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## **CORPORATE REORGANIZATION PROPOSAL**

### **GRUPO ENERSIS**

### **“DESCRIPTIVE DOCUMENT”**



*This document has been drafted by the management of Enersis S.A. (“Enersis”), with the assistance of its external legal counsel, to describe in detail the corporate reorganization process (the “Transaction”) of Enersis and its subsidiaries, Endesa S.A. and Chilectra S.A. (timelines, formal steps, and remaining terms and conditions) pursuant to the requirements set forth in Ordinary Official Letter No. 15,443 issued by the Chilean Superintendency of Securities and Insurance on July 20, 2015.*

## **I. Description of the Transaction**

As a supplement to the general description of the Transaction that has been communicated by Enersis to the market through an *hecho esencial* dated July 27, 2015, this document, in compliance with the Ordinary Official Letter No. 15,443 issued by the Superintendency of Securities and Insurance (“**SVS**”) on July 20, 2015 (the “**Official Letter**”), with respect to the requirement to provide sufficient, ample and timely information, will set forth below in greater detail certain aspects of the Transaction, among them, specifically: (a) the applicable procedure; (b) the terms and conditions of the proposed spinoffs; (c) the terms and conditions of the proposed merger; and (d) the steps to carry out the Transaction.

The Transaction consists of the following:

1. Both Chilectra S.A. (“**Chilectra**”) and the Empresa Nacional de Electricidad S.A. (“**Endesa Chile**”) would be split, creating: (i) a new company spun off from Chilectra (“**Chilectra Américas**”) that will be allocated holdings and other associated assets and liabilities Chilectra holds outside Chile; and (ii) a new company spun off from Endesa Chile (“**Endesa Américas**”) that will be allocated holdings and other associated assets and liabilities Endesa Chile holds outside Chile. Chilectra and Endesa Chile will retain all of their respective businesses currently carried out in Chile, including the portion of equity related to the assets, liabilities, and government permits, among other items, that each of the companies currently holds in Chile.
2. Enersis would be split and a new company would be created (“**Enersis Chile**”) that would be allocated the interests in companies and other associated assets and liabilities held by Enersis in Chile, including the interests in Chilectra and Endesa post-spinoff. The new company spun off from Enersis (which after the spinoff will be named “**Enersis Américas**”) will be allocated the holdings of Enersis outside Chile, including any interests it holds in each of Chilectra Américas and Endesa Américas along with their associated liabilities.
3. After the spinoffs, Enersis Américas would be merged by the acquisition of Chilectra Américas and Endesa Américas, which would then be wind up without liquidation, as it is contemplated in the law.

As a result, and as set forth by the SVS in the Official Letter, the Transaction must be considered a single transaction composed of each and every one of the corporate actions set forth above in a coordinated and successive manner, even if they take place in different stages. Additionally, and pursuant to the Official Letter, the provisions of Title IX of Law No. 18,046 on Corporations (the “**LSA**”), which specifically govern spinoff agreements and subsequent merger agreements, are applicable. However, Title XVI of the LSA, which refers to related party transactions, is not applicable.

It is the intent of the Board of Directors of the companies taking part in the Transaction to perform all actions legally required to fully execute the Transaction and, specifically, to take formal actions at each step as described herein, including in particular all necessary actions to call the respective shareholders meetings to validly vote on the spinoffs and the merger pertaining to this

Transaction. Notwithstanding the foregoing, it should be noted that according to the current Chilean regulations on publicly-held corporations, this outcome cannot be guaranteed. This is because, among others reasons, both the spinoffs and the merger will be subject to conditions precedent described below, and they will be subject to approval by shareholders at the corresponding extraordinary shareholders meeting by two thirds of the outstanding voting shares.

The intent of the Boards of Directors of the companies taking part in the Transaction is to reduce as much as possible the time between the consummation of the spinoffs and the consummation of the merger as described herein. However, this will depend on requirements in Chile and the United States (due to the Enersis and Endesa Chile ADR programs), among other items. Therefore, the timeline will be subject to these requirements.

## **II. Applicable procedure**

The steps required to carry out the Transaction are governed primarily by the LSA and its Administrative Rules, as well as by General Rule No. 30 issued by the SVS.

In addition and as stated above, in response to a query by Enersis on May 18, 2015, the SVS confirmed through the Official Letter that a corporate reorganization of this type does not constitute a related party transaction. Therefore, the rules set forth in Title XVI of the LSA are inapplicable, and the rules set forth in Title IX of the LSA would apply instead. Additionally, the SVS stated in the Official Letter that reports issued by independent experts on the estimated value of the entities to be merged and estimates of the applicable exchange ratio must also be made available to shareholders voting on the spinoffs (the first part of the Transaction).

The SVS also stated that, given the complexity of the Transaction, management of the companies involved may consider additional measures so that shareholders will have additional information available to properly analyze the Transaction.

To that end, and in order to afford greater guarantees of transparency to the process, the Boards of Directors of Enersis and Endesa Chile at their respective meetings held on July 27, 2015 unanimously resolved as follows. In the event that the Transaction is ultimately put forward, the respective Directors Committees will issue a specific opinion regarding the Transaction in line with the terms suggested in the Official Letter and the Ordinary Official Letter No. 15,452, each of which was issued on July 20, 2015 by the SVS and addressed to Endesa Chile. Each of the Directors Committees of Enersis and Endesa Chile agreed at their meetings held on August 13, 2015 to appoint by majority vote to IM Trust and unanimously Asesorías Tyndall Limitada, respectively, as financial advisors for purposes of issuing the Directors Committee recommendation. The recommendation will be made available to shareholders in due course prior to the relevant extraordinary shareholders meeting proposing the Transaction.

Likewise, and in compliance with the Official Letter and the SVS Ordinary Official Letter No. 15,452, addressed to Endesa Chile, and No. 15,453, addressed to Chilectra, on September 15, 2015, the Boards of Directors of Enersis, Endesa Chile, and Chilectra each appointed an independent expert. The expert will issue a report on the estimated value of the entities that will merge and the estimates of the exchange ratio of the corresponding shares, which will be made available to shareholders in due course prior to the relevant extraordinary shareholders meeting

proposing the Transaction. Those experts are Messrs. Rafael Malla for Enersis, Colin Becker for Endesa Chile, and Mario Torres Santibañez for Chilectra.

Finally, the Boards of Directors of Enersis, Endesa Chile, and Chilectra engaged Bank of America Merrill Lynch for Enersis, Deutsche Bank for Endesa Chile, and Banco Itaú Chile for Chilectra to analyze the Transaction.

**III. Terms and conditions of the spinoff by each of Enersis, Endesa Chile, and Chilectra**

The final terms and conditions of the spinoffs by Enersis, Endesa Chile, and Chilectra will be determined at the respective extraordinary shareholders meetings pursuant to applicable legal and statutory regulations. Notwithstanding the foregoing, Enersis, Chilectra, and Endesa Chile will submit the following terms and conditions for consideration by their respective shareholders:

1. Conditions precedent for each of the spinoffs
  - a. **The spinoff by Endesa Chile** would be subject to the condition precedent that the spinoff of each of Chilectra and Enersis is approved at their applicable extraordinary shareholders meeting. For the purposes of fulfilling the condition precedent, approval at the meeting of the spinoff with the quorum required by law and signed minutes will be sufficient.
  - b. **The spinoff by Chilectra** would be subject to the condition precedent that the spinoff of each of Endesa Chile and Enersis is approved at their applicable extraordinary shareholders meeting. For the purposes of fulfilling the condition precedent, approval of the spinoff at the meeting with the quorum required by law and signed minutes will be sufficient.
  - c. **The spinoff by Enersis** would be subject to the condition precedent that the minutes of the extraordinary shareholders meeting approving the spinoff by Endesa Chile and Chilectra have been duly filed as a public deed and their respective extracts have been duly and timely recorded and published pursuant to law.
2. Fulfillment of the conditions precedent: The relevant extraordinary shareholders meeting would authorize the corresponding Boards of Directors of Enersis, Endesa Chile, and Chilectra to grant the powers of attorney needed to execute one or more documents as necessary or convenient for the fulfilment of the conditions precedent. These documents will create a record of fulfilment of the conditions precedent, list the assets subject to registration that will be allocated to the newly spun off companies and make other statements required for these purposes.

No later than 10 calendar days after the date on which the last condition is met to which the respective spinoffs by Endesa Chile and Chilectra are subject, the parties appointed by the Endesa Chile Board of Directors will execute a single declaratory public deed in which they state the conditions precedent to the spinoff by Endesa

Chile have been fulfilled. The declaratory public deed is referred to herein as the **“Public Deed on Fulfillment of the Conditions for the Spinoff by Endesa Chile”**.

No later than 10 calendar days after the date on which the last condition is met to which the respective spinoffs by Endesa Chile and Chilectra are subject, the representatives appointed by the Chilectra Board of Directors will execute a single declaratory public deed in which they state the conditions precedent to the spinoff by Chilectra have been fulfilled. The declaratory public deed is referred to herein as the **“Public Deed on Fulfillment of the Conditions for the Spinoff by Chilectra”**.

Likewise, no later than 10 calendar days after the date on which the last condition is met to which the spinoff by Enersis is subject, the representatives appointed by the Enersis Board of Directors will execute a declaratory public deed in which it they state the conditions precedent to the spinoff by Enersis have been fulfilled. The declaratory public deed is be referred to herein as the **“Public Deed on Fulfillment of the Conditions for the Spinoff by Enersis”**.

The Public Deed on Fulfillment of the Conditions for the Spinoff by Endesa Chile will be noted in the margin of the public corporate registry of Endesa Chile and Endesa Américas. The Public Deed on Fulfillment of the Conditions for the Spinoff by Chilectra will be noted in the margin of the public corporate registry of Chilectra and Chilectra Américas. The Public Deed on Fulfillment of the Conditions for the Spinoff by Enersis will be noted in the margin of the public corporate registry of Enersis and Enersis Chile. These notations are intended to facilitate the verification of compliance with the conditions to which the spinoffs were subject.

Notwithstanding the above, the spinoffs by Enersis, Endesa Chile and Chilectra will be effective as of the dates set forth in Section 3 below (the date on which the spinoffs become effective). This date should be expressly referenced in the relevant Public Deed on Fulfillment of the Conditions for the Spinoff by Endesa Chile, Public Deed on Fulfillment of the Conditions for the Spinoff by Chilectra, and Public Deed on Fulfillment of the Conditions for the Spinoff by Enersis.

**3. Effective dates for the spinoffs**

- a. Spinoff by Endesa Chile and Chilectra:** Pursuant to LSA article 5 in respect of LSA article 148, each spinoff will become effective as of the first day of the month following execution of the Public Deed on Fulfillment of the Conditions for the Spinoff by Endesa Chile and the Public Deed on Fulfillment of the Conditions for the Spinoff by Chilectra. This is without prejudice to the timely compliance with the registration formalities in applicable commerce registries and the publication in the Official Gazette of the excerpts filed as public deeds of the extraordinary shareholders meeting minutes approving the spinoffs.
- b. Spinoff by Enersis:** Pursuant to LSA article 5 in respect of LSA article 148, the spinoff by Enersis will become effective as of the first day of the month following execution of the Public Deed on Fulfillment of the Conditions for the Spinoff by

Enersis. This is without prejudice to the requirements of timely compliance with registration formalities in the applicable commerce registry and the publication in the Official Gazette of the excerpt filed as a public deed of the extraordinary shareholders meeting minutes approving the spinoff by Enersis.

**4. Effects of the spinoffs**

- a. As a result of the spinoff by Endesa Chile (i) a new company, Endesa Américas, would be created and allocated Endesa Chile's holdings in companies outside Chile and other associated Endesa Chile assets and liabilities outside Chile. All of Endesa Chile's shareholders would become shareholders of Endesa Américas proportionately to their previous interests in Endesa Chile and holding the same number of shares they previously held in Endesa Chile (a 1:1 ratio); and (ii) Endesa Chile would retain the assets and liabilities not expressly allocated to Endesa Américas. The proforma balance sheets describing the allocation of these assets and liabilities between Endesa Américas and Endesa Chile are attached hereto in **Schedule I**.

Endesa Chile's indebtedness, comprised primarily of the bonds known as "Yankee Bonds" and local bonds issued in Chile, will remain with Endesa Chile. This is considered consistent with their respective investment profiles. The value of the indebtedness as of the date of the proforma balance sheets, October 1, 2015, was CLP 825,708 million. With respect to the local bonds, notwithstanding the above, the local contracts pursuant to which the debt was issued state that in the event of a spinoff, the surviving companies will be jointly and severally liable for the obligations. These contracts provide that both the company being split and the spun off companies may agree that their respective bond payment obligations are proportional to the size of the equity allocated to each company, or any other proportion, provided, however, any potential agreements reached with bondholder representatives in this respect must be duly authorized by and within the competencies of the bondholders meetings.

- b. As a result of the spinoff by Chilectra (i) a new company, Chilectra Américas, would be created and allocated Chilectra's holdings in companies outside Chile and other associated Chilectra assets and liabilities outside Chile. All of Chilectra's shareholders would become shareholders of Chilectra Américas proportionately to their previous interests in Chilectra and holding the same number of shares they previously held in Chilectra (a 1:1 ratio); and (ii) Chilectra would retain the assets and liabilities not expressly allocated to Chilectra Américas. The proforma balance sheets describing the allocation of these assets and liabilities between Chilectra Américas and Chilectra are attached hereto in **Schedule II**.
- c. As a result of the spinoff by Enersis (i) a new company, Enersis Chile, would be created and allocated Enersis's interests in the surviving Endesa Chile and Chilectra entities, any other associated holdings, assets and liabilities that it may have in Chile, and all liabilities linked to these assets. All of Enersis's shareholders would become shareholders of Enersis Chile proportionately to their previous

interests in Enersis and holding the same number of shares they previously held in Enersis (a 1:1 ratio); and (ii) Enersis Américas would retain Enersis's holdings in companies outside Chile, including its interests in Endesa Américas and Chilectra Américas at the same proportion of its previous interests in Endesa and Chilectra, as well as their related liabilities, and all remaining assets and liabilities not explicitly allocated to Enersis Chile. The proforma balance sheets describing the allocation of these assets and liabilities between Enersis Chile and Enersis Américas are attached hereto as **Schedule III**.

It is expressly noted that the cash from the Enersis capital increase that took place during 2012/2013 that has not been yet used as of the date of the proforma balance sheet (the so called "*use of funds*") has been fully allocated in Enersis Américas as is reflected in the proforma balance sheet; the rest of the cash of Enersis has been distributed between Enersis Américas and Enersis Chile, based on the market value of the equities of the companies. As of October 1, 2015, the remaining cash from the 2012/2013 capital increase was CLP863,546 million.

This allocation was performed, among other reasons, in line with the different investment profiles that Enersis Chile and Enersis Américas will have and, as a result, the different growth opportunities of Enersis Chile and Enersis Américas.

Likewise, Enersis's indebtedness, comprised primarily of bonds known as "Yankee Bonds" and local bonds issued in Chile, will remain with Enersis Américas. The value of the indebtedness as of the date of the proforma balance sheets, October 1, 2015, was CLP 205,991 million. This was considered consistent with their respective investment profiles and helpful to the spinoff process given that no third party consents would be required for the allocation of this indebtedness.

- d. Shareholders objecting to the corresponding spinoff agreements are not entitled to withdraw, pursuant to the law and the express decree of the SVS in the Official Letter and in Ordinary Official Letters Nos. 15,452 and 15,453, each dated July 20, 2015.
- e. The share capital of each of the companies conducting a spinoff will be reduced proportionately as a consequence of the spinoffs. As a result, their bylaws will be amended to reflect the capital decrease.
- f. The bylaws of Enersis Chile, Endesa Américas, and Chilectra Américas would be substantially similar to the bylaws prior to the spinoff by Enersis, Endesa Chile, and Chilectra, respectively, except for those matters stated in the shareholders meeting notice. For Enersis Chile and Endesa Américas, their bylaws would be subject to Title XII of DL 3,500 of 1980, which governs corporations whose shares may be acquired by pension funds managed by pension fund administrators, in the same terms included in the current bylaws of Enersis Américas and Endesa Chile, respectively. Additionally, the Enersis Chile, Enersis Américas, Endesa Chile, Endesa Américas, Chilectra, and Chilectra Américas bylaws would include provisions regarding being their subject to Resolution No. 667 ("**Resolution 667**")

of the Resolution Commission, dated October 30, 2002. Draft copies of the bylaws for the spun off companies are attached hereto as **Schedules IV through VI**.

- g.** Members of the Endesa Américas, Chilectra Américas, and Enersis Chile interim Boards of Directors will be appointed and will remain in office through the first ordinary shareholders meeting of each respective company. At that point, the definitive Board of Directors will be elected. The interim Board of Directors will have the same powers and authorities as the definitive board. As of their effective dates, Endesa Américas and Enersis Chile will be subject to article 50bis of the LSA regarding the election of independent board members and the creation of Directors Committees. For that purpose, the election of the directors that will comprise the interim boards of Endesa Américas and Enersis Chile will be held during their respective extraordinary meetings called on to vote on the spinoffs and must comply in advance with the requirements of article 70 forward of the LSA Administrative Rules, in particular, the requirements regarding information about the list of director candidates provided to shareholders.
  - h.** The external auditors for each of Endesa Américas, Chilectra Américas, and Enersis Chile will likewise be appointed at the shareholders meetings approving the spinoffs. The will also apply to the accounting inspectors for Enersis Chile and Endesa Américas.
  - i.** In accordance with article 147 No. 3 of the LSA, it will be necessary to report the agreements and transactions with related parties executed after the last shareholders meeting, as indicated in Title XVI of the LSA.
  - j.** Once the spinoffs are effective, the extraordinary shareholders meetings will petition the Boards of Directors of each of Endesa Américas, Chilectra Américas, Enersis Chile, to proceed, as soon as possible, with the registration of Endesa Américas, Chilectra Américas, and Enersis Chile and their respective shares (i) in the SVS Securities Registry; and (ii) listing on the stock exchanges in which shares of Endesa Chile, Chilectra, and Enersis trade.
  - k.** The extraordinary shareholders meetings will petition the Boards of Directors of each of Endesa Américas, Chilectra Américas, and Enersis Chile to approve the power of attorney structure for the day-to-day management of Endesa Américas, Chilectra Américas, and Enersis Chile.
- 5.** Allocation and physical delivery of shares. The Board of Directors of each of the spun-off companies will allocate their shares considering the shareholders registered in the Enersis, Endesa Chile, and Chilectra shareholder registry at midnight of the day prior to the date on which the corresponding spinoff becomes effective. The allocation will also take into account any duly executed conveyances, transfers and transmissions of shares that were submitted to the spun-off company prior to that date but not yet been registered. However, the distribution and physical delivery of the shares of Enersis Chile, Endesa Américas, and Chilectra Américas will be carried out on the date designated for that purpose by the corresponding Board of Directors, duly authorized



at the corresponding shareholders meeting, taking into account for the determination of such date the registration of the entities and their shares in the SVS Securities Registry and stock exchanges. As of such date, the shares of Enersis Chile, Endesa Américas y Chilectra Américas may begin trading. Any trades of shares of Enersis, Endesa Chile, and Chilectra that take place between the effective date of the spinoff and the date of distribution or physical delivery of the shares will imply an equivalent trade in the shares in Enersis Chile, Endesa Américas, and Chilectra Américas. As a result, all transfers of shares of Enersis Américas, Endesa Chile, and Chilectra that take place between the effective date of the corresponding spinoff and the date agreed upon for the distribution and physical delivery of the shares to the spun-off companies will be understood to include the acquirer's right to receive equivalent shares of Enersis Chile, Endesa Américas, Chilectra Américas.

6. Dividends. For the purposes of the spinoff by Enersis, Endesa Chile, and Chilectra, and to establish the exchange ratio to be suggested by the experts that will issue an opinion regarding the subsequent merger of Enersis Américas, Endesa Américas, and Chilectra Américas, the effect that a potential distribution of all or part of the profits allocated to each of the companies by virtue of the spinoff should be considered. Any such distribution, whether as a minimum dividend or an eventual dividend (*dividendo eventual*) should be agreed before the merger date.

Additionally the shareholders meetings of Enersis, Endesa Chile, and Chilectra that will vote on the spinoff must ensure that (i) the profits for the fiscal year ending December 31, 2015, which pursuant to law and the dividend policy of each company must be distributed to its shareholders as a provisional or final dividend, are in fact distributed. They may be distributed by the existing company conducting the spinoff or by the spun-off company based on the proportion of such profits allocated to each company in the spinoff balance sheets; (ii) the amount ultimately distributed by the existing companies conducting the spinoff and the spun-off company related to fiscal year 2015 profits does not exceed the maximum amount of dividends contemplated for such financial year in the relevant dividend policy; and (iii) the amount ultimately distributed by each company related to fiscal year 2015 profits is not below the minimum legal dividend.

#### **IV. Terms and conditions of the merger by acquisition of Endesa Américas and Chilectra Américas into Enersis Américas**

The final terms and conditions of the merger in which Enersis Américas would acquire Endesa Américas and Chilectra Américas will be determined at the respective extraordinary shareholders meetings pursuant to the applicable laws and statutory regulations. Notwithstanding the foregoing, Enersis, Chilectra, and Endesa Chile agree that they will take all necessary actions according to the law so that the following terms and conditions are submitted for consideration by the shareholders of Enersis Américas, Endesa Américas, and Chilectra Américas, as the case may be:

1. Type of merger. Enersis Américas would merge by acquisition with both Endesa Américas and Chilectra Américas, which would be wound up without liquidation, and

Enersis Americas will receive all the rights and obligations of Endesa Américas and Chilectra Américas. Shareholders of Endesa Américas and Chilectra Américas would become shareholders of Enersis Américas according the exchange ratio to be agreed, except for those objecting shareholders exercising their withdrawal rights pursuant to the law. The relevant shareholders meetings voting on the merger will only be held once Enersis Américas, Endesa Américas and Chilectra Américas and their shares are recorded in the SVS Securities Registry.

2. Conditions precedent for the merger to be effective. In order for the merger to become effective, and pursuant to article 5 in connection with article 158, both of the Administrative Rules of the LSA, the merger would be subject to the following condition precedent:

That no more than 6,73%, 7,72% and 0,91% of Enersis Américas, Endesa Américas and Chilectra Américas shareholders, respectively, ultimately exercise their withdrawal rights as a result of the merger.

3. Compliance with or voluntary waiver of the condition precedent. The relevant shareholders meetings may authorize the Boards of Directors of Enersis Américas, Endesa Américas, and Chilectra Américas, respectively, to (a) deem the condition precedent stated in section 2.a as having been met or voluntarily waive such condition precedent (if considered to be in the best interests of the relevant company). This may be accomplished by agreement of an absolute majority of the directors without any further consultation or approval by the relevant extraordinary shareholders meeting, and (b) grant the necessary powers of attorney to execute relevant documentation setting forth compliance with or voluntary waiver of the condition precedent.

No later than 10 calendar days after the date on which the last condition is met to which the merger is subject (or the date on which the relevant Board of Directors agrees on the waiver, as the case may be), the representatives appointed by the Boards of Directors of Enersis Américas, Endesa Américas, and Chilectra Américas will execute a single declaratory public deed in which they state that the condition precedent has been met (or stating their waiver of the condition precedent, as the case may be). The declaratory public deed referred to herein as the “**Deed of Fulfilment of the Merger Conditions**”.

The Deed of Fulfilment of the Merger Conditions will be noted in the margin of the public corporate registry of Enersis Américas and the acquired companies. These annotations are intended to facilitate the verification of compliance with the conditions to which the merger was subject.

4. Capital increase. Enersis Américas would increase its capital in the amount of [•]. This capital increase would be funded by the capital of the acquired companies by issuing a single series of new, registered common shares of no par value to shareholders of Endesa Américas and Chilectra Américas according to the corresponding exchange ratio. This issuance would exclude shareholders of Enersis Américas, because

Enersis Américas is the acquiring company and by extension a shareholder of the acquired companies.

5. Registration of shares in the Securities Registry and stock exchanges. The relevant shares corresponding to the Enersis Américas capital increase will be (i) registered in the SVS Securities Registry, and (ii) listed on the stock exchanges trading in shares of Enersis Américas.
6. Benchmark exchange ratio. See *Agreement Proposing Corporate Reorganization of November 5, 2015*.
7. Withdrawal rights. The value per share to be paid to shareholders that object to the merger according to the law will be calculated and applied as provided in the LSA, its administrative rules, and the relevant rules issued by the SVS, depending on whether or not the surviving companies shares after the spinoffs have “market presence” (*presencia bursátil*):
  - a. **If the relevant shares have market presence**, the value to be paid is the weighted average price of the shares during the 60-business day period falling between the 30th and 90th business days prior to the approval of the merger at the relevant extraordinary shareholders meeting. To determine if the shares of Endesa Americas and Chilectra Americas have an “adjusted market presence” (*presencia ajustada*) of at least 25%, which is required for the shares to be considered to have “market presence”, the daily trading volume on the relevant stock exchange during the days prior to the effectiveness of the Endesa Chile or the Chilectra spinoffs is calculated by multiplying the aggregate daily trading volume on the relevant exchange of Endesa Chile or Chilectra by the percentage of equity Endesa Américas represents of Endesa Chile or Chilectra Américas represents of Chilectra, respectively, as set forth in SVS General Rule No. 327.
  - b. **If the relevant shares do not have market presence**, the price that will be paid will be the book value of the shares, which is calculated by dividing the equity of the relevant company by the total number of subscribed and paid shares. These calculations should be in accordance with figures from most recent balance sheet filed with the SVS, as adjusted according to the benchmark *Unidad de Fomento* index. The adjustment should cover the time between the date of the balance sheet used and the extraordinary shareholders meeting approving the merger, as provided in articles 132 No. 4 and 130 of the Administrative Rules of the LSA.
8. Effective date of the merger. The merger will be effective as of the first day of the calendar month following the execution of the Deed of Fulfilment of the Merger Conditions.
9. Effects of the merger.
  - a. Equity (assets and liabilities) of Endesa Américas and Chilectra Américas will be allocated to Enersis Américas, with Endesa Américas being the successor of their rights and obligations.

- b.** All Endesa Américas and Chilectra Américas shareholders will become Enersis Américas shareholders according to the exchange ratio, except for those shareholders exercising their withdrawal rights pursuant to the law.
- c.** Enersis Américas will become joint and severally liable for and, will undertake to pay applicable taxes, according to final balance sheets that Endesa Américas and Chilectra Américas will produce in accordance with article 69 of the Tax Code.
- d.** Endesa Américas and Chilectra Américas will be dissolved as a matter of law at midnight on the day prior to merger effective date. No liquidation will occur in connection with the dissolution, because the shareholders will become Enersis Américas shareholders.
- e.** The Enersis Américas bylaws will be amended to increase its capital to reflect the equity of the acquired companies. The increase will be funded by the equity of the acquired companies, and Enersis Américas shares will be distributed to the shareholders of the acquired companies proportionally to their relevant interests, becoming therefore, shareholders of Enersis America.
- f.** In accordance with article 147 No. 3 of the LSA, it will be necessary to report the agreements and transactions with related parties executed after the last shareholders meeting, as indicated in Title XVI of the LSA.
- g.** Once the Deed of Fulfilment of the Merger Conditions is executed, the extraordinary shareholders meetings will authorize the Enersis Américas Board of Directors to, as soon as possible, issue the shares related to the merger as capital increase and to request the registration of the shares (i) in the SVS Securities Registry, and (ii) on the stock exchanges in which Enersis Américas shares are traded.
- h.** The Enersis Américas Board of Directors will allocate the new shares and update the shareholders register at midnight on the day prior to the merger effective date. The allocation will take into account the shareholders registered in the Endesa Américas and Chilectra Américas shareholders registry books by such date and any duly executed conveyances, transfers and transmissions of shares that were submitted to Endesa Américas and Chilectra Américas prior to that date but had not yet been recorded. However, the physical exchange of the new Enersis Américas shares for the Endesa Américas and Chilectra Américas shares will be performed once the Enersis Américas shares have been registered in the SVS Securities Registry and the stock exchanges in which Endesa Américas shares are traded. The physical exchange will take place as of the date designated by the Enersis Américas Board of Directors, which will prominently inform shareholders of the same, at least once, in the same newspaper in which its shareholders meeting notices for Enersis Américas are published. On the date of physical exchange, the outstanding Endesa Américas and Chilectra Américas shares will have no further value or validity. Their shareholders should deliver their shares to Enersis Américas, which will proceed to cancel them. Endesa Américas and

Chilectra Américas shares will also cease to be traded on the relevant stock exchanges on the same date and will be exchanged for Enersis Américas shares.

## **V. Actions to carry out the Transaction**

1. Actions by Enersis, Chilectra, and Endesa Chile in respect of the spinoffs
  - a. Documents for the spinoffs. Chilectra, Endesa Chile and Enersis will request and/or prepare, prior to announcing the extraordinary shareholders meetings, documents evidencing the information below and any other documents required by law to be made available to the relevant shareholders in order for them to vote on the spinoff in accordance with article 147 of LSA Administrative Rules and the Official Letter, specifically:
    - i. Chilectra, Endesa Chile, and Enersis audited balance sheets used for the spinoff, issued no more than 90 days prior to the date of the extraordinary shareholders meeting that will vote on the spinoff.
    - ii. Endesa Chile, Endesa Américas, Chilectra, Chilectra Américas, Enersis Chile and Enersis Américas proforma balance sheets, with limited reviewed by the external auditors, dated as of the day following the date of the respective audited balance sheet used for the spinoff.
    - iii. A report by the Endesa Chile, Chilectra, and Enersis Boards of Directors covering material changes to the assets, liabilities, or shareholders' equity occurring after the date of the relevant balance sheet used in the spinoff.
    - iv. A description of assets and liabilities allocated to Endesa Américas, Chilectra Américas, and Enersis Chile.
    - v. The number of shares of Endesa Américas, Chilectra Américas, and Enersis Chile that shareholders of Endesa Chile, Chilectra, and Enersis will receive, respectively, which will equal the shares they previously held in the relevant company (a 1:1 ratio).
    - vi. Drafts of Endesa Chile, Chilectra, and Enersis Américas bylaws reflecting the spinoff, capital reduction and other applicable amendments.
    - vii. Drafts of Endesa Américas, Chilectra Américas and Enersis Chile bylaws.
    - viii. Reports issued by an independent expert for each of the companies being merged regarding the estimated value of the entities being merged and the estimates of the exchange ratio for the relevant shares.
    - ix. [Report of the financial advisor designated by the Enersis Board of Directors, Bank of America Merrill Lynch, with its conclusions regarding the Transaction.]

- x. Opinions issued by the Directors Committees of Enersis and Endesa Chile that include a reference to the reports prepared by their corresponding financial advisors, IM Trust and Asesorías Tyndall Limitada, respectively.
  - xi. A document containing detailed information on the purpose and benefits of the Transaction and its terms and conditions.
  - xii. This document.
  - xiii. Any other information and/or documents for Endesa Chile and/or Enersis that should be prepared and/or filed according to applicable law in the United States of America, which should also be made available to all shareholders.
- b. Conduction of the businesses. Until the date on which each of the Enersis, Endesa Chile and Chilectra spinoffs become effective, each company and their subsidiaries intend to continue to carry out their businesses in the ordinary course, in accordance with their corporate purposes, and consistent with past practices.
  - c. Notice of meetings. The Chilectra, Endesa Chile and Enersis Board of Directors will call or arrange to be called, as applicable, the relevant extraordinary shareholders meeting for the approval of each spinoff. They will coordinate the date on which the meetings will be held.
  - d. Actions before the Internal Revenue Service. The Chilectra, Endesa Chile and Enersis extraordinary shareholders meetings will grant parties the authority to represent them before the Internal Revenue Service (*Servicio de Impuestos Internos*). The powers granted will be sufficient to submit requests, filings and relevant applications to obtain the authorizations required from the Internal Revenue Service to the completion of the spinoffs.
  - e. Registration before the SVS. As soon as possible once the relevant spinoff is effective, Endesa Chile, Chilectra and Enersis will request or arrange the request of, as applicable, the registration of Endesa Américas, Chilectra Américas, and Enersis Chile and their relevant shares (i) on the SVS Securities Registry, and (ii) on the relevant stock exchanges in which Endesa Chile, Chilectra and Enersis shares are traded.
  - f. Election or appointment of directors. Pursuant to applicable law, particularly articles 72 and 73 of the Administrative Rules of the LSA, the appointment of directors for the spun-off companies will be decided at the extraordinary shareholders meeting voting on the spinoffs. After the spinoffs are effective, Enersis, Chilectra and Endesa Chile will ensure that the composition of the Endesa Américas, Endesa Chile, Chilectra, Chilectra Américas, Enersis Américas and Enersis Chile Board of Directors do not violate the provisions of Resolution 667.

- g. Distribution and physical delivery of shares. Distribution and physical delivery of Endesa Américas, Chilectra Américas, and Enersis Chile shares will be carried out on the date designated for that purpose by the corresponding Board of Directors, taking into account the date on which the relevant spinoff becomes effective, and date of registration of Endesa Américas, Chilectra Américas and Enersis Chile and their respective shares in the SVS Securities Registry and listed on stock exchanges on which their shares are traded. The relevant Board of Directors will prominently inform shareholders of the same, at least once, in the same newspaper in which its relevant shareholders meeting notices are published. The date designated for the distribution and physical delivery of shares will take into account the shareholders registered in the Endesa Chile, Chilectra and Enersis shareholders registry on midnight of the day before to the date on which the distribution and physical delivery shares certificates. The creation of the shareholders registries and the due submission to the Santiago Stock Exchange databases and systems of the Endesa Américas, Chilectra Américas and Enersis Chile shares should be coordinated with the Central Securities Deposit (*Depósito Central de Valores* or “**DCV**”) and the Santiago Stock Exchange.

2. Actions by Enersis Américas regarding its Merger by Acquisition with Chilectra Américas and Endesa Américas

- a. Documents for the merger. Prior to calling the Enersis Américas, Chilectra Américas and Endesa Américas extraordinary shareholders meetings, Enersis Américas will request and/or prepare and will cause Chilectra Américas and Endesa Américas to request and/or prepare documents evidencing the information below and any other documents required by law to be made available to the relevant shareholders in order for them to vote on the merger pursuant, in accordance article 155 of the Administrative Rules of the LSA, specifically:
- i. Comparative audited financial statements for Enersis Américas, Endesa Américas and Chilectra Américas issued no more than 90 days prior to the proposed date for the relevant extraordinary shareholders meeting voting on the merger.
  - ii. Merger expert report issued by an expert independent from Enersis Américas, Endesa Américas and Chilectra Américas and their external auditors, based on audited financial statements (including the proforma balance sheets used in the merger).
  - iii. Statement from external auditors of Enersis Américas, Endesa Américas, and Chilectra Américas supporting the statement of financial position at fair values of the merged entity, if applicable.

- iv. Report of the Enersis Américas, Endesa Américas and Chilectra Américas Boards of Directors covering material changes to the assets, liabilities, or shareholders' equity occurring after the date of the relevant post-merger proforma statement of financial position.
  - v. Draft bylaws' of the surviving company.
  - vi. This document.
  - vii. Any other information and/or documents of Enersis Américas and/or Endesa Américas that should be prepared and/or filed according to applicable law in the United States of America, which should also be made available to all shareholders.
- b. Conduction of Businesses.** Until the effective date of the merger, Enersis Américas, Chilectra Américas and Endesa Américas and their subsidiaries intend to carry out their businesses in the ordinary course, in accordance with their corporate purposes, and consistent with past practices.
- c. Notice of the meeting.** The Enersis Américas Board of Directors will coordinate to call or cause to be called the relevant Enersis Américas, Chilectra Américas and Endesa Américas extraordinary shareholders meetings to approve the merger on the same day.
- d. Voting.** Once all conditions established herein having been met and assuming that the Enersis Américas extraordinary shareholders meeting have approved the merger, Enersis Américas as shareholder of Endesa Américas and of Chilectra Américas, would also vote in favor of the merger at the respective extraordinary shareholders meeting of such companies.
- e. Registration of the shares from the merger.** As soon as possible once the Deed of Fulfilment of the Merger Conditions is executed, Enersis Américas shall cause the relevant shares corresponding to the merger capital increase to be issued and then recorded (i) on the SVS Securities Registry, and (ii) on the stock exchanges in which Enersis Américas shares are traded.
- f. Election or appointment of directors.** Pursuant to applicable law, particularly articles 72 and 73 of the Administrative Rules of the LSA, the appointment of directors for the surviving company will be decided at the respective extraordinary shareholders meetings voting on the merger. After the merger is effective, Enersis Américas will ensure that the composition of the Enersis Américas Board of Directors does not violate the provisions of Resolution 667.
- g. Exchange and physical delivery of shares.** The physical exchange of the new shares of Enersis Américas for Endesa Américas and Chilectra Américas shares will be carried out once the merger is effective and the Enersis Américas shares have been registered in the SVS Securities Registry and listed on the stock exchanges in which Endesa Américas shares are traded. The physical exchange



will be carried out on the date designated for that purpose by the Enersis Américas Board of Directors, which will prominently inform shareholders of the same, at least once, in the same newspaper in which its shareholders meeting notices are published.

On the date of physical exchange, the outstanding Endesa Américas and Chilectra Américas shares will have no further value or validity. Their shareholders should deliver their shares to Enersis Américas, which will proceed to cancel them. On that same date, Endesa Américas and Chilectra Américas shares will also cease to be traded on the relevant stock exchanges and will be exchanged for Enersis Américas shares.

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In compliance with Ordinary Official Letter No. 15,443 of the Superintendency of Securities and Insurance dated July 20, 2015, this document is made available to the shareholders of the companies participating in the Transaction voting on the various stages of the Transaction, as well as to the general public.

Santiago, November 5, 2015