November 2012

Enersis capital increase

Endesa Position

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Economic and Industry Conditions: materially adverse changes in economic or industry conditions generally or in our markets; the effect of existing regulations and regulatory changes; tariff reductions; the impact of any fluctuations in interest rates; the impact of fluctuations in exchange rates; unavailability of financial resources or increased costs for funding; markets disruptions; natural disasters; the impact of more stringent environmental regulations and the inherent environmental risks relating to our business operations; the potential liabilities relating to our nuclear facilities.

Transaction or Commercial Factors: any delays in or failure to obtain necessary regulatory, antitrust and other approvals as well as other third parties' consents for our proposed acquisitions or asset disposals, or any conditions imposed in connection with such approvals; our ability to integrate acquired businesses successfully; the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters during the process of integrating acquired businesses; the outcome of any negotiations with partners and governments. Any delays in or failure to obtain necessary regulatory approvals, including environmental to construct new facilities, repowering or enhancement of existing facilities; shortages or changes in the price of equipment, materials or labor; opposition of political and ethnic groups; adverse changes in the political and regulatory environment in the countries where we and our related companies operate; adverse weather conditions, which may delay the completion of power plants or substations, or natural disasters, accidents or other unforeseen events; and the inability to obtain financing at rates that are satisfactory to us.

Political/Governmental Factors: political conditions in Latin America; changes in Spanish, European and foreign laws, regulations and taxes.

Operating Factors: technical difficulties; changes in operating conditions and costs; the ability to implement cost reduction plans; the ability to maintain a stable supply of coal, fuel and gas and the impact of fluctuations on fuel and gas prices; acquisitions or restructurings; the ability to implement an international and diversification strategy successfully.

Competitive Factors: the actions of competitors; changes in competition and pricing environments; the entry of new competitors in our markets.

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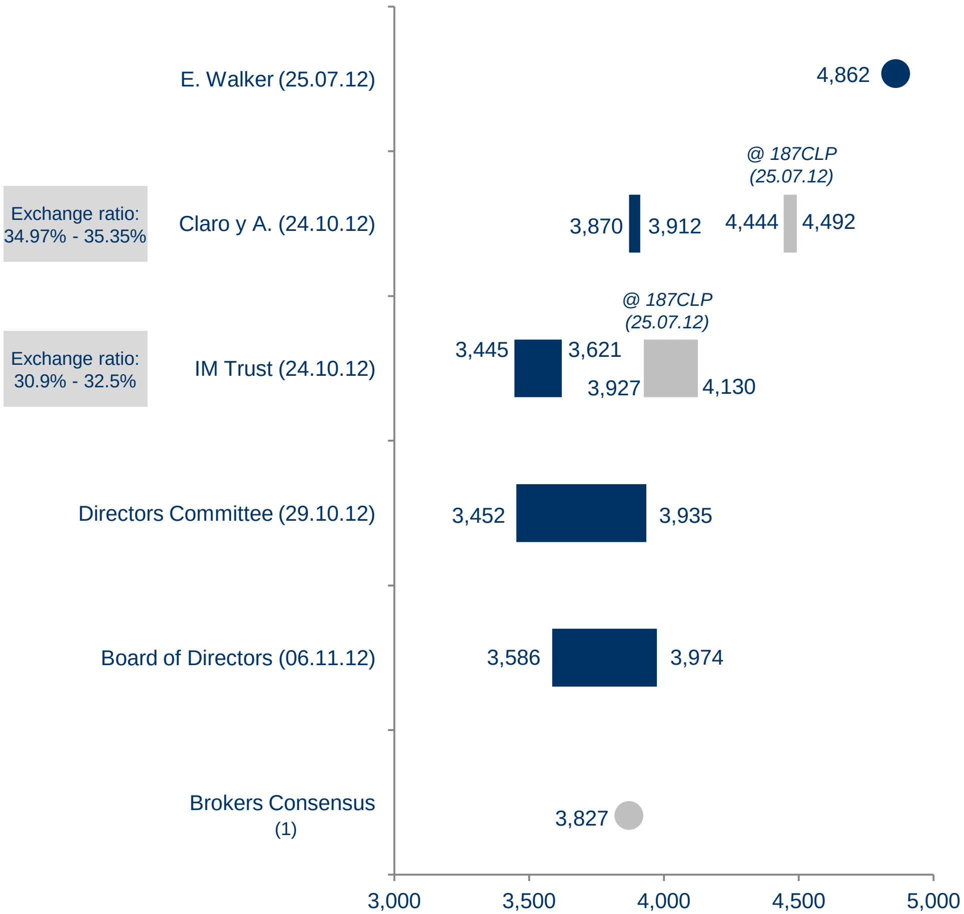
Endesa Position

After having completed the procedures mandated by the SVS, Endesa has sent to Enersis a letter explaining the Endesa Position on specific elements of Enersis capital increase:

1 Value of assets to be contributed	Endesa has taken note of the range considered fair for all shareholders by the Enersis Board of Directors of November 6th (US$ 3,586m - US$ 3,974m or the "Range").
2 Condition of success	Capital Increase will be declared successful only if cash subscription reaches the level that allows Endesa to contribute its 100% interest in Conosur, without exceeding the 65% ownership limit set by Enersis Bylaws. Accordingly, this condition will be met only if a minimum subscription level is reached for the shares offered to Minorities shareholders
3 Endesa scope to reach 65%	In case of incomplete subscription of cash tranche, Endesa is able to retain an increased stake in Enersis of up to 65% from the current 60.62%. This would lead to a cash capital increase lower than the maximum defined by the EGM Endesa intends to maintain its resulting stake in Enersis post capital increase
4 Dividend policy	Endesa will support to maintain the current dividend policy of Enersis in the future. Furthermore, Endesa will not propose any payment of extraordinary dividends in the next 2 years
5 Other commitments	• Enersis will become the sole investment vehicle of the Group for investments in the Latam region with the only exception of Enel Green Power • Endesa is willing to provide the reps and warranties requested by the Enersis Board of Directors

Value of assets to be contributed

Value of Endesa assets: official references



Nota: Exchange rate as of 24 October 2012 (480.5 CLP/US$)

(1) Source: IM Trust independent appraiser report

(2) Net Income based on Claro y Asociados report

Key considerations

- The Range proposed by the Enersis Board of Directors implies a P/E [2] multiple between 9.3x and 10.3x, well below the undisturbed trading multiple (c. 14.0x) and the current trading multiple of Enersis (c. 12.4x)
- Compared with the fundamental value determined by the Perito and Independent Appraisers:
  - Minimum value of the Range implies a discount of c. 24% on average
  - Maximum value of the Range implies a 16% discount on average

US$m	Walker	Claro	IM Trust
Fundamental value (DCF)	**4,862**	**4,627**	**4,709**
Min Range vs DCF	*-26.3%*	*-22.5%*	*-23.9%*
Max Range vs DCF	*-18.3%*	*-14.1%*	*-15.6%*

Capital increase key facts

	Key figures	Comments
Capital increase size	**US$ 5,915 - 6,555m**	• Implied total capital increase amount based on asset contribution from Endesa (60.62%) in the Range
Maximum cash capital increase	**US$ 2,329 - 2,581m**	• Cash capital increase required to match Endesa assets contribution • Cash finally raised will depend on cash tranche subscription level
Minimum cash capital increase for Condition of success	**c. US$ 1,200 - 1,400m**	• The minimum cash raised required to meet Condition of success will depend on the issue price • Based on current market prices the subscription needed in order to meet Condition of success will be c. 50%

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What will be the use of the cash proceeds raised in the capital increase?

The use of proceeds that will be raised in the capital increase has been approved by Enersis Board of Directors on November 6th. This will include a mix of Minorities acquisition and M&A activity:

1 Purchase key remaining minority stakes	■ There is a **number of "actionable" minority buy-out transactions** that can be executed in the short / medium term
	■ Such purchases will be **value accretive** for the Company
	■ **At the right valuation, minorities buy-out present a number of attractions:**
	  ■ Provide a significant contribution to **bridging the gap between the consolidated EBITDA and Net income**
	  ■ **Improve Corporate Governance** within key Enersis subsidiaries (commercially sensitive)
	  ■ **No integration risk,** no additional managerial resources required and higher synergies retention

2 M&A opportunities	■ Latin America's electricity sector is undergoing a **consolidation phase**, driven by:
	  ■ **Gradual exit of marginal players** (both local and foreign); and
	  ■ The **growing importance of economies of scale in the sector**, especially in distribution (due to regulatory pressure)
	■ Enersis is **uniquely positioned** to take advantage of such consolidation process, due to its **leading position** in both generation and distribution, in several key geographies (**broader know-how, greater ability to generate economies of scale, turn-around expertise)**
	■ The **Brazilian electricity distribution market is particularly attractive** given:
	  ■ **its highly fragmented** nature;
	  ■ the existence of **medium-sized players** (some of which are in financial distress), many of which are likely to be sold over the short / medium term; and
	  ■ ongoing regulatory debate provides a window for opportunistic acquisition
	■ **There are various identified attractive potential M&A transactions to be actioned in the short term**

Additional leverage to fund Greenfield projects	■ All Enersis' key markets showing **significant demand growth**, which translates in **large-scale new built / capex requirements** (both for generation and transmission); ■ The total portfolio of projects currently under analysis would potentially **add in excess of 11,000MW** and would **require a total investment in excess of US$16 billion.**

Having a well capitalized balance sheet will be critical in order for Enersis to pursue the most attractive opportunities and maximize growth / value creation for its shareholders

Approval process and next steps

- Since the transaction has been characterized by the Chilean regulator as a transaction between "related parties", the approval of the capital increase is subject to a special approval process
- The transaction must be approved by a majority of at least 2/3 of the shareholders

Board appoints independent appraisers

- Following the decision by SVS to consider the operation between related parties, BoD appointed IM Trust as appraiser
- The Committee of Directors, appointed Claro y Asociados as appraiser

Completed

Directors (individually) opine about the transaction

Independent appraisers reports

Committee of BoD issues its report

- Independent appraisers issued their reports on Oct, 24th
- The Committee of BoD issued its report on Oct, 29th
- On Oct, 30th Directors issued their individual opinions

Completed

Board of Directors convene EGM

- On Nov, 6th BoD called the EGM to approve the capital increase up to a maximum of US$ 6,555m
- EGM called on Dec, 20th

Completed

Shareholders meeting decides

- Majority required is 2/3 of outstanding capital stock

Pending

Preferred rights issue period

- 30 days
- Estimated period Mid February- Mid March 2013
- Potential subsequent ordinary subscription period (bookbuilding)

Pending

Capital increase conclusion

- Estimated by end of March 2013

Pending

Why do we think this transaction is good for Enersis and its shareholders?

1 Acquire unique block of assets

- Unique opportunity to acquire a high quality group of regulated distribution and power generation assets across the region, without increasing the operational risk profile of the business or consuming additional management resources

2 Accelerate Growth

- Provides Enersis with additional capital to accelerate the company's growth plan in the context of multiplying opportunities in the region
- Investment alternatives menu:
  - Minority acquisition at attractive valuations, with a positive financial impact in ENI
  - M&A activity increase: generation and distribution

3 Confirm Enersis as the sole Investment vehicle of Endesa

- Enersis will be reinforced as the only investment vehicle of Endesa in Latin America, and will consolidate its equity story as the Pan-LatAm's market leader and natural industry consolidator

4 Improved Valuation ratios

- Increasing Net Income ownership from current 43% to over 60% after asset contribution and potentially to over 70% after cash utilization could result in a potential valuation uplift
- Furthermore this will drive to a reduction of "dividend leakage"

5 Increased stock market scale and liquidity

- Following the Transaction Enersis should become one of the top three Chilean companies by market capitalization
- Index weighting will increase post transaction making Enersis the first stock in IPSA by ranking
- Capital increase should improve the liquidity of the stock