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Santiago, October 8, 2014

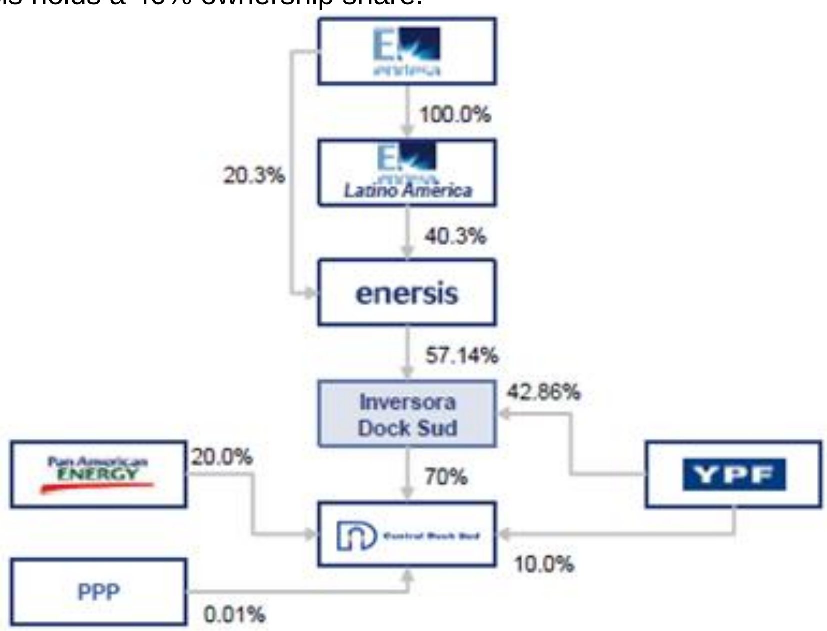
Shareholders of Enersis S.A.

Subj.: Pronouncement concerning the operation to restructure Equity of Central Dock Sud

With this letter, and as a member of the Board of Directors of the Chilean publicly traded company Enersis S.A. ("Enersis" or the "Company"), I state my opinion regarding the related party transaction, as stipulated by Article 147 of Law N° 18,046 the Corporations Law ("LSA" in its Spanish acronym), and particularly whether or not this operation contributes to the best interest of Enersis. The operation is described below.

I. Description of the Operation

- Central Dock Sud ("CDS") is a thermal generation company that operates in Argentina, with an installed capacity that amounts to 870MW (mainly through a state-of-the-art combined cycle), which represents 2.74% of the country's capacity, generating 3.78% of Argentina's electricity.
- CDS's shareholders include Inversora Dock Sud ("IDS"), YPF and PAE. Through IDS, Enersis holds a 40% ownership share. [1]



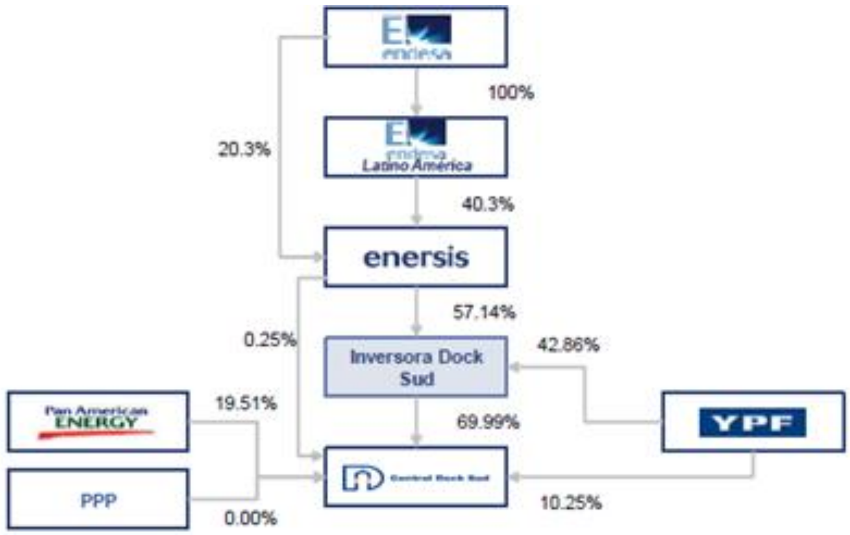
[1]PPP refers to "Programa de Propiedad Participada", an ownership participation program.

- CDS and IDS have accumulated losses that will lead to negative equity in both companies as of December 2013.
- As mandatory by law, shareholders of companies with negative equity must either take action to revert the situation or dissolve and liquidate the company.
- As of year-end 2013, CDS's equity was estimated to be negative $381,921,486 Argentine pesos. The effect of CDS's negative equity also caused an impact on IDS, whose equity was estimated at a negative $101,236,422 Argentine pesos at the same date.
- There have been discussions among partners regarding possible solutions to the equity situation of these companies. They have concluded that the best alternative to revert the situation is the capitalization of total debt of these companies. These debts are intercompany loans with the same business groups that hold the companies' shares.
- In the 2013 capital increase of Enersis, only Endesa's shares in South America were considered to be transfered, so Endesa Latinoamerica's ("ELA") loans to CDS remained in the company. These are the potential credits subject to capitalization.
- Considering Endesa's commitment in Enersis' capital increase, i.e. maintaining Enersis as Endesa's sole investment vehicle in Latin america, the proposal contemplates that Enersis acquire these loans, and subsequently capitalize them, along with the other partners. By the end of June 2014, the debt owed by CDS to Endesa amounts to approximately US$ 104 million, including capital and interests.
- The purchase of these loans is considered a Related Party Transaction, and as such must comply with the following minimum requirements:
    - The transaction must be carried out at market value
    - The transaction must contribute to Enersis' best interest
    - The transaction must be approved by at least 2/3 of the Extraordinary Shareholders' Meeting
- All partners have agreed that once Enersis acquires the debt, a series of actions will take place allowing to improve the equity condition of CDS and IDS. The operation includes the following stages:

1. <u>Purchase of loans</u>: ELA will sell ENI its dollar denominated loans to CDS, in dollars, amounting to a nominal value of approximately US$ 104 million (including capital and interest).
2. <u>Loan Currency Conversion</u>: All creditors must convert their loans into Argentine Pesos at the exchange rate prevailing as of December 31, 2013, AR$/USD 6.521.
3. <u>Interest and other write offs</u>: All creditors must write off all interest pending and other commissions related to the debt.
4. <u>Debt Capitalization</u>: All creditors must contribute their loans at face value. Regarding Enersis, the amount to capitalize excludes MARS$ 88, as explained in the following section.
5. <u>Enersis Amortization and PAE contribution</u>: Because the credits that Enersis would acquire are proportionately greater than the shares YPF and PAE currently hold, CDS must amortize part of the debt that Enersis would acquire (ARS$ 88 million) and PAE must contribute ARS$ 125 million in cash in order to maintain its ownership share similar to the percentage prior to the operation.

- After the operation, ownership shares would be as follows[2]:

[2] Endesa S.A. will probably be replaced by Enel Energy Europe, according to an on-going operation announced by Enel SpA.



- The operation mentioned above has been formalized by PAE and YPF through an irrevocable offer presented by PAE on September 19 and a irrevocable acceptance presented by YPF on September 22, which describes the operation step by step. For the offer to take effect, it must be accepted by Enersis and ELA, once they have agreed upon price and the operation is approved by the Extraordinary Shareholders' Meeting programmed to be held in November 2014, within a 70-day deadline.

II. DECLARATION CONCERNING THE CAPACITY OF DIRECTOR OF THE BOARD OF ENERSIS S.A. AND THE RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

I declare that I am a Director of Enersis and I was reelected on April 16, 2013. I also declare that I was elected with the votes of the controlling shareholder and such votes were decisive in my election as Director.

I declare that during Enersis' Directors' Committee meeting that took place on April 29, 2013, I was appointed Chairman of the Directors' Committee.

I declare that I have an interest in the Operation, according to the administrative interpretations presented by the Superintendency of Securities and Insurance ("SVS" in its Spanish acronym) in 2012.

I declare to be the owner of 3,760,000 shares of Enersis, through an investment company Santa Verónica Limitada, ID N^{o} 79,880,230-5.

I declare I do not have any relationship, other than those stated above, with any of the companies involved in the Operation.

III. DECLARATIONS REGARDING REPORTS RECEIVED

On September 30 and October 2, I received 2 reports from independent advisors:

a) IM Trust report, commissioned by the Directors' Committee
b) Itaú BBA , part of Itaú Bank in Chile ("Itaú BBA" or "Itaú") report, commissioned by the Board of Directors.

The scope of the reports contemplate:

- A description of the proposed operation
- An estimate of the market value of the debt
- An analysis of the effects and potential impacts the Proposed Operation could have on Enersis, including whether it contributes to the Company's best interest.

I believe both reports were diligently executed, with absolute independence and with the necessary information and time required to perform their task. Both advisors had access to the same information and Q&A databases, as well as in person meetings with Enersis' management in Santiago and CDS's management in Buenos Aires. Hence, my concerns have been solved in person.

IM Trust Report

The valuation methodology used by IM Trust established that the market value of the debt is composed by the following concepts:

	Concept	Conditions or Comments	Description
(+)	Value of CDS Equity x Percentage of ownership derived from the capitalization of debt (29.24%).	Debt acquisition is subject to compliance with conditions described in the Capitalization Offer.	Discounted cash flows in conservative scenarios (variations responding to tariff regulation, exchange rates and WACC).
(+)	Value of payment received by Enersis	Overseas payment subject to the approval of Central Bank, an also subject to the exchange rate at the payment date.	Exchange rate sensibility (official, versus rate under liquidation)
(-)	Tax effects on Enersis' cash flow.	Tax applied to the difference between the debt acquisition value and the value of capitalization (nominal) and Argentine taxes	One time 21% tax on profit in Chile and 0.5% annually on the capitalized value in Argentina.
(=)	**MARKET VALUE OF DEBT**		

The value range for 100% of CDS's equity, as a weighted average of the different scenarios, goes from US$ 63.4 million to US$ 70.3 million. This value range is always below other value references, either related or not related to the operation.[3]

PAE is willing to make a ARS$ 125 million cash contribution today for approximately 10% of CDS's shares, which means that the value that PAE places on CDS without debt is

[3] Other value references consider different scenarios that were not used to establish the value range previously described, multiples of comparable companies (e.g. Costanera) and the implicit value of PAE's ARS$ 125 million contribution, maintaining its ownership at roughly 20% of CDS.

approximately US$ 138 million (using the current exchange rate, 8.4 ARS$/US$[4]). The ratios of comparable companies' results in a value of about US$ 200 million, while the 12 month moving EBITDA provides a figure of roughly US$ 120 million.

Finally, the optimistic scenarios, i.e. those gearing towards Cost Plus regulations beginning in 2016 or those that reduce country risk, provide a value between US$ 135 million and US$ 171 million; however, these scenarios are not considered when assessing the value of the debt to be purchased. They are only used to apply a conservative bias to the base scenario.

	Concept	Value / Range (MUS$)
(+)	Value of CDS's equity x ownership share after debt capitalization (29.24%)	18.5 – 20.6
(+)	Payment to Enersis (ARS$ 88 million at the official exchange rate)	10.5
(-)	Impact of Tax effect on Enersis' cash flow	7.9 – 7.4
(=)	**Value of Debt for Enersis**	**21.1 – 23.6**

Therefore, the debt market value of the debt according to IM Trust is between MUS$21.1 and MUS$23.6.

In order to analyze whether this operation contributes to Enersis' best interest, IM Trust analyzed Enersis alternative scenario, that is, dismiss the operation either by liquidating the company (booking a total accounting profit of US$ 41 million due to the reversal of the value of this shareholding currently booked) or the scenario in which ELA capitalizes (operation which would require the partner's approval, including Enersis, and Enersis would be diluted). These scenarios were not deemed feasible considering the Group's current presence in Argentina and the potential upsides once Argentina's regulatory situation improves.

Therefore, if the debt is purchased at a figure below the upper threshold of the range defined by IM Trust, they consider the operation as beneficial to Enersis' best interest.

b) Itau BBA Report

The valuation methodology used by Itau BBA is the following:

	Concept	Situation or comments	Description
(+)	Value of CDS Equity today for Enersis considering liquidation scenario	It is a base case scenario	Economic value of assets, less than value of liabilities
(+)	Value of the shares to be	40% (value of the company is zero, if operation does not take	Resolution 529

[4] If the exchange rate used is 13.9 ARS$/US$, the value would decline to aprox. US$ 83 million.

	purchased	place) the projected cash flows consider the current regulatory framework	
(+)	CDS cash after the operation	Considers cash surplus in CDS after debt repayment to Enersis	Current cash position, plus additional cash after capitalization
(+)	Payment to Enersis	88 MAR$ that will depend on the Exchange rate used to transfer overseas	
(-)	Impact on cash balance of Enersis due to tax effect in Argentina	Tax for holding shares	Annual Rate is 0.5%
(=)	SUB TOTAL MARKET VALUE OF LOANS		
(-)	Impact on Cash balance of Enersis due to tax effect in Chile	Tax applied to the difference between the purchase value of the loans and the capitalization value (nominal)	Rate is 21% of the profit
(=)	**MARKET VALUE OF THE LOANS FOR ENERSIS**		

The report highlights that the loans have a value because:

- Certain payment is expected to be received onthe loans
- The debt to be purchased has guarantees and seniority compared to other credits
- CDS is an asset difficult to replace under current conditions
- Quality of other sponsors (YPF and PAE)

	Concept	Value(MUS$)
(+)	Value of CDS Equity today for Enersis considering liquidation	0
(+)	Value of the shares to be purchased	23
(+)	CDS cash after the operation	5
(+)	Payment to Enersis	10
(-)	Impact on cash balance of Enersis due to tax effect in Argentina	1
(=)	Sub total	37
(-)	Impact on Cash balance of Enersis due to tax effect in Chile	3

(=)	**MARKET VALUE OF THE LOANS FOR ENERSIS**	**33.8**

For Itau, purchasing the loans for less than MUS$ 33.8 creates value for the company. When compared to the alternative scenario, that is, not subscribing the capitalization, and therefore, liquidating the company, the operation would generate MUS$ 55 Net Income in 2014 (MUS$14 more than the liquidation scenario) and an additional MUS$7 in 2015 and 2016. Also, net debt would decrease MUS$188, MUS$6 less than in the liquidation scenario.

On the other hand, if these loans were sold to a third party not related, they could be worth between 20 and MUS$50.

c) Directors' Committee Report

As Chairman of the Directors' Committee, I have been directly involved in its development. The Directors' Committee, while exercising its authority, studied and verified that in fact these claims belong to a third party considering they were not part of the capital increase of Enersis taken place in 2013 and therefore they may be traded.

The members of the Committee agree with the following concepts of the methodology applied by both advisors in order to calculate the value of the loans:

- Discounted cash flows are the best method to obtain the value of a company.
- The sum that Enersis receives as repayment for the acquired debt must be added (MARS$88).
- The taxes to be paid in Chile and Argentina, directly associated with the operation, must be deducted.
- An open currency exchange channel at the official exchange rate is assumed at the date of the reports of the independent advisors.

Finally, the operation has been declared to be in the best interest of Enersis.

IV. Declaration Concerning the Convenience of the operation with regard to the Best Interest of Company

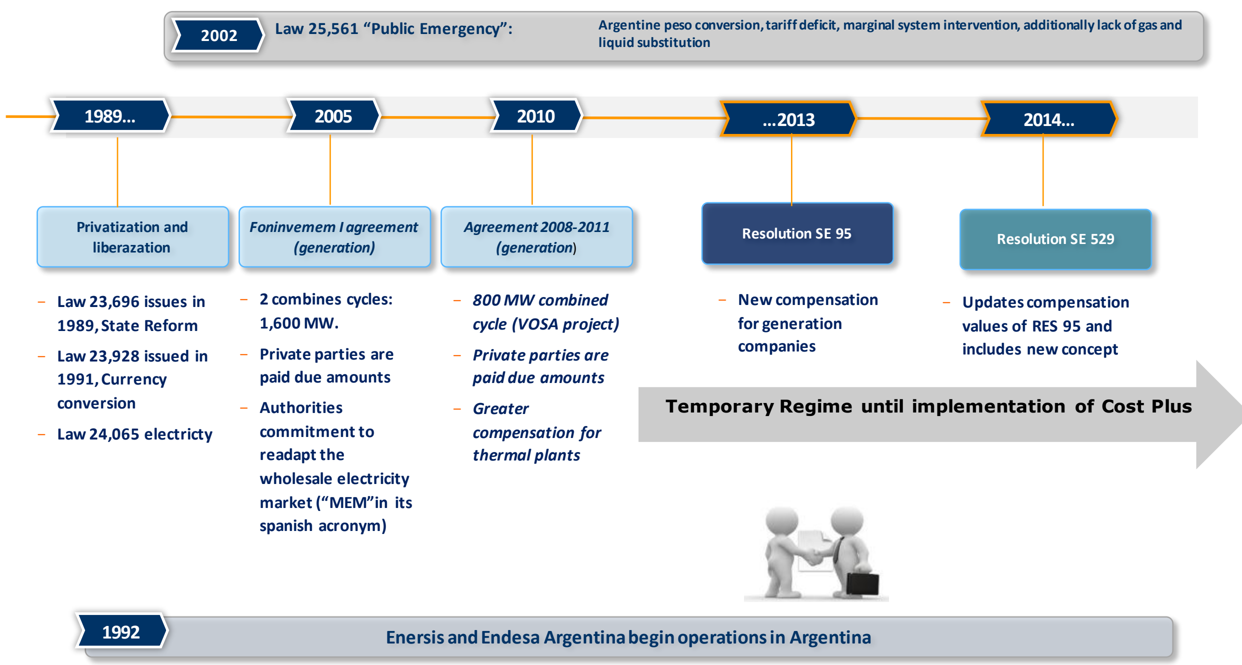
Considering that the Proposed Operation is a related party transaction, in order to approve such operation, it must be in the best interest of the Company and adjust to the terms and conditions that prevail in the market at the time of its approval.

a) Market Price

I agree with the method used by the independent advisors, in the sense that the market value of the sole loans must be equal to the value of the shares that will received in exchange for the capitalized loans. Additionally, other cash flows related to the operation must be taken into consideration; cash payments (MARS$ 88 that will be paid to Enersis) and cash expenses (related taxes).

In the current scenario, with high levels of uncertainty in the regulatory framework in Argentina, it seems reasonable to consider or give more weight to the more conservative scenario. That is, that the current conditions in Resolution 529 will be maintained without any improvements in the future. It is important to highlight that an ownership share in a company like CDS, without debt, in Argentina is not worth zero. On the contrary, there have been specific signs of regulatory improvement that sustain Enersis' decision to maintain their investments in Argentina. The following chart, shows the evolution of regulation and the last regulated price adjustment applicable to the company:

Evolution of regulatory framework



Comparing Resolution 95/213 to Resolution 529/2014

- In May 20214, the Government issued RES 529 of 2014 aplicable to economic transactions as of February 2014.
- The system goes from a marginal system to an average cost system
- Compensation determination is based on 4 concepts:

 1- Fixed costs - restructures the compensation mechanism according to availability

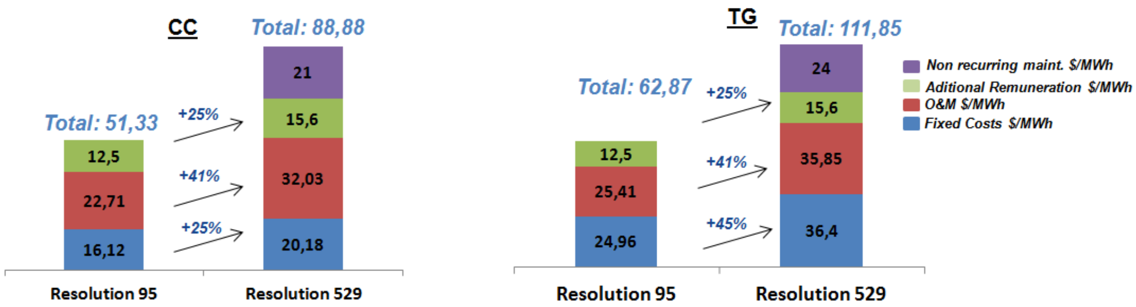
 2- Variable Costs

 3- Additional compensation (from direct to trust-project)

 4- Non recurring maintenance - a new concept

- It includes additional revenue for the use of biofuel. Dock Sud is able to generate using Biodiesel, which represents MARS$2.3 for a 5% cut

- New non-recurring maintenance fee allows contracting an LSTA



Due to the above mentioned, I consider the following to be an adequate price for the purchase of the loans:

	Concept	Conditions or Comments	Method	Value
(+)	Value of the equity of CDS x Percentage of property derived from the capitalization of credits (35%)	In a scenario in which Enersis purchases the credits, it will acquire 29.24% of the shares. The alternate scenario, in which Enersis does not subscribe to the capital increase and the company must dilute its ownership, despite it being a remote scenario, it is an option. Therefore, I propose an intermediate value between IM Trust's 29.2 % and Itau's 40.25%, in other words, calculating worth using 34.75% of CDS' value.	Average of advisors' independent valuations[5], considering base scenario (MUS$73.7 multiplied by 34.75%)	(+) MUS$25.6
(+)	Value to be paid to Enersis	An average between the official exchange rate and the parallel (average of 11.8 AR$/USD)	MAR$88 divided by the average exchange rate	(+) MUS$7.5

[5] This considers the mid value of the range of values set by Itau in the base scenario and the lower limit to the range set by IM Trust in the base scenario.

(-)	Tax impact on Enersis' cash balance	Tax applied to the difference between the value of acquisition of the loans and the value of capitalization (nominal) and tax in Argentina	One time 21% tax on the profit in Chile (MUS$22.5 profit) and an annual 0.5% in Argentina of the capitalized value. (perpetuity above MUS$ 0.3 a year)	(-) MUS$ 5.3
(=)	**MARKET VALUE OF THE LOANS**			**MUS$ 27,8**

Based to the above, I consider that if the loans are purchased for up to MUS$27.8, the operation has been carried forth at fair market value.

Regarding the MAR$ 88 payment, the alternative to receive the funds locally and search for a legal mechanism that allows their expatriation in the near future, must be considered. The final decision on this matter shall be determined by the Board of Directors.

b) Contribution to Public Interest:

As aforementioned, article 147 of the Corporations Law ("LSA" in its Spanish acronym) establishes that the criteria to approve related party transactions is that the operation must contribute to the best interest of the company and adjust to the price, terms, and conditions that prevail in the market at the time of its approval.

Considering:

- There are other parties, that having no other interest than their shareholding in CDS (PAE), value the asset directly or indirectly at a higher price than the established by the independent advisors, as do others not involved (sum of parts analysis performed by banks).
- If there were an improvement in regulations, the potential upside is very clear in the reports issued by both advisors,
- CDS' partners are very important companies in Argentina and also in LATAM[6].
- The regulatory context makes CDS a very valuable asset, crucial to the supply of electricity generation in Buenos Aires. This become even more important, due to the absence of confirmed projects in the pipeline. A company that is building a similar power plant (*Vuelta de Obligado*) requires the investment of more than MUS$ 800.
- The operation considers the contribution of "fresh money" by a shareholder (PAE).

[6] YPF is Argentina's most important gas and oil company, contributing 37% of total national production. Its annual sales exceed 14 million dollars and EBIDTA is approximately 3,800 million dollars annually. PAE is the second biggest player in Argentina, with 17% market share of national production. Its annual sales reach 2,600 million dollars and EBITDA exceeds 1,400 million dollars annually.

- This allows Enersis to receive MAR$ 88, which if taken overseas will depend on the currency exchange rate.
- The Enersis Group plays an important role in Argentina, considering Chocón, Costanera, Edesur, Yacylec, CTM, and TESA. Therefore, dissolving this company may go against Enersis' long term and global strategy. We do not want to be compared with investments that try to benefit from short-term investments.
- Since the equity solution is mandatory, if Enersis does not subscribe, the other parties may continue the operation without Enersis' consent.
- The operation allows recovering the financial condition of the company, without debt and with a positive EBITDA.

Due to all of the above, I consider that the Proposed Operation contributes to Enersis' best interest, insofar it is purchased for an amount equal or less than MUS$ 27.8.

C) Other Terms and Conditions:

It is relevant to point out that according to the law, the approval of this operation and, in the scenario of its approval, its final conditions will be subject to the approval of at least 2/3 of the Extraordinary Shareholder's meeting.

V. Conclusions

From my perspective, the market value of the loans must consider the ownership share that will be acquired after the capitalization, at an average between the scenario in which an agreement is met with ELA and in which the company is liquidated (approximately 35% of equity), and all related cash effects (debt payment and taxes to be paid by the buyer). This leads to recommend the purchase of the loans at a value equal to or lower than MUS$27.8.

From a strategic standpoint, the operation itself is in the best interest of Enersis because there is a broad upside to cash flow projections if regulatory improvements take place, the strategic characteristics of CDS' location and social context, the importance of the partners, and the global presence of the Enersis Group in Argentina.

Therefore, I do recommend the operation, within the parameters mentioned previously.

Hernán Somerville

Director

Enersis S.A.