount of at least 30% of the net profits obtained in each financial year, unless a different resolution is adopted unanimously at the shareholders' meeting.

### **CHAPTER SEVEN** **Dissolution and Winding-up**

**Article 47:** The dissolution of the corporation will be assessed in the cases provided by the Law.

**Article 48:** Following the dissolution of the corporation, the winding up shall proceed through a Liquidation Committee composed of three members, appointed at the shareholders' meeting, which shall determine their powers, duties, compensation and term.

**CHAPTER EIGHT**  
**Arbitration**

**Article 49:** Any dispute arising between the shareholders as such, or between them and the corporation or its officers, either during its existence or during or its winding-up, shall be resolved by an arbitrator, who shall be appointed by mutual agreement of both parties and shall exercise the role as arbitrator in such a proceeding and must decide according to law. If the parties cannot agree on such appointment, the Common Courts may appoint an arbitrator at the request of either of the parties, in which case the appointment must from among attorneys who are chaired professors of Civil, Commercial or Economic Law at the *Universidad de Chile* or *Universidad Católica de Chile* in Santiago. Notwithstanding the foregoing, in the event of a conflict, the plaintiff may withdraw the matter from the arbitrator's jurisdiction and proceed to submit the dispute to the Common Courts, a right that may not be exercised by directors, managers, administrators and senior executives of the corporation nor by shareholders that individually hold, directly or indirectly, shares whose book or market value exceeds 5,000 *Unidades de Fomento*, according to the value of this unit on the date the claim is filed.

**Article 50:** The corporation will be subject to Resolution No. 667 of the Honorable Resolution Commission (the former antitrust authority), dated as of October 30, 2002, on the understanding that the restrictions it contemplates will not apply to the corporation in respect of Endesa Américas S.A.

**TRANSITORY ARTICLES**

**First Transitory Article:** The corporation's capital amounts to a total of Ch\$ 552,777,320,871, divided into 8,201,754,580 nominative shares, all of the same series and without par value, which have been fully subscribed and paid for prior to the date of these bylaws.



**DESCRIPTION OF SECURITIES REGISTERED  
UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**I. Description of Share Capital**

Enel Generación Chile S.A., formerly known as Empresa Nacional de Electricidad S.A. (“Enel Generación” or the “Company”) is an open stock corporation organized under the laws of the Republic of Chile.

Set forth below is certain information concerning the Company’s share capital and a brief summary of certain significant provisions of Chilean law and the Company’s bylaws.

**General**

Shareholders’ rights in Chilean companies are governed by the company’s bylaws (estatutos), which have the same purpose as the articles or the certificate of incorporation and the bylaws of a company incorporated in the United States, and by the Chilean Corporations Law (Law No. 18,046). Since April 2019, the Company’s bylaws no longer refer to D.L. 3500, or the Pension Fund System Law. In accordance with the Chilean Corporations Law, legal actions by shareholders to enforce their rights as shareholders of the company must be brought in Chile in arbitration proceedings or, at the option of the plaintiff, before Chilean courts. Members of the Board of Directors, managers, officers and principal executives of the company, or shareholders that individually own shares with a book value or stock value higher than UF 5,000 (Ch\$ 142 million as of December 31, 2019) do not have the option to bring the procedure to the courts.

The Chilean securities markets are principally regulated by the *Comisión para el Mercado Financiero* (the “CMF”) under the Securities Market Law (Law No. 18,045) and the Chilean Corporations Law. These two laws state the disclosure requirements, restrictions on insider trading and price manipulation, and provide protection to minority shareholders. The Securities Market Law sets forth requirements for public offerings, stock exchanges and brokers, and outlines disclosure requirements for companies that issue publicly offered securities. The Chilean Corporations Law and the Securities Market Law, both as amended, state rules regarding takeovers, tender offers, transactions with related parties, qualified majorities, share repurchases, directors’ committees, independent directors, stock options and derivative actions.

**Public Register**

Enel Generación is a publicly held stock corporation incorporated under the laws of Chile. The Company was incorporated by public deed issued on December 1, 1943, by the Santiago Notary Public, Mr. Luciano Hiriart C. The Company’s existence and bylaws were approved by Decree 97 of the Ministry of Finance on January 3, 1944. An excerpt of the bylaws was registered on page 61 No. 62, and the Decree was registered on page 65 (vuelta) No. 63 of the Commercial Register (*Registro de Comercio del Conservador de Bienes Raíces y Comercio*

*de Santiago*), on January 17, 1944. The Company is registered with the CMF under the entry number 0114. The Company was also registered with the United States Securities and Exchange Commission under the commission file number 001-13240 on July 26, 1994.

### **Corporate Objectives and Purposes**

Article 4 of the Company's bylaws states that the Company's corporate objectives and purposes are, among other things, to engage in the production, transportation, distribution and supply of electric power, as well as to provide engineering consulting services, whether directly or through other companies.

### **Board of Directors**

Since the date of the Company's General Shareholders' Meeting ("GSM") held on April 26, 2019, the Board of Directors has consisted of five members appointed by the shareholders at the GSM for a three-year term, at the end of which they will be re-elected or replaced.

The five directors elected at the GSM are the five individual nominees who receive the highest majority of the votes. Each shareholder may vote his shares in favor of one nominee or may apportion his shares among any number of nominees.

The effect of these voting provisions is to ensure that a shareholder owning at least one sixth of the Company's shares is guaranteed to be able to elect a member of the Board. Depending on the distribution of the rest of the votes at the GSM, a director may in some cases be elected with the votes of less than one sixth of the Company's shares. This number is derived from the reciprocal of the number of directors plus one. In the Company's case, there are five directors, and the reciprocal of six is one sixth.

The compensation of the directors is established annually at the GSM.

Agreements entered into by the Company with related parties can only be executed when such agreements serve the Company's interest, and their price, terms and conditions are consistent with prevailing market conditions at the time of their approval and comply with all the requirements and procedures indicated in Article 147 of the Chilean Corporations Law.

### **Certain Powers of the Board of Directors**

The Company's bylaws do not contain provisions related to:

- the directors' power, in the absence of an independent quorum, to vote on compensation for themselves or any members of their body;
- borrowing powers exercisable by the directors and how such borrowing powers can be changed;
- retirement or non-retirement of directors under an age limit requirement; or

- number of shares, if any, required for directors' qualification.

### **Certain Provisions Regarding Shareholder Rights**

As of the date of this Report, the Company's capital is comprised of only one class of shares, all of which are common shares and have the same rights.

The Company's bylaws do not contain any provisions related to:

- redemption provisions;
- sinking funds; or
- liability for capital reductions by the Company.

Under Chilean law, the rights of the Company's shareholders may only be modified by an amendment to the bylaws that complies with the requirements explained below under "Shareholders' Meetings and Voting Rights".

### **Capitalization**

Under Chilean law, only the shareholders of a company acting at an Extraordinary Shareholders' Meeting ("ESM") have the power to authorize a capital increase. When an investor subscribes shares, these are officially issued and registered under his name, and the subscriber is treated as a shareholder for all purposes, except receipt of dividends and for return of capital in the event that the shares have been subscribed but not paid for. The subscriber becomes eligible to receive dividends only for the shares that he has actually paid for or, if the subscriber has paid for only a portion of such shares, the pro rata portion of the dividends declared with respect to such shares unless the company's bylaws provide otherwise. If a subscriber does not fully pay for shares for which the subscriber has subscribed on or prior to the date agreed upon for payment, notwithstanding the actions intended by the company to collect payment, the company is entitled to auction on the stock exchange where such shares are traded, for the account and risk of the debtor, the number of shares held by the debtor necessary for the company to pay the outstanding balances and disposal expenses. However, until such shares are sold at auction, the subscriber continues to hold all the rights of a shareholder, except the right to receive dividends and return of capital. The Chief Executive Officer, or the person replacing him, will reduce the number of shares in the name of the debtor shareholder in the shareholders' register to the number of shares that remain, deducting the shares sold by the company and settling the debt in the amount necessary to cover the result of such disposal after the expenses.

When there are authorized and issued shares for which full payment has not been made within the period fixed by shareholders at the same ESM at which the subscription was authorized (which may not exceed three years from the date of such meeting, unless a stock option plan is approved, in which case the period to pay for the shares under such plan may be up to five years), these shall be reduced in the non-subscribed amount until that date. With respect to the shares subscribed and not paid following the term mentioned above, the Board must proceed to collect payment, unless the shareholders' meeting authorizes the Board not to do so

(by two-thirds of the voting shares), in which case the capital shall be reduced by force of law to the amount effectively paid. Once collection actions have been exhausted, the Board should propose to the shareholders' meeting the approval by simple majority of the write-off of the outstanding balance and the reduction of capital to the amount effectively collected.

As of December 31, 2019, the Company's subscribed and fully paid capital totaled Ch\$ 553 billion and consisted of 8,201,754,580 shares.

### **Preemptive Rights and Increases of Share Capital**

With the exception of capital increases needed to carry out a merger, Chilean law requires Chilean publicly held stock corporations to grant shareholders preemptive rights to purchase a sufficient number of shares, or any other securities convertible into shares or that confer future rights over shares, to maintain their existing ownership percentage of such company whenever such company issues new shares, or any other securities convertible into shares or that confer future rights over shares.

Under Chilean law, preemptive rights are exercisable or freely transferable by shareholders during a 30-day period. The options to subscribe for shares in capital increases of the company or of any other securities convertible into shares or that confer future rights over these shares, should be offered, at least once, to the shareholders pro rata based on the number of shares held registered in their name at midnight on the fifth business day prior to the date of the start of the preemptive rights period. The preemptive rights offering and the start of the 30-day period for exercising them shall be communicated through the publication of a prominent notice, at least once, in the newspaper used for notifications of shareholders' meetings. During such 30-day period, and for an additional period of at least 30 days immediately following the initial 30-day period, if any, publicly held stock corporations are not permitted to offer any unsubscribed shares to third parties on terms that are more favorable than those offered to their shareholders. At the end of the second 30-day period, a Chilean publicly held stock corporation is authorized to sell unsubscribed shares to third parties on any terms, provided they are sold on one of the Chilean stock exchanges.

### **Shareholders' Meetings and Voting Rights**

A GSM must be held within the first four months following the end of the Company's fiscal year. An ESM may be summoned by the Board of Directors when deemed appropriate, an ESM or GSM, as the case may be, must be summoned when requested by shareholders representing at least 10% of the issued shares with voting rights, or by the CMF. To convene a GSM or an ESM, notice must be given three times in a newspaper located in the Company's corporate domicile. The newspaper designated by the Company's shareholders is *El Mercurio de Santiago*. The first notice must be published not less than 15 days and no more than 20 days in advance of the scheduled meeting. Notice must also be mailed to each shareholder, the CMF and the Chilean stock exchanges.

The GSM is held on the day stated in the notice and should remain in session until having exhausted all the matters stated in the notice. However, once constituted, upon the proposal of

the chairman or shareholders representing at least 10% of the shares with voting rights, the majority of the shareholders present may agree to suspend it and to continue it within the same day and place, with no new constitution of the meeting or qualification of powers being necessary, recorded in one set of minutes. Only those shareholders who were present or represented may attend the recommencement of the meeting with voting rights.

Under Chilean law, a quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing at least a majority of the issued shares with voting rights of a company. If a quorum is not present at the first meeting, a reconvened meeting can take place at which the shareholders present are deemed to constitute a quorum regardless of the percentage of the shares represented. This second meeting must take place within 45 days following the scheduled date for the first meeting. Shareholders' meetings adopt resolutions by the affirmative vote of a majority of those shares present or represented at the meeting, unless a higher majority is required, as described below.

Regardless of the quorum present, the vote required to adopt any of the following actions is at least two-thirds of the outstanding shares with voting rights at an ESM called to approve these matters:

- a transformation of the company into a form other than a publicly held stock corporation under the Chilean Corporations Law, a merger or split-up of the company;
- an amendment to the term of duration or early dissolution of the company;
- a change in the company's domicile;
- a decrease of corporate capital;
- an approval of capital contributions in kind and non-monetary assessments;
- a modification of the authority reserved to shareholders or limitations on the Board of Directors;
- a reduction in the number of members of the Board of Directors;
- a disposition of 50% or more of the assets of the company, whether it includes disposition of liabilities or not, as well as the approval or the amendment of the business plan that contemplates the disposition of assets in an amount greater than such percentage;
- the disposition of 50% or more of the assets of a subsidiary, as long as such subsidiary represents at least 20% of the assets of the corporation, as well as any disposition of its shares which results in the parent company losing its position as controlling shareholder;
- the form of distributing corporate benefits;

- issue of guarantees for third-party liabilities which exceed 50% of the assets, except when the third party is a subsidiary of the company, in which case approval of the Board of Directors is deemed sufficient;
- the purchase of the company's own shares;
- other actions established by the bylaws or the laws;
- certain remedies for the nullification of the company's bylaws;
- inclusion in the bylaws of the right to purchase shares from minority shareholders, when the controlling shareholders reaches 95% of the company's shares by means of a tender offer for all of the company's shares, where at least 15% of the shares have been acquired from unrelated shareholders; and
- approval or ratification of acts or contracts with related parties.

Bylaw amendments for the creation of a new class of shares, or an amendment to or an elimination of those classes of shares that already exist, must be approved by at least two-thirds of the outstanding shares of the affected series.

Chilean law does not require a publicly held stock corporation to provide its shareholders the same level and type of information required by the U.S. securities laws regarding the solicitation of proxies. However, shareholders are entitled to examine the financial statements and corporate books of a publicly held stock corporation and its subsidiaries within the 15-day period before its scheduled shareholders' meetings. Under Chilean law, a notice of a shareholders meeting listing matters to be addressed at the meeting must be mailed at least 15 days prior to the date of such meeting, indicating how to complete copies of the documents that support the matters submitted for voting can be obtained, which must also be made available to shareholders on the Company's website. In the case of an GSM, the Company's annual report of activities, which includes audited financial statements, must also be made available to shareholders and published on the Company's website at: [www.enelgeneracion.cl](http://www.enelgeneracion.cl).

The Chilean Corporations Law provides that, upon the request by the Directors' Committee or by shareholders representing at least 10% of the issued shares with voting rights, a Chilean company's annual report must include, in addition to the materials provided by the Board of Directors to shareholders, such shareholders' comments and proposals in relation to the company's affairs. In accordance with Article 136 of the Chilean Corporations Regulation (*Reglamento de Sociedades Anónimas*), the shareholder(s) holding or representing at least 10% of the shares issued with voting rights may:

- make comments and proposals relating to the progress of the corporate businesses in the corresponding year, no shareholder being able to make individually or jointly more than one presentation. These observations should be presented in writing to the company concisely, responsibly and respectfully, and the respective shareholder(s) should state their willingness for these to be included as an appendix

to the annual report. The Board shall include in an appendix to the annual report of the year a faithful summary of the pertinent comments and proposals the interested parties had made, provided they are presented during the year or within 30 days after its ending; or

- make comments and proposals on matters that the Board submits for the knowledge or voting of the shareholders. The Board shall include a faithful summary of those comments and proposals in all information it sends to shareholders, provided the shareholders' proposal is received at the offices of the company at least 10 days prior to the date of dispatch of the information by the company.

The shareholders should present their comments and proposals to the company, expressing their willingness for these to be included in the appendix to the respective annual report or in information sent to shareholders, as the case may be. The observations referred to in Article 136 may be made separately by each shareholder holding at least 10% of the shares issued with voting rights or shareholders who together hold that percentage, who should act as one.

Similarly, the Chilean Corporations Law provides that whenever the Board of Directors of a publicly held stock corporation convenes an GSM or ESM and solicits proxies for the meeting, or circulates information supporting its decisions or other similar material, it is obligated to include the pertinent comments and proposals that may have been made by the Directors' Committee or by shareholders owning at least 10% of the shares with voting rights who request that such comments and proposals be so included.

Only shareholders registered as such with the Company as of midnight on the fifth business day prior to the date of a meeting are entitled to attend and vote their shares. A shareholder may appoint another individual, who does not need to be a shareholder, as his proxy to attend the meeting and vote on his behalf. Proxies for such representation shall be given for all the shares held by the owner. The proxy may contain specific instructions to approve, reject, or abstain with respect to any of the matters submitted for voting at the meeting and which were included in the notice. Every shareholder entitled to attend and vote at a shareholders' meeting shall have one vote for every share subscribed.

There are no limitations imposed by Chilean law or the Company's bylaws on the right of nonresidents or foreigners to hold or vote shares of common stock. However, the registered holder of the shares of Enel Generación common stock represented by American Depositary Shares ("ADSs"), and evidenced by outstanding ADSs, is the custodian of the depositary, currently Banco Santander-Chile, or any successor thereto. Accordingly, holders of ADSs are not entitled to receive notice of meetings of shareholders directly or to vote the underlying shares of common stock represented by ADS directly. The Deposit Agreement contains provisions pursuant to which the Depositary has agreed to request instructions from registered holders of ADSs as to the exercise of the voting rights pertaining to the shares of Enel Generación common stock represented by the ADSs. Subject to compliance with the requirements of the Deposit Agreement and receipt of such instructions, the depositary has agreed to endeavor, insofar as practicable and permitted under Chilean law and the provisions of the bylaws, to vote or cause to be voted (or grant a discretionary proxy to the Chairman of the Board of Directors or to a person

designated by the Chairman of the Board of Directors to vote) the shares of Enel Generación common stock represented by the ADSs in accordance with any such instruction. The Depositary shall not itself exercise any voting discretion over any shares of Enel Generación common stock underlying ADSs. If no voting instructions are received by the Depositary from a holder of ADSs with respect to the shares of Enel Generación common stock represented by the ADSs, on or before the date established by the Depositary for such purpose, the shares of Enel Generación common stock represented by the ADSs, may, in some situations, be voted in the manner directed by the Chairman of the Board, or by a person designated by the Chairman of the Board, subject to limitations set forth in the Deposit Agreement.

## **Dividends and Liquidation Rights**

According to the Chilean Corporations Law, unless otherwise decided by unanimous vote of its issued shares eligible to vote, all publicly held stock corporations must distribute a cash dividend in an amount equal to at least 30% of their consolidated net income, unless and except to the extent the Company have carried forward losses. The law provides that the Board of Directors must agree to the dividend policy and inform such policy to the shareholders at the GSM.

For any dividend in excess of 30% of net income, a publicly held stock corporation may grant an option to its shareholders to receive those dividends in cash, or in shares issued by such publicly held stock corporation or in shares of publicly held corporations owned by such company. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash.

Dividends, which are declared but not paid within the appropriate time period set forth in the Chilean Corporations Law (30 days after declaration for minimum dividends, and the date set for payment at the time of declaration for additional dividends) are adjusted to reflect the change in the value of the UF from the date set for payment to the date such dividends are actually paid. Such dividends also accrue interest at the then-prevailing rate for UF-denominated deposits during such period. The right to receive a dividend lapses if it is not claimed within five years from the date such dividend is payable. Payments not collected in such period are transferred to the volunteer fire department.

In the event of the Company's liquidation, the shareholders would participate in the assets available in proportion to the number of paid-in shares held by them, after payment to all creditors.

## **Approval of Financial Statements**

The Board of Directors is required to submit the Company's consolidated financial statements to the shareholders annually for their approval. If the shareholders at the shareholders' meeting reject the financial statements by a vote of a majority of shares present (in person or by proxy), the Board of Directors must submit new financial statements no later than 60 days from the date of such meeting. If the shareholders reject the new financial statements, the entire Board of Directors is deemed removed from office and a new board is elected at the same meeting.



Directors who individually approved such financial statements are disqualified for reelection for the following period. The Company's shareholders have never rejected the financial statements presented by the Board of Directors.

### **Change of Control**

The Capital Markets Law establishes a comprehensive regulation related to tender offers. The law defines a tender offer as the offer to purchase shares of companies that publicly offer their shares or convertible securities and which offer is made to shareholders to purchase their shares under conditions that allow the bidder to reach a certain percentage of ownership of the company within a fixed period. These provisions apply to both voluntary and hostile tender offers.

### **Acquisition of Shares**

No provision in the Company's bylaws discriminates against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares. Additionally, the Company's bylaws do not establish any ownership limit applicable to any shareholder.

### **Reporting Requirements Regarding Acquisition or Sale of Shares**

Under Article 12 of the Securities Market Law and General Rule No. 269 of the CMF, certain information regarding transactions in shares of a publicly held stock corporation or in contracts or securities whose price or financial results depend on, or are conditioned in whole or in a significant part on the price of such shares, must be reported to the CMF and the Chilean stock exchanges. Since ADSs are deemed to represent the shares of common stock underlying the ADSs, transactions in ADSs will be subject to these reporting requirements and those established in Circular No. 1375 of the CMF. Shareholders of publicly held stock corporations are required to report to the CMF and the Chilean stock exchanges:

- any direct or indirect acquisition or sale of shares made by a holder who owns, directly or indirectly, at least 10% of a publicly held stock corporation's subscribed capital;
- any direct or indirect acquisition or sale of contracts or securities whose price or financial results depend on or are conditioned in whole or in a significant part on the price of shares made by a holder who owns, directly or indirectly, at least 10% of a publicly held stock corporation's subscribed capital;
- any direct or indirect acquisition of shares made by a holder who, due to an acquisition of shares of such publicly held stock company, results in the holder acquiring, directly or indirectly, at least 10% of a publicly held stock company's subscribed capital;

- any direct or indirect acquisition or sale of shares in any amount, made by a director, receiver, principal executive, general manager or manager of a publicly held stock corporation; and
- any direct or indirect acquisition or sale of contracts or securities whose price or financial results depend on or are conditioned in whole or in a significant part on the price of shares made by a director, receiver, principal executive, general manager or manager of a publicly held stock corporation.

In addition, majority shareholders of a publicly held stock corporation must inform the CMF and the Chilean stock exchanges if such acquisitions are entered into with the intention of acquiring control of the company or if they are making a passive financial investment instead.

Under Article 54 of the Securities Market Law and General Rule No.104 enacted by the CMF, unless the tender offer regulation applies, any person who directly or indirectly intends to take control of a publicly held stock corporation must disclose this intent to the market at least ten business days in advance of the proposed change of control and, in any event, as soon as the negotiations for the change of control have taken place or reserved information of the publicly held stock corporation has been provided.

### **Right of Dissenting Shareholders to Tender Their Shares**

The Chilean Corporations Law provides that upon the adoption of any of the resolutions enumerated below at a meeting of shareholders, dissenting shareholders acquire the right to withdraw from the company and to compel the company to repurchase their shares, subject to the fulfillment of certain terms and conditions. In order to exercise such withdrawal rights, holders of ADSs must first withdraw the shares represented by their ADSs pursuant to the terms of the Deposit Agreement. In case of a bankruptcy proceeding, the withdrawal right arising from an adopted resolution is suspended until the existing debt has been paid.

“Dissenting” shareholders are defined as those who at a shareholders’ meeting vote against a resolution that results in the withdrawal right, or who if absent from such meeting, state in writing their opposition to the respective resolution, within the 30 days following the shareholders’ meeting. Shareholders present or represented at the meeting and who abstain in exercising their voting rights shall not be considered as dissenting. The right to withdraw should be exercised for all the shares that the dissenting shareholder had registered in their name on the date on which the right is determined to participate in the meeting at which the resolution is adopted that motivates the withdrawal and which remains on the date on which their intention to withdraw is communicated to the company.

The price paid to a dissenting shareholder of a publicly held stock corporation whose shares are quoted and actively traded on one of the Chilean stock exchanges is the weighted average of the sales prices for the shares as reported on the Chilean stock exchanges on which the shares are quoted for the 60-trading-day period between the ninetieth and the thirtieth trading day before the shareholders’ meeting giving rise to the withdrawal right. If the CMF determines that the shares are not actively traded on a stock exchange, the price paid to the dissenting

shareholder shall be the book value. Book value for this purpose is equal to the company's equity attributable to the parent company, divided by the total number of subscribed shares, whether entirely or partially paid. For the purpose of making this calculation, the last consolidated statement of financial position is used, as adjusted to reflect inflation up to the date of the shareholders' meeting which gave rise to the withdrawal right.

Article 126 of the Chilean Corporations Regulation establishes that in cases where the right to withdraw arises, the company shall be obliged to inform the shareholders of this situation, the value per share that will be paid to shareholders exercising their right to withdraw and the term for exercising it. Such information should be given to shareholders at the same meeting at which the resolutions are adopted giving rise to the right of withdrawal, prior to its voting. A special communication should be given to the shareholders with rights, within two days following the date on which the rights to withdraw arise. In the case of publicly held companies, such information shall be communicated by a prominent notice in a newspaper with a wide national circulation and on its website, plus a written communication addressed to the shareholders with rights at the address they have registered with the company. The notice of the shareholders' meeting to vote on a matter that could give rise to withdrawal rights should mention this circumstance.

The resolutions that result in a shareholder's right to withdraw include, among others, the following:

- the transformation of the company into an entity which is not a publicly held stock corporation governed by Chilean Corporations Law;
- the merger of the company with another company;
- disposition of 50% or more of the assets of the company, whether it includes disposition of liabilities or not, as well as the approval or the amendment of the business plan which contemplates the disposition of assets in an amount greater than such percentage;
- the disposition of 50% or more of the assets of a subsidiary, as long as such subsidiary represents at least 20% of the assets of the company, as well as any disposition of its shares that results in the parent company losing its position of controlling shareholder;
- issue of guarantees for third parties' liabilities that exceed 50% of the assets (if the third party is a subsidiary of the company, the approval of the Board of Directors is sufficient and will not give rise to the right to withdraw);
- the creation of preferential rights for a class of shares or an amendment to the existing ones. In this case the right to withdraw only accrues to the dissenting shareholders of the class or classes of shares adversely affected;
- certain remedies for the nullification of the corporate bylaws; and

- such other causes as may be established by the law or by the company's bylaws.

### **Registrations and Transfers**

Shares issued by the Company are registered with an administrative agent, which is *DCV Registros S.A.* This entity is also responsible for the Company's shareholders' registry. In case of jointly-owned shares, an attorney-in-fact must be appointed to represent the joint owners in dealing with the Company.

## **II. Description of American Depositary Shares**

Citibank, N.A. acts as depositary, hereinafter the “depositary”, for the American Depositary Shares of the Company. Citibank, N.A.’s depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are referred to as “ADSs” and represent ownership interests in securities of the Company that are on deposit with the depositary. ADSs are represented by certificates that are known as “American Depositary Receipts” or “ADRs”. The depositary appoints a custodian to safekeep the securities on deposit. The custodian is Banco Santander-Chile, located at Bandera 140, Santiago, Chile.

Citibank, N.A. was appointed as depositary by the Company, pursuant to the Amended and Restated Deposit Agreement, dated as of September 30, 2010 (the “Deposit Agreement”). A copy of the Deposit Agreement is on file with the Securities and Exchange Commission (the “SEC”), under cover of a registration statement on Form F-6. You may obtain a copy of the Deposit Agreement from the SEC’s website ([www.sec.gov](http://www.sec.gov)). Please refer to Registration Number 333-170191 when retrieving such copy.

The following is a summary description of the material terms of the ADSs of Enel Generación and your rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that rights and obligations as an owner of ADSs will be determined by reference to the terms of the Deposit Agreement and not by this summary. For more complete information, you should read the Deposit Agreement in its entirety, as well as the form of ADR attached to it.

Each ADS represents 30 shares of Enel Generación common stock on deposit with the custodian. An ADS will also represent any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations.

An owner of ADSs, becomes a party to the Deposit Agreement and therefore will be bound to its terms and to the terms of the ADR that represents your ADSs. The Deposit Agreement and the ADR will specify the Company’s rights and obligations, as well as your rights and obligations as owner of ADSs and those of the depositary. As an ADS holder you will be appointing the depositary to act on your behalf in certain circumstances. The Deposit Agreement and the ADRs will be governed by New York law. However, the Company’s obligations to the holders of shares of Enel Generación common stock will continue to be governed by the laws of Chile, which are different from New York law.

As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the “direct registration system” or “DRS”). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and the Depository Trust Company, or

DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as an ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC are registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADR registered in your name and, as such, you will be referred to as the “holder.” References to “you,” assumes that the reader owns ADSs and will own ADSs at the relevant time.

## **Dividends and Distributions**

As a holder, you generally have the right to receive the distributions made by the Company on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive such distributions under the terms of the Deposit Agreement in proportion to the number of ADSs held as of a specified record date.

### ***Distributions of Cash***

Upon receipt by the custodian of a cash distribution for the securities on deposit, the depositary will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders. The conversion into U.S. dollars will take place only if reasonable, in the judgment of the depositary, if the U.S. dollars are transferable to the United States and if permitted by Chilean law and regulations and, if in effect, the foreign exchange agreements among the Central Bank of Chile, the depositary and Enel Generación. The amounts distributed to holders will be net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreement. The depositary will apply the same method for distributing the proceeds of the sale of any property, such as undistributed rights, held by the custodian in respect of securities on deposit.

### ***Distributions of Shares***

Upon receipt of a dividend or free distribution of shares of Enel Generación common stock, the depositary may and will, at the Company’s request, distribute to holders, in proportion to the number of ADSs held, new ADSs representing the shares of Enel Generación common stock deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs upon a distribution of shares of Enel Generación common stock will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new shares of Enel Generación common stock so distributed.

No such distribution of new ADSs will be made if it would violate a law, including the U.S. securities laws. If the depositary does not distribute new ADSs as described above, it will sell the shares of Enel Generación common stock received and will distribute the proceeds of the sale as in the case of a distribution of cash.

### *Distributions of Rights*

If the Company offers to holders of their shares rights to purchase additional shares or Enel Generación common stock, the depositary has discretion as to the procedures to follow in making such rights available to the holders of ADSs, in selling such rights on behalf of holders and making the net proceeds available in U.S. dollars to such holders or in allowing such rights to lapse. If requested by the Company, the depositary will take the following actions:

- If at the time of the offering the depositary determines that it is lawful and feasible to make such rights available to holders, the depositary will distribute such rights to holders in proportion to the number of ADSs held, or the depositary will employ such other method as it may deem feasible in order to facilitate the exercise, sale or transfer of rights by such holders;
- If at the time of the offering the depositary determines that it is not lawful or not feasible to make such rights available to holders, or if the rights are not exercised and appear about to lapse, the depositary in its discretion may sell such rights at public or private sale, and may allocate the net proceeds of any such sale, upon an averaged or other practicable basis; or
- If by the terms of the offering or for any other reason the depositary cannot make those rights available to the holders, then the depositary may allow those rights to lapse.

If the distribution of rights requires the rights to be registered under the Securities Act of 1933, as amended (the “Securities Act”), the depositary will not distribute such rights unless and until such registration statement is in effect, or unless the transaction is exempt from registration under the provisions of the Securities Act.

If the depositary has distributed the rights to holders of ADSs, the depositary will exercise such rights on behalf of the holders upon receipt of the following:

- payment of the purchase price for the shares to be purchased upon the exercise of the right;
- a duly completed and signed exercise instruction; and
- payment of the applicable fee and charges.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

### ***Elective Distributions***

Whenever the Company intends to distribute a dividend payable at the election of shareholders either in cash or in additional shares, it will give prior notice thereof to the depositary and will indicate whether the Company wishes the elective distribution to be made available to holders of ADSs. In such case, the Company will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to holders of ADSs only if it is reasonably practicable and if the Company has provided all of the documentation contemplated in the Deposit Agreement. In such case, the depositary will establish procedures to enable holders of ADSs to elect to receive either cash or additional ADSs, in each case as described in the Deposit Agreement.

If the election is not made available to holders of ADSs, the holders will receive either cash or additional ADSs, depending on what a shareholder in Chile would receive upon failing to make an election, as more fully described in the Deposit Agreement.

### ***Other Distributions***

Whenever the Company distributes property other than cash, shares of Enel Generación common stock or rights to purchase additional shares of Enel Generación common stock, the depositary will consult with the Company to the extent practicable and distribute such property to holders of ADSs in proportion to the number of ADSs held, in any manner that the depositary, with the Company's consent, deems equitable and practicable for accomplishing the distribution.

If the depositary determines that such distribution cannot be made proportionately among the holders of ADRs, or for any other reason the depositary deems such distribution not to be reasonably practicable, the depositary may, with the Company's approval, adopt such distribution method, including a sale, as it deems equitable and practicable.

If the depositary sells such property, the net proceeds of such sale will be distributed to holders as in the case of a cash distribution, net of fees, expenses, taxes or governmental charges payable by holders under the Deposit Agreement.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

### **Changes Affecting Shares of Common Stock**

The shares of Enel Generación common stock held on deposit for ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or classification of such shares of common stock or a recapitalization, reorganization, merger, consolidation or sale of assets.



If any such change were to occur, the ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the shares of Enel Generación common stock held on deposit. The depositary may, with the Company's approval, or will, at the Company's request, in such circumstances deliver new ADSs to holders or call for the exchange of existing ADSs for new ADSs. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

## **Redemption**

To the extent permitted by applicable law, whenever the Company decides to redeem any of the securities on deposit with the custodian, the Company will notify the depositary in advance. If it is practicable and if the Company has provided all of the documentation contemplated in the Deposit Agreement, the depositary will provide notice of the redemption to the holders of ADSs.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert the redemption funds received into U.S. dollars upon the terms of the Deposit Agreement and will establish procedures to enable holders of ADSs to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. Holders may have to pay fees, expenses, taxes and other governmental charges upon the redemption of ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

## **Issuance of ADSs Upon Deposit of Shares of Common Stock**

The depositary may create ADSs on your behalf if you or your broker deposits shares of Enel Generación common stock with the custodian. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the shares of Enel Generación common stock to the custodian.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the shares of Enel Generación common stock have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of shares of Enel Generación common stock, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such shares have been validly waived or exercised.
- You are duly authorized to deposit the shares.

- The shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the Deposit Agreement).
- The shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties is incorrect in any way, the Company and the depositary may, at your cost and expense, take any and all actions necessary to attempt to correct the consequences of the misrepresentations.

### **Transfer, Combination and Split Up of ADRs**

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- duly deliver the ADRs to the depositary at its principal office;
- ensure that the surrendered ADR certificate is properly endorsed or otherwise in proper form for transfer;
- pay all applicable fees, charges, expenses taxes and other government charges payable by ADR holders pursuant to the terms of the Deposit Agreement, in connection with a transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs to be combined or split up to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the Deposit Agreement, in connection with a combination or split up of ADRs.

### **Withdrawal of Shares Upon Cancellation of ADSs**

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the underlying shares of Enel Generación common stock at the custodian’s offices. In order to withdraw the shares of Enel Generación common stock represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the shares of Enel Generación common stock being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the Deposit Agreement.

If you hold an ADS registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and certain other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the shares of Enel Generación common stock represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please

keep in mind that the depository will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that are caused by clearing of the transfer books for the shares of Enel Generación common stock or the ADSs or the payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed due to laws or regulations applicable to ADSs or the withdrawal of deposited securities.

The Deposit Agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

### **Voting Rights**

As a holder of ADSs, you will generally have the right under the Deposit Agreement to instruct the depository to exercise the voting rights for the shares of Enel Generación common stock represented by your ADSs. The voting rights of holders of shares of Enel Generación common stock are described in “Description of Share Capital – Shareholders’ Meetings and Voting Rights.”

The depository will mail to you any notice of a shareholders’ meeting received from the Company together with information explaining how to instruct the depository to exercise the voting rights of the securities represented by ADSs.

If the depository timely receives voting instructions from a holder of ADSs, it will endeavor insofar as practicable to vote the securities represented by the holder’s ADSs in accordance with such voting instructions.

Please note that the ability of the depository to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. There will be no assurance that you will receive voting materials in time to enable you to return voting instructions to the depository in a timely manner.

If the depository does not receive your voting instructions in a timely manner you will nevertheless be treated as having instructed the depository to give a discretionary proxy with full power of substitution to the Company’s Chairman of the Board or to a person designated by him to vote the shares represented by your ADSs in his/her discretion. The depository will deliver such discretionary proxy to vote on any matter other than:

- any matter where substantial opposition exists by holders of ADSs, it being understood that an election of directors at an annual or extraordinary meeting of shareholders is not a contested matter involving substantial opposition;

- matters that materially and adversely affect the rights of holders of ADSs;
- any matter as to which the Chairman of the Board directs the depositary that he or she does not wish such proxy to be given.

## Fees and Charges

The holders of ADSs are expected to be required to pay the following fees of the depositary:

<u>Service Fees</u>	<u>Fees</u>
(1) Issuance of ADS upon deposit of shares ( <i>i.e.</i> , an issuance upon a deposit of shares or upon a change in the ADS(s)-to-share(s) ratio), excluding issuances as a result of distributions described in paragraph (4) below.	Up to US\$5.00 per 100 ADSs (or fraction thereof) issued.
(2) Delivery of deposited securities against surrender of ADS	Up to US\$5.00 per 100 ADSs (or fraction thereof) surrendered.
(3) Distribution of cash dividends or other cash distributions ( <i>i.e.</i> , sale of rights and other entitlements)	Up to US\$5.00 per 100 ADSs (or fraction thereof) held.
(4) Distribution of ADS pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADS	Up to US\$5.00 per 100 ADSs (or fraction thereof) held.
(5) Distribution of securities other than ADS or rights to purchase additional ADS ( <i>i.e.</i> , spin-off of shares)	Up to US\$5.00 per 100 ADSs (or fraction thereof) held.
(6) Depositary services	Up to US\$5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the depositary.

As an ADS holder you will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- Fees for the transfer, exchange or registration of shares of common stock, such as upon deposit and withdrawal of shares of common stock.
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.

- Taxes and other governmental charges upon the transfer of securities, such as when shares of common stock are deposited or withdrawn from deposit.
- Fees and expenses incurred in connection with the delivery or servicing of shares of common stock on deposit.

The Company has agreed to pay certain other charges and expenses of the depository. Note that the fees and charges you may be required to pay may vary over time and may be changed by them and by the depository. You will receive prior notice of such changes.

### **Amendments and Termination**

The Company may agree with the depository to modify the Deposit Agreement at any time without your consent. The Company undertakes to give holders 30 days' prior notice of any modifications that increase any fees or charges or that would materially prejudice any of their existing substantial rights under the Deposit Agreement, except in very limited circumstances enumerated in the Deposit Agreement.

You will be bound by the modifications to the Deposit Agreement if you continue to hold your ADSs after the modifications to the Deposit Agreement become effective. The Deposit Agreement cannot be amended to prevent you from withdrawing the shares of Enel Generación common stock represented by your ADSs, except as permitted by law.

The Company has the right to direct the depository to terminate the Deposit Agreement. Similarly, the depository may in certain circumstances on its own initiative terminate the Deposit Agreement. In either case, the depository must give notice to the holders at least 30 days before termination. Until termination, your rights under the Deposit Agreement will be unaffected.

After termination, the depository will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depository will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depository will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

### **Books of Depository**

The depository will maintain ADS holder records at its depository office. Holders of ADSs may inspect such records at such office at all reasonable times but solely for the purpose of communicating with other holders of ADSs in the interest of matters relating to the ADSs, the Deposit Agreement or the Company's business.

The depository will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADRs. These facilities may be closed from time to time, to the extent not prohibited by law.

## **Limitations on Obligations and Liabilities**

The Deposit Agreement will limit the Company's obligations and the depository's obligations to you. Please note the following:

- The Company and the depository are obligated only to take the actions specifically stated in the Deposit Agreement without negligence or bad faith.
- The depository disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the Deposit Agreement.
- The Company and the depository will not be obligated to perform any act that is inconsistent with the terms of the Deposit Agreement.
- The Company and the depository disclaim any liability if the Company or the depository are prevented or forbidden from, or delayed in, doing or performing any act or thing required by the terms of the Deposit Agreement, by reason of any provision, present or future of any law or regulation, or by reason of any present or future provision of foreign exchange contract or the Company's by-laws, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond their control.
- The Company and the depository disclaim any liability by reason of the performance or non-performance or delay in the performance of any act or thing that may be done in their discretion.
- The Company and the depository disclaim any liability by reason of any exercise or failure to exercise discretion contemplated in the Deposit Agreement.
- The Company and the depository further disclaim liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any governmental authority, any person presenting shares for deposit, any record or beneficial holder of ADSs or authorized representative thereof, or any other person believed by either the depository or the Company in good faith to be competent to give such advice or information.
- The Company and the depository also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of shares but is not, under the terms of the Deposit Agreement, made available to holders of ADSs.
- The Company and the depository may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

- The Company and the depositary also disclaim liability for any consequential or punitive damages resulting from any breach of the terms of the Deposit Agreement.

### **Pre-Release Transactions**

The depositary may, in certain circumstances, issue ADSs before receiving a deposit of shares or release shares of Enel Generación common stock before receiving ADSs. These transactions are commonly referred to as “pre-release transactions”. The Deposit Agreement limits the aggregate size of pre-release transactions and imposes a number of conditions on such transactions, including the need to receive collateral, the type of collateral required and the representations required from brokers. The depositary may retain the compensation received from the pre-release transactions.

### **Taxes**

Holders of ADSs will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. The Company, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders of ADSs and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. Holders of ADSs will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduce tax withholding for any distribution on behalf of holders of ADSs. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify the Company, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

### **Foreign Currency Conversion**

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion can be done on a practicable basis, subject to the Foreign Investment Contract (as defined below), and will distribute the U.S. dollars in accordance with the terms of the Deposit Agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency cannot be done on a practicable basis, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent permissible and distribute the U.S. dollars to the holders for whom the conversion and distribution is practicable.

- Distribute the foreign currency to holders for whom the distribution is lawful and practicable.
- Hold the foreign currency, without liability for interest, for the applicable holders.

### **Foreign Investment Contract**

In connection with the Company's initial public offering of ADSs in 1994, the Company entered into a foreign investment contract (the "Foreign Investment Contract") with the Central Bank of Chile and the depositary, pursuant to Article 47 of the Central Bank Act and Chapter XXVI of the former Compendium of Foreign Exchange Regulations (the "Compendium"), which governed the issuance of ADSs by a Chilean company. Pursuant to the Foreign Investment Contract, the foreign exchange for payments and distributions with respect to ADSs could be purchased in either the Chilean Formal Exchange Market or the Informal Exchange Market, but such payments needed to be remitted through the Formal Exchange Market.

As of April 19, 2001, Chapter XXVI of the Compendium was eliminated and new investments in ADSs by non-residents of Chile are now governed instead by Chapter XIV of the Compendium. This change was made with the purpose of simplifying and facilitating the flow of capital to and from Chile. As a result of the elimination of Chapter XXVI of the Compendium, access to the Formal Exchange Market is no longer assured. However, because the Company's Foreign Investment Contract was entered into pursuant to Chapter XXVI of the Compendium, the terms of Chapter XXVI still apply. Foreign investors who have purchased their shares under a Foreign Investment Contract pursuant to Chapter XXVI continue to have access to the Formal Exchange Market for the purpose of converting Chilean pesos to U.S. dollars and repatriating from Chile amounts received with respect to the deposited shares of Enel Generación common stock or shares of Enel Generación common stock withdrawn from deposit on surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying shares of Enel Generación common stock and any rights with respect thereto). However, foreign investors who have not deposited the shares of Enel Generación common stock into the Company's ADS facility will not have the benefits of the Company's Foreign Investment Contract with the Central Bank of Chile but instead will be subject to the normal foreign investment rules.



**List of Principal Subsidiaries**

<b><u>Subsidiaries</u></b>	<b><u>Jurisdiction</u></b>	<b><u>Short Name</u></b>
Empresa Eléctrica Pehuenche S.A.	Chile	Pehuenche

302 CERTIFICATION

I, Michele Siciliano, certify that:

1. I have reviewed this annual report on Form 20-F of Enel Generación Chile S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2020

/s/ Michele Siciliano  
Michele Siciliano  
Chief Executive Officer

## 302 CERTIFICATION

I, Raúl Arteaga E. certify that:

1. I have reviewed this annual report on Form 20-F of Enel Generación Chile S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2020

/s/ Raúl Arteaga E.  
Raúl Arteaga E.  
Chief Financial Officer

**906 CERTIFICATION**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F for the year ended December 31, 2019 for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Michele Siciliano, the Chief Executive Officer and Raúl Arteaga E., the Chief Financial Officer of Enel Generación Chile S.A. (“Enel Generación Chile”), each certifies that, to the best of his knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Enel Generación Chile.

Date: April 28, 2020

/s/ Michele Siciliano

Name: Michele Siciliano

Chief Executive Officer

/s/ Raúl Arteaga E.

Name: Raúl Arteaga E.

Chief Financial Officer



Securities and Exchange Commission  
Washington, D.C. 20549

Santiago, April 28, 2020

**Re: Change in Registrant's Certifying Accountants**

Ladies and Gentlemen:

We are currently principal accountants for Enel Generación Chile S.A. (the "Company") and, under the date of April 28, 2020, we reported on the consolidated financial statements of the Company as of and for the years ended December 31, 2019 and 2018, and the effectiveness of internal control over financial reporting as of December 31, 2019. On March 30, 2020, we were notified that the Company's Board of Directors resolved to propose to the Company's shareholders a change in the Company's independent registered public accounting firm at the annual General Shareholders' Meeting held on April 28, 2020. On April 28, 2020, the shareholders approved the Board's proposal to appoint Mazars Auditores Consultores SpA as its principal accountant for the year ending December 31, 2020 and that the auditor-client relationship with KPMG Auditores Consultores SpA. will cease upon completion of the audit of the Company's consolidated financial statements as of and for the year ended December 31, 2019, and the effectiveness of internal control over financial reporting as of December 31, 2019, and the issuance of our reports thereon. We have read the Company's statements included under Item 16.F of its Form 20-F dated April 28, 2020, and we agree with such statements except that we are not in a position to agree or disagree with the Company's statement that newly engaged accountants were not consulted regarding any of the matters or events set forth in Item 16F(a)(2) of Form 20-F.

Very truly yours,

/s/ KPMG

KPMG Auditores Consultores SpA