

Hydroelectric Power Plant - Los Cóndores

Santiago, April 2014

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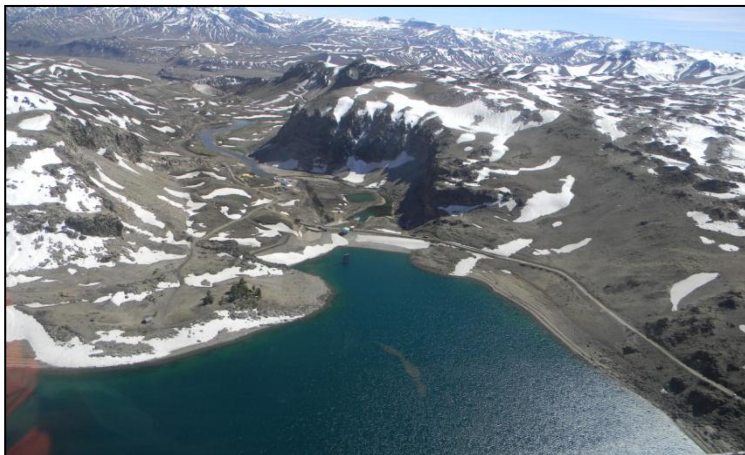


Los Cóndores Project

Introduction

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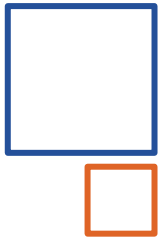
- Los Cóndores, a large hydro project of 150 MW with water flow regulation using the existing water reservoir of the “Embalse Laguna El Maule”, located in VII Region.
- With expected Commercial Operation in December 2018, will strengthen our leadership and growth strategy in the Chilean market with a profitable and sustainable project.
- Los Cóndores project is 100% owned by Endesa Chile.



Hydroeléctric Power Plant Los Cóndores



Santiago, apr. '14



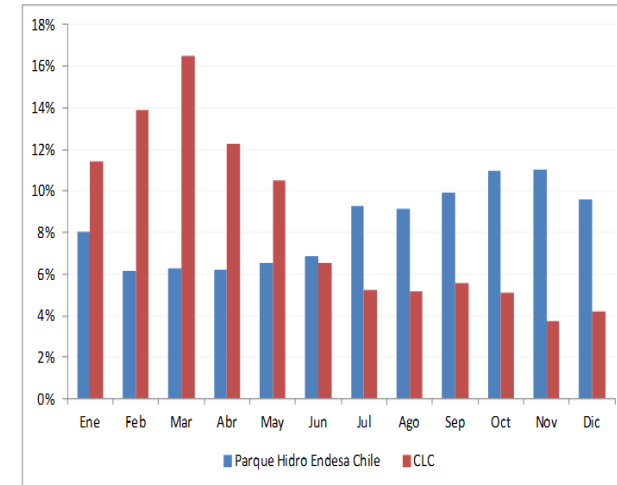
Los Cóndores Project

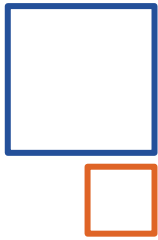
Strategic view

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- Los Cóndores project will be key for Endesa Chile in order to fulfill current and future contract commitments and support margins, with an optimal generation mix (maximizing margin and decreasing market risk).
- Los Cóndores project will start operations at the end of 2018, just at the highest expected spot price point for the next years. The project is expected to lower the average energy price of the SIC market in 5 US\$/MWh aprox.
- Efficient and sustainable large hydro project with low generation cost will consolidate competitiveness of Endesa Chile and remark a strong message of commitment with Chile (Los Cóndores is the unique new large hydro project foreseen in the next 5 years).
- Attractive generation profile to profit with high average energy prices in summer and spring seasons by means of the water regulation capacity ("Embalse Laguna El Maule"). Capture operating synergies due to its proximity to current Endesa Chile assets.
- Low social and environmental involvement due to the absence of communities in the area and optimal engineering solution with underground civil works.
- Principal permits approved.
- Agreement signed with DOH relative to Convenio Regulación del Río Maule (1947) and JVRM about the optimization of water use in the basin of the river Maule.

Average long term generation





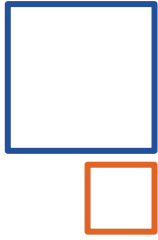
Los Cóndores Project

Project key features and status

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- The water-intake facilities are located at Embalse Laguna del Maule at 2,500 m.a.s.l.
- Expected average annual energy of 642 GWh (48% load factor). Design flow rate of 25 m³/s with a verified maximum operational flow rate of 28 m³/s and Overall Height of 765 m.
- 2x220 kV H-V transmission line of 87 km to connect the power plant to the SIC market in the Ancoa substation facility.
- Adduction consist on intake, adduction tunnel (with a total length of 12,000m which will be excavated using a tunnel-boring machine (TBM)), head zone, lower tunnel and turbine cavern.
- Water rights: granted by DGA (Res. No 434 in 11/1988).
- Environmental Impact Assessment Gx: 150 MW approved in 04/2008 and DIA of the optimized project approved in 11/2011.
- Environmental Impact Assessment Tx: approved in 05/2012.
- Hydraulic Work Permit (POH): approved in November 28th 2013 with the agreement about a Operation Protocol.
- Definitive Electrical Concession Gx: not required by signing of rental contracts in 10/2013 (temporary works) and signing of surface easement agreement (permanent works) with the Government. Expected to sign in April 2014.
- Definitive Electrical Concession CED Tx: currently in process.
- Notice to proceed for Civil Works Contractor on March 31th, 2014.
- Running contract for rescue and relocation of the flora and wild animals.

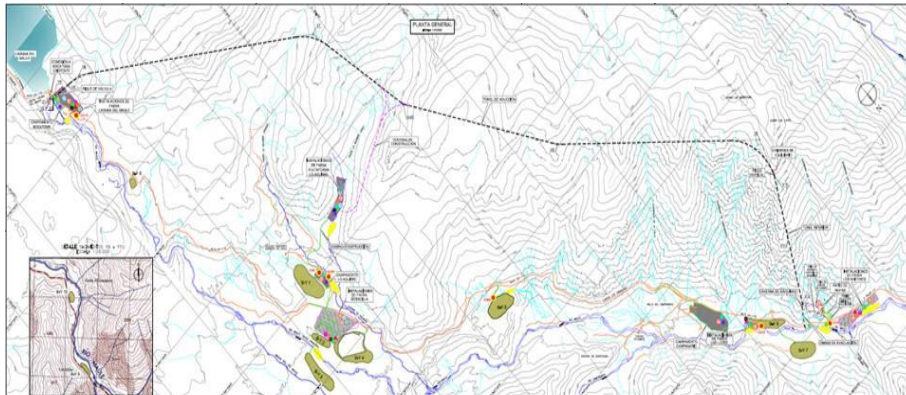




Los Cóndores Project

Budget and risk

- Investment cost of the project amounts to US\$662 million
- 84% of total project budget is supported by firm commitments
- 25% of total budget allocates contingencies and risks. The amount included with high certainty considers a firm value .



Focus on risks

The budget of Los Cóndores project for contingencies includes:

Risk Matrix: 16%

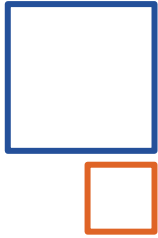
- Includes all potential risks not covered under the insurance program for the construction period.
 - ✓ Social
 - ✓ Geological
 - ✓ Weather
 - ✓ Contractual
 - ✓ Land and easements
 - ✓ Other minors and not identified risk
- Consolidation of learned lessons to lower financial deviation during the construction

@Risk: 6%

- Includes all uncertainty in quantities of civil work made by the level of project field studies
- It measures quantity variations with expected fixed prices of contracts

Currency and Contract Indexation Risks: 3%

- Mitigation of 100% FX volatility and partial hedging for indexed variables in main contracts for domestic currency tranches



Los Cóndores Project

Mitigation measures included for the project

- Agreements signed with JVRM and DOH. The agreement with JVRM, about the optimization of water use in the basin of the Maule river, is part of a long term solution.
- Cost of forced stoppages was negotiated and agreed with bidders during the bidding process.
- Large scale field studies, geological survey, two Board of Consultants during design process (Gx), expert advice for TBM, transmission line layout modifications (Tx).
- Advanced negotiation in progress for transmission easements (49% of required easements are agreed with the owners and Endesa Chile owns additional 8,5%).
- Main contracts includes clauses to transfer relevant risks during construction to contractors.
- Insurance program negotiated by Endesa Chile which was adhered by the contractors.