

A photograph of a worker in a safety harness and helmet, viewed through a blue grid overlay. The worker is wearing a white helmet with the Enel logo and a blue and orange safety harness. The background shows a power plant structure.

**Annual Report**  
**Enel Américas**  
**2017**

enel

Santiago Stock Exchange

[ENELAM](#)

New York Stock Exchange

[ENIA](#)

Enel Américas was initially established under the name Compañía Chilena Metropolitana de Distribución Eléctrica S.A. On December 1, 2016 the company changed its name to Enel Américas S.A. The Company's paid-in capital on December 31, 2017 reached \$6,763,204,424 and was represented by 57,452,641,516 shares. These shares are traded in the Chilean stock exchanges and in the New York Stock Exchange in the form of American Depositary Receipts (ADR).

The main business of the Company is the operation, development, generation, distribution, transmission, transformation and/ or sale of energy in any of its forms or nature, directly or through other companies. The Company can also exercise activities in the telecommunications sector, provide engineering advisory in the country and abroad, and also can invest and manage its investments in its subsidiaries and associate companies.

Total assets amounted to \$20,168,990 thousand on December 31, 2017. Enel Américas controls and manages a group of companies that operates in the electricity markets in four countries in Latin America (Argentina, Brazil, Colombia and Peru). In 2017, net income attributable to the controlling company reached \$709,043 thousand and operational income was \$2,219,399 thousand. By the end of 2017, the Company employed 11,393 people through its subsidiaries companies in Latin America.

# Annual Report Enel Américas 2017



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# Letter from the Chairman

**Dear shareholders,**

You are holding the Annual Report of Enel Américas S.A. corresponding to the year 2017. In this document you will find the main milestones of the Company in a year of intense activity, and in which we have made great progresses in the consolidation of our business strategy.

Before going through some of these milestones, I would like to thank the Members of the Board of Enel Américas, whom in 2016 gave me their trust and responsibility to chair the Company, placing their confidence in my management. Their dedication, honesty, kindness and efficiency in their work have been crucial for the development of the company. 2017 was challenging and a year of intense work, in which every employee of the Company has made a contribution. I would like to acknowledge this gratitude to the executives, professionals, technicians and employees working in the different subsidiaries of the Company for their commitment and hard work. I particularly thank the Chief Executive Officer of Enel Américas, Luca D'Agnese, who has led successfully the most important private electricity company of the Region.

The Company's positioning has been the result of a conscious and ongoing effort that we are very proud of, but at the same time imposes the challenge of maintaining and consolidating this position in the long term. We will continue embracing this task through a rigorous work, and with special attention to the search of new opportunities that will provide continuity to the achievements carried out during 2017.



## Industrial Growth

In terms of industrial growth, 2017 was a very good year, because the Company increased its regulatory asset base in more than US\$2,300 million, thus strengthening its development in the distribution business in the different countries where the entity operates in the region.

We faced in Argentina the implementation of a new regulatory framework in the distribution business. This new institutionalism meant a major turnaround in the business opportunities that we have had in this country, opening new alternatives and the possibility to carry out important investments in the next three years for the improvement of the quality of the distribution networks.

We also had a positive year in Brazil, mainly in the distribution business. In March 2017 the concession contract for Enel Distribución Río was renewed and improved, in line with the expectations of the Company.

I would also like to highlight the industrial non-organic growth: this year in Brazil we completed the acquisition of the distribution company Celg, currently known as Enel Distribución Goiás, which perfectly fits in the growth strategy of Enel Américas, adding 2.9 million clients to our clients' base. We are working in this company's improvement and efficiency processes, which will contribute to accelerate the expected financial and operational results. Also in Brazil, in the generation business we acquired Volta Grande hydroelectric power plant, adding 380 MW to our installed capacity, along with the consolidation of our generation portfolio in this country.

Meanwhile in Peru, we acquired 7.5% ownership of Enel Distribución Perú to our minority shareholders. The transaction was performed in the Lima Stock Exchange and amounted to the equivalent of US\$ 80.5 million. Therefore our total shareholding reached 83.2% of the Company's equity. This operation is part of our strategy of acquisition of minority holdings.

In this growth drive, we continue the permanent search of new opportunities of acquisition in the Region, especially in those markets that offer greater development, stability and compensation opportunities.




## Efficiencies and Simplification of the Group

As we know, one of the key issues of our corporate strategy is the implementation of the corporate simplification plan. Therefore, and in line with our commitment announced in 2016, Enel Américas reduced its corporate structure from 43 to 34 subsidiaries.

In order to reach such purpose correctly and with the objective of rationalizing and simplifying the corporate structure in these countries, important transactions were carried out in Peru and Brazil

Regarding the challenging efficiency plan announced by the company, which has been our priority since 2016, we can emphasize that during 2017 we materialized 102% of the efficiencies that were committed in the Strategic Plan 2016-2019, reaching US\$364 million.



## Results of the period

In term of results, despite the context of volatility that existed in the Region during the year, Enel Américas has showed great economic and financial strength and provided very positive results to its shareholders, both in terms of EBITDA and Net Income, in line with the commitments announced last year in the Strategic Plan.

The Company's EBITDA increased 21.3% during the period in relation to the previous year. The new result amounted to US\$ 1,127 million, representing an 11% growth compared to the previous year. Isolating the extraordinary effects, such increase reached 33% in relation to the same period in 2016.



## Sustainability is the central axis of our business

We are convinced that the incorporation of sustainability policies to the business chain generates value, both to the shareholder and to the company. In this respect, the progress made during 2017 has allowed Enel Américas' projects to benefit more than 538 thousand people in the four countries where we operate. This work was also reflected in the two certifications received in 2017: the entry of Enel Américas in the Dow Jones Sustainability Chile Index and the FTSE4Good Index, representing world-level references in this field, and of which we feel specially proud of.

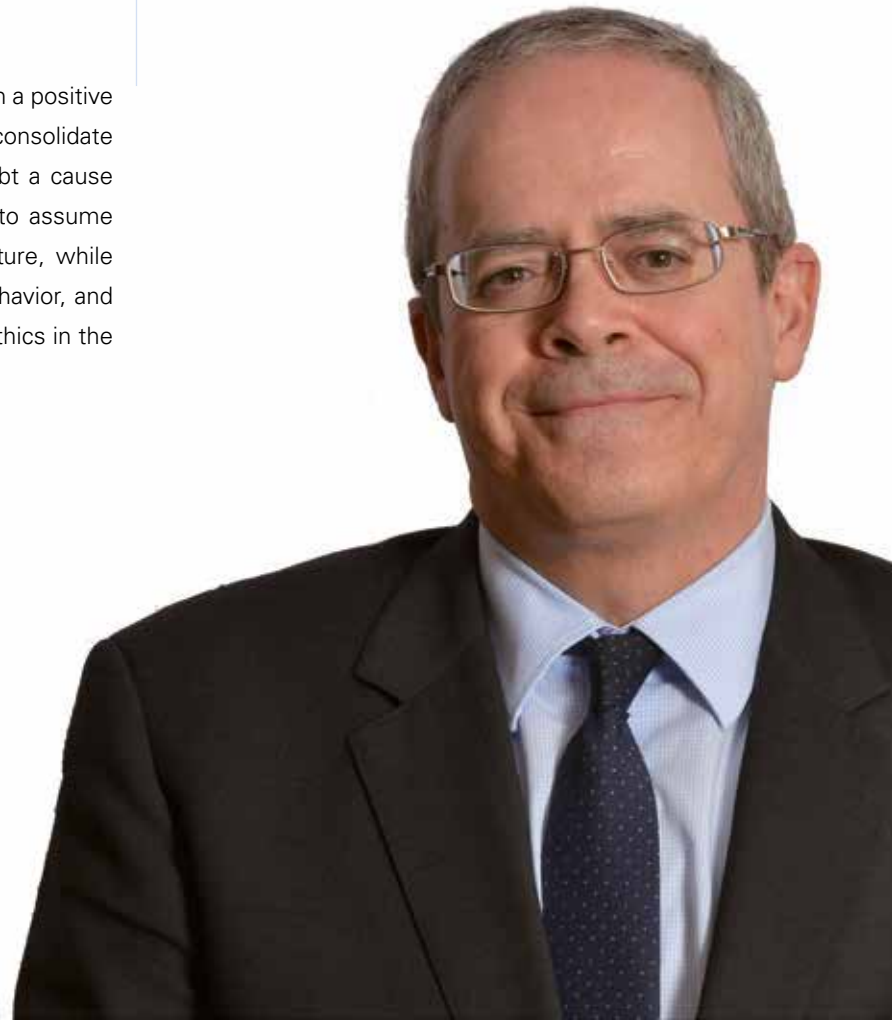
As we have seen, our Company is going through a positive development cycle, with achievements that consolidate our growth and stability. This is without a doubt a cause for satisfaction, but at the same time means to assume great responsibilities at present and in the future, while maintaining our high standards of corporate behavior, and being able to combine competition, skills and ethics in the development of our business.

I would like to finish this letter by expressing my gratitude to the Directors, executives, professionals, technicians and employees of Enel Américas for their permanent dedication and efforts made in 2017. All of them have been an essential part on each step made by this Company. So now I invite you to renew our commitment to follow this path, to continue leading the industry and to make a positive contribution to the development of our company. Thank you.



Francisco de Borja Acha Besga

Chairman



# Enel Américas is Open Power

The strategic concept of Open Power means openness to the outside world, to technology and internally between colleagues. In order to completely communicate to our clients, our counterparts, the essence of a new and innovative Enel, it's important to share this attitude of openness inside the company. In order to create a common culture between the Group's different realities, for the first

time in Enel, we have identified a "galaxy" comprised by a Vision that represents the great long term objective, a Mission 2025 declared in five items, values that represent the DNA of Enel and ten behaviors that should inspire every person working at the company. Together we will discover the Open Power galaxy.



VALUES

VISION

Open Power to overcome some of the greatest challenges facing the world

Trust

Proactivity

MISSION

Open energy access to more people

Open new uses of energy

Open the world of energy to new technologies

Open new ways for people to manage energy

Open new partnerships



# Milestones in 2017



## JANUARY

### Enel Distribución Perú inaugurated public lighting with LED lights

Through an agreement between Enel Distribución Perú and the Municipality of La Punta, this area became a pioneer in Peru using LED technology for public lighting. This system is much more efficient in term of luminous efficiency, and its duration is twice higher than any other traditional sodium lighting.



## FEBRUARY

### Approval of the Integral Tariff Review in Argentina

On February 1, in Argentina the National Electricity Regulatory Entity (ENRE) approved the Integral Tariff Review, known as RTI, which established a structural change in the energy distribution sector in the country.

### Enel completed the acquisition of CELG (now Enel Distribución Goiás)

On February 14, Enel Américas, through its subsidiary Enel Brasil, completed the acquisition of approximately 94.8% of Celg Distribuição S.A. share capital. This company operates in the Brazilian region of Goiás. The amount of the operation reached BRL\$ 2,187 million.

### Codensa announced a tariff reduction

While the last milestone of the merger process of Empresa de Energía de Cundinamarca (EEC) with Codensa in Colombia, and after obtaining the authorization for integrating the markets of both companies, since February 2017 a single tariff per kilowatt/ hour was applied for all clients of the merged company. Before this, the clients of EEC paid a higher tariff per kilowatt/ hour than the one charged by Codensa.



## MARCH

### Successful local bond issue of Codensa

Codensa performed a successful bond issue in the Colombian capital market amounting to COP\$ 430,000 million at 2 and 5-year term. This issuance was registered under the Bond Issuance and Placement program approved by the Financial Superintendence of Colombia.

### Codensa and Emgesa promoted electric mobility to their employees

As part of their commitment with electric mobility, Codensa and Emgesa created the ECO CAR program. This internal initiative facilitated employees to acquire electric vehicles. In this first stage, 20 employees were benefitted with the acquisition of electric vehicles and received support and advisory from the companies for the installation of individual charging points at their homes. Additionally, these companies installed five charging points in their headquarters for the use by employees during their working hours.



### Enel Distribución Perú participated in a project to remove pollutant substances

The Ministry of Health in Peru and the United Nations Industrial Development Organization (UNIDO) acknowledged the company for its active and voluntary participation in the Environmentally Rational Handling and Disposal of Polychlorinated Biphenyls (PCB) Project executed in the period 2010-2017.



## MAY

### The energy service of Bogotá was distinguished among the most competitive in Colombia

Two reports issued by the Superintendence of Domestic Public Services acknowledged that the energy service provided by Codensa in Bogotá is one of the most competitive in the country. During the first months of the year, the company remained as the second entity with the lowest tariff per kilowatt/ hour and the second electricity distribution company with the best service quality indicators in Colombia.

### Emgesa is leader in energy sales through long-term contracts

Emgesa is the generation company that recorded more transactions over 5-year term. Long-term contracts have enabled the company's clients to plan their energy management more efficiently and face contingencies with greater stability, such as El Niño phenomenon.



**Anniversary of Enel Generación Costanera**  
Enel Generación Costanera turned 24 years of age, being one of the main thermal generation companies of the Group. This power plant is located in the southern seafront of Buenos Aires.



**JUNE**

**Enel Generación Ceará received the Abradee Award**

For the eight consecutive times, the company was awarded with the first place in the Corporate Social Responsibility category by Abradee, the Brazilian Association of Electrical Energy Distribution.

**Codensa carried out an important modernization plan of the energy substations**

With an investment of COP\$ 160,000 million, Codensa moved forward its ambitious plan for the modernization of 27 substations in Bogotá and Cundinamarca and improved the quality of service for its 3,268,564 clients. These works were carried out without any service interruption and didn't impact any clients.



**Codensa and Emgesa committed with new standards in their sustainability reports**

Both companies participated in the launching of new GRI Standards, which were updated by the Global Reporting Initiative, which define the standards for sustainability reports worldwide. The objective of updating of these rules is to adapt the companies to the Paris Agreement and to the Objectives of Sustainable Development of the United Nations. The Enel Group committed to specifically support four of them: quality education, access to energy, economic development and fight against climate change.

**Successful local bond issue of Codensa for COP\$ 200,000 million**

Codensa carried out successfully a bond issue in the Colombian market for COP\$ 200,000 million at 7-year term. This issuance was registered under the Bond Issuance and Placement program approved by the Financial Superintendence of Colombia.



**Enel Distribución Perú convened an energy bidding**

The company convened generation companies to participate in the energy supply bidding for free customers for a total of 100 MW, for the period between July 2017 and December 2021. Through this public tender, Enel Distribución Perú chose among those generation companies that offered the most advantageous economic terms for contracted capacity and energy supply of free customers.



**JULY**

**Codensa and Emgesa were acknowledged for anti corruption practices in Colombia**

The companies were recognized by the Presidency's Secretariat of Transparency as one of the six large companies of the country that entered in the record of Anticorruption Active Companies (EAA in its Spanish acronym), with the highest international standards in the compliance of corruption prevention programs. Both companies exceeded the essential requirements for entering the register of EAA, becoming references in anti-corruption practices and activities related with corporate ethics compliance in Colombia.

# Milestones in 2017



## AUGUST

### Enel was awarded with the National Innovation Award in Brazil

Enel Brasil was recognized in the most important category of the National Innovation Award, organized by the National Confederation of Industry – CNI and the Brazilian Service for the Support of Micro and Small Companies (Sabra in its Brazilian acronym). The awards ceremony took place on June 26 during the opening session of the Brazilian Congress of Innovation in São Paulo. Nearly 4 thousand companies register to participate and 34 of them were shortlisted. Enel was also one of the three finalists in the Innovation and Marketing category.

### Anniversary of Enel Generación El Chocón

The hydroelectric power plant of Enel Argentina, located in the Neuquén province, is a symbol of strength. El Chocón village grew and developed around the company that contributes with 1,200 MW to the International Interconnected System. The concession was granted on August 11, 1993, and in 2017 turned 24 years old.



### New power substation in Peru benefits more than 25 thousand clients

Enel Distribución Perú commissioned the new Filadelfia Transmission Electric Substation (SET in its Spanish acronym), located in the San Martín de Porres district. This service operates in 60 kV benefits more than 25,000 residential, commercial and industrial clients of San Martín de Porres, Los Olivos and Callao. The reliability in the electricity supply has improved in these districts. Additionally, it will meet the energy demand of the future Line 2 of Lima Subway. Investments needed for its construction and network installation exceeded 20 million dollars and were carried out during 15 months.

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

## SEPTEMBER

### Enel Américas was included in the Dow Jones Sustainability Chile Index

For the first time the company became listed on the Dow Jones Sustainability Index (DJSI) in the category DJSI Chile. This index looks annually at the performance of 2,500 large companies listed in the most important stock exchanges worldwide.

### Enel Américas became listed for the first time in the FTSE4Good Emerging Index

This index belongs to the FTSE4Good, and includes companies listed in stock exchanges worldwide that comply with the highest environmental, social relationships and governance global standards, based on the principles for responsible investment. The FTSE4Good criteria are applied to the FTSE Emerging Index launched in 2016, gathering 20 emerging countries.



### Enel Américas was awarded the concession to operate Volta Grande power plant in Brazil for 30 years

The concession was granted in the public tender “Leilão de Concessões não prorrogadas” arranged by the Brazilian federal government through the Brazilian Agency of Electricity Regulation (ANEEL for the Brazilian abbreviation). Enel Américas paid nearly BRL\$ 1,420 million (equivalent to US\$ 445 million), being in line with the current Group’s strategic plan.

### Edesur celebrates its 25th anniversary

On September 1, Enel’s distribution company in Argentina reached the age of 25 and celebrated with its employees. With a total of 18 TWh/ year, Edesur serves nearly 2,5 million clients in the city of Buenos Aires and 12 municipalities in the southern area of the province of Buenos Aires. Only in 2017, the company invested ARS\$ 4,000 million in the electricity network.



## OCTOBER

### Enel Américas increased its participation in Enel Distribución Perú

On October 4, Enel Américas through its subsidiary in Enel Perú SAC increased an additional 7.5% share in the share capital of Enel Distribución Perú. This transaction was performed in the Lima Stock Exchange for an amount equivalent to US\$ 80.5 million. Subsequently, the participation of Enel Group in the distribution company reached 83.2% of the company’s share capital.

### Codensa and Emgesa turned twenty years of operations

Together with the Enel Group, Codensa and Emgesa celebrated twenty years of existence, in which they have decidedly contributed to the progress of the energy sector and the development of the communities where they operate, through the generation, distribution and commercialization of electrical energy. During these two decades, these companies have remarkable for being financially and socially responsible, for its environmental commitment, innovation and proximity with their clients.



### Substation Padre Novak

The substation Padre Novak was built in Florencio Varela area, one of the most important works of Edesur to relieve the area and improve transmission and distribution capacity. In October a new 40 MVA transformer and medium voltage wires were installed, thus improving the service to our clients and easing the demand of Varela Substation.

### Opening of machines in Costanera

The tuning process of one of the combined cycles of Enel Generación Costanera started, which is part of the maintenance of machinery for its optimal operation.

## NOVEMBER

### Emgesa won the award of excellence ARL SURA

The company received this rewards thanks to the innovation plan based on improvements of lighting and facilities to install, operate and maintain public lighting at the Cartagena Power Plant Port Society. This project works with a retractable posts system that eliminates the risk of works in heights to employees that handle lights.

### Smart Meters

Edesur begun to digitize the network with the installation of 5,000 smart meters. During November Caballito neighborhood was covered, one of the most densely populated areas. This new generation of Smart Meters allows the detection of interruptions in real time and to accurately measure consumption and the energy boost to the network.

### Pompeya Substation

Edesur inaugurated the repowering works at the Pompeya Substation, benefitting 36 thousand clients. The company, subsidiary of Enel Américas, invested ARS\$ 208 million. The ceremony counted with the participation of the global head of infrastructure and networks of Enel Livio Gallo; the general manager of Edesur Giuseppe Fanizzi; the Chairman of the company Juan Carlos Blanco and the country manager of Enel Argentina Maurizio Bezzeccheri.

### Enel Distribución Perú installs more than 8,700 smart meters in Lima and Callao

The equipment was installed in seven districts at Lima and Callao as part of the pilot plan to create a more efficient and digitized electricity network for the improvement of quality of service. The company will carry out investments in this project for a total amount of US\$1.1 million, including the installation of 10,000 meters by the end of the first quarter of 2018. The objective is to show the benefits of this technology and to perform a smart management of energy to clients and to the whole power system.

## DECEMBER

### First charging station for electric vehicles in Argentina

Enel installed the first charging station for electric vehicles in the country at the headquarters of Edesur. As such, the company reaffirmed its leadership in energy innovation, electric mobility and protection of the environment.

### Works of electric infrastructure will take place in Villa Olímpica in Argentina

The Youth Olympic Games 2018 will be held at Villa Soldati neighborhood in Buenos Aires. The company installed medium voltage lines and new transformer chambers for one of the most important sport events of the year.

### Installation of Smart Meters in Argentina

50 smart meters were installed in Los Piletones neighborhood as part of a pilot plan, where a dining area of Margarita Barrientos Foundation is located. As such, the company promotes technological progress in a low-income neighborhood and cooperates with its development.

# 04

Main financial  
and operational indicators





As of December 31 of each year <sup>(1)</sup>

	2012	2013	2014	2015	2016	2017
<b>Total Assets</b>	<b>13,317,834</b>	<b>15,177,664</b>	<b>15,921,322</b>	<b>15,449,154</b>	<b>11,281,556</b>	<b>20,168,990</b>
<b>Total Liabilities</b>	<b>6,354,065</b>	<b>6,670,199</b>	<b>7,642,104</b>	<b>7,259,346</b>	<b>6,006,307</b>	<b>11,890,483</b>
Operating Revenues	6,577,667	6,264,446	7,253,876	5,301,440	5,197,286	10,540,327
<b>Ebitda</b>	<b>1,982,924</b>	<b>2,251,489</b>	<b>2,300,020</b>	<b>1,615,112</b>	<b>1,643,369</b>	<b>2,947,261</b>
Net Income <sup>(2)</sup>	377,351	658,514	610,158	661,587	383,060	709,043
Liquidity Ratio	0.99	1.31	1.23	1.01	1.25	0.92
Leverage <sup>(3)</sup>	0.91	0.78	0.92	0.65	1.14	1.44

As of December 31 of each year

Generation Business	2012	2013	2014	2015	2016	2017
<b>ARGENTINA</b>						
Number of employees	501	628	645	657	632	578
Number of generating units	20	25	25	25	29	29
Installed capacity (MW) <sup>(4)</sup>	3,652	4,522	4,522	4,522	4,419	4,419
Electricity generated (GWh)	11,207	14,422	14,390	15,204	13,124	14,825
Energy sales (GWh)	11,852	16,549	15,276	15,770	13,312	14,852
<b>BRAZIL</b>						
Number of employees	197	200	208	194	185	146
Number of generating units	13	13	13	13	13	17
Installed capacity (MW) <sup>(4)</sup>	987	987	987	987	974	1,354
Electricity generated (GWh)	5,183	4,992	5,225	4,398	3,665	4,034
Energy sales (GWh)	7,291	6,826	7,108	6,541	9,448	12,587
<b>COLOMBIA</b>						
Number of employees	517	563	589	484	551	604
Number of generating units	30	29	32	36	36	34
Installed capacity (MW) <sup>(4)</sup>	2,914	2,925	3,059	3,459	3,457	3,467
Electricity generated (GWh)	13,251	12,748	13,559	13,705	14,952	14,765
Energy sales (GWh)	16,304	16,090	15,773	16,886	18,015	18,156
<b>PERU</b>						
Number of employees	263	316	324	292	310	320
Number of generating units	25	27	27	27	27	27
Installed capacity <sup>(MW)</sup> <sup>(4)</sup>	1,657	1,842	1,949	1,983	1,934	1,979
Electricity generated (GWh)	8,570	8,489	9,062	8,801	8,698	7,430
Energy sales (GWh)	9,587	9,497	9,916	9,283	9,800	10,457
<b>TOTAL</b>						
Number of employees	1,478	1,707	1,766	1,627	1,678	1,648
Number of generating units	88	94	97	101	105	107
Installed capacity (MW) <sup>(4)</sup>	9,210	10,276	10,517	10,951	10,784	11,219
Electricity generated (GWh)	38,211	40,651	42,236	42,108	40,439	41,053
Energy sales (GWh)	45,034	48,962	48,073	48,480	50,575	56,051

As of December 31 of each year

Distribution Business	2012	2013	2014	2015	2016	2017
<b>ARGENTINA</b>						
Energy sales (GWh) <sup>(5)</sup>	17,338	18,137	17,972	18,492	18,493	17,736
Number of customers	2,388,675	2,444,013	2,464,117	2,479,559	2,504,558	2,529,307
Energy losses	10.6%	10.80%	10.75%	12.30%	12.04%	12.04%
Number of employees	2,948	3,320	3,823	4,142	4,290	4,251
Clients / employees	810	736	645	596	584	595
<b>BRAZIL</b>						
Energy sales (GWh) <sup>(5)</sup>	20,694	21,767	22,842	22,776	22,809	34,876
Number of customers	6,050,522	6,301,582	6,500,500	6,754,327	6,943,600	9,974,471
Energy losses	16.30%	16.10%	16.42%	17.30%	16.10%	15.22%
Number of employees	2,382	2,370	2,415	2,348	2,244	3,336
Clients / employees	2,540	2,659	2,732	2,877	3,237	2,990
<b>COLOMBIA</b>						
Energy sales (GWh) <sup>(5)</sup>	13,364	13,342	13,660	13,946	13,632	13,790
Number of customers	2,712,987	2,686,919	2,772,376	2,865,159	3,248,447	3,340,457
Energy losses	7.50%	7.00%	7.19%	7.30%	7.10%	7.84%
Number of employees	1,127	1,036	1,043	947	1,337	1,376
Clients / employees	2,407	2,594	2,658	2,771	2,430	2,428
<b>PERU</b>						
Energy sales (GWh) <sup>(5)</sup>	6,863	7,045	7,338	7,624	7,782	7,934
Number of customers	1,203,061	1,254,624	1,293,503	1,336,610	1,367,044	1,396,966
Energy losses	8.20%	7.90%	7.95%	8.30%	7.80%	8.24%
Number of employees	607	616	619	570	620	588
Clients / employees	1,982	2,037	2,090	2,191	2,216	2,376
<b>Total</b>						
Energy sales (GWh) <sup>(5)</sup>	58,259	60,291	61,812	62,838	62,715	74,337
Number of customers	12,355,245	12,687,138	13,030,496	13,435,655	14,063,649	17,241,201
Average energy losses	10.65%	10.45%	10.58%	11.30%	10.76%	12.30%
Number of employees	7,064	7,342	7,900	8,007	8,491	9,551
Clients / employees	1,749	1,728	1,649	1,678	1,656	1,805

- (1) Accounting figures are in accordance to the instructions and regulations issued by the CMF. Figures are presented in million Chilean nominal pesos for the years 2012, 2013, 2014, 2015 and 2016, and figures are in million dollars for 2017. The Extraordinary Shareholders Meeting held on April 27, 2017 approved the change of functional currency of the Company from Chilean pesos to US dollars.
- (2) Net Results attributable to the dominant company.
- (3) Total Liabilities/ Equity plus Minority Interest.
- (4) In contrast to the previous years, net installed capacity is considered for the years 2016 and 2017, and the difference with gross installed capacity is the discount for self-consumption.
- (5) Due to changes in the criteria, non-billable consumptions (CNF) are not included in 2014, 2015, 2016 and 2017.

# 05

Identification of the company  
and constituent documents



# Identification of the company

Name or company name	Enel Américas S.A.
Domicile	Santiago de Chile, being able to establish agencies or subsidiaries in other parts of the country or abroad
Type of company	Publicly traded company
Rut	94,271,000-3
Address	Santa Rosa N° 76, Santiago, Chile
Postal code	833-009 SANTIAGO
Phones	(56-2) 2353 4400 - (56-2) 2378 4400
P.O. Box	1557, Santiago
Securities Registration number	N° 175
External Auditors	Ernst & Young
Subscribed and paid-in capital (Th\$)	6,763,204,424(1)
Web site	www.enelamericas.com
Email	comunicacion.enelchile@enel.com
Investor Relations phone	(56-2) 2353 4682
Ticker symbol in Chilean stock exchanges	ENELAM
Ticker symbol in New York stock exchange	ENIA
ADR's Custodian Bank	Banco Santander Chile
ADR's Depository Bank	Citibank N.A.
Local credit rating agencies	Feller Rate Clasificadora de Riesgo Limitada, Fitch Chile Clasificadora de Riesgo Limitada
International credit rating agencies	Fitch Ratings, Moody's Investor Services y Standard & Poor's International Rating Services

(1) The Extraordinary Shareholders' Meeting held on April 27, 2017 agreed the change of the Company's functional currency from Chilean pesos to US dollars, and therefore the modification of the articles five permanent and one transitory of the Company's by-laws.

## Constituent Documents

The company that gave rise to Enel Américas S.A. was formed initially under the name Compañía Chilena Metropolitana de Distribución Eléctrica S.A. by public deed dated June 19, 1981, granted by the notary Patricio Zaldívar Mackenna in Santiago, and modified by public deed on July 13 the same year and in the same notary. The company's incorporation was authorized and its bylaws approved by Resolution 409-S of July 17, 1981 of the Securities and Insurance Commission (SVS). The extract of the incorporation authorization and approval of the bylaws was registered in the Santiago Trade Registry on page 13,099 N°7,269 for the year 1981, and were published in the Official Gazette of July 23, 1981. The bylaws of Enel Américas S.A. have undergone a number of modifications ever since.

On August 1, 1988, the company's name was changed to Enersis S.A.

In April 2015 Enersis S.A. started a corporate reorganization process. As part of this process, on December 18, 2015 the Company's Extraordinary Shareholders Meeting was held, where shareholders of Enersis S.A. approved the first stage of the reorganization process called "the Spin-off". Therefore, the Spin-off of the Company was approved, and the entity "Enersis Chile S.A." was created, which represented the unique vehicle for the control of generation and distribution assets that the Group owns in Chile and, the former Enersis S.A. was named "Enersis Américas S.A.," which controls the businesses in the other countries

of the region (Argentina, Peru, Brazil and Colombia). The Spin-off was formalized in a public deed of January 8, 2016, granted in the Notary Iván Torrealba Acevedo in Santiago, whose excerpt was registered on pages 4013 N° 2441 of the Commerce Registry in 2016 of the Property Register in Santiago and was published in the Official Journal on January 22, 2016. A supplementary extract was registered on pages 10.743 N° 6.073 in the same Registry, year and the Property Register and was published in the Official Journal on February 10, 2016.

The Extraordinary Shareholders Meetings of Enersis Américas S.A. and its subsidiaries Endesa Américas S.A. and Chilectra Américas S.A. were held on September 28, 2016. Among other topics, at these meetings the second stage of the corporate reorganization plan denominated "The Merger" was approved. Therefore, Enersis Américas S.A., the absorbing entity, acquired all the assets and liabilities of the subsidiaries Chilectra Américas S.A. and Endesa Américas S.A., succeeding them in every right and obligation and incorporating to Enersis Américas S.A. the entirety of shareholders and equity of Chilectra Américas S.A. and Endesa Américas S.A.

In addition, it was agreed that after the Merger, on December 1, 2016, Enersis Américas S.A would change its name to "Enel Américas S.A." Such meeting was formalized in a public deed of October 18, 2016, granted in the Notary Iván Torrealba Acevedo, whose excerpt was registered on pages 79,974 N°43,179 of the Commerce Registry in 2016 of the Property Register in Santiago and was published in the Official Journal on October 29, 2016.

## Corporate Purpose

The corporate purpose of the Company is stated in the statutory modification approved by the Extraordinary Shareholders Meeting held on September 28, 2016, formalized in a public deed of October 18, 2016, granted in the Notary Iván Torrealba Acevedo in Santiago, whose excerpt was registered on pages 79,974 N°43,179, of

the Commerce Registry in 2016 of the Property Register in Santiago and was published in the Official Journal on October 29, 2016.

The Company's purpose is to perform in the country or abroad the exploration, development, operation, generation, distribution, transmission, transformation and/ or sales of energy in any of its forms and nature, or directly or through intermediate companies, likewise, and also telecommunications activities and the provision of engineering consultancy in the country and abroad. It may also invest and manage its subsidiaries and associate companies, whether generators, transmission companies, distributors or traders of electricity or whose business is any of the following: (i) energy, in any of its forms or nature, (ii) the supply of public utilities or whose main raw material is energy, (iii) telecommunications and information technology, and (iv) trading over internet. In complying with its main objects, the company will carry out the following functions:

- a) Promote, organize, build, modify, dissolve or liquidate companies of any nature, which have similar corporate objects to its own.
- b) Propose investment, financing and business policies to subsidiary companies, as well as accounting criteria and systems that these should follow.
- c) Supervise subsidiary management.
- d) Provide subsidiary or associate companies with the necessary financing for their business development and provide management services; financial, technical, legal and auditing advice; and in general any type of service that appears necessary for their best performance.

In addition to its main objects and always acting within the limits established by the Investment and Financing Policy approved by the Shareholders Meeting, the Company may invest in:

- 1.- The acquisition, operation, construction, rental, administration, intermediation, trading and disposal of all kinds of movable and immovable assets, either directly or through subsidiaries or associate companies.
- 2.- All kinds of financial assets, including shares, bonds and debentures, commercial paper and in general all kinds of titles or securities and company contributions, either directly or through subsidiaries or associate companies.



# 06

Property and control





# Ownership Structure

## Ownership structure

The company capital is divided into 57,452,641,516 shares, with no nominal value, all holds the same single series and each share represents one voting right, and there are no state-owned preferred shares.

As of December 31, 2017, all shares were subscribed and paid-in, and were distributed as follows:

Shareholders	Number of shares	Shareholding
Enel S.p.A.	29,762,213,531	51.80%
Pension Funds	8,606,567,373	14.98%
ADR'S (Citibank N.A. according to circular N°1,375 of the SVS)	5,064,445,978	8.81%
Foreign Investment Funds	90,124,898	0.16%
Custodian banks	8,605,676,521	14.98%
Stockbrokers, insurance companies, mutual funds	3,795,006,987	6.61%
Other shareholders	1,528,606,228	2.66%
<b>Total Shares</b>	<b>57,452,641,516</b>	<b>100.00%</b>

## Identification of Controllers

As defined in Title XV of Law No. 18,045, Enel Américas S.A. is a publicly traded company directly controlled by Enel S.p.A., an Italian joint stock company, owning 51.8030% of the shares issued by Enel Américas S.A.

Shareholders of Enel S.p.A	
Ministero dell'Economia e delle Finanze de Italia	23.6%
BlackRock Inc.	5.6%
Other Investors (Institutional and Retail)	70.8%
<b>Total</b>	<b>100.0%</b>

The controller's members don't have a joint action agreement.



## List of the Twelve Main Shareholders of the Company

As of December 31, 2017, 23,973 shareholders owned Enel Américas. The twelve main shareholders were:

Name or Company Name	Rut	Number of Shares	Shareholding
Enel S.p.A.	59,243,980-8	29,762,213,531	51.80%
Citibank N.A. as per S.V.S. Circular 1,375	59,135,290-3	5,064,445,978	8.81%
Banco de Chile on behalf of non-resident third parties	97,004,000-5	3,895,552,189	6.78%
Banco Itaú Corpbanca on behalf of foreign investors	97,023,000-9	2,523,158,948	4.39%
Banco Santander on behalf of foreign investors	97,036,000-K	1,883,016,703	3.28%
AFP Provida S.A. for Pension Fund C	76,265,736-8	1,305,331,772	2.27%
AFP Capital S.A. for Pension Fund C	98,000,000-1	981,480,577	1.71%
AFP Habitat S.A. for Pension Fund C	98,000,100-8	959,169,297	1.67%
AFP Cuprum S.A. for Pension Fund C	76,240,079-0	853,871,456	1.49%
AFP Cuprum S.A. for Pension Fund A	76,240,079-0	496,246,910	0.86%
Banchile C. de B. S.A.	96,571,220-8	495,159,971	0.86%
AFP Habitat S.A. for Pension Fund A	98,000,100-8	467,088,142	0.81%
Subtotal twelve major shareholders		48,686,735,474	84.74%
Other 23,961 shareholders		8,765,906,042	15.26%
<b>TOTAL 23,973 SHAREHOLDERS</b>		<b>57,452,641,516</b>	<b>100.00%</b>

There are no shareholders representing the founding families of the Company neither related to the government or state entities owning shares exceeding 5% ownership.

# Most Significant Changes in Ownership

During 2017, the most important changes in the ownership of Enel Américas are the following:

Name or Company Name	Rut	Dv	Number of shares on 12/31/2016	Number of shares on 12/31/2017	Variation %	Number of Shares Variation
Citibank N.A. as per SVS Circular 1,375	59,135,290	3	5,631,047,778	5,064,445,978	-0.9862%	-566,601,800
Banco de Chile on behalf of non-resident third parties	97,004,000	5	4,108,765,679	3,895,552,189	-0.3711%	-213,213,490
AFP Provida S.A.	76,265,736	8	2,623,011,837	2,278,366,257	-0.5999%	-344,645,580
Banco Itaú Corpbanca on behalf of foreign investors	97,023,000	9	2,508,359,677	2,523,158,948	0.0258%	14,799,271
AFP Capital S.A.	98,000,000	1	1,878,800,411	1,995,066,955	0.2024%	116,266,544
AFP Cuprum S.A.	76,240,079	0	1,804,422,529	1,780,798,933	-0.0411%	-23,623,596
Banco Santander on behalf of foreign investors	97,036,000	K	1,696,564,437	1,883,016,703	0.3245%	186,452,266
AFP Habitat S A	98,000,100	8	1,481,560,005	1,797,479,247	0.5499%	315,919,242
Banchile C.de B. S.A.	96,571,220	8	450,500,908	495,159,971	0.0777%	44,659,063
AFP Modelo S.A.	76,762,250	3	289,374,853	468,847,590	0.3124%	179,472,737
AFP Planvital S.A.	98,001,200	K	286,867,719	286,008,391	-0.0015%	-859,328
Larraín Vial S.A. Corredora de Bolsa	80,537,000	9	283,130,396	290,453,220	0.0127%	7,322,824
BTG Pactual Chile S.A. C. de B.	84,177,300	4	232,232,906	203,106,375	-0.0507%	-29,126,531
Banco Santander-HSBC Bank PLC London Client Account	97,036,000	K	219,688,777	198,136,422	-0.0375%	-21,552,355
Santander Corredores de Bolsa Limitada	96,683,200	2	206,736,414	216,115,682	0.0163%	9,379,268
Valores Security S.A. C. de B.	96,515,580	5	138,540,854	159,927,049	0.0372%	21,386,195



## Exchange Transactions Performed by Related Individuals during 2016 and 2017

No exchange transactions between related individuals were made during 2016 and 2017.

## Summary of Directors' Committee and Shareholders Comments and Proposals

Enel Américas S.A. received neither comments nor proposals with regards to the progress of company business between January 1 and December 31, 2017 from the Directors' Committee or Shareholders who own or represent 10% or more of the shares issued with voting rights as stated in Articles 74 of Law No. 18,046 and 136 of the Regulation to Public Companies.



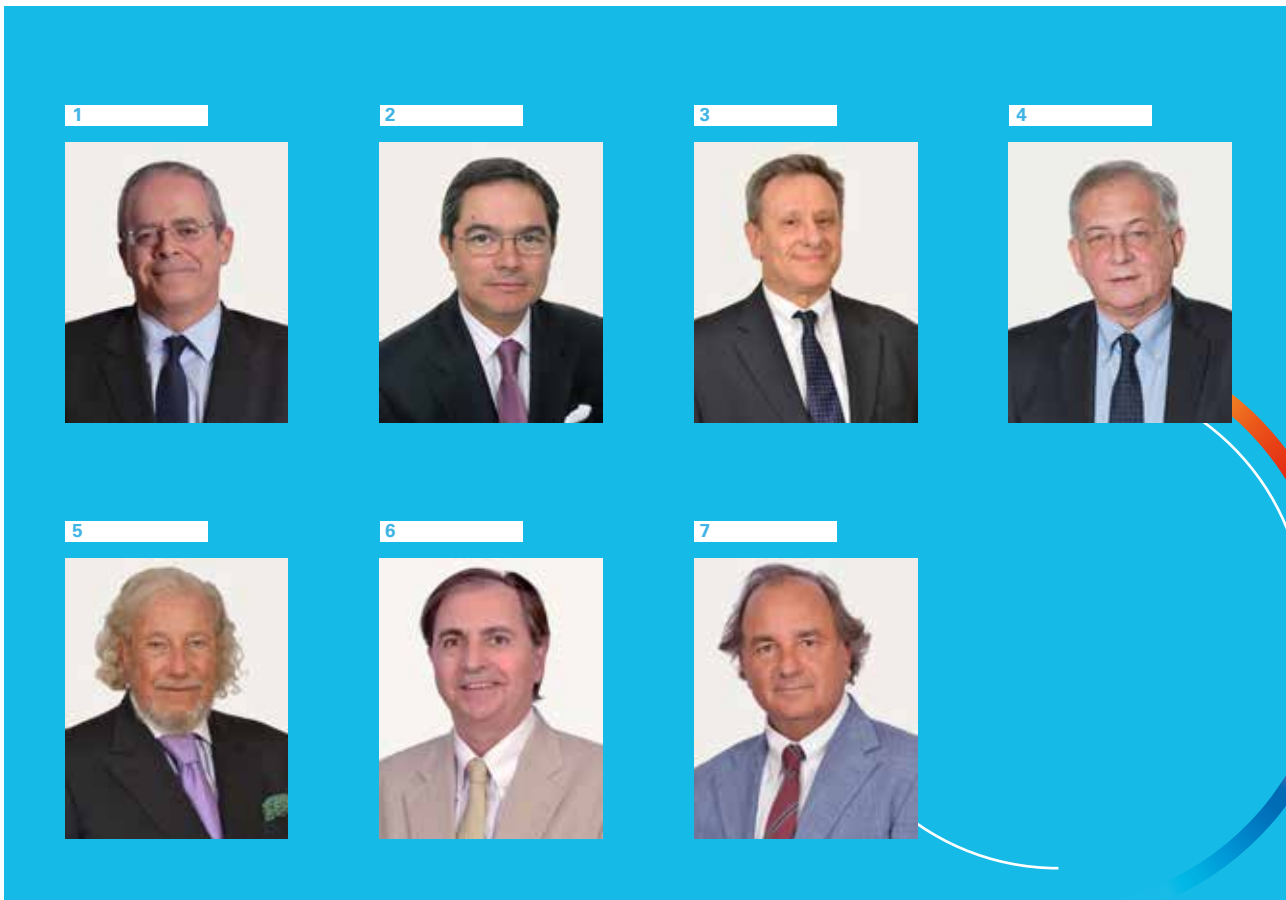


# 07

Administration



# Board of Directors



## 1. CHAIRMAN

### Francisco de Borja Acha Besga

Degree in Law  
 Universidad Complutense de Madrid  
 DNI: 05263174-S  
 From 04.28.2016

## 2. DIRECTOR

### José Antonio Vargas Lleras

Degree in Law  
 Universidad Colegio Mayor del Rosario,  
 Colombia  
 DNI: 79.312.642  
 From 04.28.2016

## 3. DIRECTOR

### Enrico Viale

Engineer Degree  
 Universidad Politécnica de Turín  
 MBA Escuela de Negocios  
 Universidad de Santa Clara  
 DNI: AU 2580379  
 From 04.28.2016

## 4. DIRECTOR

### Livio Gallo

Electronic Engineer  
 Universidad Politécnica de Milán  
 DNI: AV 0246369  
 From 04.28.2016

## 5. DIRECTOR

### Hernán Somerville Senn

Lawyer  
 Universidad de Chile  
 Master of Comparative Jurisprudence  
 University of New York  
 DNI: 4,132,185-7  
 From 04.28.2016

## 6. DIRECTOR

### Domingo Cruzat Amunátegui

Industrial civil engineer  
 Universidad de Chile  
 MBA The Wharton School de la Universidad  
 of Pennsylvania  
 Rut: 6,989,304-K  
 From 04.28.2016

## 7. DIRECTOR

### Patricio Gómez Sabaini

Business Administration Degree  
 George Mason University, Virginia  
 Master of Business Administration  
 George Washington University, Washington DC  
 Passport: 16941675N  
 From 04.28.2016



Enel Américas is managed by a Board of Directors comprised of seven members, who remain in office for a three-year period and may be re-elected. The Board was appointed at the Ordinary Shareholders' Meeting held on April 28, 2016. According to the Corporations Law, if a Director's vacancy occurs, the whole board shall be renewed at the next ordinary shareholders' meeting the corporation shall hold, and, in the meanwhile, the board may name a substitute. The Company doesn't consider any substitute members.

In the last two years, the following were also Directors of Enel Americas:

**Francesco Starace**

Vice Chairman of the Board  
Nuclear Engineer  
Universidad Politécnica de Milán  
Passport: YA5358349  
From 04.28.2015 to 04.28.2016

**Francesca Di Carlo**

Director  
Degree in Economics  
Universidad La Sapienza, Roma  
Passport: AA2224406  
From 04.28.2015 to 04.28.2016

**Alberto De Paoli**

Director  
Degree in Economics  
Universidad La Sapienza, Roma  
Passport: YA4226864  
From 04.28.2015 to 04.28.2016

**Rafael Fernández Morandé**

Director  
Industrial Civil Engineer  
Pontificia Universidad Católica de Chile  
DNI: 6,429,250-1  
From 04.28.2015 to 04.28.2016

**Herman Chadwick Piñera**

Director  
Lawyer  
Pontificia Universidad Católica de Chile  
Rut: 4,975,992-4  
From 04.28.2015 to 04.28.2016

# Board of Directors' and Directors' Committee Compensations

Pursuant to Article 33 of Law No. 18,046 Corporations Law, the Ordinary Shareholders' Meeting held on April 27, 2017 approved the compensations for the Board of Directors and Directors' Committee for the 2017 accounting period. The compensations for the Directors' Committee consist on an annual variable remuneration equal to one per thousand of the net profits of the period.

As an advance payment, a monthly compensation was defined, part of which is at any event and part of it eventually, and it's imputable to the aforementioned annual variable compensation. This compensation consists on 180 UF of monthly fixed compensation at any event and 66 UF of attendance fees per meeting of the Board, up to a maximum of 15 sessions altogether.

The compensation of the Chairman of the Board will be twice the compensation of a Director.

The compensation for the Directors' Committee consists on an annual variable remuneration equal to zero point one thousand seven hundred seventy five of the net profits of the period. It was determined to pay in advance one-month fee, one part in all events and a variable part, attributable to the referred variable annual remuneration. This compensation consists on 60 UF of monthly fixed compensation at any event and 22 UF of attendance fees per meeting of the Board, up to a maximum of 15 sessions altogether.

Total compensation expenses in 2017 were US\$ 526,856 and are shown in the following table. The Board of Directors did not incur in any expenses for external consulting services.

## 2017

Figures in US\$ Name	Position	Fixed Remuneration	Ordinary and Extraordinary Sessions	Committee's Fixed Compensation	Committee's Ordinary and Extraordinary Sessions	Variable Compensation	TOTAL 2017
Francisco de Borja Acha <sup>(1)</sup>	Chairman						
José Antonio Vargas Lleras <sup>(1)</sup>	Director						
Livio Gallo <sup>(1)</sup>	Director						
Enrico Viale <sup>(1)</sup>	Director						
Hernán Somerville Senn	Director	93,417	39,968	31,139	12,367	-	176,891
Domingo Cruzat Amunátegui	Director	93,417	37,106	31,139	11,413	-	173,075
Patricio Gómez Sabaini	Director	93,417	39,968	31,139	12,367	-	176,891
<b>Total</b>		<b>280,250</b>	<b>117,042</b>	<b>93,417</b>	<b>36,147</b>	<b>-</b>	<b>526,856</b>

(1) Messrs. Francisco de Borja A., José Antonio Vargas Ll., Livio Gallo and Enrico Viale, renounced to any compensation payment.

## 2016

Total compensation expenses in 2016 were US\$ 570,407 and are shown in the following table. The Board of Directors did not incur in any expenses for external consulting services.

Figures in US\$ Name	Position	Fixed Remuneration	Ordinary and Extraordinary Sessions	Committee's Fixed Compensation	Committee's Ordinary and Extraordinary Sessions	Variable Compensation	TOTAL 2016
Francisco de Borja Acha <sup>(1)</sup>	Chairman						
José Antonio Vargas Lleras <sup>(1)</sup>	Vice Chairman						
Livio Gallo <sup>(1)</sup>	Director						
Enrico Viale <sup>(1)</sup>	Director						
Hernán Somerville Senn <sup>(2)</sup>	Director	84,041	53,923	28,010	17,971	-	183,945
Domingo Cruzat Amunátegui <sup>(2)</sup>	Director	63,293	43,771	21,098	14,590	-	142,752
Patricio Gómez Sabaini <sup>(2)</sup>	Director	63,293	43,771	21,098	14,590	-	142,752
Rafael Fernández Morandé <sup>(3)</sup>	Director	27,712	10,152	9,234	3,381	-	50,479
Herman Chadwick Piñera <sup>(3)</sup>	Director	27,712	10,152	9,234	3,381	-	50,479
<b>Total</b>		<b>266,051</b>	<b>161,769</b>	<b>88,673</b>	<b>53,914</b>	<b>-</b>	<b>570,407</b>

(1) Messrs. Francisco de Borja A., José Antonio Vargas Ll., Livio Gallo and Enrico Viale, renounced to any compensation payment.

(2) Messrs. Hernán Somerville S., Domingo Cruzat Á. and Patricio Gómez S., assumed their positions at the Board of Directors of Enel Américas in April 2016.

(3) Messrs. Herman Chadwick Piñera and Rafael Fernández Morandé, held their positions at the Board of Directors until April, 2016.

# Social Responsibility and Sustainable Development

## Board Diversity

### Number of people by gender

Female	0
Male	7
<b>Total</b>	<b>7</b>

### Number of people by nationality:

Chilean	2
Spanish	1
Argentine	1
Colombian	1
Italian	2
<b>Total</b>	<b>7</b>

### Number of people by age range:

Between 41 and 50 years old	0
Between 51 and 60 years old	4
Between 61 and 70 years old	2
Over 70 years old	1
<b>Total</b>	<b>7</b>

### Number of people by seniority:

Less than 3 years	6
More than 12 years	1
<b>Total</b>	<b>7</b>

## Board of Directors Consulting Expenses

During 2017, the Board of Directors did not make any expenses in consulting services.

## Property over Enel Américas

As of December 31, 2017, according to the Shareholders' Register, none of the current Directors held ownership of the company Directors' Committee.

## Directors' Committee

Pursuant to Article 50 bis of law No. 18,046 Corporations Law, Enel Américas S.A. has a Directors' Committee comprised by three members, with faculties and duties enumerated in said article and those delegated by the Board as established in the Regulation of the Director's Committee.

On January 1, 2017 the Directors' Committee of Enel Américas S.A. was comprised by Messrs. Hernán Somerville Senn, Domingo Cruzat Amunátegui and Patricio Gómez Sabaini, all independent members of the Board. The Chairman and Financial Expert was Mr. Hernán Somerville Senn and the Secretary of the Directors' Committee was Mr. Domingo Valdés Prieto.

At the ordinary session of the Board of Directors held on April 29, 2016 were appointed as members of the Directors' Committee Messrs. Hernán Somerville Senn, Patricio Gómez Sabaini and Domingo Cruzat Amunátegui. Mr. Hernán Somerville Senn was appointed Financial Expert of the Directors' Committee. On the other hand, at the ordinary session of the Directors' Committee held on April 29, 2016, Mr. Hernán Somerville Senn was appointed Chairman of the Directors' Committee and Mr. Domingo Valdés Prieto, Legal Counsel of the Company, was appointed secretary of the committee.

# Directors' Committee Management Annual Report

The Directors' Committee held thirteen meetings in 2017.

During the sessions held in 2017, the Director's Committee addressed subjects regarding their interests, giving due fulfillment of their obligations dictated by the Article 50 statute number 18,046 about Public Limited Companies.

## 1.- Consolidated Financial Statements

At the ordinary session held on February 24, 2017, the following documents were unanimously declared to have been examined; the Consolidated Financial Statements as of December 31, 2017, its Notes, Financial Statements and Significant Events, as well as the External Auditor's opinions. Likewise, the Chairman of the Director's Committee requested the Administration, Finance and Control Manager to develop a very thorough explanation to the market regarding the causes of the decrease of financial results and particularly the situation of Argentina. Additionally, the Chairman of the Committee, Mr. Hernán Somerville Senn, reminded that he had requested in several previous sessions a simplified presentation of the cash flow to the Committee in several previous sessions, which has not been presented yet.

At the ordinary session held on March 31, 2017 unanimously took note of the modifications of the International Financial Reporting Standards effective from January 1, 2018.

At the extraordinary session held on May 5, 2017, the Directors' Committee unanimously, declared to have examined the Consolidated Financial Statements of the Company as of March 31, 2017, its Notes, Income Statement and Significant Events.

At the ordinary session held on July 26, 2017, the Directors' Committee unanimously declared examined the

Consolidated Financial Statements of the Company as of June 30 2017, its Notes, Financial Statements Analysis, Income Statement and Significant Events, and the opinion "without any observation" issued by external auditors on July 26, 2017, signed by Mr. Emir Rahil, partner of Ernst & Young. When addressing and presenting the issue, the partners of Ernst & Young, also expressed in relation to the provisions for derivatives and lawsuits, that they have not identified special situations being a comprehensive part of the usual reviews carried out in an external audit.

At the ordinary session held on April 27, 2017, the Directors' Committee unanimously, declared to have reviewed the Form 20-F and the Consolidated Financial Statements of the Company contained therein, which is to be presented before the aforementioned SEC, with the goal of complying by their norms and requirements issued by said public authority related with the emission of securities in said country.

At the ordinary session of October 31, 2017, the Directors' Committee unanimously, declared examined the Consolidated Financial Statements of the Company as of September 30, 2017, its Notes, Income Statement, Significant Events and the letter concerning the operations between related parties.

## 2.- Services provided by External Auditors and former employees of Ernst & Young Review

At the ordinary sessions held on February 24, March 31, April 27, May 30, June 28, July 26, August 31, September 28, October 31, November 29 and December 15, all during 2017, the services provided by external auditors were analyzed, those that were not from external auditors, and

it was agreed to declare that they do not compromise the suitable technique nor the independence of judgment of the respective external auditing companies. The latter is in conformity to what is written in Section 202 of the Law Sarbanes Oxley, in article 242, final subsection, of the Law 18.045, of the Value Market and in the Directors Committee Guidelines.

-At the sessions of August 31 and October 31, the Directors' Committee unanimously declared that the hiring of former employees of Ernst & Young doesn't mean any violation to the Sarbanes Oxley Act neither to local regulation, so there's no legal impediment to hire them. The same issue and in the same way was declared at the ordinary session of November 29, 2017, with regards to a former employee of BDO RCS Auditores Limitada.

### 3.- Operations between Related Parties Review

At the ordinary session held on May 30, 2017, the Directors' Committee declared to have examined the operation between related parties consisting on the intercompany loan operation of Enel Américas to its subsidiary Enel Brasil for an amount of USD 154 million, and declared that such operation contributed to the social interest of Enel Américas S.A., and its price, terms and conditions are adjusted to those prevailing in the market at the moment of its approval.

- At the ordinary session held on July 26, 2017, the Directors' Committee declared to have examined the operation between related parties regarding the capital increase proposed by the subsidiary Enel Argentina S.A. and consisting on the contribution of the social participants of the Enel Américas property in Edesur S.A., Yacilec S.A., Enel Generación El Chocón S.A., Enel Generación Costanera S.A., Enel Trading Argentina S.R.L. and Central Dock Sud S.A., using for these purposes the valuation of these social participations carried out by an independent appraiser BDO Finanzas Corporativas S.A., which is adjusted to the one performed by the independent appraiser Grant Thornton in the framework of the aforementioned operation.

The Directors' Committee declared that the operation contributed to the social interest and its price, terms and conditions are adjusted to those prevailing in the market at the moment of its approval. For this purpose the report issued by the independent BDO Finanzas Corporativas S.A. was kept on hand.

- At the ordinary session held on August 31, 2017 the Directors' declared to have examined the operation between related parties regarding the subscription of an intercompany contract for the provision of services to Enel Américas from Enel Green Power North America, for the investor relations services in the United States of America jurisdiction, in New York city, and declared that the operation contributed to the social interest and was adjusted in price, terms and conditions to those currently prevailing in the market. For this purpose the certification issued by the Administration, Finance and Control Management was kept on hand.

- At the ordinary session held on October 31, 2017, the Directors' declared to have examined the operation between related parties regarding an intercompany loan from Enel Américas to the SPV (Special Purpose Vehicle) used by Enel Brasil for the acquisition of the concession of the hydroelectric power plant Volta Grande, of up to BRL\$ 852 million, equivalent to approximately USD 280 million, to be carried out only if needed by the Company, in a scenario on which the negotiations with banks in obtaining a bilateral loan don't proceed in time and form. The Directors' Committee declared that this operation contributed to the social interest of Enel Américas S.A. and its price, terms and conditions are adjusted to those prevailing in the market at the moment of its approval.

### 4.- Supervision and Evaluation of External Auditors

At the ordinary session held on February 24, 2017, it was unanimously agreed that the work performed by the external auditors of the Company, Ernst & Young, carried out during the fiscal year 2016 was considered reasonable.

## 5.- External Auditors Report on money order and money brokerage

At the ordinary session held on February 24, 2017, the Directors' Committee unanimously agreed to record that they had received formal and express consent on the report of money brokerage and money orders prepared by the external auditors, Ernst & Young, dated February 24, 2017.

## 6.- Review of the Internal Control Letter Notice N°422 of the SVS

The Superintendence of Securities and Insurance issued on December 6, 2007 the Notice N° 422, complementing the Notice N° 980 of December 24, 1990. This Notice gives specific instructions regarding internal control procedures, so it provides an interim report and extends the period indicated in Notice N° 980 for internal auditors to submit an internal control final report, indicating that the delivery should be at the latest as of the date when the Board of Directors takes notice of the financial statements for the period ended December 31 of each year.

As such, at the ordinary session held on February 24, 2017, the Directors' Committee agreed to have taken formal and express knowledge of the Letter of Internal Control dated February 24, 2017, prepared by Ernst & Young in order to comply with the regulations issued by the Superintendence of Securities and Insurance (SVS) on this matter. The Director Mr. Domingo Cruzat Amunátegui consulted Mr. Emir Rahil if Ernst & Young would analyze the business with the objective of preventing regrettable cases such as La Polar case, to which Mr. Rahil responded affirmatively. The Chairman of the Directors Committee asked Mr. Emir Rahil whether Ernst & Young has reviewed lawsuits provisions and the situation of derivatives and

the operations between related parties of the Company, to which Mr. Rahil responded affirmatively. Mr. Hernán Somerville Senn continued, and asked in relation to the acquisition of the Brazilian electricity distribution subsidiary CELG and particularly regarding the appeals interposed by the Supreme Court of the Federal State of Brazil, which was answered by the Chief Executive Officer Mr. Luca D'Agnese and by Mr. Emir Rahil.

- At the ordinary session held on November 29, 2017, the Directors' Committee agreed unanimously to have taken formal and express knowledge of the Letter of Internal Control related to Enel Américas S.A., prepared by Ernst & Young in order to comply with the regulations issued by the Superintendence of Securities and Insurance (SVS) on this matter.

## 7.- Review of the External Auditors of Matters Covered in the NCG N°385

At the ordinary session held on February 24, 2017, unanimously it was agreed as reviewed by the External Auditors the matters referred in paragraph 1 d) of the General Standard Legislation N° 385 of the SVS, and it was declared that none of the matters mentioned in subparagraphs ii, iii and v were referred to, of the previously mentioned item have occurred.

## 8.- External Auditors' Fees for the Exercise 2016

At the ordinary session held on February 24, 2017, the Directors' Committee unanimously agreed to approve the fees paid by the companies of the Group during the 2016 exercise, to the different external auditors that the Company uses.

## 9.- External Audit Contract between Enel Américas S.A. and Ernst & Young for the exercise 2017

At the ordinary session held on May 30, 2017, the Directors' Committee unanimously declared to have examined and approved the contract to be subscribed between Enel Américas S.A. and the external auditors Ernst & Young.

## 10.- External Auditors' Proposal

At the ordinary session held on March 31, 2017, the Directors' Committee unanimously resolved to suggest the Board to propose at the Ordinary Shareholder Meeting that the following in priority order would be appointed for the examining of the current external auditing firm of Enel Américas S.A., for the year 2017: 1° E&Y; 2° PKF; 3° RSM and 4° BDO. The main reasons for proposing E&Y as the external auditor for Enel Américas S.A. are the following: (i) presented the most competitive proposal according to verified technical and economic evaluations of the proposals received; (ii) has a high qualification in the quality of available resources and has extensive experience in the electricity sector; (iii) is one of the four most important international and national audit firms; and (iv) it is the audit firm with the highest level of synergy for Enel Américas S.A., as the parent and holding companies of Enel Américas S.A. , Enel S.p.A. have E&Y as their lead auditor.

## 11.- Private Risk Rating Agencies' Proposal

At the ordinary session held on February 24, 2017, the Directors' Committee unanimously agreed to propose to the Directors' Committee that Feller Rate Clasificadora de

Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada will be proposed at the respective Shareholder's Meeting as private risk national rating agencies, and Fitch Ratings, Moody's Investors Service and Standard & Poor's International Rating Services will be appointed as the private international risk rating agencies for the 2017 exercise.

## 12.- External Audit Plan for 2017

At the extraordinary session held on May 30, 2017, the Directors' Committee unanimously agreed to acknowledge the presentation made by Mr. Emir Rahil, partner of Ernst & Young, on the External Audit Plan for the year 2017.

## 13.- Analysis of Complaints to the Ethical Channel

At the ordinary session held on January 19 and at the ordinary session of August 31, both in 2017, the Directors' Committee issued its opinion on each of the complaints presented, delivering guidelines to follow up each one of them and confirming what has been resolved by this entity, in the sense that it will be responsibility of the Chairman of the Directors' Committee to agree upon a special meeting in the event that the complaint deem it appropriate, in the opinion of the Chairman of the Committee itself.

- At the extraordinary session held on January 19, 2017, the Chairman of the Directors' Committee suggested to evaluate of each case in relation to the merit of the convenience of prosecute against whoever does an illegal act, and also to perform surveys to verify whether employees have an adequate knowledge of the Ethical Channel a their perception of its operation.

## 14.- Self Assessment on Internal Control

At the ordinary session held on July 26, 2017, the Directors' Committee unanimously agreed to declare the Self-Assessment structures and procedures on Internal Control as reviewed and to instruct the General Management to rectify the significant deficiency exposed by the Chief Financial Officer, within a reasonable period.

## 15.- Review of the Compensation System and Compensation Plans for Managers, Senior Executives and Employees of the Company

At the ordinary session held on June 28, 2017, the Directors' Committee unanimously declared to have examined the remuneration systems and compensation plans of the company's managers, chief executives, and employees.

## 16.- Requests from public authorities from the United States

At the ordinary session held on July 26, 2017, the Directors' Committee unanimously agreed to recommend the Board to approve, in the terms requested by Ernst & Young, and subject to due compliance with external audit, with the requirements included in the Ordinary Rule N° 3,048 of April 13, 2004, and N°12,826 of December 7, 2005, both enacted by the Superintendence of Insurance and Securities, subject to obtaining written consent of the subsidiary Empresa Distribuidora Sur S.A., so that Ernst & Young may comply with the requirement of the Public Company Accounting Oversight Board (PCAOB). Likewise, it was agreed to take notice of the answers provided to the Securities and Exchange Commission of the United States of America with regards to the observations to Form 20-F.

## 17.- Meetings' Schedule

At the ordinary session held on November 29, 2017, unanimously the Directors' Committee approved the Ordinary Meetings' Schedule for the year 2018.

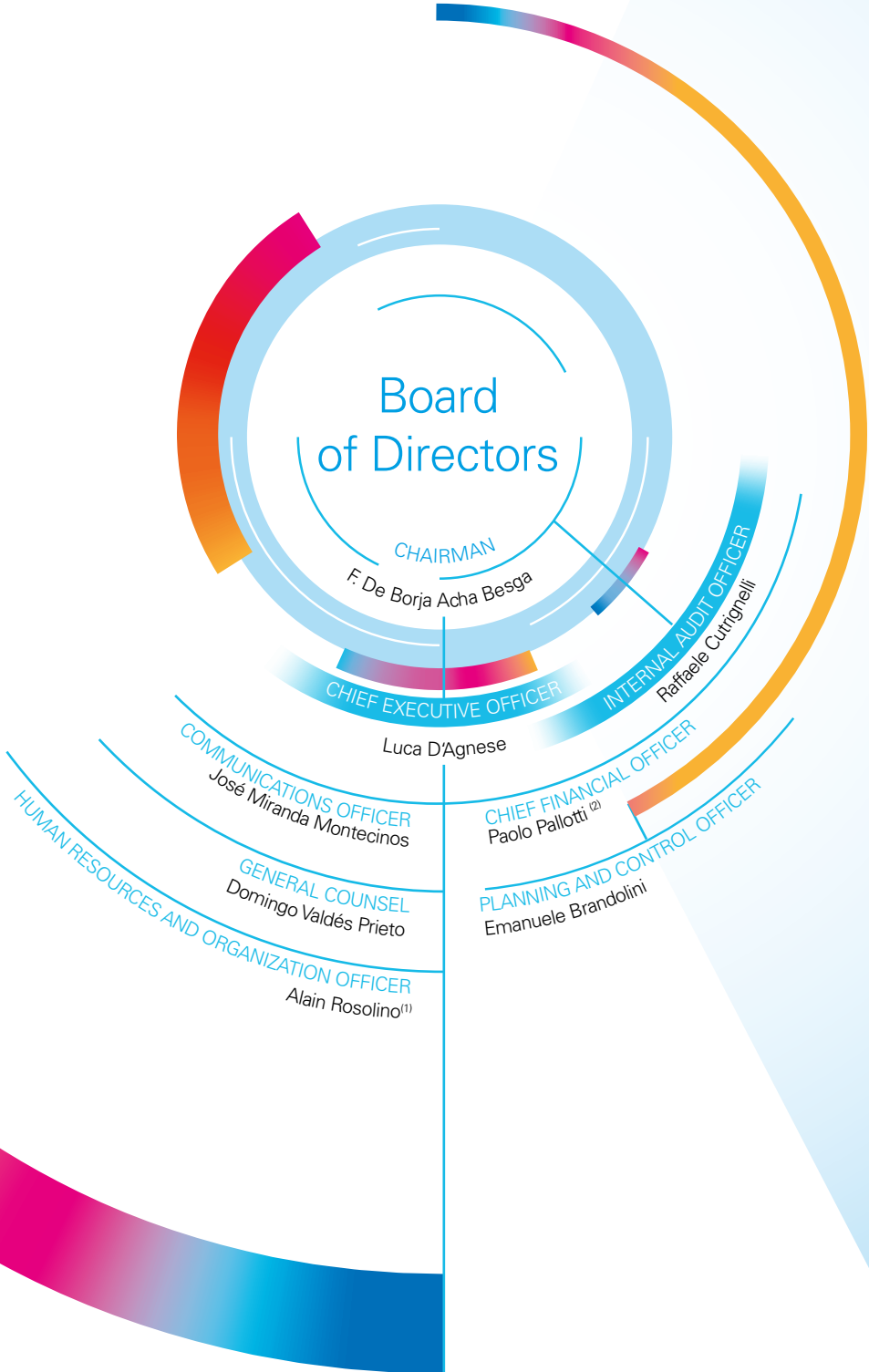
As such, and as given account in this report, the Directors' Committee has fully comply with the obligations included in the Article 50 bis of Law N°18,046 of Corporations Law.

# Expenses of Enel Américas S.A. Directors' Committee

The Directors' Committee did not make use of the expense budget for ordinary functions approved by the Ordinary Shareholders Meeting held on April 27, 2017.



# Organizational Structure



(1) Left the position on 01.31.2018.  
(2) Paolo Pallotti took position on 02.01.2018 replacing Francisco Javier Galan Allue.

# Main executives



## 1. CHIEF EXECUTIVE OFFICER

### Luca D'Agnese

Physics Degree  
Scuola Normale Superiore de Pisa  
Master in Business Administration Escuela de Negocios de INSEAD  
Rut: 24,910,349-7  
From 01.29.2015

## 2. HUMAN RESOURCES AND ORGANIZATION OFFICER

### Alain Rosolino

Business Administration Degree  
Universidad LUISS  
Rut: 24,166,243-8  
From 04.28.2016 to 01.31.2018

## 3. INTERNAL AUDIT OFFICER

### Raffaele Cutrignelli

International Businesses Degree  
Nottingham Trent University (United Kingdom).  
Audit and Internal Control Masters Degree  
Università di Pisa (Italy)  
Certificate in Strategy, Innovation, Management and Leadership  
Massachusetts Institute of Technology (MIT)  
Rut: 25,553,336-3  
From 10.01.2016

## 4. COMMUNICATIONS OFFICER

### José Miranda Montecinos

Audiovisual Communicator  
Professional Institute DUOC UC  
Executive Competencies Diploma,  
Universidad de Chile  
Corporate Undertaking and Open Innovation  
Studies, Berkeley University  
Rut: 15,307,846-7  
From 02.29.2016

## 5. CHIEF FINANCIAL OFFICER

### Paolo Pallotti

Electronic Engineer  
Università degli Studi di Ancona  
Rut: 26,102,661-9  
From 02.01.2018<sup>(1)</sup>

## 6. GENERAL COUNSEL

### Domingo Valdés Prieto

Lawyer  
Universidad de Chile  
Master Degree in Law of University of Chicago  
Rut: 6,973,465-0  
From 04.30.1999

## 7. PLANNING AND CONTROL OFFICER

### Emanuele Brandolini

Industrial Engineer– Degree in Engineer with full marks (specialist in Management and Economy)  
Università degli Studi Tor Vergata, Rome (Italy)  
Masters Degree in Business Administration SDA BOCCONI, Milano (Italy)  
Rut 25,625,052-7

(1) Paolo Pallotti took position on 02.01.2018 replacing Francisco Javier Galán Allue.

# Officers and senior executives' compensations

During 2017, remunerations and benefits received by the Chief Executive Officer and senior executives of the Company amounted to US\$4,046 million in fixed remunerations and US\$119 million in benefits.

During 2016, remunerations and benefits received by the Chief Executive Officer and senior executives of the Company amounted to US\$4,917 million in fixed remunerations and US\$331 million in variable remunerations and benefits.

This amount included compensations for senior managers and executives in exercise as of December 31, each year, as well as those that left the company during the respective period.

## Benefits for officers and senior executives

The Company provides the benefits of supplementary health insurance and a catastrophic insurance for its main executives and their family group that is credited as a dependent charge. In addition, the Company has life insurance for its main executive. These benefits will be granted in conformance to the management level that corresponds to the employee in due time. In 2017, the amount was CLP\$3,706,007 million, which is included in the remunerations received by the senior management.

## Incentive plans for officers and senior executives

Enel Américas has an annual bonus plan for complying with objectives and the level of individual contribution to the company results for its executives. This plan includes a definition of the ranges of bonus according to the hierarchical level of the executives. Bonuses are given to the executives is determined by a number of gross monthly wages.

# Severance paid to officers and senior executives

There were no compensations for years of services paid to managers and senior executives during 2017.

# Property over Enel Américas

As of December 31, 2017, the register of shareholders reflected that no main executives had ownership on the Company. There are no requests for the Chief Executive Officer and senior executives to hold securities issued by the Company; however there is an obligation to inform securities' holdings and their transactions, both in the Securities Market Law and the Company's Information Management Manual of Market Interest.

# Administration of main subsidiaries

## ARGENTINA

### Costanera

[Antonino Ascione](#)

Degree in mechanical engineering (cum laude)

Universidad Federico II of Napoli

### Hidroeléctrica El Chocón

[Daniel Garrido](#)

Industrial Engineer

Universidad Tecnológica Nacional

### Edesur

[Juan Carlos Blanco](#)

Electrician Engineer

Universidad Tecnológica Nacional

### Central Dock Sud

[Gustavo Diego Manifesto](#)

Electromechanical Engineer

Universidad de Buenos Aires

## BRAZIL

### Enel Brasil

[Carlo Zorzoli](#)

Electrical Engineer

Università di Roma, La Sapienza

### Enel Green Power Cachoeira Dourada

[Luigi Parisi](#)

Chemical Engineer

Università di Pesar

### Enel Generación Fortaleza

[Leonardo Walter Soares](#)

Electrical Engineer / Production

Pontificia Universidad Católica Rio de Janeiro

### Enel Cien

[Abel Alves Rochinha](#)

Mechanic Engineer

Pontificia Universidad Católica Río de Janeiro

### Enel Distribución Rio

[Ramon Castaneda](#)

Industrial Civil Engineer

Pontificia Universidad Católica Chile

### Enel Distribución Ceará

[Roberto Zanchi](#)

Electrotechnical Engineer

Universidad de Padova

### Enel Distribución Goiás (Former Celg)

[Abel Alves Rochinha](#)

Mechanic Engineer

Pontificia Universidad Católica Río de Janeiro

### Enel Soluções

[Rafael Felipe Coelho](#)

Business Administration Degree

Pontificia Universidad Católica Rio de Janeiro

## COLOMBIA

### Emgesa

[Bruno Riga](#)

Aerospace Engineer

Universidad de Pisa

### Codensa

[David Felipe Acosta Correa](#)

Electrical Engineer

Universidad Pontificia Bolivariana

## PERU

### Enel Generación Perú

[Marco Raco](#)

Aeronautical Engineer

Università di Pisa - Italy

### Enel Distribución Perú

[Riccardo Lama](#)

Electrician Engineer

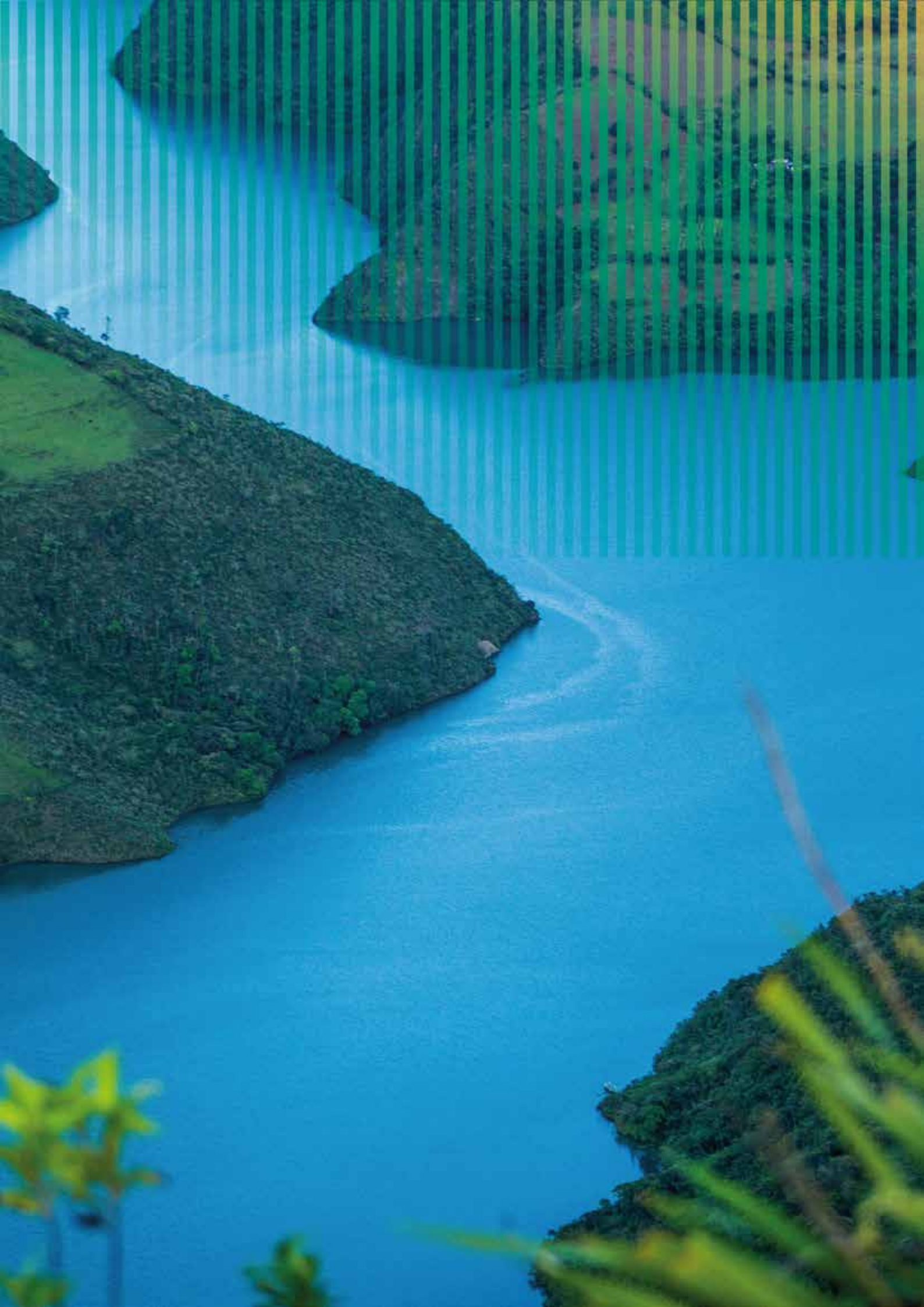
La Sapienza University of Rome



08

Human Resources







# Human Resources Distribution

The employees' distribution of Enel Américas as of December 31, 2017, including information related to the subsidiaries in the four countries where Enel Group operates in Latin America and the joint control entities, was the following

Company	Managers and Senior Executives	Professionals and Technicians	Employees and Others	Total
Enel Américas	7	45	3	55
Enel Brasil	5	66	1	72
Cachoeira Dourada	-	67	18	85
Fortaleza	2	43	16	61
Cien	-	26	9	35
Enel Distribución Rio <sup>(1)</sup>	2	904	169	1,075
Enel Distribución Ceará	3	912	248	1,163
Enel Distribución Goiás	7	738	353	1,098
Costanera	4	392	43	439
El Chocón	1	45	6	52
Edesur	30	3,179	1,042	4,251
Enel Trading Argentina	6	17	4	27
Dock Sud	3	72	12	87
CTM y TESA	1	4	-	5
Enel Generación Perú <sup>(2)</sup>	21	299	-	320
Enel Distribución Perú	24	564	-	588
Emgesa	13	591	-	604
Codensa	24	1,350	2	1,376
<b>Total</b>	<b>154</b>	<b>9,313</b>	<b>1,926</b>	<b>11,393</b>

(1) Includes Enel Soluções.

(2) Includes Enel Generación Piura and Generalima.

# Social Responsibility and sustainable development

## Diversity in the General Management and the other management departments reporting to the latter or to the Board of Directors

Number of people by gender:	
Female	0
Male	7
<b>Total</b>	<b>7</b>

Number of people by nationality:	
Chilean	2
Spanish	1
Italian	4
<b>Total</b>	<b>7</b>

Number of people by range age:	
Less than 30 years old	-
Between 30 and 40 years old	3
Between 41 and 50 years old	1
Between 51 and 60 years old	3
Between 61 and 70 years old	-
<b>Total</b>	<b>7</b>

Number of people by seniority:	
Less than 3 years	3
Between 3 and 6 years	3
More than 6 and less than 9 years	-
Between 9 and 12 years	-
More than 12 years	1
<b>Total</b>	<b>7</b>

## Diversity in the organization

Number of people by gender:	
Female	14
Male	34
<b>Total</b>	<b>48</b>

Number of people by nationality:	
Argentina	1
Brazilian	3
Chilean	41
Colombian	2
Italian	1
<b>Total</b>	<b>48</b>

Number of people by range age:	
Less than 30 years old	4
Between 30 and 40 years old	22
Between 41 and 50 years old	13
Between 51 and 60 years old	8
Between 61 and 70 years old	1
<b>Total</b>	<b>48</b>

Number of people by seniority:	
Less than 3 years	8
Between 3 and 6 years	9
More than 6 and less than 9 years	11
Between 9 and 12 years	2
More than 12 years	18
<b>General Total</b>	<b>48</b>

## Average Fixed Salary of women with respect to men according to their professional level

Contents:	
Senior Management	0%
Middle Management - Level 1	115%
Middle Management - Level 2	0%
Middle Management - Level 3	75%
Professionals - Level 1	84%
Professionals - Level 2	113%
Administratives	N/A

# Human Resources Activities

## Labor Relations

During 2017 the Company continued the regular meetings program with unions, enabling an open dialogue with the employees' representatives, therefore improving work conditions and environment at the workplace.

## Labor Security and Health

At Enel Américas occupational safety and health are objectives closely linked to the business, whose nature is subject to critical risks. In the continuous improvement process, where everybody makes contributions, leadership is a value that especially highlights with regards to the real integration of occupational health and safety at every level and in each activity developed by the company, which strengthens its priority in corporate management due to its strategic importance.

## Health Dissemination and Promotion

The objective of this program is to provide health, educate and train employees through activities related to the promotion of health in quality of life, who includes a widespread dissemination through posters, graphic material and information sent through mail, denominated "advices that give life". Among the topics that feature every month, we highlight the following:

- > **March:** anti-stress campaign: Disclose practical recommendations to remove its causes.
- > **April:** Immunization campaign, an invitation to vaccination to prevent influenza.
- > **May:** Anti tobacco campaign, including advises to prevent its consumption.
- > **June:** Prostate and cervical cancer, an invitation to an annual preventive examination.
- > **July:** Viral contagion and respiratory diseases prevention: Recommendations to prevent infections.
- > **August:** Heart care campaign: Practical recommendations for its care.
- > **September:** Colon and gastric cancer campaign for the prompt detection of these diseases through preventive examination.
- > **October:** Breast cancer prevention: Invitation to participate in the prevention of this disease through its early detection.
- > **November:** Power your energy campaign with practical nutrition advises to improve the quality of life.
- > **December:** Skin care campaign throughout the year. Advises for skin care from ultraviolet radiation and other agents.

Additionally, the Company carried out several health programs, such as:

- Immunization Program
- Preventive Health Exams Program
- Cardiovascular Risk Program
- Break Gym Program

# People Management

## Work environment management

Work environment is a priority for Enel América, for this reason an Environment and Safety Study is carried out semi-annually, which counts with broad participation and from which the Company prepares an action plan to enrich and strengthen the work environment of the Company. Work environment management and commitment are the fundamental cornerstones of the company's strategy, due to its close relationship with the people that constitutes the human resources of the company

During 2017, a series of initiatives continued. These activities sought to maintain the employees' motivation, satisfaction and commitment, in the lines of leadership, communication, meritocracy and development, reconciliation measures and good labor practices.

Regarding leadership, Enel Américas has a program developed to promote and strengthen the role of leaders in the generation of a corporate environment that enables satisfaction and development of its employees. The program "Creating Footprints" has been designed to leverage the exercise of leadership and the role of the Manager in our "Open Power" culture, being an active and strategic role focusing on the mobilization of their equipment and the ability to promote learning. This is a comprehensive program for skills training, education and accompaniment that comprises the development of individual itinerary for each manager. The activities included in this program are: skills training workshop, individual coaching, guided accompaniment for meetings and the creation of a network of good practices and people management.

With the purpose of establishing a permanent and close contact with employees, Enel Américas has implemented a set of communication initiatives under the brand RHO Contigo, which daily informs and explains various topics of interest focused on people management. To that end, a weekly radio show is developed, a website, good practice manuals for managers and employees, among other actions.

Additionally, continuity has been given to the interaction with Human Resources, known as Interactúa. These are meetings with the permanent presence of human resources whose objective is to achieve greater proximity, knowledge from employees of the company's policies and good practices, and to be aware of the needs required for the development of their daily job.

In 2017 the program called "Areas are introduced" was implemented, where employees deepen in the roles, functions and challenges of the different areas of the company. The importance of this program is the promotion of a culture of cooperation particularly between the different areas of the company, transforming, guiding and projecting the teams towards a culture focused on "how may I help you?."

We count with professional development management through promotion actions by merit through local and broad work opportunities where the Group has presence for the programs oriented to meritocracy and development.

Other interesting initiatives are the One-on-One meetings, consisting on personalized conversations with each employee that enables the deepening of their motivations and future aspirations, strengthening closeness and relationships with internal clients.

At Enel Américas, the chances for feedback of managers with employees are opportunities to generate greater closeness, transparency, alignment of expectations and the support of professional development. The promotion of a culture of continuous feedback guides us to the development of employees' talents and the conformation of high performance teams.

In 2017 the "Recognize" Program continued in a renovated version, which seeks to foster a culture of recognition within the company and to generate formal meetings where employees recognize their colleagues. The "Recognize People" Program, where the company identifies those initiatives that have meant great value for the entity through the "Recognize Contributions" Program. So also massive ceremonies were performed in the Company to recognize outstanding employees, work trajectory, among others.

Regarding reconciliation measures and good labor practices, smart physical spaces were implemented with the purpose of strengthen team activities, promoting relationships for sharing knowledge and integration. These workspaces foster the use of technology and the efficient use of time in a more Informal and creative environment.

The new challenges of Enel Américas demand to lead a culture of constant change within the organization. In this regard, in 2017 the company developed the program agent of change comprised of approximately 50 employees. This team has developed initiatives for cultural change that help businesses to enforce their projects. Each team had a Manager of the Company as Sponsor that supports and guides their initiatives, and make a link between the technical project and the initiatives of cultural change that the implementation demands.

## Diversity

Under the Diversity dimension and Inclusion Policy, Enel Américas has developed as part of its strategy a series of practices related to gender, age, nationality and disability. This policy promotes the principles of no discrimination, equality of opportunities, inclusion and balance between personal and work lives, and also fundamental values in the activities of the companies of the Group.

The Policy has established three general principles:

1. Reject any form of arbitrary discrimination, ensure and promote diversity, inclusion and equal opportunities.
2. Promote and maintain a climate of respect for the dignity, honor and identity of the individual.
3. Ensure the highest confidentiality standards in relation to any information related to the private lives of employees that they would have access to.

In the Gender dimension, the Company evaluated the population and looks for a balance in the initial stage of the recruitment and selection processes, and to generate relationships with universities and professional institutes to promote the participation and inclusion of women students, specially in technical areas.

Additionally, the purpose of the implementation of the Parental Program is to increase the value of maternity

and balance the parents' needs and professional growth. The actions of the program cover health and wellbeing of women areas, talks related to the meaning of the changes that arrives with a new child for the family and to generate trusting bonds between pregnant employees and the company.

In the Age dimension, the development of tutoring programs to support employees during certain important transition periods (for example, the recruitment of new staff, employees next to retirement, Millennium Generation and Zeta Generation).

In the Nationality dimension, a tutor is assigned to expatriate workers for assistance and support during the expatriation period in order to acknowledge, respect and manage the contrasts between people from different nationalities and promote their integration

In the Disability dimension, this year a shared value agreement was signed with Teletón Foundation through which the participation of young people with disabilities in the workforce will be promoted. Additionally, together with Teletón Foundation, the Company developed an e-learning course of awareness and adaptation to labor inclusion.

## Reconciliation measures and labor flexibility

One of the reconciliation and labor flexibility measures carried out during 2017 is the definition of a new teleworking program method, meaning an evolution of Teleworking Program that started in 2012. "Smart working" consolidated one of the most valued reconciliation measures in the Company, providing more flexibility in the job execution for the employee. Currently in Enel in Chile, we have 256 employees subscribed in the program, 11 of them from Enel Américas, who one day per week chosen by them (between Tuesday and Thursday), work from their homes or wherever they choose, and must comply with the safety and health measures established by current regulations. This initiative contributes to the harmony in the workplace and with their families, together with their quality of life.

Additionally, during 2017, and among those measures, the Company carried out the following initiatives oriented to strengthen the quality of live of their employees:

Extension Program of Sports and Culture: its a traditional program of sports activities performed in the facilities of the company and through external partnerships, with workshops and the practice of different sports, such as football, baby football, basketball, volleyball and others, and also schools of sports for the employees' children such as tennis, football and skating. Also, the company offers art workshops, exhibitions, tours, family trips and other extension initiatives addresses to the employee and their families.

There are several actions addressed to the employees' children, both recreational and educational, among which summer and winter camps stand out, consisting in recreational days for the employees' children between 6 and 15 years old, which take place during the first month of the year and during the winter vacation period. The Company also offers training workshops during the summer addressed to the employees' families. Other initiative is the Summer School of Universidad de las Américas, an initiative that seeks to improve the academic level of the employees' children at senior school. And as a way to encourage the children's' study, year after year the Academic Excellence Award is given to the employees' children that have a high performance in their studies, for students at elementary school and at the university.

During the year, the company also performs also various events to foster the reconciliation of work and family, being the Christmas Party one of the most important ones, consisting on a family celebration for employees' children born after 2004; "Come to my birthday," is a celebration performed each month at the company's stadium for children under 12 years old.

The following important events also stand out: the End-of-Year Party, a corporate event for all employees, consisting on a dinner and entertainment party, contests and dance; and the "Work Trajectory Award", which is a corporate celebration that each year acknowledges employees with over twenty years of service at the company.

## Recruitment and Selection

The main objective for Enel Américas is to incorporate the best people for vacant positions, our guiding principle being to favor internal candidates in the first instance.

### Covering vacancies

The main objective of Enel Américas is to incorporate the best people that must have the culture of change and digital thinking.

During 2017, a woman filled one vacant position internally.

### Internships and Young Talent Attraction Program

In this line, an important project in terms of the generation of new recruitment sources is the incorporation of young future professionals from the best universities of the country as practitioners and thesis students. These students get the opportunity to consolidate theoretical learning in the context of Enel Américas' business, thus achieving professional training with knowledge of reality and the challenges of the group, being an important source of recruitment for our organizational culture.

This internship program is carried out on a permanent basis during the year, being the summer is the most active period. In 2017 a total of 5 students were practitioners of thesis in Enel Américas.

In order to generate ties with universities and attract the best students, during 2017 Enel participated in the Job Fair of the Department of Physical Sciences and Mathematics of Universidad de Chile, and also in the Job Fair of the Faculty of Engineering of Universidad Católica de Chile. Our stand received of the career students of the Industrial Civil Engineer, Electric Civil Engineer and Hydraulic Civil Engineer.

## Diversity and inclusion

For Enel Américas, to have different work teams and to foster an inclusive work environment is essential for promoting an innovation culture. Diversity gives the possibility to visualize different points of view and opinions that enrich the work environment and adds value to the business.

In our business we value the differences and turn them into competitive advantages, so we are allowed to improve our processes, products and services, through incentives to creativity, learning, flexibility and respect. These also strengthen our brand and make us more attractive to the talents available in the market.

Finally, and in the field of continuous improvement, this year the On Boarding process was carried out to accompany and follow up the new employees through presentations to know the company, and the designation of a Tutor to guide them to become part of the company.

## Educational Action

### Training

Enel América's training program for 2017 was built and executed on the basis of two main management principles: the first principle is to achieve the right balance between educational activities focused on skills development and essential technical knowledge for the best performance of our employees in their positions. The second principle is the training program financing, regarding the needs detection mechanism that enables the identification, together with the collaborator and the manager, of technical and behavioral gaps that needs to be covered, with regards to the individual productivity in the workplace in order to access to possible future development opportunities. The needs detection system is denominated IDP (Professional Development Itinerary), whose implementation takes two years.

Technical training is the main focus of attention of training, because of the need to update technical knowledge and acquire new management tools. Among technical training activities, those related to knowledge management stand out, which consist on the implementation of activities to transfer knowledge and experiences in which employees that have greater expertise in specific topics teach others that are developing those skills, which reaffirms our commitment with development, recognition and knowledge dissemination inside the company.

In relation to the development of new behavioral skills, different programs were implemented during 2017. Among them, the internal certificate of Project Management and Evaluation stands out, which Universidad de Chile offers under a design specially made for our company's needs. In this same context, the activities related to the development of leadership skills are also relevant, being particularly important the managements' program, which seeks to identify the leadership gaps of each manager and to develop a training plan specifically designed for individual needs.

Finally, and as declared in every level and segment of employees inside the company, risks prevention, health and in general safety of people is a particularly relevant focus and permanent attention.



# 09

## Exchange Transactions





# Exchange Transactions

Below you will find a detail of the quarterly transactions in the last three years made in the stock exchanges where the Enel Américas' shares are traded: in Chile through the Santiago Stock Exchange, the Electronic Stock Exchange of Chile and the Valparaíso Stock Exchange, and in the United States through the New York Stock Exchange (NYSE).

## Santiago Stock Exchange

During 2017, 9,393 million shares were traded at the Santiago Stock Exchange, equivalent to CLP\$ 1,211,204 million. The closing price of the stock in December was CLP\$ 137.03.

Period	Units	Amounts (Chilean Pesos)	Average
1st quarter 2015	1,389,153,497	275,998,191,628	198.83
2nd quarter 2015	1,579,468,813	334,826,261,051	211.43
3rd quarter 2015	1,314,355,177	250,659,886,643	191.24
4th quarter 2015	1,436,751,752	253,340,302,162	176.50
2015 Total	5,719,729,239	1,114,824,641,484	194.5
1st quarter 2016	1,540,145,250	266,620,137,076	172.74
2nd quarter 2016	1,753,142,660	212,677,167,355	110.85
3rd quarter 2016	1,232,162,338	140,048,801,925	113.49
4th quarter 2016	2,168,846,180	239,278,798,879	110.60
2016 Total	6,694,296,428	858,624,905,235	126.92
1st quarter 2017	2,229,781,463	273,721,586,257	122.90
2nd quarter 2017	2,009,919,858	261,422,184,124	130.71
3rd quarter 2017	2,356,887,602	309,180,255,882	131.24
4th quarter 2017	2,796,096,892	366,879,556,230	131.46
<b>2017 Total</b>	<b>9,392,685,815</b>	<b>1,211,203,582,493</b>	<b>129.08</b>

## Electronic Stock Exchange of Chile

At the Electronic Stock Exchange of Chile a total of 971 million shares were traded during 2017, equivalent to CLP\$126,724 million. The closing price of the share in December was CLP\$133.74.

Period	Units	Amounts (Chilean Pesos)	Average Price
1st quarter 2015	75,325,511	14,893,594,307	197.37
2nd quarter 2015	153,979,478	33,094,253,771	213.08
3rd quarter 2015	172,604,478	32,789,265,995	193.19
4th quarter 2015	167,393,236	29,438,618,540	176.32
2015 Total	569,302,703	110,215,732,613	194.99
1st quarter 2016	130,742,124	22,440,123,693	172.97
2nd quarter 2016	122,026,677	14,581,565,262	121.46
3rd quarter 2016	88,217,958	10,001,108,374	113.65
4th quarter 2016	228,583,097	25,262,018,950	111.66
2016 Total	569,569,856	72,284,816,279	129.94
1st quarter 2017	78,056,955	9,660,465,656	121.16
2nd quarter 2017	253,547,191	32,973,128,058	130.37
3rd quarter 2017	367,188,645	48,153,275,546	130.87
4th quarter 2017	272,011,584	35,937,385,836	132.97
<b>2017 Total</b>	<b>970,804,375</b>	<b>126,724,255,096</b>	<b>128.84</b>

## Valparaíso Stock Exchange

A total of 162.9 thousand shares were traded during the year at the Valparaíso Stock Exchange, equivalent to CLP\$ 20.4 million. The closing price of the share in December was CLP\$ 124,00.

Period	Units	Amounts (Chilean Pesos)	Average Price
1st quarter 2015	13,500	2,660,000	197.5
2nd quarter 2015	0	0	
3rd quarter 2015	0	0	
4th quarter 2015	0	0	
2015 Total	13,500	2,660,000	197.5
1st quarter 2016	0	0	
2nd quarter 2016	0	0	
3rd quarter 2016	120,460	13,512,912	112.46
4th quarter 2016	0	0	
2016 Total	120,460	13,512,912	112.46
1st quarter 2017	5,576	697,388	125.06
2nd quarter 2017	29,273	3,816,345	128.68
3rd quarter 2017	2,070	270,232	130.54
4th quarter 2017	126,000	15,624,000	124.00
<b>2017 Total</b>	<b>162,919</b>	<b>20,407,965</b>	<b>127.07</b>

## New York Stock Exchange (NYSE)

The stocks of Enel Américas began to trade in the New York Stock Exchange (NYSE) on October 20, 1993. At that time, the name of the company was Enersis and the ticker symbol was ENI. One ADS (American Depositary Share) of Enel Américas represents 50 shares and its current ticker symbol is ENIA. Citibank N.A. acts as a depository bank and Banco Santander Chile as custodian in Chile.

During 2017, 237 million ADS were traded in the United States, equivalent to US\$ 2,354 million. The ADS closing price in December was US\$ 11.17.

Period	Units	Amounts (Dollars)	Average Price
1st quarter 2015	31,386,671	499,346,581	15.91
2nd quarter 2015	52,955,231	915,144,721	17.19
3rd quarter 2015	46,264,472	646,446,669	14.09
4th quarter 2015	60,162,543	755,874,266	12.58
2015 Total	190,768,917	2,816,812,237	14.94
1st quarter 2016	58,523,621	719,235,235	12.35
2nd quarter 2016	59,311,337	562,497,059	9.68
3rd quarter 2016	45,809,391	395,562,633	8.59
4th quarter 2016	52,176,921	432,967,188	8.32
2016 Total	215,821,270	2,110,262,115	9.73
1st quarter 2017	55,867,021	532,101,627	9.45
2nd quarter 2017	66,972,268	653,636,388	9.81
3rd quarter 2017	59,641,261	603,478,379	10.14
4th quarter 2017	54,800,714	564,766,815	10.34
<b>2017 Total</b>	<b>237,281,264</b>	<b>2,353,983,209</b>	<b>9.93</b>

## Market Information

In 2017 the Chilean stock market showed the greatest growth of the last seven years in terms of profitability. The IPSA index yield increased 34.0% compared to 2016, representing the highest growth since 2010. This yield was even higher than the ones experienced by the main global markets, such as New York (Dow Jones, +25.1%) and London (FTSE 100, +7.6%), whilst in Latin America the main bourses shower very positive returns, such as Argentina (+77.7%), Brazil (+26.8%), Colombia (+11.9%) and Peru (26.6%).

On the other hand, during 2017 the currencies in the countries where Enel Américas operates appreciated in relation to the dollar of the United States with the exception of Argentina, meanwhile GDP grew in the four countries (Argentina, +2.8%; Brazil, +1.1%; Colombia, +1.8%, and Peru, +2.5%).

## Santiago Stock Exchange

In the local market, the performance of Enel Américas' stock (traded as Enersis from January 1 to April 20, 2016) during the last two years compared to the Selective Stock Prices Index (Índice Selectivo de Precios de Acciones, IPSA) is the following:

Variation	01/01/2016 - 04/20/2016(1)	04/21/2016 - 12/31/2016(2)	2017
Enel Américas	8.9%	15.3%	25.9%
IPSA	8.3%	4.1%	34.0%

(1) Price variation of Enersis' stock, since January 1 to April 20, 2016.

(2) Price variation of Enel Américas' stock, since April 21, 2016 to December 31, 2016.

## New York Stock Exchange (NYSE)

The performance of Enel Américas' ADRs listed in the NYSE (ENIA) compared to Dow Jones Industrial Index and the Dow Jones Utilities Index during the last two years is shown below:

Variation	01/01/2016 - 04/26/2016(1)	04/26/2016 - 12/31/2016 (2)	2017
ENIA	14,2%	11,3%	36,1%
Dow Jones Industrial	3,2%	9,5%	25,1%
Dow Jones Utilities	11,3%	1,0%	9,7%

(1) Price variation of Enersis' ADR (ticker symbol was ENI), from January 1 to April 26, 2016 (before the ADR split between ENIA and ENIC).

(2) Price variation of Enel Américas' ADR (ticker symbol is ENIA), from April 27 to December 31, 2016 (after the ADR split).





# 10

Dividends



In accordance with General Norm N°283, Number 5, the dividends policy of the company corresponding to the exercises 2018 and 2017 are transcribed below.

# 2018 Dividend Policy

## General Aspects

The Board of Directors of the Company, in session held on February 28, 2018, approved the following Dividend Policy and the corresponding procedure for the dividends payment of Enel Américas S.A. for the period 2018.

## Dividend Policy

The Board of Directors' intention is to distribute an interim dividend against 2018 profits, of up to 15% of profits accounted as of September 30, 2018, as shown in the financial statements of Enel Américas S.A. at that date, and payment will be carry out in January 2019.

The Board of Directors will propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2019, to distribute a final dividend, an amount equivalent to 40% of the profits of the 2018 accounting period.

The definite dividend will correspond to be defined by the Regular Shareholders' Meeting, to be held during the first four months of 2019.

Compliance of the aforementioned program will be conditioned, in matter pertaining to dividends, to the profits effectively obtained, as well as on the results that forecasts that periodically the Company performs or the existence of certain circumstances, as appropriate.

## Procedure for Dividends Payment

For the dividends payment, whether provisory or final, and in order to avoid their improper collection, Enel Américas S.A. considers the following modalities indicated:

1. Deposit in banking checking account, whose account holder is the shareholder;
2. Deposit in banking savings account, whose account holder is the shareholder;
3. Send a nominative check or bank check by certified mail to the shareholder's residence recorded in the Enel Américas S.A.'s shareholders' register; and
4. Withdrawal of the check or bank check at the offices of DCV Registros S.A., in its capacity as Enel Américas S.A.'s administrator of the shareholders' register, or in the bank or branch offices are determined for such purpose and that will be informed in the notice published regarding the dividends' payment.

For these purposes, checking or savings banking accounts can be located anywhere in the country.

It's worth to highlight that payment modality chosen by each shareholder will be used by DCV Registers S.A. for all dividends payments, while the shareholder doesn't express in writing his intention to modify it and thus records a new option.

Shareholders that don't have a payment modality registered will be paid according to modality No. 4 mentioned above.

In those cases which checks or bank checks are returned by mail to DCV Registers S.A., they will remain under custody until the shareholders withdraw or request them.

In the case of deposits in banking checking accounts, Enersis S.A. and/or DCV Registros S.A. may request, for



security reasons, verification by the corresponding banks. If the accounts indicated by the shareholders are objected, whether in a prior verification process or for any other cause, the dividend will be paid according to the modality indicated in Item No. 4 mentioned above.

On the other hand, the Company has adopted and will continue to adopt in the future all necessary security measures required that is required by the dividends payment process, in order to safeguard both the shareholders as well as Enel Américas S.A.

## 2017 Dividend Policy

### General Aspects

At the session held on February 24, 2017, the Board of Directors of the Company approved the following Dividends Policy and the procedures for payment of Enel Américas S.A. dividends for the 2017 accounting period, which was presented at the Ordinary Shareholders Meeting of April 27, 2017.

### Dividends Policy

The Board of Directors' intention is to distribute an interim dividend against 2017 profits of up to 15% of profits accounted as of September 30, 2017, as shown in the financial statements of Enel Américas S.A. at that date, and the payment will be performed in January 2018.

The Board of Directors will propose to the Ordinary Shareholders' Meeting, to be held during the first quarter of 2017, to distribute a final dividend, an amount equivalent to 50% of the profits of the 2017 accounting period. The definite dividend will correspond to be defined by the

Regular Shareholders' Meeting, to take place during the first four months of 2018.

Compliance of the aforementioned program will be conditioned, in matter pertaining to dividends, to the profits effectively obtained, as well as on the results that forecasts that periodically the Company performs or the existence of certain circumstances, as appropriate.

## Distributable Income of 2017

The distributable income of 2017 is shown below:

	Thousands US\$
Net Income *	709,043
Distributable Income	709,043

\* Attributable to the controlling shareholder

## Distributed Dividends

The following chart shows the dividends per share paid in the last years:

N° Dividend	Type of dividend	Closing Date	Payment Date	Pesos/ Dollars per share (1)	Exercise
84	Interim	01-21-2012	01-27-2012	1.46560	2011
85	Final	05-17-2012	05-24-2012	4.28410	2011
86	Interim	01-19-2013	01-25-2013	1.21538	2012
87	Final	05-04-2013	05-10-2013	3.03489	2012
88	Interim	01-25-2014	01-31-2014	1.42964	2013
89	Final	05-10-2014	05-16-2014	5.27719	2013
90	Interim	01-24-2015	01-30-2015	0.83148	2014
91	Final	05-18-2015	05-25-2015	5.38285	2014
92	Interim	01-23-2016	01-29-2016	1.23875	2015
93	Final	05-17-2016	05-24-2016	3.40599	2015
94	Interim	01-21-2017	01-27-2017	0.94664	2016
95	Final	05-20-2017	05-26-2017	2.38705	2016
96 <sup>(1)</sup>	Interim	01-20-2018	01-26-2018	0.00100	2017

(1) The Extraordinary Shareholders' Meeting held on April 27, 2017 approved the change of functional currency of the Company from Chilean Pesos to US Dollars. Then, from the period 2017 onwards, dividends are presented in dollars per share.



# 11

Investment and financing policy for 2017



The Ordinary Shareholders' Meeting held on April 27, 2017 approved the Investment and Financing Policy detailed below.

# Investments

## Areas of Investment

Enel Américas S.A. will perform investments, according to its bylaws, in the following areas:

Contributions to carry out investments or create subsidiaries and associate companies whose activity is aligned, related or linked by any form or type of energy, the supply of public utilities, or whose main input is energy.

Investments related to the acquisition, exploitation, construction, leases, administration, trading and disposal of any class of fixed assets, whether directly or through subsidiaries.

Other investments of all kinds such as financial assets, titles or securities.

## Maximum Investment Limits

The maximum investment limits for each investment area are the following:

- i) Investments in their subsidiaries of the electricity industry, those required for the fulfillment of the respective corporate purposes, whose maximum amount is equivalent to 50% of the Net Equity accounted in the Consolidated Balance Sheet of Enel Américas as of December 31, 2016;
- ii) Investments in other subsidiaries not related to the electricity business, as long as at least 50.1% of the total consolidated assets of Enel Américas are from the electricity sector.

## Participation in the Control of Investment Areas

In order to control the investment areas and pursuant to Enel Américas S.A. corporate purpose, the following procedure will be pursued whenever possible:

- > i) It will be proposed at the ordinary shareholders' meetings of our subsidiaries and associate companies the appointment of directors related to the Enel Américas S.A.'s stake in that company, candidates that preferably need to be directors or executives of the Company or its subsidiaries;
- > ii) The investment, financial and commercial policies will be proposed to the subsidiaries and associate companies, as well as the accounting criteria and systems to be followed;
- > iii) The management of the subsidiaries and related companies will be supervised;
- > iv) There will be a permanent control of debt limits.

# Financing

## Maximum Debt Level

The maximum debt level of Enel Américas is determined that the relation Total Financial Debt (calculated as Other Current Financial Assets plus Other Non-Current Financial Liabilities) has to be less or equal to 2.2 times Total Equity, based on the Consolidated Balance Sheet of Enel Américas as of December 31, 2016.

## Management Attributions to Agree with Lenders Restrictions related to Dividends' Distribution

Dividends restrictions may only be agreed with creditors if those restrictions were previously approved at the shareholders' meeting (ordinary or extraordinary).

## Management Attributions to Agree with Lenders on Granting of Guarantees

One of the duties of the Extraordinary Shareholders' Meeting is to approve the granting of tangible or personal guarantees to cover third parties' obligations, in relation to the essential assets detailed further on.

## Essential Assets for the Normal Operation of the Company

The essential assets for the operation of Enel Américas are the direct or indirect participation, which enables the control through the ownership of the majority of shares or the existence of shareholders' agreements or pacts, of Enel Brasil and Emgesa.

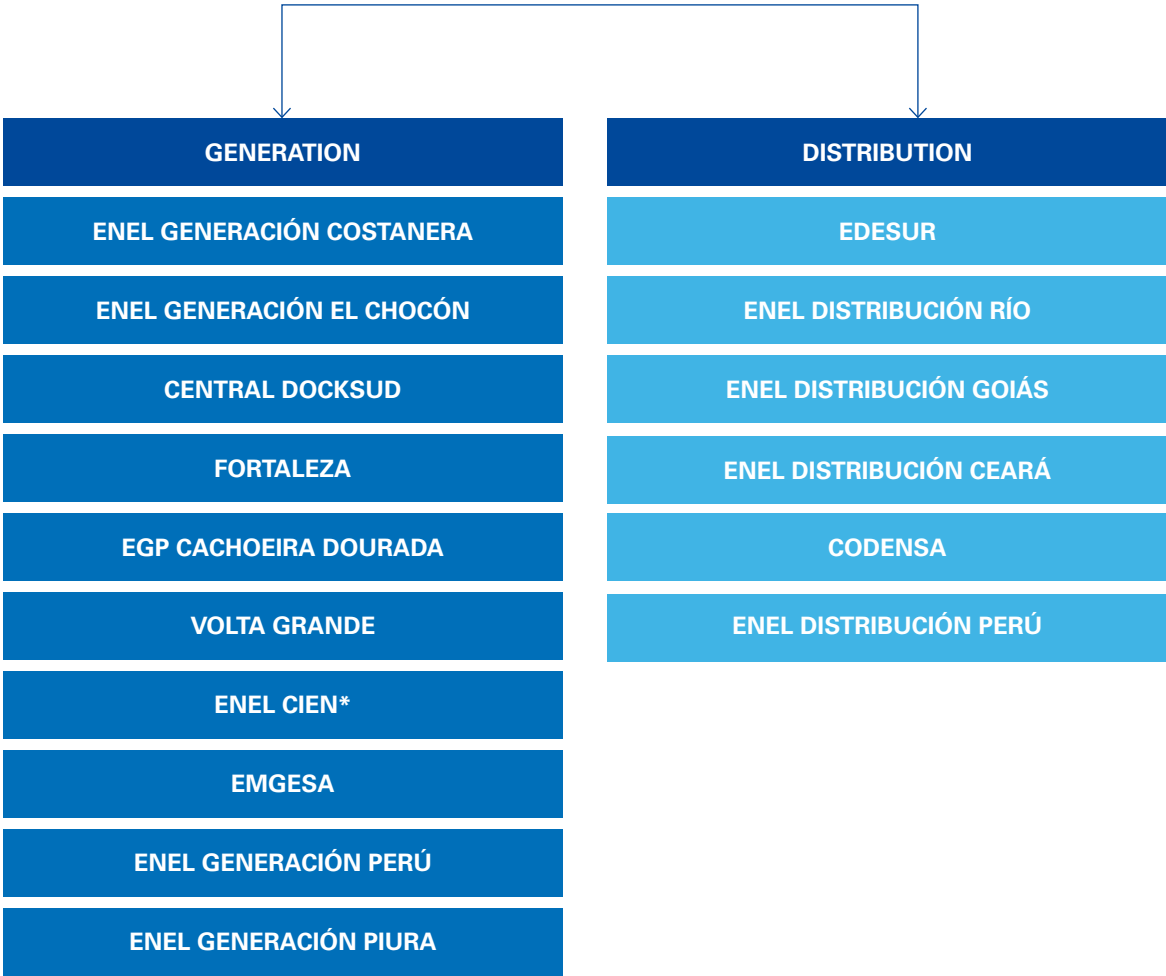


# 12

Business of the Company



# Business Structure



\*TRANSMISSION



# Historical Background

On June 19, 1981, the Compañía Chilena de Electricidad S.A. created a new corporate structure, which gave birth to a parent company and three subsidiaries. One of these was Compañía Chilena Metropolitana de Distribución Eléctrica S.A. In 1985, under the Chilean government's privatization policy, the process of transferring the share capital of Compañía Chilena Metropolitana de Distribución Eléctrica S.A. to the private sector began, and ended on August 10, 1987. In this process, the pension fund management companies (AFPs in its Spanish acronym), company employees, institutional investors and thousands of small shareholders joined the Company. Its organizational structure was based on activities or operative functions whose results were evaluated functionally and its profitability was limited by a tariff structure as a result of the Company's exclusive dedication to the electricity distribution business.

In 1987, the Company's Board proposed forming a division for each of the parent company's activities. Then four subsidiaries were created to operate as business units with its own objectives, thus expanding the company's activities towards other non-regulated activities but linked to the main business. This division was approved at the Extraordinary Shareholders' Meeting of November 25, 1987 thus defining its new corporate purpose. With this, Compañía Chilena Metropolitana de Distribución Eléctrica S.A. became an investment holding company.

On August 1, 1988, as agreed at the Extraordinary Shareholders' Meeting held on April 12, 1988, one of the

companies born from the division changed its name to Enersis S.A. At the Extraordinary Shareholders' Meeting held on April 11, 2002, the company's corporate purpose was modified, introducing telecommunications activities and the investment and management of companies whose businesses are in telecommunications and information technology, and Internet trading businesses.

In 1988, and in order to successfully face the development and growth challenges, the company split into five business units, which in turn gave birth to five subsidiaries. Out of these, Chilectra and Río Maipo were responsible for electricity; Manso de Velasco was focused on electrical engineering and construction services, plus real-estate management, Synapsis in the area of information technology and data processing, while Diprel focused on providing procurement and trading of electrical product.

The Company recently went through a corporate restructuring process that started in April 2015 and was completed in December 2016. This process consisted in the division of the electricity generation and distribution activities developed in Chile, from those performed in the rest of the countries. As such, the former Enersis S.A. was divided and the following companies were born: a) Enel Américas S.A., the continuing company of Enersis with activities in Argentina, Brazil, Colombia and Peru, and, b) Enel Chile S.A. which owns the assets related to the development of the activities in Chile.

Today Enel Américas S.A. is one of the largest private electricity companies in Latin America, both in terms of consolidated assets and also in terms of operating revenues, which has been achieved through steady and balanced growth in its electricity businesses: generation, transmission and distribution.

# Expansion and development

Enel Américas began its international expansion in 1992 with the participation in different privatization processes in Latin America, thus developing a significant presence in the electricity sectors of Argentina, Brazil, Colombia and Peru.

## 1992

- > On May 15, the Company acquired a 60% shareholding and control of Central Costanera generation company, currently Enel Generación Costanera, located in Buenos Aires, Argentina.
- > On July 30, the Company was awarded 51% of Empresa Distribuidora Sur S.A., Edesur, a company that distributes electricity in the city of Buenos Aires, Argentina.

## 1993

- > In July, the Company acquired Hidroeléctrica El Chocón, today Enel Generación El Chocón, located in the provinces of Neuquén and Río Negro, Argentina.

## 1994

- > In July, Enel Américas acquired for US\$176 million the 60% share capital of Empresa de Distribución Eléctrica de Lima Norte S.A., Edelnor (currently Enel Distribución Perú) in Peru. Also the Company acquired Edechancay, another electricity distribution company in that country, which was later absorbed by the former.

## 1995

- > On December 12, Enel Américas acquired an additional 39% of Edesur.
- > Additionally, the Company acquired the generation company Edegel (currently Enel Generación Perú) in Peru.

## 1996

- > On December 20, Enel Américas entered the Brazilian market with the acquisition of a large portion of shares in the previously called Companhia de Eletricidade do Rio de Janeiro S.A., Cerj, a company that distributes electricity in the city of Rio de Janeiro and Niteroi, Brazil, whose business name changed to Ampla Energia e Serviços S.A. and currently is Enel Distribución Río.
- > On December 20, the Company acquired a 99.9% shareholding in Central Hidroeléctrica de Betania S.A. E.S.P. in Colombia.

## 1997

- > On September 5, the Company acquired for US\$715 million a 78.9% shareholding in Centrais Elétricas Cachoeira Dourada (currently Enel Green Power Cachoeira Dourada), in Brazil.
- > On September 15, Enel Américas (at that time, Enersis) successfully participated in the capitalization of Codensa S.A. E.S.P., acquiring a shareholding of 48.5% for US\$1,226 million, company that distributes electricity in the city of Bogotá and the department of Cundinamarca, Colombia. The Company also acquired 5.5% of Empresa Eléctrica de Bogotá.
- > On September 15, with a total investment of US\$951 million, the Company acquired a 75% shareholding of Emgesa, a Colombian generation company, and an additional 5.5% of Empresa Eléctrica de Bogotá S.A.
- > Endesa, S.A. (Spain) acquired 32% of Enersis (currently Enel Américas).

## 1998

- > On April 3, Enersis (currently Enel Américas) again invested the Brazilian market, this time being awarded 89% and control of Companhia Energética de Ceará S.A., Coelce (currently Enel Distribución Ceará), company that distributes electricity in the northeast region of the country, in the state of Ceará. The transaction reached US\$868 million.

## 1999

- > Endesa, S.A. (Spain), took control of Enersis (today Enel Américas). Through a Public Share offering, Endesa acquired an additional holding of 32% in Enersis, which, together with the 32% already acquired in August 1997, resulted in a total holding of 64%. This transaction was completed on April 7, 1999, and involved an investment of US\$1,450 million. As a result of the capital increase made afterwards by Enersis in 2003, this shareholding decreased to the current 60.62%.
- > On May 11, Enersis (currently Enel Américas) acquired 35% of Endesa Chile (today Enel Generación Chile), in addition to the 25% already held, thus reaching 60% shareholding of the generation company. The company therefore consolidated its position as one of the main private electricity companies in Latin America.

## 2000

- > As part of the Genesis Plan strategy, the subsidiaries Transelec, Esval, Aguas Cordillera and real estate assets were sold for US\$1,400 million.

## 2001

- > The Company performed large investments this year: US\$364 million for increasing the shareholding in Chilectra (today Enel Distribución Chile), US\$150 million in the acquisition of 10% of the share capital of Edesur, in Argentina, a stake that was held by the company's employees; US\$132 million to increase its shareholding in the Brazilian distribution company Ampla; US\$23 million to increase its shareholding by 15% in Río Maipo, in Chile, and US\$1.6 million to increase its shareholding by 1.7% in Distrilima, in Peru.

## 2002

- > In Brazil, Central Termoeléctrica Fortaleza, located in the state of Ceará, was awarded to the Company. Additionally, started the commercial operation of the second phase of the electricity interconnection between Argentina and Brazil, CIEN, completing a transmission capacity of 2,100 MW between both countries.

## 2005

- > The subsidiary Endesa Brasil S.A. (today Enel Brasil) was formed with all the assets held in Brazil by the Enersis Group and Endesa Internacional (later it was absorbed by Enel Iberoamérica): Enel Cien, Fortaleza, Enel Green Power Cachoeira Dourada, Ampla, Investluz and Coelce.

## 2006

- > In February, Enersis acquired for approximately US\$17 million the Termocartagena (142 MW) combined cycle power plant in Colombia, which operates with fuel oil or gas.
- > In June, Edegel (currently Enel Generación Perú) and Etevensa were merged, the latter a subsidiary of Endesa Internacional (later was absorbed by Enel Iberoamérica) in Peru.

## 2007

- > In September the merger of the Colombian generation companies Emgesa and Betania was completed.
- > On October 11, Enel S.p.A. and Acciona, S.A. took control of Enersis, through Endesa, S.A., and of Endesa Internacional, S.A. (currently absorbed by Enel SpA.).

## 2009

- > The companies Acciona, S.A. and Enel S.p.A. announced an agreement whereby Acciona, S.A. will directly and indirectly transfer to Enel Energy Europe S.L. the 25.01% shareholding in Endesa, S.A. As such, Enel Energy Europe S.L., controlled 100% by Enel S.p.A., will thus hold 92.06% of the share capital of Endesa, S.A.
- > On June 25, the agreement between Enel S.p.A. and Acciona, S.A. came into effect whereby Enel became the controller of 92.06% of the share capital of Endesa, S.A.
- > On October 9, Endesa Chile (currently Enel Generación Chile) acquired 29.3974% of the Peruvian generation subsidiary Edegel (currently Enel Generación Perú). Shares were acquired at market price from Generalima S.A.C., a company which in turn is a subsidiary of Endesa Latinoamérica S.A. Endesa Chile thus now holds directly

and indirectly 62.46% of the shares of Edegel.

- > On October 15, Enersis S.A. (today Enel Américas) acquired 153,255,366 shares, representing 24% of the share capital of its Peruvian subsidiary Enel Generación Perú (formerly Edegel), at a price of 2.72 soles per share. This was purchased from Generalima S.A.C., a Peruvian subsidiary of Enel Latinoamérica S.A., the parent company of Enersis. With this transaction, the direct and indirect shareholding of Enersis S.A. in Edelnor rose from 33.53% to 57.53%.

## 2010

- > Enersis (today Enel Américas) accepted the offer of the company Graña y Montero S.A.A., for the acquisition of its entire direct and indirect shareholding in its subsidiary Compañía Americana de Multiservicios Limitada, CAM; and in the same way, accepted the offer presented by Riverwood Capital L.P to acquire the entire direct and indirect shareholding in its subsidiary Synapsis Soluciones y Servicios IT Ltda. The price offered for CAM and its subsidiaries in Argentina, Brazil, Colombia and Peru amounted to US\$20 million. In the case of Synapsis, the price offered for the company and its subsidiaries in Argentina, Brazil, Colombia and Peru amounted to US\$52 million.

## 2011

- > In August, Endesa, S.A. informed through a Significant Event, the formalization of a purchase agreement for which Endesa Latinoamérica S.A. (100% owned by Endesa, S.A.) acquires 7.70% stake owned by EDP Energias de Portugal S.A. in Endesa's Brazilian subsidiaries Ampla Energia e Serviços S.A. and Ampla Investimentos e Serviços S.A. for Euro 76 million and Euro 9 million, respectively. After these acquisitions, Endesa S.A. controlled 99.64% of the share capital of both companies.

## 2012

- > In July, through a Significant Event submitted to the Superintendencia of Securities and Insurance (SVS), the Board of Directors of Enersis (today Enel Américas)

informed the decision to convene an Extraordinary Shareholders Meeting which will take place on September 13, with the purpose of resolving, among other matters, the capital increase of the Company for the equivalent in Chilean pesos, of up to US\$8,020 million or the amount that the Extraordinary Shareholders Meeting determines. In early August, the SVS stated that the Board of Enersis must adopt the actions necessary to strictly comply with the conditions established by Articles 15, 67 and Title XVI of Law 18,046 (Corporations Law), considering that they are complementary and when applicable should be considered simultaneously. These conditions are related to capital increase transactions and related party transactions respectively. Once the indications of the SVS were acknowledged, Enersis (today Enel Américas) adopted them and continued with the capital increase operation. The Board of Directors resolve postponing the Extraordinary Shareholders Meeting to take place September 13 to a later date to be determined opportunely. After strictly complying with the conditions established by Articles 15, 67 and Title XVI of Law 18,046 (the Board of Directors requested the independent valuation by IM Trust and the Directors Committee requested the independent valuation of Claro y Asociados Ltda., the Directors Committee issued its report and each Director gave his opinion with respect to the proposed operation). The Extraordinary Shareholders Meeting held on December 20 ruled on the capital increase. A very large majority, almost 86% of all shareholders present with voting rights, equivalent to 81.94% of the total shares with voting rights of the Company, approved the capital increase of the following characteristics: 1) Maximum amount of the capital increase: Ch\$ 2,844,397,889,381, divided into 16,441,606,297 ordinary nominative payment shares of the same series, with no preferences and no par value, 2) Value of non-in-kind contributions to be capitalized: The total issued capital of Cono Sur, Company that will concentrate the activities that are identified in the reports that have been made available to the shareholders and that would be contributed by Endesa (currently Enel Generación Chile) to Enersis (currently Enel Américas), will amount to Ch\$ 1,724,400,000,034 corresponding to 9,967,630,058 shares of Enersis S.A. (today Enel Américas) at a price of Ch\$ 173 per share, 3) Placement

share price: a fixed price of Ch\$173 for every payment share to be issued as a result of the capital increase.

## 2013

- > Capital Increase: With an historic result for this type of operation in the local market, shareholders of Enersis (today Enel Américas) subscribed a total of approximately \$ 6,022 million, a placement of 100% of the shares available for the capital increase.
- > In July, the new Malacas 185 MW power plant was commissioned in Piura, Peru, company owned by Empresa Eléctrica de Piura (EEPSA) part of the Enersis Group (today Enel Américas Group). This new power plant required an investment of US\$105 million.
- > On November 6 the first modernized unit of Salaco project in Colombia was commissioned, corresponding to unit 2 of the run-of-the-river Darío Valencia Samper plant, with an installed capacity of 50 MW. This unit generated 46.3GWh since its commissioning until midnight, December 31 at 24 hours.

## 2014

- > Public Tender Offer for the shares acquisition for Coelce. On January 14, Enersis (today Enel Américas), which until then controlled 58.87% of its subsidiary Coelce, launched a voluntary OPA of all series of shares issued by Coelce at a price of R\$49 per share. With this, Enersis acquired 3,002,812 common shares, 8,818,006 preferred shares type A and 424 preferred shares type B, equivalent to an investment of approximately US\$243 million. After the operation, the company obtained a 74.05% direct and indirect interest in Coelce.
- > In April, Enersis (today Enel Américas) closed an acquisition agreement for the purchase all the shares that Inkia Americas Holdings Limited indirectly had of Generandes Perú S.A., equivalent to a 39.01% stake, whose investment amounted to US\$413 million. The transaction ended in September, and as a result Enersis (currently Enel Américas) reached 58.60% shareholding of Edegel (today Enel Generación Perú).
- > On July 31, 2014, Enel Energy Europe S.R.L., currently Enel Iberoamérica SRL, controller of Endesa S.A. (92.06% share) proposed the acquisition of 100% of the share capital of Endesa Latinoamérica S.A. The transaction was completed in October 2014, and as a

result Enel S.A. reached the direct control of Enersis (today Enel Américas) with 60.62%.

## 2015

- > On April 28, 2015, the Board of Directors of Enersis (currently Enel Américas) agreed to initiate the studies for a possible corporate reorganization to divide the generation and distribution activities in Chile from the rest of the activities developed abroad by Enersis and its subsidiaries Endesa Chile and Chilectra (today Enel Américas).
- > On November 16, 2015, the commissioning of El Quimbo power plant, a 400 MW hydro facility in Colombia took place, after five years of construction.
- > On December 18, 2015 the Extraordinary Shareholders Meeting took place, where the shareholders of the Company approved the corporate restructuring of Enersis and its subsidiaries Endesa Chile and Chilectra (today Enel Américas).

## 2016

- > On March 1, the non-material Division of the former Enersis, Endesa and Chilectra was made, as a result of which Enel Chile, Endesa Américas and Chilectra Américas were born.
- > On April 21, 2016, shares' Division of Enersis, Endesa and Chilectra became effective, and the resulting companies - Enersis Américas, Enersis Chile, Endesa Américas, Endesa Chile, Chilectra Américas and Chilectra Chile – began trading at the Santiago Stock Exchange. Likewise, the ADR's ENIA, ENIC, EOCA and EOCC began trading on April 27 the same year at the New York Stock Exchange. (NYSE).
- > On September 28, the Extraordinary Shareholders' Meeting took place at the Enersis Stadium, where the Merger of Enersis Américas, Endesa Américas and Chilectra Américas was approved, and comprised the following: on the part of Enersis Américas, it absorb Endesa Américas and Chilectra Américas. The main purposes of The Merger were: 1) Align every investment interests in generation and in distribution in the scope of Latin America; 2) Create a simpler structure with greater



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visibility, and eliminate the cross participations; 3) Greater efficiency and dynamism in the decision making processes, costs reduction and remove any potential conflicts of interest.

- > On September 13 the Public Tender Offer for the shares acquisition (OPA) for the shareholders of Endesa Américas was launched. The price was \$300 pesos per share. This operation ended on October 28.
- > On September 29 started the period to exercise the Withdrawal Right of dissenting shareholders. The established prices were the following: Enersis Américas \$112.02 pesos, Endesa Américas \$299.64 pesos and Chilectra Américas \$472.79 pesos. The period to exercise the Withdrawal Right ended on October 28.
- > On December 1, the name change of Enersis Américas to Enel Américas took place, after the intangible merger with the companies Endesa Américas and Chilectra Américas.
- > On November 30 it was announced that the Company presented the best offer for the acquisition of the electricity distribution company CELG-D, which was performed within a bidding process arranged by the Brazilian Government through Banco Nacional do Desenvolvimento. The offer presented by our subsidiary Enel Brasil amounted to BRL\$ 2,187 million.
- > On December 29 Endesa Américas and Chilectra Américas ceased trading at the Santiago Stock Exchange and the New York Stock Exchange, in the ADR form. As

such, the Company proceeded with the exchange of shares and the merger is achieved.

## 2017

- > On February 1, in Argentina the National Electricity Regulatory Entity (ENRE for Spanish acronym) approved the Integral Tariff Review – known as RTI - defining a structural change in energy distribution in the country. This new regulation is the result of an extensive work made between the government and the distribution companies involved in the tariff revision process, consisting on a gradual increase of the tariff with the purpose of softening the impact for the final consumer.
- > On February 14, Enel Américas completed the acquisition of Celg Distribuição S.A. (now Enel Distribución Goiás) through its subsidiary Enel Brasil with the acquisition of nearly 94.8% of its share capital. This distribution company has more than 2.9 million clients and operates in the Brazilian region of Goiás. The amount of the operation reached BRL\$ 2,187 million (approximately US\$640 million). The financing of this transaction came from the capital increase of Enel Américas (former Enersis) approved by the end of 2012.
- > In July, Enel Américas and Enel Chile inaugurated their offices in New York, whose main purpose is to manage the relationships with institutional investor and financial analysts, credit rating agencies and institutions of the securities markets in the United States (for example Citibank, New York Stock Exchange-NYSE, etc.).
- > On October 4, Enel Perú (100% owned by Enel Américas S.A.) acquired 47,686,651 shares issued by the subsidiary Enel Distribución Perú. The transaction closed at a total price of PEN\$ 262,276,580 (equivalent to approximately US\$ 80 million) and was carried out at the Lima Stock Exchange.
- > On September 27, Enel Brasil was awarded the concession to operate Volta Grande power plant, whose installed capacity is 380 MW. The amount of the transaction reached BRL\$1,420 million (US\$ 445 million approximately). This term of the concession is 30 years.



# 13

Investments and financial activities





# Material Investments Related to the Company's Investment Plan

The global financing strategy of the Group's subsidiaries and intercompany loans is coordinated in order to optimize debt management, in addition to the terms and conditions of our funding.

The Group's subsidiaries develop independent capital investment plans that are funded by funds generated internally or by direct funding. One of our goals is to focus on those investments that will yield long-term benefits, such as projects to reduce energy losses. Additionally, focusing on Enel Group and seeking to provide services to all companies in the group, our goal is to reduce investment at the individual subsidiary companies in elements such as procurement systems, telecommunications and information systems. While we have studied how to finance these investments as part of the budget process of the Company, no particular financing structure has been committed and our investments will depend on market conditions at the time they need to get the cash flow.

Our investment plan is flexible enough to adapt to the changing circumstances by giving different priorities to each project according to its profitability and strategic consistency. Investment priorities are currently focused on developing the works plan in Brazil, Colombia and Argentina.

For the period between 2018 and 2020, we expect to spend US\$5,233 million on a consolidated basis, in investments in the subsidiaries we control, and related to investments currently under development, the maintenance of our distribution networks, maintenance of existing generation plants, and the studies required to develop other potential generation projects.

The chart below shows the capital expenditures expected to carry out from 2018 to 2020 and the capital expenditures incurred by our subsidiaries in 2017, 2016 and 2015.

	Capital expenditures <sup>(1)</sup> (million US\$)			
	2018-2020	2017	2016	2015
Outside Chile	5,233	1,371	1,230	2,081

(1) Capex figures represent the effective payments for each year, with the exception of future forecasts.

## Capital expenditures in 2017, 2016 and 2015

In the generation business, capital expenditures in the last three years were mainly related to El Quimbo project (400 MW) in Colombia, and to the maintenance of the existing installed capacity. El Quimbo project began commercial operations on November 16, 2015.

In the distribution business, investments were the following: (i) expand our distribution service to meet the growing energy demand, (ii) improve the quality of service, (iii) improve safety, and (iv) reduce energy losses, particularly in Brazil.

The aforementioned capital investments were financed as follows:

- > **El Quimbo:** Local and international bond issuances.

# Generation

Capital expenditures in generation amounted to US\$ 253 million in 2017, and in 2016 totaled US\$ 291 million.

In 2017 in Peru, maintenance capex reached US\$ 61 million. Some of the main projects are: the reconstruction of Callahuanca power plant (US\$ 12 million), the acquisition of contingency parts for thermal units (US\$ 11 million), several maintenance activities and the modernization of civil works and hydraulic units (US\$ 10 million), Project for the Thermal Units Duality (US\$ 4 million) and overhaul of thermal units (US\$ 8 million). Expansion capex were focused on the TG6 project (US\$ 8 million) and the HER Huampaní Project (US\$ 2 million).

In Colombia, maintenance capex were focused on projects related to the improvement of the generation plants' assets, among which the beginning of the environmental improvement plan for Termozipa stands out. In relation to expansion capex, progresses were made in the works for the closing of El Quimbo hydroelectric project and the expansion capex of Termozipa.

# Distribution

During 2017, the Company's capex amounted to US\$ 1,430 million, mainly to meet consumption needs, as a result of the growth of population and the entrance of new customers, through investments not only related with them, but also in capacity increases and strengthening of AT, MT and BT of the companies. Conversely, in 2016 capex reached US\$ 923 million.

During 2017 Edesur in Argentina carried out investments for US\$ 213 million in order to meet the growth of demand and improve the quality of service. These investments

enabled the expansion of the SE Pompeya, new feeders SE Movil Roca, and technological improvements of the RED (digitization).

In Peru, energy demand is related to requirements from customers, which has generated investments in distribution networks of US\$ 75 million, US\$ 37 million of which were used for the expansion and reinforcement of networks to meet the requirements of residential, commercial and industrial customers, and US\$ 28 million to ensure quality and safety of the supply. With regards to Sub-Transmission, investments in capacity expansion and safety of the networks and transmission lines reached US\$ 33 million. Additionally US\$ 7 million were assigned to Energy Losses Control and US\$ 8 million to information services and infrastructure.

In distribution in Brazil, total capex reached US\$ 827 million. In particular, Enel Río performed investments for a total of US\$349 million for the implementation of new connections, improvement of the quality of distribution networks and energy losses reduction projects. Enel Distribución Río performed investments in control systems through the use of technology and social activities. Investments of Enel Distribución Ceará totaled US\$ 227 million with the purpose of meeting the network demand and connections of clients and support the sustained growth of demand in the State of Ceará, including projects for the capacity increase of energy transport. Enel Distribución Goiás performed investments for a total of US\$ 250 million to meet the network demand and clients' connections, services for quality improvement and losses reduction.

In Colombia, capex of Codensa reached US\$ 266 million, being mainly focused on projects that improve the quality of service, energy losses control and new connections, with the objective of recovering quality and energy losses standards after the merger with Empresa de Energía de Cundinamarca, and the replacement of network and network assets in the Cundinamarca area after the merger process.

# Financial activities

## Finance

During 2017 South America, and particularly the countries where Enel Américas operates, experienced a positive economic development and growth, but still below the estimated growth potential. As such, Argentina, Brazil, Colombia and Peru have shown growth rates below 3%. Chile has been even lower with 1.5% growth of the economy in 2017.

During the year, Argentina continued the policies for greater commercial openness through reforms aimed at boosting investment. Economic growth improved from a negative 2.3% in 2016 to a positive 2.9% in 2017, which reflects an improvement of internal conditions, mainly explained by greater demand. However, inflation remained high at nearly 24%. In the financial area, rating agencies have supported the improvement of economic growth projections through higher credit risk ratings. For example, in 2017 Moody's rating agency increased the credit risk rating of sovereign bonds from B3 to B2.

In 2017 Brazil has shown signs of economic recovery, moving from a deep recession in 2016 where GDP decreased 3.5%, to an estimated growth of 1% in 2017. This improvement was driven by higher demand and investments, lower inflation and therefore reduced interest rates. Moreover, unemployment decreased and activity has shown signs of economic recovery and greater dynamism. During the year Brazil also was affected by the political instability of the previous years, which even involved the President of the Republic, bringing volatility to the markets.

In Colombia, 2017 was a year of slower economic activity. Growth decreased from 2% in 2016 to 1.7% in 2017, the lowest growth rate in 8 years. Lower dynamism, together with the strong inflation reduction, led a fall of monetary policy rate from 7.75% at its peak in 2016 to 4.75% by the end of 2017. The political year was marked by the progress in the peace process in Colombia with the incorporation of guerrilla groups to civilian life.

Finally, Peru recorded 2.6% growth in 2017, which is below initial estimates, mainly explained by lower internal demand and the slowdown of investments in fixed assets due to political instability. Additionally, the country was affected by heavy flooding caused by the El Niño climatological effect. The latter brought an inflationary shock at the beginning of the year and strong losses in the productive sector.

In the international macro scenario, the activity of developed countries and some emerging economies have explained the greater dynamism and global growth in relation to previous years, mainly in relation to the industry, by boosting global commerce and trading.

Central banks of the greater economies acted cautiously during 2017 in relation to the gradual withdrawal from the monetary stimulus, which was very helpful to overcome recent and deep economic crisis. During 2017, financing rates remained relatively low.

The financial markets kept open in the countries where Enel Américas has presence, which enabled its subsidiaries to have access to the resources required to finance its projects and investments and also to continue with debt refinancing at longer terms, thus complying with a policy that promotes the control of financial risks.

## Main completed financial operations

For Enel Américas, 2017 was a year marked by expansion and growth particularly in Brazil. The most important milestones were the acquisition of the distribution company Enel Distribución Goiás (previously Celg), located in the state of Goiás, and the awarding of the rights for the concession to operate the hydroelectric generation company Volta Grande, in the state of Minas Gerais. These acquisitions meant the consolidation of the leadership of Enel Group through Enel Américas in the region, while consolidating significantly its presence in Brazil. In this context, the companies of the Group carried out various financing operations:

## Brazil

Enel Distribución Rio (Ampla) closed a bank financing of BRL\$250 million (US\$76 million). Likewise, obtained financing from Banco Nacional de Desenvolvimento Econômico e Social (BNDES) for the development of its investment program for a total of BRL \$514 million (US\$ 155 million). Towards the end of the year, the company performed a bond issuance of BRL\$ 600 million (US\$ 181 million) for bonds refinancing.

Enel Distribución Ceará (Coelce) issued short term Promissory Notes in the local market of BRL\$ 400 million (US\$ 121 million). The company also issued local bonds and long-term infrastructure bonds towards the end of the year of BRL\$ 500 million (US\$ 151 million), which were used for the prepayment of Promissory Notes and for investments financing.

Enel Fortaleza received a bank financing of BRL\$ 190 million (US\$ 57 million).

The recently acquired distribution company Enel Distribución Goiás received two bank financings of a total amount of BRL \$550 million (US\$ 166 million).

The new company of Enel Brasil group, EGP Projetos I, obtained a bilateral bank loan of BRL\$ 860 million (US\$ 260 million) for the acquisition of the hydroelectric generation power plant Volta Grande.

## Colombia

Codensa performed a local bond issuance of COP\$ 630,000 million (US\$ 211 million).

## Peru

Enel Distribución Perú (Edelnor) performed a local bond issuance of PEN \$100 million (US\$ 31 million). In addition, the entity signed two bank-leasing contracts for the financing of transmission lines and the construction of a transmission substation of PEN\$ 37 million (US\$ 11 million).

## Coverage Policy

### Exchange Rate

The exchange rate hedging policy of the Group is based on cash flows and seeks to maintain a balance between flows indexed to foreign currency, and the levels of assets and liabilities denominated in that currency. The goal is to minimize the flows' risk exposure from changes in exchange rates. As part of this policy, the Enel Américas contracted forwards for US\$ 355 million to cover the flows in different currencies coming from foreign subsidiaries.

The company also performed investments in financial assets during the year, including among others the awarding of the rights for the concession to operate the generation power plant Volta Grande, with which the company needed to contract hedging for US\$ 369 million.

Overall, Enel Américas operated forward derivatives contracts for more than US\$ 720 million during 2017.

### Interest rates

Interest rates variations change the fair value of those assets and liabilities that accrue variable interest rate, as well as the future flows of asset and liabilities referenced to a variable Interest rate. The objective of risk management is to reach a balance of debt structure, in order to minimize the cost of debt with reduced volatility in the income statement. Depending on the Group's estimations and the objectives of debt structure, hedging transactions would be made through derivatives contracts that mitigate those risks. The instruments currently used are interest rate swaps to fixed variable rates.

By the end 2017, the comparative structure of financial debt of Enel Américas Group in relation to fixed interest rate and/or protected interest rates versus gross total debt, after contracted derivatives was 46% of fixed rate debt.

## Credit Risk Rating

On November 9, 1994, Standard and Poor's and Duff & Phelps rated Enersis (today Enel Américas) for the first time at BBB +, that is, an investment grade company. Later, in 1996, Moody's rated the company's foreign currency long-term debt at Baa1.

Over time, most credit ratings have changed. Currently, they are all "investment grade," which is based on the diversified portfolio of assets, liquidity and adequate policies of debt coverage service.

In summary, the following main events that took place in 2017 are detailed below:

On February 27, 2017, Standard & Poor's reviewed and ratified the corporate rating of Enel Américas, assigning a "BBB" rating. Outlook is stable.

Then, on July 25, 2017, Feller Rate rated Enel Américas in local scale rating and assigned "AA-" rating with stable outlook.

Furthermore, on September 13, 2017, Fitch Ratings assigned international scale rating to Enel Américas in "BBB+" and national scale the rating in "AA (cl)", with stable outlook for both ratings.

Finally, on December 22, 2017, Moody's reviewed Enel Américas rating and assigned a "Baa3" rating with stable outlook. Then, on February 23, 2018, the agency changed the Outlook to negative due to the situation in Colombia.

Ratings are supported by the Company's diversified portfolio of assets, strong credit parameters, adequate debt structure and high liquidity.

## International Ratings

Enel Américas	S&P	Moody's	Fitch
Corporate	BBB / Stable	Baa3 / Negative	BBB+ / Stable

## Local Ratings

Enel Américas	Feller Rate	Fitch
Stocks	1st class, Level 2	1° class, Level 1
Bonds	AA- / Stable	AA / Stable

## Properties and facilities

Enel Américas as a "holding" entity, does not directly own properties or facilities to develop its business.

## Brands

The company has registered "Enersis" and "Enersis Américas" brands in services, products, industrial and commercial facilities. In July, 2016, through a communication addressed to the Board of Enel Américas S.A., Enel S.p.A authorized the free use of "Enel" brand to Enel Américas S.A., being entitled to include it to its business name, its logo and other forms of use.

The brand "Enel Américas" is duly registered.

# Suppliers, Customers and Main Competitors

Enel Américas S.A. in its capacity of a “holding” company that mainly operates in the field of electricity generation and distribution in Latin América, considers the following suppliers, customers and competitors as the most relevant ones for its main subsidiaries.

The Company established that its main suppliers, customers and competitors are the following:

- > **Argentina:** Wartsila Argentina S.A., IMC SRL -Mei SRL – UTE, Zeppilli Enrique Félix, Turismo Patagonia S.A., EMCO Limited, Argencobra S.A., Mor S.A., Rowing S.A., Nizza Davidson Ing. y Obras S.R.L., Valtellina Sud America S.A., Imsa Sac E I, SIEMENS Energy Inc., Corrosión Industrial Mantenimientos, Servimagnum S.A. - SDC Do Brasil Serv., Hugo Torbidoni y Cia. S.R.L., Techint Compañía Técnica Internacional, GCBA, AYSA S.A., Mun. Quilmes, Coto C.I.C.S.A. Suc, Metrovias S.A., SADESA, AES, Pampa, Petrobras, YPF Energía (Ex Pluspeteg).
- > **Brazil:** Mechal Serv e Infraestrutura Ltd., Engeform Construcoes e Comercio Lt., Compel Construcoes, Endicon Eng. Instal e Construcoes, Soter Sociedade Técnica de Engenharia, Cia Gestao dos Recursos Hidricos, Alstom Ingegneria e Ricerca SÁ, Fundacao Ampla de Seguridade Social, ABDO, Ellery & Asociados Consult, Energía Solucoes S.A., Antonio Esio Guerra Biserra, Nova Rio Servicos Gerais Ltda., Rede Independente Jornais Do Nordes, Sintese Industria E Comercio Ltda, Loca Buggy Automoveis - Carlos Agui, Paradigma Business Solutions S.A., Reivax Automacao e Control, Roberto Carlos Castro & Cia Ltda., Balteau Productos Electricos Ltda., Energisa Solucoes S.A., Paradigma Business Solutions As, Reivax S/A Automacao e Controle, Roberto Carlos Castro & Cia Ltda, Banco Bankpar S.A, Cedae-Estac. de Tratam de Agua – Dpt., Coop El Rural Cach Itaborai, Prolagos S.A. Eta Juturnaiba, CRH Cantagalo, Industria de Cimentos Telemar Norte e Leste S.A., State Grid, Aes, Cemig, Neoenergia, Light, Cagece Cia. de Agua e Esgoto Do Ceara, Cogehr Barragem Do Rio Maranguapinho, Cearaportos Cia. de Int Port Do Ceara, Seduc Colegio Liceu Do Ceara, Sesa 18 Cres Iguatu, Ferbasa, Multiplan, Volkswagen, International Paper, Vicunha Têxtil, Chesf, Furnas, Eletronorte, Petrobras, CEMIG, CTG Brasil, Copel.
- > **Colombia:** Empresas Públicas de Medellín E.S.P., Isagen S.A. E.S.P., Aes Chivor & Cia. S.C.A. E.S.P., Empresa de Energía del Pacífico S.A. E.S.P., Electrificadora Del Caribe S.A, Compañía Energética del Tolima, Magaldi Power S.p.A., Consorcio Chivor, Ingenierias Triturados y Concretos, Andritz Hydro Ltda., Carpi Tech BV Amsterdam Balerna Br, Empresas Públicas de Medellín, Cens S.A. E.S.P., Electrificadora del Huila S.A., Empresa de Energía de Boyaca, Ecopetrol, Productos Familia S.A., Cencosud, Eaab, Carvajal, Alumbrado Público Distrito Capital, Productos Familia S.A., Zona Franca S.A., Iberplast S.A., Hilanderías Universal S.A., EEPPI, ISAGEN, DICEL, EPSA.
- > **Peru:** Indeco S.A., 3M Perú S.A., Hermes Transportes Blindados S.A., CAM Servicios del Peru S.A., Silicon Technology S.A.C., Siemens Energy, Inc. Confipetrol. Andina S.A., Servicios Generales Hidráulicos y Cia., Siemens S.A.C, Andritz Hydro AG, Luz del Sur, Minera Chinalco Perú, Hudbay Perú, Votorantim Metais Cajamarquilla, Engie, Electroperú, Kallpa Generación. Statkraft, Corporación Celima, Lima Airport Partners S.R.L., Compañía Industrial Nuevo Mundo S.A., Tecnologia Textil S.A., Gym Ferrovias S.A., Termoselva, Coelvisac, Fénix Power Perú.
- > **Chile:** Travel Security S.A., Merrill Lynch Pierce Fenner & Smith, Deutsche Bank Securities Inc., Ernst & Young Servicios Profesionales, DCV Registros S.A.



# 14

Risk Factors





# Risk Management Policy

The companies of Enel Américas Group are exposed to determined risks that are managed through the application of a system to identify, measure, limit the concentration and supervise.

Some of the underlying principles defined by the Group in the establishment of their risk management policy are:

- > Comply with the norms of good corporate government.
- > Strictly complying with the normative system of the Group.
- > Each business and corporate area defines:
  - I. The markets where the Company can operate in relation to the knowledge and sufficient capabilities to ensure effective risk management.
  - II. Criteria on counterparts.
  - III. Authorized operators.
- > The business and corporate areas established for each market in which they operate their predisposition to coherent risk with the defined strategy.
- > Every business operations and corporate areas are performed within the approved limits in every case.
- > The business, corporate areas, lines of business and companies establish risk management policies necessary to ensure that the market transactions are completed according to policy, norms, and the procedures of Enel Américas.

# Interest Rate Risk

Interest rate variations modify the fair value of those assets and liabilities that bear a fixed interest rate, and also the aforementioned future asset and liabilities flows at a variable interest rate.

The objective of risk management of interest rates is to reach a debt structure equilibrium that allows a minimization of cost of debt with a reduced volatility in the income statement.

The Company performs coverage transactions through derivatives contracts to mitigate these risks depending on the estimations of the Group and the objectives of the debt structure. The instruments currently used are interest rate swaps that sets variable to fixed rate.

The comparative structure of the financial debt that Enel Américas Group has, according to the fixed interest rate and/or protected by the total gross debt, after contracted derivatives, is the following:

## Gross Position

	12-31-2017 %	12-31-2016 %
Fixed interest rate	46%	44%

# Exchange Rate Risk

Exchange rate risks fundamentally correspond to the following transactions:

- > Debt contracted by the Group's companies denominated in a different currency of which the flows are indexed.
- > Payments to be made related to the acquisition of materials associated to projects and corporate insurance policy payments being made in a different currency of which the flows are indexed, among others.
- > Revenues of the companies of the Group that are directly linked with the evolution of currencies not related to the companies' flows.
- > Flows from the subsidiaries abroad to the head offices in Chile, which are exposed to exchange rate variations.

With the objective of mitigating the exchange rate risk, Enel Américas' hedging policy for exchange rates is based on cash flows and contemplates to maintain a balance between the flows indexed in dollars and the levels of assets and liabilities denominated in that currency. The objective is to minimize the exposition of the cash flows to variations in the exchange rates.

The instruments currently being used to comply with policy are currency swaps and exchange rate forwards. Likewise, the policy seeks to refinance debt in the functional currency of each company.

# Commodities Risk

The Enel Américas Group is exposed to commodities price variation risks, mainly through the following:

- > Fuel purchases in the process of electricity energy generation.
- > Energy purchase-sell operations that take place in the local markets.

With the objective of reducing risk in situations of severe drought, the Group has designed a commercial policy defining the level of commitment of energy sales according to the generation capacity of power plants in a dry year, including risk mitigation clauses in some contracts with free clients. In the case of regulated clients, they are subjected to a long-term tender process, and indexing polynomials are determined enabling the reduction of commodities exposure.

Considering the operational conditions that face electricity generation, hydrology, and commodities price volatility in the international markets, the Company is permanently verifying the convenience of taking coverage positions to reduce the impacts of price variations in results.

On December 31, 2017, the company signed operations of purchase future energy contracts 5.4 GWh, for the period January-March 2017. These purchases back up an energy-selling contract in the Colombian wholesale market.

On December 31, 2017, selling contracts for 24.23 GWh and purchase future energy contracts for 77.45 GWh were settled

On December 31, 2016, operations of purchase future energy contracts amounted to 69.84 GWh, for the period January-December 2017. These purchases backed up an energy purchase contract in the wholesale market. For its part, future energy sale contracts amounted to 15.12 GWh in the period January-December 2017, associated with the coverage of cash flow risks of clients indexed in the Unregulated Market. As of December 31, 2016, ten sales contracts and one future energy purchase contract were liquidated, each of them amounted to 0.36 GWh.

# Liquidity Risk

The Group maintains a liquidity policy consistent with the contract of committed long-term credit facilities and temporary financial investments, in sufficient amounts to support the projected needs for a period of time related to the context and expectations of the debt and capital markets.

The aforementioned projected needs include net financial debt maturities, after financial derivatives (For further details regarding the features and conditions of financial debt and financial derivatives see Notes 19, 21 and Appendix 4 of the 2017 Financial Statements).

As of December 31, 2017, the liquidity of Enel Américas Group reached US\$1,473 million in cash and cash equivalents, and US\$225 million in available non-committed long-term credit facilities. On December 31, 2016, the Enel Américas Group accounted a liquidity of US\$2,689 million in cash and cash equivalents, and US\$130 million in available long-term uncommitted credit facilities.

# Credit Risk

Enel Américas performs a detailed monitoring of its credit risk.

# Receivable Commercial Accounts

With regards to credit risk related to the receivable accounts coming from commercial activity, this risk is historically very limited given the short term client's recovery time, so they do not individually accumulate a significant amount. This is applicable for both our electricity generation and distribution businesses.

In some countries in our line of business of electricity generation, the company may face a supply disruption due to the lack of payment, and also in almost every contract it's considered lack of payment as cause for terminating the contracts. For this end, the credit risk is constantly monitored and its measured in maximum amounts exposed such risk. In the case of our electricity distribution companies, the supply disruption in all cases is our company's decision facing our client's lack of payment. This is implemented according to the existing regulation in each country, which facilitates the evaluation process and credit risk control, which is also limited.

# Financial Assets

Cash surplus investments are made by top of the line national and international financial entities, with limits established by each institution.

In the bank selection for investments, the ones considered are those that have an investment grade credit risk rating, considering the three main international rating agencies (Moody's, S&P and Fitch).

Placements can be backed up by treasury bonds of the country where the operation takes place and/or bank securities issued by top of the line banks, privileging the latter because they offer greater returns (always following the existing placement policies).

# Measuring Risk

The Enel Américas Group develops a Value at Risk measurement for its debt positions and financial derivatives, with the objective of monitoring the risk assumed by the company, limiting the volatility of the income statement.

The portfolio includes for the calculation of the Value at Risk composed by:

- > Financial Debt.
- > Derivatives for Debt coverage.

The calculated Value at Risk represents the possible variation of the portfolio's value previously described in the duration of a quarter with 95% confidence. For that purpose there is a volatility study of the risk variables that affect the position portfolio's value, including:

- > Libor for the US dollar.
- > The different currencies in which our company operates, the regular local indexes for banking transactions.
- > Exchange rates of the different currencies considered in the calculations.

The Value at Risk calculations are based on the extrapolation of future scenarios (in one quarter) of the market values of the risk variables in terms of the scenarios based on real observations for the same period (quarter) during five years.

The Value at Risk of a quarter with a 95% of confidence is calculated as a 5% percentile more adverse of the possible variations in the period.

Considering the hypothesis described above, the Value at Risk in a quarter of the positions described corresponds to US\$ 212,497 thousand.

This value represents the potential increase in the debt and derivatives portfolio, so this value at risk is directly related, among other factors, to the value of the portfolio at the end of each quarter.

# Other Risk Factors

**Some South American economies have historically been characterized by frequent and, occasionally drastic, interventionist economic measures by their governmental authorities including expropriations, which may adversely affect the business and financial results of Enel Américas.**

Government authorities have modified monetary, credit, tariff, tax and other policies with the purpose of influencing the direction of the economies of Argentina, Brazil, Colombia and Peru. Although Enel Américas has no assets in Chile, it's a company constituted under the laws of the Republic of Chile. Therefore it's subject to changes in tax, labor and monetary laws, among others. Other government actions carried out in these South American countries have also included wages, process and tariffs controls, and other interventionist measures such as expropriation and nationalization.

In the distribution business, if a certain service and technical standard is not met, there is a risk of losing concessions. In some concessions, such as Buenos Aires and Rio de Janeiro, it may be especially difficult to meet some of the minimum standards required. In the event that it is not possible to comply with these regulatory standards, the local power regulator might revoke the concession and reallocate it to a competitor.

Changes in government and monetary policies on tariffs, exchange controls, regulations and taxation may reduce the profitability of the Company. Inflation, devaluation, social instability, and other political, economic or diplomatic events, including the response to these circumstances by the region's governments, may also reduce the Company's profitability.

**Since the Company's businesses depend to a large extent on hydrological conditions, drought conditions, flooding and other weather conditions may adversely affect the operations and profitability**

In 2017 approximately 55% of the consolidated installed generation capacity was hydroelectric. As such, the extreme dry hydrological conditions can adversely affect the Company's business, the operational results and its financial condition. The hydrological condition of the region has been frequently affected by two weather phenomena —“El Niño” and “La Niña”— which had an impact on rains and have resulted in droughts, affecting the Company's ability to distribute energy from its hydroelectric facilities. In Brazil, where 76% of the Company's installed capacity is hydroelectric, authorities were forced to make regulatory changes by modifying the maximum price limit, which is reviewed annually and is consequence of the low hydrological contributions registered since 2014; the latter also had a direct impact in the short-term electricity market resulting in an increase of thermal dispatch and spot prices. The Brazilian regulation considers a relocation mechanism that allow hydroelectric generators with energy deficit to buy energy at the prices established by other generators with superavit; nevertheless, due to the existing drought, every energy generation company had deficits in relation to their supply contracts, therefore these companies were forced to buy energy in the spot market at higher prices, approximately BRL\$ 10 per MWh, which is against the price limits established for 2017 and 2018 of approximately BRL\$ 12 per MWh.

Likewise, the “El Niño” phenomenon has affected hydrological conditions in Colombia in the past, where 88% of the installed capacity is hydroelectric, leading to a scarcity of precipitations and high temperatures during the period, and therefore to an increase in energy prices. Each event of “El Niño” is different and, depending on its intensity and duration, the magnitude of its social and economic effects can be more material. Peru has also experienced a shortage of rainfall, especially towards the end of 2016 and high volatility of hydrologic conditions during 2017. Even though the installed capacity in Peru is mainly thermoelectric, extreme hydrological events have affected non-thermal power plants. In March 2017, “El Niño Costero” phenomenon in Peru caused unusually heavy rains that caused the temporary stoppage of several hydroelectric power plants due to the overflowing of rivers, and by the end of the year river levels that feed power plants were below historical average levels. These situations explain the high volatility of marginal costs.

Operational costs of thermoelectric plants can be considerably higher than the costs of hydroelectric plants. Operational expenses increase considerably during drought periods, when thermoelectric power plants are dispatched more frequently. Also, depending on our commercial commitments, we may have to purchase electricity from the spot market in order to comply with all our contractual supply obligations and the cost of these purchases of electricity may exceed the price at which we must sell the contracted electricity, thus causing losses for these contracts.

Droughts also have an effect on the operation of thermoelectric power plants, including facilities that use natural gas, diesel, or coal as fuels, as follows:

- Thermal plants require water for cooling and droughts not only reduce the availability of water, but also increase the concentration of chemicals such as sulfates in water. The high concentration of these chemicals in the water used for cooling increases the risk of damage to the equipment of the thermoelectric plants, as well as the risk of infringing relevant environmental regulations. As a result, water may have to be purchased from agricultural areas, which are also experience water shortages. These water purchases can increase the operational costs and force the negotiation with local communities.
- Thermal power plants that burn natural gas generate emissions such as nitrogen oxide (NO), carbon dioxide (CO<sub>2</sub>) and carbon monoxide (CO) gases. When operating with diesel they release NO, sulfur dioxide (SO<sub>2</sub>) and particulate matter into the atmosphere. Coal fired plants generate emissions of SO<sub>2</sub> and NO. Therefore, greater use of thermal plants during periods of drought generally increases the risk of producing a higher level of pollutants that could lead to penalties if emissions are above certain levels.

The recovery from the drought that affected the regions where most of the hydroelectric power plants of the company are located can last for a prolonged period of time and new episodes of drought may occur in the future. A prolonged drought may exacerbate the risks described above and have an adverse effect on Enel Américas business, operational results and financial condition.

The distribution business is also affected by climatic conditions. For example, moderate temperatures may decrease the use of heating or air conditioning, thus affecting energy consumption. Even under extreme temperatures, demand can increase significantly in a short period of time, which could affect service and result in an interruption of supply with the additional risk of being fined by the authorities. Depending on weather conditions, the results obtained by the distribution business can vary significantly from year to year.

**Government regulation may adversely affect the Company's business.**

Enel Américas' subsidiaries are subject to extensive regulations on tariffs that are charged to its clients and other aspects of the business, and these regulations may have an adverse impact on the Company's profitability. For example, governments in the countries where the Company operates may implement rationing policies during droughts or prolonged failures in rationing services, which could adversely affect the Company's business, operational results and financial condition.

Government authorities could delay the distribution tariff revision process, or the tariff adjustments determined by the authorities could be insufficient to pass the costs to clients, as was the case in Edesur, our distribution subsidiary in Argentina, between 2008 and January 2017, and currently with Codensa, our Colombian distribution subsidiary, whose tariff revision was scheduled for 2015 and was implemented in January 2018. Similarly, electricity regulation issued by government authorities in the countries where the Company operates may affect the ability of supplying companies to obtain revenues that offset operational costs.

The inability of any consolidated company from the Group to obtain sufficient revenues to cover its operating costs may affect the Company's ability to operate as a start-up firm and may otherwise have an adverse effect on the business, operational results and financial condition.

**Regulatory authorities may impose fines on the Company's subsidiaries due to operational failures or non-compliance of regulations.**

Electricity businesses may be subject to regulatory fines for any breach of current regulations, including power outages, in the four countries in which the Company operates.

The generation subsidiaries of the Group are supervised by local regulators and may be affected by these fines in cases where, in the opinion of the regulator, operational failures that affect the regular supply of energy to the system are the responsibility of the company as when, for example, there is no coordination of the agents with the system operator. In addition, subsidiaries may be required to pay fines or compensate customers if subsidiaries can't provide electricity, even if such non-compliance is due to forces beyond the subsidiaries' control, or if they don't comply with environmental or other regulation. As of December 31, 2017, fines imposed to Enel Distribución Ceará amounted to the equivalent to US\$ 23 million and were related to 49 fines imposed by various reasons, including relationships with clients, non-compliance with regulations and environmental standards, non-compliance with labor regulations and with fiscal rule.

**To meet payment obligations, Enel Américas depends on payments from its subsidiaries and associate companies.**

In order to pay its obligations, the Company depends in part on the cash received from dividends, loans, interest payments, capital reductions and other payments from its subsidiaries. The ability of subsidiaries to pay dividends, interest and credit payments, and deliver other distributions is subject to legal limitations, such as dividend restrictions, fiduciary duties, contractual restrictions that may be imposed by local authorities.

Historically, the Company has not always been able to access its subsidiaries' cash flows at all times due to certain government regulations, strategic and economic considerations, and credit restrictions.

Future operational results may continue to be subject to greater economic and political uncertainties, such as governmental regulations, economic conditions and credit restrictions, therefore reducing the likelihood of being able to rely on cash flows of those entities' operations for the Company's debt payment.

Limits on dividends and other legal restrictions. Some of the subsidiaries are subject to legal reserve requirements and other restrictions on dividends payment. Other legal restrictions, such as currency controls, may limit the ability of subsidiaries and associates to pay Enel Américas dividends, and amortize credits or the Company will distribute other distributions. Furthermore, the ability of any of the subsidiaries that are not wholly owned by Enel Américas to deliver cash payments may be limited by the fiduciary duties of the directors of such subsidiaries to minority shareholders. Moreover, some of the subsidiaries may be required by local authorities, in accordance with applicable regulations, to reduce or eliminate the payment of dividends. As a result of such restrictions, any subsidiary may, under certain circumstances, be prevented from delivering cash to Enel Américas.

Contractual Obligations. The restrictions for dividends distribution include credit agreements that the subsidiary Enel Generation Piura can prevent the payment of dividend and other distributions to shareholders if they are in non-compliance of certain financial ratios. In general, the credit agreements ban any type of distribution in the event of non-compliance underway.

Subsidiaries' Operating Results. The subsidiaries and associate companies capacity to pay dividends, credit amortizations or to deliver other distributions that Enel Américas is limited by its operational results. As long as the cash needs of any subsidiary overcome their available cash flow, said subsidiary will not dispose of the cash to be delivered to the Company. This is the situation that affected Enel Distribución Río and Enel Brasil as a consequence of the economic and political situation in Brazil.

Additionally, the currency of any dividend paid by our subsidiaries is subject to depreciation in comparison to our functional currency, which will have a negative impact on our capacity to pay dividends to shareholders.

Any situation described beforehand could adversely affect the operational results and the financial condition.

**Enel Américas is involved in litigations, especially in Brazil.**

Enel Américas is currently involved in several litigations that can conclude in unfavorable decisions of financial fines for the Company. For example, in 2016 three claims against Celg (Enel Distribución Goiás) recall that the privatization process was illegally executed and demands the nullity of the process and also compensation. Plaintiffs include BNDES and the IFC. The main risk of this litigation is the loss of concession of Enel Distribución Goiás from Enel Brasil. As of the date of this Report, legal proceedings are pending. Therefore, there is neither an estimation of the potential loss nor an associated provision. The resolution of cases can take up to ten years. Enel Distribución Goiás is also involved in tax litigation for claims originated in a period previous to its privatization, and this claim can not only have an adverse effect in the Group, but also deplete resources and attention for many years.

Enel Américas might continue to be subject to future litigations that may have adverse substantial consequences for the business.

The financial condition or operating results of Enel Américas could be affected if it's unsuccessful in the litigation defense or other lawsuits that are filed against the Company. For further information on litigations, see Note 34.3 of the Notes of the Consolidated Financial Statements.

**Environmental regulations in countries where the Company operates and other factors can cause delays, hinder the development of new projects, or increase the costs of operating and general capital expenditures.**

Operating subsidiaries are subject to environmental regulations, which, among other things, require the Company to conduct environmental impact studies for future projects and obtain permits from regulatory entities, local and national. The approval of these environmental impact studies may take longer than planned, and also, can be retained by governmental authorities.

Those projects that require consultation of local interested parties for its evaluation process can be rejected or its development may be impeded or delayed. Stakeholders of the company also can request precautionary measures or other type that may negatively affect the Company if



successful in their demands. Additionally, projects that don't require consultation with local interested parties may be subject to intervention or suffer continuing resistance, delaying its approval process or development.

In the case of the existing facilities, stronger regulations in the four countries where the Company has investments, bear a significant risk of non-compliance so it has been necessary to create teams specialized in compliance regulation and the maintenance of a closer technical relationship with the authorities in order to better understand the possible implications.

The delays or modifications of any proposed project, and the laws or rules that can change or be interpreted in a way that can adversely affect the operations or plans for the companies in which the Company has investments, which can adversely affect its business, operational results, and the financial condition.

**Power plants' projects that can face a significant opposition from different groups can delay progress, raise costs, hurt reputation, and potentially, result in image deterioration when facing stakeholders.**

Reputation is fundamental to the relationship with the key stakeholders and other interested parties. If the Company does not have the capacity to effectively manage, real problems or perceive those that can negatively affect opinions towards the Company, the business, operational results, and financial conditions can be affected in an adverse way.

Most of the countries have adopted rules for consultation with local stakeholders in the initial phase in order to avoid any risk of conflict and to minimize the impacts in the power plants. The construction of power plants before the adoption of these rules that weren't subject to local consultation may face the opposition of diverse interest groups, such as ethnic groups, environmentalists, landowners, farmers, local communities, and political parties, among others. The management of these conflicts may result in plant stoppages and legal costs.

The operations of existing thermal plants of Enel Américas can also affect the prestige facing stakeholders due to emissions such as particulate matter, sulfur dioxide and nitrogen oxides, which could adversely impact the environment.

The reputation damages may place considerable pressure on regulators, creditors, and other stakeholders, and lately, the fact that projects and operations are being carried out is not optimal, creating a fall in share price, and hinder the capacity to attract or retain good employees, which results in the damaging of the Company's reputation with these stakeholders.

**Political developments or financial crisis or any other crisis anywhere in the world may have a substantial impact in the countries where Enel Américas operates and therefore might negatively affect operations and liquidity.**

The four countries where the company operates are vulnerable to external impacts, including financial and political events, which may cause important economic problems and impact growth. If any of these economies would experience lower economic growth than expected or recession, it's likely that clients would demand lower electricity and some of them might face difficulties to pay the electricity bill, and probably the uncollectible accounts of the Company would increase. Any of these situations may negatively affect operational results and financial situation. Any political scandal may indirectly affect the economy of the country.

Political or financial developments in other places in the world would also adversely affect the business of the company. For example, the presidential elections in the United States in 2016 significantly increased the volatility of global financial markets due to the uncertainty of political decisions. The new policies of the United States would affect world markets and global commerce and could result in a renewed volatility, especially in commodities prices. Likewise, instability in the Middle East or in any other important fuel producer region, may also cause higher fuel prices worldwide, which also would increase fuel costs

for thermal power plants and adversely affect operational results and financial condition. Even in the case of a temporary shut-down of the United States government, such as the one that took place in early 2008, or the threat of another one since February 8, 2018, may have a very adverse effect in time, execution and higher expenses related to the main transactions and reorganizations involving ADS holders and the SEC in the United States.

Moreover, an international financial crisis and its negative effect in the financial industry might have an adverse impact in the ability to obtain new banking financing in the historical terms and conditions.

Political or financial developments of other kind may also decrease the capacity to access the capital markets in the countries where the company operates, as well as the international capital markets for other liquidity sources, or raises of interest rates offered to the Company. In turn, reduced liquidity, may affect capital expenses, long-term investments and acquisitions, growth perspectives and dividends policy.

#### **Economic fluctuations in South America may affect the operations and financial condition and the value of the securities of the company**

All the operations of Enel Américas are located in the four countries of South America. Therefore, consolidated revenues may be affected by the performance of South American economies as a whole. If local, regional or global economic trends adversely affect the economy in any of the four countries where the company has investments or operations, the financial condition and operational results may be negatively affected. The Company has investments in Brazil, a relatively volatile economy, which has experienced political instability due to the scandals of corruption of 2015 and afterwards involved several government officials, including the president, whose impeachment led to the forced termination of her term in 2016.

Insufficient cash flows of subsidiaries located in countries with volatile economies have led, in some cases, to their inability to comply with financial obligations and the need

to request for exemptions for repayment of some debt agreements or, to some extent, to request collaterals or other emergency measures from Enel Américas as shareholder, including extraordinary capital increases.

The occurrence of future adverse events in these economies may hinder the ability to carry out strategic plans, which eventually would affect adversely operational results and financial condition.

Moreover, in South America the financial and securities markets are influenced in different degrees by economic and market conditions of other countries, which may adversely affect the value of the company's securities.

#### **The construction of power plants may suffer delays and significant cost over-runs**

Power plants projects can be delayed in obtaining regulatory approvals, or may face the shortage of equipment or workforce, and also can be subject to construction delays, strikes, adverse weather conditions, natural disasters, social conflicts, accidents or human errors.

Existing markets conditions in the initial phase of the project's approval might be totally different to the existing ones when the Project is completed, therefore in some cases these projects could be commercially unfeasible. Such is the case of many existing projects of the Company, which were initially planned under totally different market conditions, when energy prices were high and competition was lower. Currently the competition has increased due to the entrance of NCRE generation. If these assumptions are not taken into account, including the forecast of deadlines and the estimation of expenses related to these projects, it might result in cost overruns and execution periods greater than estimations, which in turn could have a negative effect for the business, operational results and financial situation. The adequate sites to develop new projects are sometimes in greatly challenging areas in terms of geographical topography, and in some cases in mountain slopes or inside jungles with limited access. These factors also can provoke significant delays and excessive costs.

#### **It's possible that the Company may not be able to make the appropriate acquisitions.**

The Company constantly verifies acquisitions prospect that can increase market coverage or complement existing businesses, although it cannot ensure that appropriate procurement transactions can be identified and specified in the future. The acquisition and integration of independent companies that are not controlled by Enel Américas is generally a complex, time-consuming and expensive process. If an additional acquisition is made, such as the ones carried out in 2017 in Brazil, Enel Distribución Goiás (Celg) in February 2017 and Volta Grande in November 2017, it may be that there are significant debts incurred and liabilities assumed, the potential loss of key employees, depreciation expenses related to tangible assets and the distraction of management from other business concerns. Additionally, any delay or difficulty related to the acquisition and integration of multiple transactions could have an adverse effect on the business, financial condition or its operational results.

**The business and profitability of Enel Américas may be adversely affected if water rights are rejected or water concessions are granted for a limited time.**

The Company owns water rights over river and lakes located in the vicinity of its generation facilities, which were granted by the authorities of the respective countries. In Colombia, the water rights or water concessions are granted for periods of 50 years and are renewable for the same period; however, these concessions can be revoked, for example, when there is a progressive decrease or depletion of the waters. In Colombia, the access to water for human consumption is the first priority before any other use. In Peru, water concessions are granted for indefinite periods, and can be revoked due to scarcity or a decline in service quality.

Any limitation to current water rights, the need to obtain additional water rights, or the current unlimited water concessions could have a material adverse effect over the hydroelectric development projects and profitability.

**Exchange risks could adversely affect the results and the value in dollars of the dividends paid to the ADS holders.**

Even though the functional currency is the US dollar, the subsidiaries generate revenues in Argentine Pesos, Nuevos Soles, Brazilian reais and Colombian pesos.

In general, the Company significantly has been and continues to be exposed to the fluctuations of local currencies with respect to the dollar.

Due to this exposure, cash generated by the subsidiaries, expressed in dollars, may substantially decrease when local currencies are devalued with respect to the dollar. The future volatility in exchange rates in currencies in which the Company receives revenues or in which incurs costs, can affect the business, financial condition, and operating results, especially when expressed in US dollars.

**Long-term energy sales contracts are subject to fluctuations of the market price of certain commodities and other factors.**

Enel Américas is economically exposed to market price fluctuations of certain commodities due to long-term energy contracts. As selling counterparts, subsidiaries have material obligations due to the long-term energy contracts at a fixed payment. The prices of these contracts are indexed at the value of different commodities, exchange rates, inflation, and the market electricity prices. Adverse changes to these rates could reduce the fees that a reasonably applied to the electricity sales contracts in the long term at a fixed price, which could adversely affect the operational results and financial condition.

In the countries, where clients can freely choose non-regulated tariffs, including Peru, this choice may be harmful for operating revenues that the Company would have received in a regulated regime. In some cases, clients may choose an alternative supplier of energy, which would negatively affect the business, operational results and financial situation.

**The controlling shareholder could have substantial influence over Enel Américas and may have a different strategic vision than the minority shareholders when it comes to the development of the Company.**

As of December 31, 2017, Enel Spa (Enel) owns 51.8% of the share capital of Enel Américas. Enel, the controlling shareholder, can determine the results of almost every important issue that requires a shareholder vote, as is the appointment of the majority of members in the Committee and, subject to legal and contract restrictions, the dividend policy. Enel can also exert influence over the operations and strategy of the business. Its interests may, in some cases, differ from the minority shareholders interest. For example, Enel carries out its commercial operations in a field of renewable energy in South America through the company Enel Green Power S.p.a., in which the company has no capital interest. Any present or future conflict of interest that may affect Enel could be solved against Enel Américas interests, for these materials. Therefore, growth may be potentially limited and the business and operating results may be seen affected adversely.

**The electricity business is exposed to risks arising from natural disasters, catastrophic accidents, and acts of terrorism, which could adversely affect the operations, revenues and cash flows.**

The Company's main facilities include power plants, transmission and distribution assets. Earthquakes, floods or fires may damage the Company's facilities, and other catastrophic disasters caused by nature or by human action, as well as acts of terrorism, vandalism, and riots. A catastrophic event could lead to business disruption, resulting in significant reductions in revenues due to lower demand or significant additional costs not covered by insurance terminations for business interruptions. There may be delays between the occurrence of a significant accident or a catastrophic event and the definitive reimbursement of Enel Américas insurance policies, which normally contemplate a deductible and are subject to maximum amounts per claim.

For example, in March 2017, "El Niño Costero" phenomenon in Peru caused unusually heavy rains that caused the temporary stoppage of several hydroelectric power plants due to the overflowing of rivers, such as Callahuanca (81 MW) and Moyopampa (69 MW). Five power plants ceased temporarily operations on March 16, 2017, and one of them is still out of service.

**The Company is subject to financing risks, such as those related with the financing of new projects and capital expenditures, and the risks related to the refinancing the maturing debt; it's also subject to the compliance with debt obligations, all of which could adversely affect liquidity.**

As of December 31, 2017, the Company's consolidated debt amounted to US\$ 5,004 million.

The maturity profile of consolidated financial debt is the following:

- US\$ 671 million in 2018;
- US\$ 1,742 million from 2019 to 2020;
- US\$ 986 million from 2021 to 2022; and
- US\$ 1,605 million onwards.

Below is a breakdown of the debt maturity in 2018 by country:

- US\$ 289 billion for Brazil;
- US\$ 266 million for Colombia;
- US\$ 102 million for Peru;
- US\$ 11 million for Chile; and
- US\$ 3 million for Argentina.

Some of the debt contracts are subject to: (1) financial covenants, (2) affirmative and negative covenants, (3) events of default, (4) mandatory prepayment events for breach of contractual conditions, and (5) certain clauses for change of control by significant mergers or divestments, among other provisions. A significant portion of the Company's financial debt is subject to cross-default clauses that have varying definitions, criteria, materiality thresholds, and applicability in the subsidiaries in which such cross-breach would arise.

In the event that Enel Américas or its significant subsidiaries breach any of these material contractual provisions, debtholders may demand immediate repayment, and a significant portion the debt may be due and payable. For example, a result of the economic and political situation in Brazil, Enel Distribución Río has been facing financial problems which has led to a lower demand for electricity, higher costs due to inflation and a deterioration of cash flows and EBITDA. Enel Distribución Río had to renegotiate

some of its financial covenants between December 2015 and January 2016, in order to avoid a breach of contract. There is an additional risk of covenant non-compliance if the economic environment in Brazil continues to deteriorate. In March 2016, as a result of the credit deterioration of Enel Distribución Río, had to guarantee a 3-year bank loan from Enel Distribución Río for US\$ 75 million. Later, in July 2016, we granted intercompany loans to Enel Brasil for its financial stability.

It's possible that the Company would not be able to achieve debt refinancing or obtain such refinancing in terms that are acceptable to the company. In the absence of such a refinancing, Enel Américas could be forced to dispose of assets in order to make overdue payments of its indebtedness under circumstances that could be unfavorable to obtain the best price for such assets. Moreover, it's possible that the assets could not be sold fast enough or at high enough amounts to enable such payments to be made.

Another scenario is that Company may not have the capacity to obtain the required financing to complete the projects under development or under construction. Existing market conditions when requiring the funds or other unplanned cost over-runs may compromise the ability to finance these projects and investments.

As of the date of this report, the Company considers that Brazil is the country with the highest refinancing risk. As of December 31, 2017, the third-party debt of the Brazilian subsidiaries of Enel Americas amounted to Ch\$ 1,715 million. The incapacity to finance new projects or capital expenditures or to refinance the Company's existing debt could adversely affect operating results and its financial condition.

**Enel Américas trusts in the electricity transmission facilities that are not their property neither in their control. If these facilities do not provide a proper transmission service, it can impede the energy delivery sold to final clients.**

In order to deliver the electricity sold, the Company depends on the transmission system property of other companies

that are not related and are operated independently. This dependency exposes the Company to severe risks. If the transmission is interrupted or the transmission capacity is inadequate, it can impede a sale and delivery of electricity. If the energy transmission infrastructure in a region is inadequate, the recovery of costs and profits can be insufficient. If restrictive price regulatory transmission norms are imposed, the transmission companies that the entity supports may not have enough incentives to invest in the infrastructure expansions in transmission, which could adversely affect operations and financial results. The construction of new transmission lines may take longer time than in the past, mainly due to new social and environmental demands that are creating uncertainty about the possibility of completing the projects. Also, the increase in new NRCE projects congests the current transmission system, since these are projects of fast construction, while the new transmission processes can take longer to be constructed.

The Company also depends on gas pipelines to obtain natural gas, mainly in Peru, country whose most of the installed capacity is thermal. The Peruvian system faced congestions of gas and energy due to the lack of installed capacity of gas pipelines and transmission lines, respectively, resulting in higher spot prices. From 2008 to October 1, 2017 there was a spot prices limit, but restrictions to transmission lines and gas pipelines pressured Peruvian authorities to enforce a special model for spot prices calculation. The maximum price was US\$95 per MWh. Even though the maximum price was originally established due to the gas pipeline restrictions, the lack of transmission capacity, mainly in the south of Peru, expanded the use the maximum price determination model. During the first half of October 2017, in the absence of a maximum spot price and due to the delay in the commissioning of the new transmission line, spot prices were unusually high in the south of Peru (the maximum price was US\$180 per MWh and simultaneously, very low in the central area of the country. It wasn't possible to dispatch excess energy of the central region to the south of Peru). Similar situations might happen in the future, and also in other countries where the company operates, and thus impact operational results.

Any interruption, failure or lack of transmission facilities may discontinue the business or affect market prices, which can in turn adversely affect operational results and financial condition.

Thermoelectric generation facilities in the four countries where the Company operates purchase gas, coal, diesel and other fuels to generate electricity, depending on the technology of the respective power plants. Any contractual breach or supply shortage may prevent the facilities from producing electricity in a timely manner.

For example, our subsidiary Fortaleza owns and operates a gross 327 MW natural gas combined cycle power plant, whose capacity supplies one third of the power demand of 8.8 million people in the State of Ceará in Brazil. In order to generate electricity and fulfill its energy commitments, Fortaleza maintains a contract with Petrobras, the Brazilian company appointed by the federal government to supply natural gas in accordance with the Thermoelectric Priority Program ("PPT," in its Brazilian acronym) created in 2000. In accordance with the terms of the PPT, the gas supply to Fortaleza would be guaranteed for 20 years from 2003, at a price defined contractually. The main purpose of the contract is to avoid a short-term energy crisis ensuring thermoelectric generation due to the vulnerable situation of hydroelectric facilities exposed to weather conditions. In September 2017, after 15 years of delivering supply, Petrobras informed Fortaleza its intention to terminate the contract based on the existing inequality between the contractual price and the current market conditions. In December 2017, date on which the gas supply should be discontinued, the court issued a legal order guaranteeing the natural gas supply to Fortaleza from Petrobras. Nevertheless, in February 2018, the court cancelled the order and Petrobras notified Fortaleza that the gas supply will be suspended.

The risk of stoppage of a thermal plant would also affect the operations of Enel Distribución Ceará because the latter contracted 100% of the generation of Fortaleza until 2023, year where the concession Fortaleza finishes. This situation might negatively affect the Brazilian business, operational results and financial situation, as well as the consolidated financial situation due to the risk of default of financial agreements and other contracts of most of the Brazilian subsidiaries, and also the reputation of the company.

**The business can experience adverse consequences if it does not have the ability to reach satisfactory agreements in the collective negotiation contracts with the unionized workers and retain key employees.**

A large percentage of the employees are members of a union that has collective negotiation contracts that need to be regularly renewed. The business, financial condition, and operational results of Enel Américas could be adversely affected in the case that an agreement cannot be found with any of the unions that the employees represent, or by an agreement with the trade union that contains conditions that Enel Américas finds unfavorable. The laws in the various countries where the Company operates establish legal mechanisms for the judicial authorities to impose work contracts if the parts are not capable of reaching an agreement, which can increase costs from what was budgeted.

Additionally, some employees have highly specialized abilities and certain actions such as strikes, walk-outs or work stoppages by those employees could adversely impact the business performance, operational result, and financial, as well as the Company's reputation.

**The relative lack of liquidity and volatility in the Chilean securities market and its dependence on the economical conditions in Latin America and other parts of the world, could negatively affect stock prices and the company's ADS.**

Even though the Company does not own assets in Chile, its stocks are listed in the Chilean Stock Market, for which Enel Américas is regulated under the laws of the Republic of Chile, as well as being placed in Chile. The Chilean stock markets are substantially smaller and less liquid than the main stock markets in the United States. Additionally, the Chilean stock markets can be affected in an important measure by events in other emerging markets. The low of liquidity in the Chilean market can damage the holder's ADS to sell ordinary retired stocks in the Chilean market of the ADS program, in quantity, price, and moment in which they would like to. At the same time, liquidity and the stock market or ADSs can be affected by a series of factors that include variations in exchange and interest rates, and deterioration and volatility of the markets and any liquidity change, financial condition, results, and the company's profitability.

Also, the Chilean stock market can be affected in various degrees by economic conditions and the other markets in Latin America, in emerging markets and other parts of the world. Although the economic conditions in these countries can significantly differ from the economic conditions in Chile, the investor's reactions to changes in the economies of any other country may have an adverse effect on the market value and value liquidity for Chilean issuers. A raise in the perceived risk of the investment in Latin American countries and other parts of the world may reduce the capital flows to Chile and negatively affect the Chilean economy in general, and the shares or ADS in particular.

**Lawsuits filed against Enel Américas in the other countries of South America or the claims against the Company that are based on foreign legal concepts may not be successful.**

All of the Company's assets are located outside of the United States. All the directors and all senior executives are domiciled outside the United States and most of their assets are also located outside the United States. If any investor were to file a lawsuit in the United States against the Company directors, senior executives or experts, it may be difficult for them to pursue a legal process within the United States against such persons and may be difficult for them to enforce, in the courts of the United States or Chile, a judgment rendered in the United States based on the civil liability provisions of the United States federal securities laws. In addition, there are doubts as to whether a successful action could be waived in Chile with regard to the liability based solely under the guidance of the United States federal securities laws.

**Interruption or failure of the information technology systems and communications systems or external attacks or breaches of these systems could have an adverse effect on operations and results.**

The Company relies on information technology, communication and process systems ("IT systems") to

operate its business, the failure of which could adversely affect the condition of the business, financial and operational results.

IT systems are vital worldwide, and electricity sector is not an exception. In the generation business, IT systems can monitor the operations of power plants, maintain power generation and network performance, adequately generate customer invoices, achieve operational efficiency, and meet service goals and standards. Distribution subsidiaries could also be adversely affected as they rely heavily on IT systems to monitor their networks (currently known in some countries as smart grids because of the greater digitalization of the market), billing processes for millions of customers, and customer service platforms. In Colombia and to a lesser extent, in Argentina, the Company has installed smart meters that will enable bidirectional, digitized and interconnected bidirectional communication. Temporary or long-lasting operational failures of any of these IT systems, even if intended or not, may have an important adverse effect in operational results.

Additionally, cyber attacks may have an adverse effect for the reputation of the Company and its relationship with the community. In the last years, global cyber attacks have intensified worldwide threatening the security systems, treasury operations and IT systems. There is a large exposure to cyber attacks whose objective is to damage assets through computer networks, cyber espionage in the pursuit of strategic information that may be beneficial to third parties, and cyber theft of private and confidential information, including information of the company's customers. There has been great exposure to cyber attacks in the past, including attacks of service rejection that might affect the access to the service from users and attacks that could affect the domain name systems, restraining the use of certain web pages and useful applications.

Enel Américas has suffered cyber attacks in the past. New cyber attacks may occur and may adversely affect the Company in the future.



# 15

Regulatory Framework of the Electricity  
Industry





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# Description of the Industry Sector

Enel Américas and its subsidiaries and jointly controlled companies participate in the generation, transportation, distribution and sale of electricity in four countries, each of which has a regulatory framework, energy matrixes, participating companies, and different growth and consumption patterns. The following is a brief summary of the main legal bodies that regulate the activity, the market structure and the most relevant aspects regarding the agents of each of the countries where the Company operates.



## Argentina

The Argentine electricity sector is governed by, among other regulations, by Law N°15,336 of 1990 and Law N°24,065 of 1992. The Wholesale Electricity Market (MEM) there are four local agent categories (generators, transmission companies, distributors and large clients) and foreign agents (generation trading companies and demand trading companies), companies that are authorized to buy and sell electricity and its related products.

Originally the generation sector was organized on a competitive base (marginalism), with independent generators that sold their energy in the MEM spot market or through private contracts, to clients in the MEM contracts market, or to the "Administrative Companies in the Wholesale Electricity Market S.A." (CAMMESA) through special transactions such as contracts under the Resolution S.E.

N°220/2007 and Resolution S.E. N°724/2008. Nevertheless, this regimen changed substantially in March 2013, when the Energy Secretary approved Resolution S.E N° 95/2013, which established a remuneration system for the generation based on average costs, forcing the delivery all the energy generated to CAMMESA. This new compensation scheme became valid in February of 2013 and was updated through the Resolution SE N° 529, N° 482, N° 22 in 2014, 2015, and 2016 respectively. On February 2, 2017 the Energy Secretary published the Resolution SEE N°19/2017 replacing Resolution SEE N° 22/2016 and establishes new guidelines for the remuneration of existing generation power plants, focusing on the power availability of the units.

The transmission industry operates in conditions of monopoly, and is composed by several companies to which the Federal Government grants concessions.

The distribution sector operates under monopoly conditions and is served by companies that have also been granted concessions. Distribution companies have the exclusive responsibility that electricity has to be available for final clients within a specific concession area, and does not consider if the client has a contract neither with the distributor nor with a generator.

Due to the economic slow down that affected the country in 2002, Law N°25,561 was enacted with emergency. The Law disrupted the American dollar parity and pushed the conversion from Argentine pesos from obligations and rights assumed by the American currency. This forced nominal conversion from dollars to pesos and had a strong impact in the whole Argentinian electricity industry. Additionally, the Government approved several regulatory measures that slowly intervened in the development of the industry. The Emergency Law has been subject to successive extensions and with regards to the last one, approved through Law N°26,896, will be valid until December 31, 2015. The pesification and devaluation of the economy forced the renegotiation of all of the concession contracts. In particular, the distribution sector and the company participated in the "Energy Distributing Companies from the South, S.A." (Edesur), and in 2006 with the Government when an Act Agreement of Contractual Renegotiation was signed, that subsequently was ratified through Decree PEN N° 1959/2006, which gradually has allowed the adaptation of tariff revenues as a way to guarantee the business sustainability. The implementation of this agreement was paralyzed since 2008 and until this exercise, as explained below.

No generator, distributor, large user, nor any other company controlled by any of the latter or under its own control, can be the owner or majority shareholder of a transportation company or its controlling companies. At the same time, transmission companies are forbidden to enter into generation activities, distributing, buying, and/or selling electricity. The distribution companies are not allowed to own generation units.

Regulated clients are supplied by distribution companies with regards to regulated fees, unless they have a minimum demand capacity of 30kW. In this case, they are considered as "large clients" and can freely negotiate their prices with generation companies.

On December 16, 2015, through Decree 134/2015 a national energy emergency was declared until December 31, 2017, where the Ministry of Energy was instructed to elaborate and apply actions to the Generation, Distribution and Transmission industries with the objective of adapting the service quality and supply security; and teaching the National Public Administration how to carry out consumer rationalization programs in the respective public bodies.

## Regulation of Generation Companies

The regulation of generation companies has suffered important variations since the enactment of Law N°24,065 until Resolution S.E.E N° 22/2017. In accordance with the aforementioned Law, every generation agents from MEM must be connected with SIN (National Interconnected System) and are obligated to comply with the dispatch order to generate and deliver electricity, in order to sell in the spot market and in the forward market (MAT). The distribution companies, trading companies and large clients subscribed the private supply contracts with generating companies, paying the contractual price directly to the generator, and in addition paying a fee to the transmission and distribution company for the use of their systems.

With the objective of stabilizing generation prices facing tariffs for clients, the market defined a seasonal price being the price of the energy that distributors pay for their energy purchases traded in the spot market. This price is determined every six months by the Energy Secretary, after CAMMESA had carried out their spot price projections in a determined period. In order to adjust to the differences between this price and the real cost of the original generating, the establishing fund was created. If the seasonal price is lower than the cost of generating it, it has to be removed from the fund to compensate the generation; otherwise it contributes to the fund. Since 2002, the Energy Secretary in practice has maintained the average stationary price, without important variations. This has created an important deficit in the stabilization fund, which has been covered by the Argentine state through subsidies increasingly larger.

The approved resolutions created from the emergency Law had a significant impact in energy prices. Between the

measures carried out it mainly highlights the Resolution SE 240/2003, which modified the way to fix spot prices when separating the calculation of marginal operating costs. The main objective of Resolution SE N° 240/2003 is to avoid the price indexation linked to the dollar, and despite that the generation study is still based on the real fuels used, the spot price calculation is based on absolute gas availability to satisfy demand, even in circumstances in which many generators generate with alternative fuels, such as diesel, due to the difficulty of supplying natural gas. The value of water is not considered if its opportunity cost is higher than the generation cost using natural gas. The Resolution also establishes the spot price limit is Ar\$120/MWh, which is still valid. The real variable costs of thermal units that burn liquid fuels are paid by CAMMESA through the mechanism denominated Transitory Dispatch Cost Over-run (TDO).

Also, based on the dispositions included in the Emergency Law, the payment for capacities is reduced from US\$ 10 to AR\$10 per MW-hrp (hrp: remunerated capacity hours). Subsequently, the capacity warranty is slightly raised to AR\$ 12, approximately of the value paid before the 2002 crisis.

On December 2004, the Energy Secretary approved the Adherence Act through the Resolution 1427/2004, for the Rehabilitation of Wholesale Electricity Market. The majority of the generators signed the Act, including the generation companies owned by Enel Américas (former Enersis). With regards to this Resolution, the Secretary created a fiduciary fund, named FONINVEMEM, where private generators provided part of the energy sold during 2004 to 2007 for the construction of two new combined cycles. Also in this new capacity, in 2010 the generation companies owned by Enel Américas (former Enersis), along with other companies, participated in the creation of another trust for the construction of another combined cycle, expecting the closing of a combined cycle for October 2016. There was part of the energy credits for to the energy sold in the period 20018 to 2011 allocated to this new project.

In 2012, the framework of the agreement achieved with the Government to enable the development of our subsidiaries in Argentina, on October 12, Costanera subscribed an agreement for the implementation of an investment plan for the generation units in Costanera power plant, whose

purpose was to optimize reliability and availability of the equipment, for a total amount of US\$304 million, in a 7-year term. The agreement also contemplates the payment of contract maintenance obligations (Long Term Service Agreement -LTSA-) of the combined cycle power plants.

Subsequently, Resolution S.E. N° 95/2013 abandoned the marginalizing pricing system, thus entering into a recognition mechanism of average costs. The Resolution recognizes fixed costs remuneration, variable costs and additional remuneration. Fixed costs are remunerated (in ARS\$/MW-hrp) in function to technology, scale, and available power. It's also subject to the achievement of goals related to the availability established. In terms of variable costs, the operational costs are remunerated and maintenance in function to the energy generated (in ARS\$/MWh), according to the fuel utilized, and its technology (the generators do not have fuel costs since this is provided by CAMMESA). Lastly, the additional remunerations are calculated in function of the total energy generated (in ARS\$/MWh), considering the technology and generator scale. Part of these remunerations is accumulated in the fund that will be used to finance the new investments in infrastructure in the electricity sector.

The Resolution rules generators, cogenerators and auto generators, except the power plants that started operations as of 2005, the nuclear power plants, and the generation of hydroelectric national power plants; reserves and centralizes in CAMMESA the commercial management and the dispatch of fuel and suspends the celebration of bilateral energy contracts between generators and MEM agents, and the latter should acquire electricity energy demand with CAMMESA. Resolution SE N° 529/2014 mainly performs the value actualization for Resolution SE N°95 and incorporates the non-recurring maintenance remunerations for thermal power plants.

Resolution SE N°482 of 2015 updated the remunerations of generation companies in force since February 2014. Pursuant to Resolution 529/2014, thus creating a new position, with the objective of financing investments that have not been used and excludes hydroelectric power plant from the variable payments for energy transport and determined the remunerations for wind energy power plants, photovoltaic solar energy, biomass/ biogas

and internal engine combustion. On March 30, 2016, the Secretary of Electric Energy, depending on the Ministry of Energy and Mining, through the Resolution N°22/2016, updated all of the remuneration values of Resolution SE N°482/2015, replaced Annexes I, II, III, IV, V, VI, and VII of the aforementioned Resolution.

Resolution SEE N°19/2017, was enacted on February 1, 2017, defines a minimum remuneration for capacity and scale, additionally for the thermal units establishes the possibility of offering the availability of with a same differential remuneration for every thermal technologies. The thermal generator may declare every summer the value of the firm capacity to commit for each unit during a 3-year period, being able to discriminate between summer and winter periods (adjusts can be made in the same period). As the exception and for the year 2017, the declaration of Commitment of Guaranteed Availability is habilitated, along with the information required by the Seasonal Winter Program, in force from May 1 to October 31, 2017.

The thermal generator will sign a Commitment of Guaranteed Availability contract with CAMMESA, but will give to the corresponding demand as determined by Secretary of Electric Energy. The remunerations that the unit will receive with the capacity commitment will be proportional to its performance, and the minimum value will be calculated in relation to the minimum price.

With respect to the hydroelectric power plants, a new scheme to evaluate capacity was defined, based on the real capacity available (implying a greater value of capacity with respect to the previous regulation). Likewise, they introduce a base capacity value, and another additional discriminated from May to October 2017, and starting in November 2017.

The Resolution establishes the following remuneration values, which are defined in dollars (conversion considers the exchange rate published by the Central Bank of the Republic of Argentina of the last business day) and the maturity dates are established by CAMMESA's Procedures:

#### CAPACITY REMUNERATIONS FOR THERMAL POWER PLANTS

Minimum Price (since February 2017)	
Large Cycles	3,050 US\$/MW-month
Large TV	4,350 US\$/MW-month
Large TG	3,550 US\$/MW-month
Engines:	5,700 US\$/MW-month

#### Base Price for Committed Remunerations

May 17-Oct 17	6,000 US\$/MW-month
Nov 17 onwards:	7,000 US\$/MW-month

#### Additional Price for Committed Remuneration (Maximum)

May 17-Oct 17	1,000 US\$/MW-month
Nov 17 onwards	2,000 US\$/MW-month

The maximum price given the offers that should be awarded by CAMMESA, with regards to the needs defined for the system to face critical situations.

#### CAPACITY REMUNERATIONS FOR HYDROELECTRIC POWER PLANTS

Minimum Price (since February 2017)	
Chocón	2,000 US\$/MW-month
Arroyito	3,000 US\$/MW-month

#### Additional Price

May 17-Oct 17	500 US\$/MW-month
Nov 17 onwards:	1,000 US\$/MW-month

Since November 2017, 50% of the additional remuneration will be subject to the disposal of large events insurance (turbines, etc.) and the progressive modernization of control systems.

#### REMUNERATION BY ENERGY

Energy Generated	
Cycles and TV	
Gas	5 US\$/MWh
Liquid	8 US\$/MWh

#### Engines

Gas	7 US\$/MWh
Liquid	10 US\$/MWh
Hydroelectric	3.5 US\$/MWh

#### Energy Operated (associated to Rotant Capacity)

Thermal	2.0 US\$/MWh
Hydro	1.4 US\$/MWh

Energy values are defined at the Node.

For the cases in which generators have requested a loan for maintenance, US\$1/ MWh will be discounted for energy generated by the power plant until paying the balance for financing.

Later the SEE established that the conversion to pesos would be carried out the day previous to the maturity date since November 2017.

The Resolution SEE N° 1085/17 modifies since December 1, 2017, the agents' payment method for the transportation system (the remuneration for the transport agent doesn't change because it was determined in its respective RTI). It established the following:

- > The costs associated to transportation remuneration will be distributed proportionately in relation to demand.
- > Generation Agents will pay direct connection costs only.
- > Mandates CAMMESA to propose the modifications required for the proceedings within 90 days (regulation of the MEM).

## Regulation of distribution companies

Companies that obtain concessions carry out the distribution activity. Distribution companies must supply all of the electricity demands in their concession areas exclusive to prices (tariffs) and conditions established in the Regulation. The concession agreements include penalties for the failure to provide electricity service. The concessions were given for distribution sales and retail sales. The concession periods are divided in "management periods" that allow concessions abandon the concession every certain amount of time.

Since 2011, there are two electricity distribution areas subject to federal concessions. These concessionaires are Edesur and Edenor, both located in the city of Buenos Aires and Gran Buenos Aires. Until 2011 Edelap was also under federal jurisdiction.

Most of the distribution companies renegotiated their contracts during 2005 and 2006, although fees were

partially and temporarily increased, the Integral Tariff Review (RTI) were distribution companies pending under national jurisdiction. This tariff revision process wasn't accomplished, and the term for contracts renegotiation was postponed several times through laws enacted by Congress, thus postponing the duration of the Economic Emergency.

The new National Administration made a change of paradigm on December 16, 2015, when the National Executive Power issued the Decree N° 134/2015 declaring the emergency for the National Electricity Sector until December 31, 2017. Also mandated the recently created Ministry of Energy and Mining to develop, release and implement the national program of activities needed for the energy generation, transport and distribution sectors. The purpose of these measures was to adjust the quality and safety of electricity supply and ensure the energy utilities services in suitable technical and economic conditions.

In January 28, 2016, after the seasonal price changes, the Emergency Resolution No. 7/2016 was issued by the Ministry of Energy and Mining. The resolution introduced by the ENRE to adjust Edenor and Edesur fees through a transitory tariff until the RTI is applied, expected for December 31, 2016. Also, Resolution No. 7/2016 suspended the PUREE and required the application of a subsidy rate for the more vulnerable clients.

In January 29, 2016, the ENRE issued Resolution No. 1/2016 with a new transitory tariff valid from February 1, 2016. Its application is included in Resolution MEM No. 7/2016, which changed the supply procedures and defined a monthly Billing.

Also, the ENRE issued Resolution No 2/2016, which ended the FOCEDA and established a new procedure for funds from Resolution ENRE 347/12, in substitution for Edesur and Edenor confidence for a commercial account.

On April 5, 2016, Resolutions N° 54 and 55 were enacted by the National Electricity Regulating Entity. The first approves the Bases and Conditions for Private Companies, for the hiring of a Consultant for the RTI of EDESUR and EDENOR, and the second approves the timetable and issues guidelines for the same, indicating that ENRE defines the Parameters of Quality and the Rate.

Continuing with the tariff renegotiation process, on August 8 ENRE issued Resolution 463/16, which provide details of the parameters of the technical service and quality, and the cost and values of unsupplied energy required for the modification of the RTI. Similarly, on August 29 through Resolution ENRE 492/16, the Quality of Commercial Service and Technical Product Parameters were defined. This resolution contains economic signals towards the fulfillment of deadlines and times of supply replenishment reductions.

On the other hand, on August 30, the regulation entity proceeded to inform the value of the Rate of Profitability. This was established on Resolution ENRE 494/16 at 12.46% before taxes and 8.1% after taxes.

On September 1, Edesur proceeded to the final presentation of the investment plan requested by Resolution ENRE 55/16 and then receiving from the Secretary of Electric Energy the note NO-2016-01193698-APN-EDESUR RTI which established that credit and debit from the disregard of the Agreement Act would be treated separately from the income required from the RTI and proceeded to complete on September 6, the related reports with Fundamentals and the criteria of the proposal: exploitation costs, revenues requires and calculation of fees, tariff structure and wholesale transfer costs, and the updating mechanisms of the Company's distribution costs, results and economic financial model. This method concluded with the delivery of formal final reports required for the aforementioned resolution.

On September 28, through Resolution ENRE 0522/2016, the regulating organism decided to call for a Public Hearing with the objective of acknowledging and listening to opinions with regards to Tariff Proposals presented by the distributing companies for the next five-year period; this is part of the Integral Tariff Revision Process (RTI) and with previous character to define the tariffs to apply by the referred Subsidiaries in said five year period. On Wednesday February 1, 2017, the ENRE published Resolution N° 0064 which closed the RTI process and as a result, establishes the annual remuneration recognized by Edesur S.A. amounting to ARS\$14,539,836,941.

With regards to the application of new structures and tariff charges, the Ministry of Energy and Mining considered

as timely and convenient to instruct ENRE to limit the VAD increases that emerged as an RTI process results to be applied starting February 1, 2017, to a maximum of 42% with respect to the valid VAD at that date, having to complete the resulting value application of the new VAD, in two stages: the first in November 2017, and the second in February 2018.

Also, it was decided that ENRE must recognize Edenor S.A. and Edesur S.A. the VAD difference that is produced by the application of gradual fee increases recognized by RTI, in 48 (forty-eight) installments starting from February 1°, 2018, which increases the resulting VAD value as of that date.

The regulation also sets revenues updates mechanism for the distribution companies as a result of price variations in the economy and all of the other issued related with the quality of the service delivered and supply regulation.

Once this regulatory framework is established with regards to the distribution tariffs regime including the instructions enacted by Ministry of Energy and Mining, and the resolutions contained in Resolution SEE N° 20/2017 on seasonal prices valid from the corresponding invoice of February 1, 2017, it was declared that the transition tariff phase of Edesur was met, and the Agreement Act that the company adheres as established in its concession contract.

In accordance with the request made by Article N° 29 of Resolution ENRE N° 64/17 (Physical monitoring of the works plan) on March 20 Edesur sent a note ratifying the Investments Plan duly informed for the RTI (in physical terms).

In conformity with the Law of Administrative Procedures, on March 20, 2017 Edesur S.A. formally filed an appeal to the ENRE questioning resolution ENRE N° 64/17 which basically focuses on the treatment of easements, some optimization criteria in the definition of the capital base, the treatment for the recognition of certain taxes and objections to the quality regime. We highlight the fact that the observations and the explanatory orders presented, either accepted or rejected by the regulator, will not significantly affect the result of the RTI.

On July 26, 2017 ENRE issued Resolution N° 329/2017, defining the procedure for the billing of deferred revenue established by Resolution ENRE N° 64/2017 (Article 4°) states that "...receivables corresponding to each tariff category, will be the sum of the monthly accrued revenues, recognized by tariff category ..."; establishing the certainty of payment by recalculating each year the revenues not recovered deducting the payments from initial credits, and recalculating the remaining installments to cover the balance; and the mechanism to update the latter "...These charges will be adjusted, being components of the CPD, according to the "trigger clause" and in the "Adjustment Mechanism" ...".

On May 17, 2017 Law 27,351 of Electro dependents was enacted, establishing the gratuity and continuity of electricity supply, together with the priority of service to those clients that for health reasons require constant electricity supply and with adequate tension levels in order to feed the equipment prescribed by a licensed physician and needed to avoid health or life risks. In this context, on July 26, 2017 through Resolution ENRE 292, this entity established the gratuity of service and the connection cost for this users category of the companies Edenor y Edesur. In this line, On September 25, the Ministry of Health through Resolution 1538-E created the "Registry of Electro dependents due to Health Reasons". To this date, are still pending the rules for operational issues to ensure the continuity of supply, for the compensation of distribution companies (Law 27,351 Article 11.- The Executive Power will appoint the authority to enact this law and will assign the budget allocations needed to fulfill their objectives) and the limits of responsibility of each of the parties involved.

On November 1, 2017, ENRE enacted Resolution 525 partially establishing the Reconsideration Resource interposed by EDESUR against Resolution ENRE 64/2017, accepting its measures regarding easements treatments and requesting the company that within 60 days should submit an annual plan for the regularization of easements to be developed in the period 2017/2021. Also requested the recognition of expenses of CAMMESA, rates and others that should be available in future adjustments and minor modifications to the quality regime and other recognitions.

In an unprecedented fact performed on October 27, 2017, the ENRE, complying with resolution N° 403 of October 26, 2017, the Ministry of Energy and Mining, through resolutions 526 and 527 convened a Public Hearing for November 17, 2017 in the Palace of Waters. The topics to be discussed are in the first place the new reference prices for capacity and energy, and the reference prices for capacity and stabilized for energy reference for distribution companies at node, equivalent to each of them and for the seasonal period of summer 2017-2018; the energy savings stimulus plan; social tariff and the distribution methodology between the demand of MEM and the cost of remuneration of energy transport in extra high tension and between the demand of a region and the corresponding demand for transport for mainline distribution. And in the second place, informs the impact that would have the measures to be carried out by the Ministry of Energy and Mining in the bills of users of distribution companies, as a result of the Public Hearing that this Ministry has convened for Resolution MEyM 403/2017. This is in relation to the Wholesale Electricity Market, the withdrawal of subsidies for energy transport and the criteria of distribution among users of transport of the transporters remuneration that this entity solved with the Integral Tariff Review of Transport of Electrical Energy.

As a result of this, on December 1 through Resolution 602, ENRE approved the new values of Distribution Own Cost of Edesur, through the application of the mechanisms considered in the RTI. Concurrently, issued the tariff scheme that reflects seasonal prices (generation and transport) included in the resolution of the Secretary of Electric Energy 1091 of 2017. It also approved the new schemes for subsidy for Social Tariff and the bonus system for consumption savings for residential users.

Finally, the return to normal conditions in relation to the economic emergency situations and energy emergency was materialized through the decision of the Argentinean National Government of not to extend the effect of the Electric Emergency Law (in effect until December 31, 2017) and the Economic Emergency Law (in effect until January 6, 2018).





## Regulation of Transmission

Transmission was designed on the basis of general conception and the principles established by Law 24,065, adapting the activities to the general criteria contained in the concession given by Transener S.A., in Decree 2,473/92. For technological reasons the transmission business is related to economies of scale that do not allow competition, therefore it is a monopoly and is subject to considerable regulation.

Similarly as the distribution industry, during 2016 ENRE carried out Integral Tariff Review for national transport companies (Transener S.A., Distrocuyo S.A., Transco S.A., the Province Energy Entity of Neuquén, Transba S.A., Transnea S.A., Transnoa S.A., Transpa S.A.) for the period 2017 and December 31, 2021, which came into force during 2017.

## Environmental Regulation

The electricity installations are subject to environmental laws and regulations, federal and local, including Law N°24,051, or Dangerous Waste Law, and its annexed regulations.

In the electricity sector, certain obligations to inform and monitor impose on emission standards. The non-

compliance of these requirements forces the government to establish penalties, such as suspension of operations that, in the case of public service, can result in the cancellation of concessions.

Law N°26,190, enacted in 2007, defined the use of renewable sources for the generation of electricity as national interest and set as a goal 8% of the market participation for renewable energy in 10-year term.

On October 21, 2015, the Official Bulletin published the new Law 27,191, of Renewable Energy in Argentina, modifying the Law N°26,190. The new regulation postpones to December 31, 2017, with the objective of reaching 8% participation in the national demand with the generation of renewable sources and establishing as a second stage objective to reach 20% of participation by the year 2025, and setting mid goals of 12%, 16%, and 18% for the end of the years 2019, 2021, and 2023. The sanctioned Law creates a Fiduciary Fund (FODER) that could finance projects, give tax benefits to the renewable energy projects, and establish the non application of specific tributes, national royalties, regional and municipal until December 31, 2025. The clients categorized as Large Users (>300 Kw) should individually fulfill the participation of the renewables, establishing that the price of these contracts cannot be superior to 113 US\$/MWh, and setting penalties to those who do not fulfill these objectives. The law regulations are still pending.



## Brazil

### Industry Structure

The Brazilian electricity industry is organized in a large interconnected system, the SIN (National Interconnected System), which comprises most of the regions of Brazil, and several other smaller isolated systems. The generation, transmission, distribution and commercialization are legally separated activities in Brazil.

The industry is regulated by the Federal Government through the Ministry of Mines and Energy (MME) and also by the National Electric Energy Agency (ANEEL).

Pursuant to Law No. 10,848 of 2004, the wholesale electricity market as a tool for spot price formation is residual. On the other hand, the wholesale price is based on the average bid prices, with independent bidding processes for existing energy and “new” energy. The latter include long-term contracts in which the new generation projects must cover the growth of demand foreseen by the distributors. The “old” energy tenders consider shorter contracting periods and seek to meet the contracting needs of the distributors that arise from the expiration of previous contracts. Each bidding process is centrally coordinated, the authority defines maximum prices and, as a result, contracts are signed where all distributors participating in the process buy at fair appointment from

each of the generator providers. The price at which spot market transactions are settled is called the Settlement Price of Differences (PLD), which takes into account the risk aversion curve of the agents.

Transmission works under monopoly conditions. The Brazilian government sets tariffs for transmission for the companies. The charge for transmission is fixed and the transmission revenue does not depend on the amount of electricity transmitted.

Distribution is a public service that also works under monopoly conditions and is provided by companies that in turn have received concessions. Distribution companies in the Brazilian system are not entitled to: (i) develop activities related to the generation or transmission of electricity; (ii) sell electricity to unregulated customers, except to those within its concession area and under the same conditions and tariffs applicable to its captive clients of the Regulated Market; (iii) maintain, directly or indirectly, equity interest in any other company, corporation or partnership; or (iv) develop activities that are not related to their respective concessions, except those permitted by law or in the relevant concession agreement. Generation companies are not authorized to have equity interest in distribution companies in surplus of 10 percent.

The unregulated market includes the sale of electricity between generation concessionaires, independent producers, self-producers, electricity traders, electricity importers, unregulated consumers and special customers. It also includes contracts between generators and

distributors existing under the old regulatory framework, until its expiration. New contracts must be adjusted to the new regulatory framework. According to the specifications established in Law 9,427/96, unregulated consumers in Brazil are those that: (i) demand a capacity of at least 3,000 kW and choose to contract the supply of energy directly with generators or marketers; or (ii) demand a capacity in the range of 500 to 3,000 kW and choose to contract the power supply directly with generators or traders of energy.

The Brazilian system is coordinated by the Brazilian Electrical System Operator (ONS) and is divided into four sub-systems: Southeast/Center-West, South, Northeast and North. In addition to the Brazilian system there are also some isolated systems; in other words, those systems that are not part of the Brazilian system and are generally located in the northern and northeastern regions of Brazil, and have only coal or oil fired thermal power plants as their unique source of energy.

## Regulation in Generation Companies

The Generation Agents, who can be public generation concessionaires, IPPs or auto producers, as well as Marketing Agents, can sell electricity in two contracting environments. First, the Regulated Contracting Environment (ACR), where distribution companies operate, in which the purchase of energy must be done within the framework of the bidding process coordinated by ANEEL; and the other denominated as the Free Contracting Environment (ACL) in which energy purchases are made directly between suppliers and their customers. Regardless of the ACR or ACL, the sales contracts of the generators are registered in the Câmara de Comercialização de Energia Elétrica (CCEE) and form part of the basis for quantifying and determining adjustments for differences in the short-term market.

In relation to market regulation, 100% of the energy demanded by the distributors must be satisfied through contracts in the current regulated environment. As such, the regulated purchase price for the formation of tariffs for final users is based on the average prices of tender offers, with independent bidding processes for 'new energy', 'existing energy' and 'reserve energy'. The "new" and "old" energy auctions are made to meet the demand of the distributors market. Reserve Auctions are made to

increase the security of the power supply in the National Interconnected System. Since 2015, the auction has been created for hydroelectric plants that have not extended their concession contracts, according to Law 12,783/2013. This auction allows a part of the generated energy to be sold in quotas and the other part in the free market (the percentage is defined in each auction). The winner is the entrepreneur who pays the biggest bonus for the concession.

The new energy tenders include long-term contracts (20-25 years for thermal plants, 30 years for hydro, 20 years for solar and wind), in which the new generation projects must cover the growth of demand forecasted by the distributors. The "old" energy tenders consider shorter contracting periods and seek to meet the contracting needs of the distributors that arise from the expiration of previous contracts, so that energy can be sold at lower prices. Each tender process is centrally coordinated, the authority defines maximum prices and as a result, contracts are signed where all the distributors participating in the process buy fairly appointed from each generation company.

The Decree 5,163/2004 establishes that selling agents should ensure 100% of physical coverage for their energy and power contracts. This coverage can be constituted by physical guarantees of their own generating plants or of any other plant, the latter through a contract of purchase of energy or power. Among other aspects, Resolution 109/2004 of ANEEL specifies that when these limits are not met, agents are subject to financial penalties.

In 2016, the economic context of the country has led to a situation of surplus energy, so some measures were established to reduce surpluses of distribution companies, such as the possibility of bilateral agreements between generation and distribution companies for temporary, partial or termination of the PPA. But these measures were not effective and still the distributors have surpluses over the review for consumers.

Law 13,360 was enacted in 2016 establishing several changes to the sector, among which are:

Permits for distribution companies that sell the surplus contracts to free consumers.

Renewal of hydroelectric concessions <= cost of 50MV.

Compensation for hydroelectric generators due to thermal generation without the order of merit.

Changes in the periods of the auctions (terms).

In search of a solution to the impacts caused by droughts, in December 2015 ANEEL approved the conditions for a "renegotiation" of hydrological risk with the generation agents participating in the Energy Reassignment Mechanism (MRE). To adhere to the "renegotiation," it was necessary to waive the lawsuits. There was significant adhesion by regulated market centers, however, there was no adhesion of power plants in the free market, because the conditions were not interesting. Currently, there is still a part of generators with provisional and/or precautionary measures that limit their risk and transfer part of the costs to consumers.

ANEEL annually validates, by resolution, the minimum and maximum values of the PLD, so that the maximum and minimum PLD are set at BRL\$533.82/MWh and BRL\$33.68/MWh, respectively for 2017. The calculation of the maximum PLD considers the variable costs of operation of the thermoelectric plants. For the minimum PLD is considered the costs of operation and maintenance of hydroelectric power plants.

Regarding regulated power biddings, in order to reconstitute the energy supply, in 2016 three biddings were carried out with the energy assigned:

1 bidding A-1: 21 MW-mean, with two years of energy supply.

- > >1 bidding Energy Reserve: 9.,4 MW-mean, assigned to small hydro at an average price of BRL\$227.02 per MWh.
- > 1 bidding A-5: 201,8 MW-mean, assigned to Hydro (17%), mini hydro (41%), Biomass (40%) and Gas (2%) at an average price of BRL\$ 198.59/ MWh.

In 2017 four tenders were offered: (i) A-4, on 12/18/2017, the offer was 2,202 MW of energy at an average price of BRL\$144.51 per MWh (3% hydro, 4% thermal, 16% wind and 77% solar); (ii) A-6, on 12/20/2017, the offer was 27.366 MW of energy at an average price of BRL\$189.45 per MWh (3% hydro, 72% thermal, 25% wind); (iii) A-1 and A-2, on 12/22/2017, the A-1 tender offered 288 MW of average energy commercialized at an average price of BRL\$177.46

per MWh and the A-2 offered 423 MW of energy at an average price of BRL\$174.52 per MWh.

## Regulation in Distribution Companies

In the regulated market, distribution companies buy electricity through biddings that are regulated by ANEEL and organized by CCEE. Distributors must purchase electricity in public biddings. The Government also has the right to call for special biddings for renewable electricity (biomass, mini hydro, solar and wind power plants). ANEEL and CCEE hold annual bids. The recruitment system is multilateral, with generating companies that sign contracts with all the distributors that convene the biddings.

The Concessions Law establishes three types of tariff reviews or adjustments to final consumers: The Tariff Repositioning Index (IRT), which implies an annual adjustment of the rate for inflation; The Ordinary Tariff Review (RTO) to be carried out every four or five years according to each concession contract, and the Extraordinary Tariff Review (RTE), which are carried out when a relevant event occurs in the sector that significantly affects the value of the tariff. In this way, the Law guarantees an economic and financial balance for a company in case that there is a substantial change in its operating costs. In the event that the cost of components for Parcel A, such as energy purchases or taxes, increase significantly within the period of two annual tariff adjustments, the concessionaire may submit a formal request to ANEEL for these costs to be Transferred to the final clients.

Every tariff revisions and repositioning are approved by ANEEL.

In tariff revisions (RTO and RTE), ANEEL reviews the rates in response to changes in energy costs and market conditions. When adjusting distribution rates, ANEEL divides the Annual Reference Value, that is, the costs of the distribution companies in: (i) costs unmanageable by the distributor, also called "Parcel A," and (ii) manageable costs by the distributor or "Parcel B," the latter corresponding to what we know as Value Added Distribution (VAD).

The ordinary tariff review takes into account the entire tariff setting structure of the company, including the costs of

providing services, the costs of buying energy as well as the return for the investor. Under its concession contracts, Enel Distribución Ceará and Enel Distribución Río are subject to tariff revisions every four and five years, respectively. The basis of the assets to calculate the return allowed to the investor is the replacement market value, depreciated over its useful life from an accounting standpoint, and the rate of return on the distribution asset is based on the Average Capital Cost Weighted, or WACC for a model company. The WACC is reviewed in each rate cycle. The value of the WACC for distribution is currently in effect at 12.26% real pre-tax rate.

The regulatory mechanisms ensure the creation of regulatory assets or liabilities, whose tariff rebuilding occurs in subsequent tariff adjustments (March 15 for Enel Distribución Río and April 22 for Enel Distribución Ceará). This mechanism has existed since 2001, and is called the Parcel A Securities Compensation Account (CVA). Its objective is to keep constant operating margins for the concessionaire in order not to allow tariff gains/losses due to the variation of Parcel A costs.

The Securities Compensation Account (“CVA” for the Brazilian abbreviation) helps to maintain market stability and allows the creation of deferred costs, which is compensated by tariff adjustments based on the necessary rates to compensate for the deficits from the previous year.

In December 2014 the distributors in Brazil, including the Enel Group, signed an addendum to the concession contract that allows these regulatory assets (CVAs and others) to be part of the indemnifying assets at the end of the concession, in the event that it is not possible to compensate through tariffs at that time. Thus, in accordance with the IFRS rules, the accounting of these regulatory assets/ liabilities is allowed.

To cover the energy surcharge caused by the drought in 2014, the Government has created the ACR account through bank loans to be paid within two years for the tariff. In 2014 the distributors used an approximate amount of BRL\$ 18 billion of the ACR account, however, it was not enough to cover the entire deficit. A new loan to the ACR account was approved in March 2015 to cover the deficits of November and December of 2014. An extension of the repayment term for all loans was approved, which should now be paid in 54 months starting from November 2015.

Due to the mismatches between the costs recognized in tariff and the real costs outside the management of the distributor, and intensified by the implicit costs of the drought, ANEEL, in January 2015, began to implement a system (known as Tariff Flags) of additional monthly charge on the consumer rate provided that the marginal cost of the system reaches levels above the regulatory standard. The objective of the regulator is to give the consumer an economic signal of the cost of the generation already in the subsequent month, moving forward an amount (of right) that the Distributor would only collect it in next tariff event.

This mechanism - described below - consists of four levels of flags: green, yellow, red level 1 and red level 2.

Values Applied for Tariff in 2017

Since November 2017, the value of the banners is:

- > Green tariff (Favorable conditions for energy generation): Without tariff surcharge.
- > Yellow tariff (Less favorable generation conditions): BRL\$1.00 per 100 (kWh)
- > Red Tariff - level 1 (More expensive generation conditions): BRL\$3.00 per 100 (kWh)
- > Red Tariff - level 2 (More expensive generation conditions): BRL\$5.00 per 100 (kWh)

In summary, with this mechanism the cost of generation that is currently transferred to the customer only once a year (when the annual rate adjustment is made) will have a monthly variation, therefore the customer will be able to have a better management of the electricity consumption. In other words, consumers will be aware of a lower tariff readjustment, since they are already paying a higher value during the month.

## Regulation in Transmission

Any electricity market agent that produces or consumes energy is authorized to use the Basic Network. Free market consumers also have this right, subject to compliance with certain technical and legal requirements. Free access is guaranteed by law and supervised by ANEEL.

The operation and administration of the Basic Network is the responsibility of the ONS, which also has the responsibility of managing the dispatch of energy from

the plants in optimum conditions, involving the use of the interconnected system, reservoirs and thermal plants.

As of April 5, 2011, it was published in the Official Gazette, the Ministerial Decrees 210/2011 and 211/2011, which equate the two interconnection lines of the Energy Interconnection Company, S.A. to concessions of public service, with payment according to a regulated toll. The Annual Permitted Remuneration (hereinafter "RAP") is adjusted annually, in June, by the National Broad Consumer Price Index ("IPCA") with tariff revisions every four years. It was defined a Gross Remuneration Base of BRL\$ \$1,760 million (US \$885 million) and a Net Base of BRL\$ 1,160 million (US\$ 585 million). In 2012 ANEEL authorized the implementation of reinforcements in the transmission facilities, recognizing an additional investment of BRL\$47 million (US\$ 23 million), in the Remuneration Base. The applicable remuneration rate was defined in agreement with the current regulation at 7.24% (real after tax). The authorization period is until June 2020, for Line 1, and until July 2022, for Line 2, with a welfare compensation for unamortized investments.

## 2017 Adjustments

### Tariff Readjustment for Enel Distribución Río S.A. (former Ampla)

Enel Distribución Río S.A. signed on March 14, 2017, the New Concession Contract (Sixth modification) resulting from the public hearings N° 095 y N° 058. In these hearings the discussion was focused on the regulation and the application of the tariffs procedures for distribution companies that register by their own choice for the application of the modifications of the concession contract, pursuant to Decree N° 2194/2016.

These new rules were applied for the definition of this adjustment of 2017, which include, among other changes, the use of the IPCA index replacing the general market price index ("IGP-M"), part of the unrecoverable revenues of Parcel B were transferred to Parcel A and new indexed of regulatory losses were applied. As a result, ANEEL approved an average adjustment of -6.51% for Enel Distribución Río

S.A. For low-tension consumers, particularly residential, the average adjustment to be applied will be -6.24%. Regarding medium to high-tension clients, the average adjustment to be applied will be -7.12%.

### Tariff Readjustment for Enel Distribución Ceará S.A. (former Coelce)

On April 20, 2017, ANEEL standardized the tariff adjustment of Enel Distribución Ceará through Resolution N° 2,223. This annual tariff adjustment of Enel Distribución Ceará produced an average effect for customers of 0.15%, being 1.44% in average for High Tension consumers and -0.39% for Low Tension consumers.

The transmission costs had a huge impact in this adjustment (the variation was 140.28% compared to the reference values of the previous tariff process), where the average effect was 3.23%. This is explained by the estimation of higher costs, which were included from July 2017.

### Readjustment for Enel Cien

Resolution n° 2258 established that annual revenues allowed (RAP) for concessionaires of public service of electricity transmission, would be related to the availability of transmission facilities under their responsibility.

The values of Cien are: Garabi I (RAP: BRL\$167,874,943.85 and PA adjusted: - BRL\$9,581,554.75) and Garabi II (RAP: BRL\$174,388,271.81 and PA adjusted: - BRL\$9,953,306.53).

### Readjustment for Enel Distribución Goiás (former Celg)

On October 17, 2017, ANEEL standardized the tariff adjustment of Enel Distribución Goiás through Resolution N° 2,317. This annual tariff adjustment Enel Distribución Goiás produced an average effect for customers of 14.65%, in average was 12.03% for High Tension customers and 15.89% for Low Tension customers.



## Colombia

### Structure of the Industry

Law 142 of the Home Public Services, and the 143, Electricity Law, structurally reformed the Colombian electricity sector both enacted in 1994. According to Law 143 of 1994, the different economic agents, private, public or mixed, can participate in the activities of the sector, and have the liberty to develop their functions in the context of free competition in the market. To operate or start projects, it must be obtained, from the competent authorities, the authorization for the different environmental, sanitary and water rights, and those where municipal sanction is required.

The Ministry of Mines and Energy (MME) defines the Government's policies for the energy sector. Other government entities that play an important role in the electricity industry include: Superintendence of Home Public Services (SSPD), entity that monitors and audits all the public service companies; the Energy and Gas Regulation Commission (CREG), which regulates electricity, natural gas, liquefied petroleum gas (LPG), and liquid fuels; the Energy Mining Planning Unit (UPME), which is responsible for the planning and expansion of the network and the Superintendence of Industry and Commerce (SIC) which is the national authority for competition protection issues.

The CREG is empowered to issue regulations governing technical and commercial operations as well as tariffs for regulated activities. The main functions of CREG are to establish the conditions for the progressive liberalization of the electricity sector towards an open and competitive market, to approve charges for networks and transmission and distribution costs for the supply of regulated customers, to establish the methodology to calculate and set maximum tariffs for the supply of the regulated market, establish standards for the planning and coordination of the operations of the System, establish technical requirements for quality, reliability and security of supply, and protect the rights of customers.

The Wholesale Energy Market in Colombia is based on a competitive market model and operates under open access principles. The operation and administration of the MEM is centralized in a Market Operator made up of the Administrator of the Trade Exchange System (ASIC) and the National Dispatch Center (CND).

The generation sector is organized on a competitive basis. The electricity transactions in the WEM are carried out under the modalities of the spot market of energy (Short term or daily market); Bilateral Contracts (Long Term Market) and Reliability Charge. Generation companies must participate in the central office in a mandatory manner, with all of their generation plants or units connected to the Colombian system whose capacities are equal to 20 MW or higher (plants with capacities between 10 and 20

MW can optionally participate). The generation companies that participate in the central office must declare the commercial availability of their generation resources and offer the price at which they wish to sell it. This energy is centrally dispatched by the National Dispatch Center (CND) with economic optimization criteria and respecting the electrical and operational restrictions of the system.

Commercialization consists of the intermediation between the actors that provide electricity generation, transmission and distribution services, and the users of these services. The commercialization can be carried out along with or without other activities of the electric sector.

Transmission operates under monopoly conditions with a guaranteed annual fixed income, which is determined by the new replacement value of networks and equipment and by the value resulting from the bidding processes that add new projects for the expansion of the National Transmission System (STN). This value is distributed among all the retailers in the market in proportion to their energy demands. The National Interconnected System (SIN) supplies 98% of the national demand. Non-interconnected systems serve isolated areas of the country.

Distribution is defined as the operation of local distribution networks and regional transmission. Any customer can have access to a distribution network in which he pays a connection fee. Distribution companies, or network operators, are responsible for the planning, investment, operation and maintenance of electricity grids with voltages below 220 KV.

## Regulation in Generation Companies

The Colombian State can participate in the execution and exploitation of the generation projects as well as the private sector. The Law 142 of 1994, established that the legal regime of public services and the Law 143 of 1994 focused, particularly, in the service of electric power service, determined the types of entities authorized to provide residential public service, in this sense it was created the "Public Service Company" as the fundamental for this provision.

In the short-term energy market, the CND receives, each day, the offers of prices and the declaration of commercial availability for each hour of the following day, of all the generators participating in the wholesale market. Based on this information, the CND performs an economic dispatch through an optimized procedure for the next 24-hour period of the following day, taking into account the electrical and operation restrictions of the system, as well as other conditions necessary to satisfy the expected energy demand for the next day in safe, reliable and economic manner from the cost point of view. Unlike the rest of the countries where the office is centralized based on variable costs of production, in Colombia, the office is based on prices offered by agents.

The energy market is a market of adjustments, where the excess energy is sold or bought against the real energy demand of generators and retailers. The power exchange the determined spot price is established by the ASIC after the day of operation is established by means of an optimized procedure for the 24-hour period called the ideal dispatch, which implies an infinite transmission capacity in the network and takes into account the initial conditions of operation, thus establishing which generators had to be dispatched to satisfy the actual demand. The price paid to all generators that are dispatched for merit of price is the price of the most expensive generator dispatched every hour under the ideal dispatch.

The cost differences between the 'planned dispatch' and the 'optimal dispatch' are called 'restriction costs'. The cost of each restriction is allocated to start with to the agent responsible for the restriction and when it is not possible to identify an agent it is distributed proportionally to all Colombian system traders according to their demanded energy, and these costs are transferred to the final customers.

Generators connected to the Colombian system can also participate in the "Reliability payment", which is a mechanism that aims to encourage investment in the generating park to ensure that the country's demand is met in the long term. The Charge consists of the assignment of Firm Energy Obligations (OEF) through a descending auction for new agents interested in developing generation projects, who must guarantee the System that amount of energy for a



given period. The allocation for existing generators is made annually and for new projects for up to 20 years. The OEF is a commitment on the part of the generating company, backed by its physical resources, which provide support to that firm in the production of energy. The generator that acquires an OEF will receive fixed compensation during the commitment period, whether or not the fulfillment of its obligation is required.

The price for each KWh hour of OEF corresponds to the closing value in the auction for the firm energy or Reliability payment. When this firm energy is required, what happens when the spot price overpasses the shortage prices, an agent fulfillment balance, where they verify the ideal dispatch if the agent covered its OEF with their own resources and delivered surplus or another agent covered the OEF, in which case the differences valued at the spot price are balanced.

In 2014 Law 1,715 was enacted, which regulated the integration of NCRE to the National Energy System, and whose purpose was to promote the development and use of non-conventional renewable sources of energy and to promote an efficient management of these sources.

That same year, the CREG issued the Statute of Risk of Shortage, which is a mechanism of last resort that acts when under conditions of critical hydrology, the market fundamentals do not behave as expected. In general, the scheme consists in the implementation of market monitoring indicators, which helps to identify if the price signals (energy market) is coherent with future energy estimates and current hydrological conditions of the system.

If market parameters for monitoring capture any alert and risk conditions, we proceed to declare a risk of shortage period, basically consisting of a scheme of sale and embalming of energy, which guarantees that the system will have the necessary reserves to fulfill the demand. If water containment is achieved through the intervention of supply prices of hydraulic agents with capacity in their reservoirs, thus allowing the use of the thermal resources necessary to ensure the reliability of the system.

During 2017 regulatory management was focused towards the analysis and adjustment of the normativity of the

electricity market. In particular, emphasis was made in: i. the revision of key issues of the Wholesale Energy (MEM is its Spanish acronym), mainly in the modification of the calculation methodology of Scarcity Price. This is a relevant variable in the Reliability payment scheme, which finally was embodied in Resolution CREG 140 of 2017, which greatly mitigated the decouple risk between such value and the variable costs of generation resources, enabling to reflect the market and gradually, the local fuel costs; and; ii. In the incorporation of Non Conventional Renewable Sources (FRNCE) to the system, where the CREG approved the methodology that establishes the Firm Energy for solar and wind resources. Proposals were formulated to the regulator related to the contracting schedules, including long, medium and short-term visions, and complementary services for its development and promotion.

## Regulation in Distribution Companies

In Colombia, distribution companies are free to purchase their supplies, being able to define the conditions of the public bidding processes to acquire the energy required for the regulated market and may also go to the spot market to buy energy. The price paid by the end user reflects an average of the purchase price. Since 2004, CREG has been working on a proposal to modify the contracting operation in the Colombian market, called Mercado Organizado -MOR- that would become an electronic system of contracts. This mechanism would replace current tenders for energy auctions with standardized commercial conditions, where the demand to be contracted would be treated as a single aggregate demand.

Distribution charges are set by the CREG based on the new replacement value of existing distribution assets, cost of capital, non-electric assets; as well as operational and maintenance costs for each company, and are defined for four different voltage levels, as follows: Level 1 less than 1 kV, Level 2 greater than or equal to 1 kV and less than 30 kV, Level 3 greater than or equal to 30 kV and less than 57.5 kV and Level 4 up to or equal to 57.5 kV and less than 220 kV. Voltage Levels 1, 2 and 3 are called Local Distribution Systems (SDL) and Level 4 is called the Regional Transmission System (STR in its Spanish acronym).

In 2009, after auditing the information reported by the companies, CREG determined the applicable distribution charges, which are set for a period of five years, and updated monthly according to the producer price index. The methodology for calculating distribution charges includes an incentive scheme for administration, operation and maintenance costs based on the quality of service. For energy losses, the regulation establishes a path of recognized loss indexes to be included in the tariff.

The review of distribution charges began in 2013 with the publication of the remuneration methodology proposed by resolution CREG no. 043/2013. These bases were increased by CREG Resolution No. 079/2014 which contains the purposes and guidelines for remuneration of distribution and Resolution CREG No. 179/2014, Resolution CREG No. 024/2016, Resolution CREG N° 176/2016 and Resolution CREG No. 019/2017 define a proposal of remuneration methodology.

Finally, after four resolutions subject to consultation, on February 2, 2018 the final resolution CREG 015 was issued. This norm defines the beginning of a new regulatory period where the regulator introduced replacement incentives, including depreciation as part of the tariff formula, incentives to the quality of service that should improve at least 8% per year and defined the management of regulatory adjustments to remunerate through tariffs the investments and the operations related to Infrastructure of advanced measurement.

Furthermore, on February 5, 2018 the Regulation Commission enacted resolution 016 of 2018, which defines the return rate (WACC) for the electricity distribution activity in the national interconnected system and the scheme of maximum revenue for the new tariff process. The rate value is the result of the application of the methodology approved in Resolution CREG 095 of 2015.

The value of WACC for 2018 was defined in 12.4%, and for 2019 onwards will be 11.8% real before taxes.

## Regulation of Transmission

Transmission networks operating at 220 kV or above constitute the National Transmission System (STN). The transmission fee includes a charge that covers the operating costs of the facilities, and a charge for use that applies only to the merchants who transfer it directly to the final users.

The CREG guarantees transmission companies a fixed annual income. This income is determined by the reposition value of the network and equipment, and by the resulting value of the bidding process that have awarded new projects for the expansion of STN. This value is attributed the retailers the STN in proportion to the energy demanded.

The construction, operation and maintenance of the new projects is assigned to the company that offers the lowest present value of cash flows necessary to carry it out.

The revision of regulated transmission charges began in 2013 with the publication of the pay rate methodology proposed by resolution CREG no. 042/2013. These pay rate is complemented by the development of the purposes and guidelines for the remuneration of transmission for the period 2015-2019, which was presented in resolution CREG No. 078/2014 and draft resolutions that have been submitted for consultation, Resolution CREG No. 178/2014, Resolution CREG N° 023/2016 and Resolution CREG N° 177/2016 that define a proposal of remuneration methodology. This resolution was defined by the MME and aims to guarantee adequate assets and timely extensions. It is expected that the new methodology of remuneration of the transmission and the new charges of transmission will be published during 2018.



## Regulation in Commercialization

The commercialization market is divided into regulated customers and unregulated customers. Customers in the free or unregulated market can freely contract their electrical supply directly from generator or distributor acting as traders, or from a pure trader. The market for non-regulated customers consists of customers with a maximum demand of more than 0.1 MW or a minimum monthly consumption of 55 MWh.

The commercialization or trading can be performed by generators, distributors or independent agents that meet certain requirements. The parties freely agree on transaction prices for unregulated customers.

The trader of energy is responsible for billing electricity costs to final consumers and transferring payments to different agents in the industry. Trading for regulated customers is subject to the "Regulated Freedom Regime" in which tariffs are set by each seller using a combination of the general cost formulas determined by the CREG and the individual trading costs approved by the CREG for each seller. The rates include, but are not limited to, costs of energy supply, transmission charges, distribution charges and a margin of commercialization. In addition, the final costs of the service are affected by subsidies or contributions that are applied according to the socioeconomic level of each user.

Trading charges for regulated customers are established in accordance with CREG Resolution no. 180/2014. The main changes in this formula were the creation of a monthly fixed charge that covers operating expenses plus a variable of income for traders covering credit risk, working capital subsidies and other selling costs.

In January 2017, the Regulation Commission -CREG approved the merger of Codensa and EEC markets. This is why a unique regulated tariff is applied from that date for users of the market currently served by Codensa.

## Environmental Regulation

The legal framework for environmental regulation in Colombia was established in Law 99/1993, which also created the Ministry of Environment as the authority for the definition of environmental policies. The Ministry defines, issues and executes policies and regulations focused on the recovery, conservation, protection, organization, administration and use of renewable resources.

Any entity contemplating the development of projects or activities related to the generation, interconnection, transmission or distribution of electricity, which may cause an impact, deterioration and/or introduce significant or notorious changes to the environmental landscape, must apply for an environmental license prior to the start of activities.

Law No. 99 established that generation power plants already operating, that have a total installed capacity of more than 10 MW, should contribute to the conservation of the environment, transferring to municipalities and environmental corporations in the area where the power plants are located, a percentage associated with the generation of energy. Hydroelectric plants must pay 6% of their generation and thermal plants must pay 4% of their generation, with rates that are determined annually.

In 2011, Decree 3,570 established the new structure of the environmental sector thus creating the Ministry of Environment and Sustainable Development (previously, the functions of the Ministry of Environment were established along with the functions of the Ministry of Housing). In the same year, Decree 3,573 created the National Environmental Licensing Authority as the entity responsible for granting and monitoring environmental licenses, permits and procedures of the Ministry of Environment and Sustainable Development.

During the COP21 in Paris in 2015, Colombia committed to reduce 20% emissions as of 2030 with respect the reference baseline.

In 2015, on the recommendation of the OECD, the regulation of the environmental sector was consolidated in the Decree 1076 of 2015.

In general and as of today, the environmental regulation for the electricity sector has been focused on regulating aspects related to: i) emissions from thermal plants; ii) formulation, issuance and implementation of the National Policy for Integral Management of Water Resources, updating the regulations associated with landfills, regulation the methodology for the calculation of the environmental flow, and structuring and management of watersheds); iii) environmental licensing and compensations, for subtraction of forest reserves and exploitation, for loss of biodiversity for projects bound to environmental licensing; iv) updating the regulatory framework for environmental licensing and regulating the environmental sanctioning regime.

## Peru

### Industry Structure

The general legal framework applicable to the Peruvian electricity industry is primarily comprised by the Electric Concessions Law (Decree Law N° 25,844 from 1992) and its regulatory norms.

The Ministry of Energy and Mining (MINEM) defines energy politics applicable on a national level, jointly regulates with the Ministry of the Environment, the environmental aspects applicable to the energy sector and is the competent authority for the granting and expiration of authorizations and concessions for the activities related to the generation, transmission and distribution of energy.

The Supervising Organism of the investment in Energy and Mining (Osinermin) is the regulatory entity that controls and oversees the enforcement of legal and technical norms related to the electricity, hydrocarbon, and mining activities, and enforces the obligations established in concession contracts. On its part, the Regulating Osinermin Tariffs Agency (GRT) is the competent authority for the determination of regulated tariffs. Osinermin also controls and supervises the bidding processes required by distributing companies for the purchase of energy from generators.

Meanwhile, the Environmental Evaluation and Enforcement Organism (OEFA), which depends on the Ministry of the Environment, is responsible for the supervision and enforcement of the environmental obligations contained in the approved environmental instruments.

The Economic Operation System Committee (COES) is the National Electric Interconnected System Operator (SEIN), coordinates the dispatch of generation units in function of the minimum cost, and prepares diverse studies that serve



as a base to annually calculate the bar prices, manages the short term market, and elaborates the Guaranteed System Transmission Plan. In the COES generating, transmitting, and distributing companies are represented, as are Big Users (free clients whose consumption is higher than 10MW).

In rural areas there are small isolated electric systems that supply electricity in specific areas, which represent approximately 6% of the total national production.

The main characteristics of the electric industry in Peru are: (i) the separation of the three activities: generation, transmission, and distribution; (ii) open market for the supply of energy to unregulated clients; (iii) a regulated price system, primarily based on a long and short term bidding regimen.

## Regulation of Generation Companies

Generation companies that own or operate a generation plant with an installed capacity larger than 500 KW require a definitive concessions given by the MINEM.

The dispatch coordination of electricity operations, the determination of the spot prices and the management of economic transactions that occur in the SEIN are managed by the COES.

Generation companies can sell their energy directly to distribution companies and free clients and liquidate their differences in the spot market at marginal costs. The sales to non-regulated clients are carried out in prices and conditions mutually agreed, which includes fees and compensations by the use of transmission systems, and if it is the case, fees for the use of the distribution networks. The Electric Concessions Law allows the subscription of bilateral contracts of a price no greater than the Bar Rates, in the case of regulated clients, or at a price agreed by all parts in the case of unregulated clients. As well as this bilateral method, Law 28,832 from 2006, denominated the Law to Ensure Efficient Development of Electric Generating, also established the possibility that distributors can satisfy regulated and unregulated client demands by concluded agreements after a power bidding process and energy supervised by Osinergmin. The approval of this mechanism is important for the generators because it allows them to dispose of a stable price during the contract life, which is not set by the regulator and can have duration of up to 20 years.

Due to the introduction of bidding mechanisms, a large portion of the contracts to sell energy to distributing companies to get the client's attention, comes from these bids. Just a small portion of the electricity bought by distribution companies, is maintained under the bilateral contract scheme.

Another norm that impacted the electric market was Urgent Decree N° 049-2008, which introduced the so-called "Ideal Marginal Cost", which assumes that for economic dispatch effects, SEIN marginal costs in the short term are determined considering that there are no restrictions in natural gas (production or transport), nor for electricity transmission; and that marginal costs cannot be superior to a limit value defined by the Ministry of Energy and Mining, said Urgent Decree was valid until October 1, 2017.

With regards to the transactions in the wholesale market, the Regulation of the Electricity Wholesale Market (Regulation MME) was approved through Supreme Decree N° 026-2016-EM. The main aspects are the following: The "MME" is comprised by the short-term market ("MCP" in its Spanish acronym) and the allocation mechanisms of complementary services, operational inflexibilities and the allocation of congestion revenues. The authorized participants to buy in the MCP are: generators to serve their supply contracts, distribution companies to serve free customers for up to 10% of its maximum demand; and large users to serve up to 10% of its maximum demand. COES will calculate the energy marginal costs and the congestion marginal costs. Participants will need payment guarantees of their obligations in the MME. In addition, action from COES are incorporated in the event of a payment default of a participant.

In Peru the capacity payment is given by the amount that compensates the development of turbine gas, as a marginal unit to contribute to the system's demand. Similar to Chile, the capacity payment is independent from dispatch and remunerates the availability and contribution to the aimed reserve margin decided by the competent authorities.

## Regulation for Distribution Companies

The electricity tariff for regulated clients includes charges for energy and power, for the generation and transmission, and the Distribution Added Value (VAD) that considers a regulated return for investments, fixed operating charges and maintenance, and a standard percentage for energy losses in distribution.

On September 2015 the Decree N° 1,221 was published, through which the fixed VAD (Distribution Added Value) establishes that it will be carried out every four years and will be calculated for each company (before this decree the VAD was calculated for a company that was representative of the group and typical sector, and this VAD is applied to all of the companies that made up the respective group). Also, an additional charge to the fees in technologically innovative projects and efficient energy projects previously approved by the Osinermin. Incentives were offered to improve the quality of service and the possibility to expand the concession areas for distribution companies in rural areas next to their concession zones.

The real return on the investment of a distribution company depends on its performance with respect to the standards set by Osinermin for a theoretical model company. The tariff system allows a greater return to the distribution companies that are more efficient than the model company. The preliminary tariffs are determined by taking as a base the results of a study hired the company, corrected according to the Osinermin. Preliminary tariffs are checked to ensure that the internal return rates are 12% with a +/- 4% variation. Also, the tariffs are indexed to the exchange rate, the price index to the greatest (IPM), and the commodities price as is copper and aluminum, with which Peru has no exchange risks.

During the last setting tariff process, the OSINERMIN defined the Edelnor tariffs for the period of November 2013 to October 2017. The same have been extended until October 31, 2018, through the Ministerial Resolution N° 530-2016-MEM/DM published in December 2016.

## Regulation of Transmission

Transmission activities are defined under different regimes. The facilities built before 2006 are divided in the Main System, that is for common used and allows the flow of energy through the national net, and the Secondary System is mostly unidirectional and are useful for evacuating energy from one generation power plant or to take energy to the final consumer.



For its part, the facilities built after 2006 are divided in: Guaranteed System formed by lines for common use, part of the Transmission Plan developed by the COES and whose toll is paid by the whole demand of the network, and the Complementary System whose lines are connected to a power plant or to a user of the system and are paid by the beneficiary.

The Transmission Plan, elaborated by the COES and approved by the MINEM, determines the development of the Guaranteed System lines, which are bid through a BOOT framework with a maximum duration of 30 years. The transmission concessions of the Guaranteed System receive an annual fixed income from said bids.

The Complementary System lines are developed through investment plans presented by the agents and approved by the Osinergmin, an entity that calculates the average annual cost to remunerate for each installation, considering the standard investment, operating, and maintenance costs, with an updated rate of 12% before tax and a useful life of 30 years.

## Environmental Regulation

The environmental legal framework applicable to the activities related to energy in Peru is established in the Environmental General Law (Law N° 28,611) and in the Environmental Protection Rules for Electric Activities (Supreme Decree 029-94-EM).

The Legislative Decree 1,002 creates a promotional regime for non-conventional renewable energies (“ERNC” in its Spanish acronym). Guaranteed revenues will be paid by the demand through a tariff charge included in the connection toll. Renewable generation is promoted through auctions. The Regulation included in DL 1002 (Supreme Decree 050-2008-EM) incentives electricity generation of Non-Conventional Renewable Energies (ERNC in its Spanish acronym). This Decree establishes that up to 5% of electricity demand of the Interconnected System can be provided by non-conventional renewable sources. The 5% limit may be reviewed by the relevant authorities in accordance with the National Plan for Renewable Energies. The technologies considered as renewable resources are: biomass, wind, tidal energy, geothermic, solar and mini-hydro (hydroelectric with capacity below 20 MW).

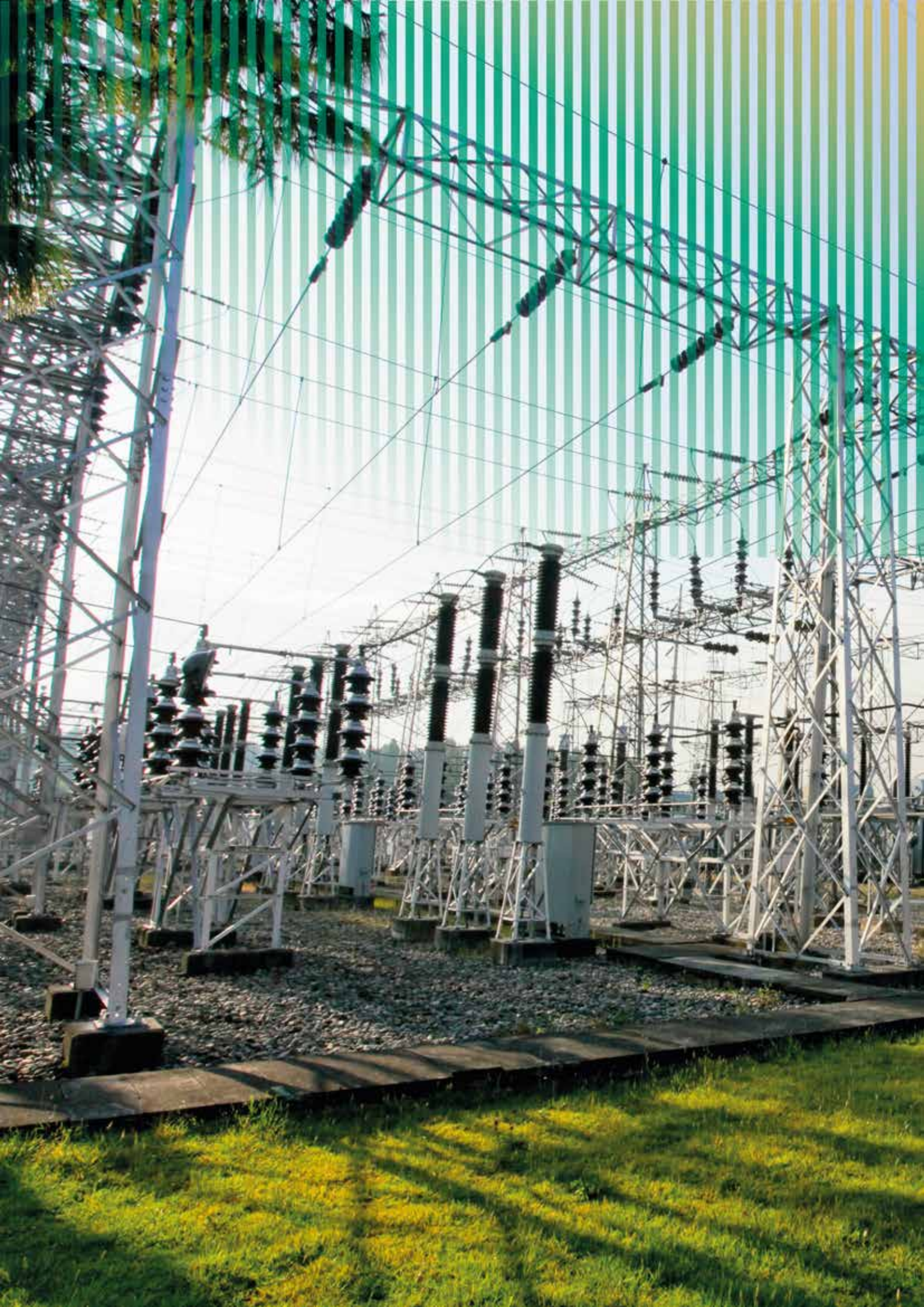
As of December 2017 the proportion of NCRE was 2.8% in the SEIN demand, as a result of the fourth tender adjudicated in 2016. The percentage is estimated to be 4.0% in December 2018.



# 16

Description of the electricity business by  
country





# Electricity Generation

In this segment, Enel Américas owns operating subsidiaries in Argentina, Brazil, Colombia and Peru.

As a whole, the gross installed capacity of the Enel Américas Group reached 11,219 MW as of December 2017 and the consolidated electricity generation amounted to 41,053 GWh, while energy sales totaled 56,051 GWh.

In the electricity industry, the business segmentation between hydro and thermal generation is natural, since the variable costs of generation are different for each method of electricity production. Thermal generation requires the purchase of fossil fuels and hydroelectric generation requires the water that comes from dams and rivers.

55% of our consolidated generation capacity comes from hydroelectric sources and 45% from thermal sources. Hence, the definition of the generation company's commercial policy is relevant for the proper management of the business.

# Electricity Transmission

The electricity transmission business for Enel Américas is mainly performed through the interconnection line between Argentina and Brazil, Enel Cien, subsidiary of Enel Brasil, whose transport capacity is 2,100 MW.

# Electricity Distribution

The distribution business is conducted through Edesur in Argentina, Enel Distribución Río (former Ampla), Enel Distribución Ceará (former Coelce) and Enel Distribución Goiás (former Celg) owned by Enel Brasil in Brazil, Codensa in Colombia and Enel Distribución Perú (former Edelnor) in Peru. During 2017, our main distribution subsidiaries sold 74,337 GWh.

Currently, Edesur, Enel Distribución Río, Enel Distribución Ceará, Enel Distribución Goiás, Codensa and Enel Distribución Perú serve the main cities in Latin America, providing electricity service to more than 17.2 million clients.



# Argentina

## Electricity Generation

Enel Américas S.A. participates indirectly in electricity generation through Enel Argentina S.A.'s subsidiaries Enel Generación Costanera S.A. (Costanera), Enel Generación El Chocón S.A. (Chocón) and Central Dock Sud S.A. (CDS).

Costanera, Chocón and CDS own together 4,537 MW of gross installed capacity. This capacity represented by the end of 2017, 12.5% of the total capacity in the Argentine SIN (National Interconnected System). Electricity generation of these companies reached 14,829 GWh on December 31, 2017, equivalent to 10.9% of the total generation of Argentina.

Worth is to mention that, among the most important business groups that participates in the Argentine Electricity Market in generation are: AES, SADESA and PAMPA ENERGIA, company that in 2016 acquired Petrobras Argentina. Other companies with participation in the generation business are YPF Energía, CAPEX and Pluspetrol Energía, acquired by YPF.

Participations in installed capacity and in business Groups for 2017 are distributed as follows:

Participation in installed capacity and in Business Groups in 2017	
Enel	12.5%
SADESA	10.8%
AES	8.6%
Regional Governments	7.9%
Pampa Energía	9.8%
Foninvemem	6.4%
National Government	19.9%
Others	24.1%

Among the most relevant news of the year, worth is to mention the biddings carried out by the new Government for the creation of new generation offer. To that effect, noteworthy is the Thermal Bidding performed under Resolution 287/2017, which awarded 1,810 MW of new thermal generation of these technologies: a) closing of combined cycle or b) cogeneration, with the commitment to be available to satisfy the demand in the MEM, and the biddings performed under the Program RenovAr Round 2, in order to create new generation capacity from Renewable Energies. In this program, the total capacity awarded is: through Round 2 of Program RenovAr 88 projects for 2,043 MW in 18 provinces. The Program RenovAr is contained in Law 27,191, which establishes a path of participation in these types of energies in the market that for 2025 should reach 25%.



## Enel Generación Costanera S.A.

Costanera is located in the city of Buenos Aires and has six steam turbine units totaling 1,131 MW, and can generate with natural gas or fuel oil. It also operates two combined cycles of 851 MW and 322 MW respectively; and its gross installed capacity is 2,304 MW.

It should be recalled that on October 6, 2016, the Company's Extraordinary General Shareholders' Meeting approved the amendment of Article 1st of the bylaws, where company name was modified from Sociedad de Central Costanera S.A. for "Enel Generación Costanera S.A.," which is already registered.

During 2017 CAMMESA performed the dispatch of SADI according to the resolutions established by the Secretary of Energy. In this context, the priority was the dispatch of Turbo Steam units consuming fuel oil (FO) until mid April 2017. Later, the dispatch was maintained prioritizing natural gas (a mix of national gas, liquefied natural gas (LNG) and gas imported from Bolivia), taking into account the efficiency of the units and the use of liquids (gas oil and fuel oil) in accordance to the restrictions imposed for Usinas during the season of high residential demand.

As a result, the operations performed by the net generation of the Convective Units of Costanera reached 1,460 GWh, and the net generation of Combined Cycles reached 6,398 GWh.

In January 2017, the Secretary of Electric Energy depending on the Ministry of Energy and Mining updated through Resolution N° 19/2017 the remuneration values of Resolution SE N° 22/2016 to be applied from February 2017.

The implementation of Resolution SEE N° 19/2017 triggered an increase of remuneration of around 50% in relation to the previous regulation. Basically the remuneration concepts were simplified. There is a capacity charge, which varies in relation to technology and size of the unit, and a variable charge. The values are defined in dollars.

Since the sanction of Resolution SEE N°19/2017, it was established for thermal units the possibility to offer commitments of guaranteed availability, and additional guaranteed availability (DIGO and DIGO Additional respectively) with the same differential remuneration for every technology.

In this sense, in 2017 Costanera participated in the Winter Seasonal Programming (from May 1 to October 31, 2017) and the Summer Seasonal Programming (from November 1 to April 30, 2018) of the commitments of guaranteed availability. This mechanism has generated for the Company revenues for a total of ARS\$ 1,160 million in the period May-December 2017.



## Enel Generación El Chocón S.A.

Hidroeléctrica El Chocón SA is a hydroelectric generation company, which operates El Chocón and Arroyito power plants, located on River Limay. It's located in the provinces of Neuquén and Río Negro. The hydroelectric complex has 1,328 MW total gross installed capacity and includes El Chocón plant, with 1,200MW installed capacity (artificial reservoir's hydroelectric power plant) and Arroyito plant, with 128 MW installed capacity, both using the waters of Rivers Limay and Collón Curá for generation.

The gross hydro installed capacity of the Company is 1,328 MW; thermal gross capacity is 35.6 MW and corresponds to motogenerators. Its participation in the SADI is 4% in relation to the total installed capacity.

El Chocón is located in the Comahue region, consisting of the Argentinean provinces Río Negro, Neuquén and the southern areas of Buenos Aires provinces, over the Limay River, 80 km upstream from the confluence with Neuquén River. Arroyito is the compensator dam of El Chocón and is located in the same river, 25 km downstream.

The hydrological year starts on April 1, and has been characterized as dry accordingly the contribution of the hydrological basins of the Rivers Limay and Collón Cura. Net generation recorded for these power plants during the year was 2,027 GWh. This generation was produced by 1,497 GWh in El Chocón (74%), 411 GWh in Arroyito (20%) and 119 GWh by motogenerators (6%).

The Company started 2017 with a level of the reservoir of 374.79 meters above sea level (m.a.s.l.). The reserve El Chocón dam was 1,807 GWh and in the Comahue it was 5,278 GWh. Both amounts were measured in relation the minimum height condition of FOE.

At the end of year 2017, the level of the reservoir reached 377.62 m.a.s.l. The energy reserve of the Comahue dams were 5,915 GWh of which 2,156 GWh were reserves of El Chocón.

In January 2017, the Secretary of Electric Energy, which is subordinate to the Ministry of Energy and Mining, through Resolution N° 19/2017 updated the remuneration values of Resolution SE N° 22/2016 to be applied from February 2017.

The implementation of Resolution SEE N°19/2017 prompted a change in the remuneration of thermal and hydro generators in relation to the previous regulation. The remuneration concepts were simplified, thus considering a capacity charge, which varies in relation to technology and size of the unit, and a variable charge. The values are defined in dollars.

Additionally, since this Resolution SEE N°19/2017, it was established for thermal units the possibility to offer commitments of guaranteed availability, and additional guaranteed availability (DIGO and DIGO Additional respectively) with the same differential remuneration for every technology.

Starting from motogenerators, in 2017 Chocón participated in the Winter Seasonal Programming (from May 1 to October 31) and the Summer Seasonal Programming (from November 1 to April 30, 2018) of the commitments of guaranteed availability. This mechanism has generated for the Company revenues for a total of ARS\$ 10.9 million in the period May-December 2017.



## Dock Sud Power Plant

Dock Sud power plants located in Avellaneda district, Buenos Aires. Dock Sud owns and operates a single generation power plant with two units, with a total capacity of 870 MW. Dock Sud power plant (CDS in Spanish acronym) has four gas turbines and one steam turbine. Two of the gas turbines and the steam turbine comprises once combined cycle power plant.

The energy generated by Dock Sud in 2017 reached 4,944 GWh, participating in 5.6% of thermal generation and covering 3.7% of the SADI demand.

On December 31, 2017, the installed capacity of Central Dock Sud S.A. represented 2.4% of the total installed capacity in the SIN.

In January 2017, the Secretary of Electric Energy, which is subordinated to the Ministry of Energy and Mining, through Resolution N° 19/2017 updated the remuneration values of Resolution SE N° 22/2016 to be applied from February 2017.

The implementation of Resolution SEE N°19/2017 prompted a change in the remuneration of thermal and hydro generators in relation to the previous regulation. The remuneration concepts were simplified, thus considering a capacity charge, which varies in relation to technology

and size of the unit, and a variable charge. The values are defined in dollars.

Since Resolution SEE N°19/2017, it was established for thermal units the possibility to offer commitments of guaranteed availability, and additional guaranteed availability (DIGO and DIGO Additional respectively) with the same differential remuneration for every technology.

To that effect, CDS participated in the Winter Seasonal Programming (from May 1 to October 31) and the Summer Seasonal Programming (from November 1 to April 30, 2018) of the commitments of guaranteed availability.

Since 2015 there is a loan obtained from CAMMESA, whose purpose was to finance the costs related to the combined cycle major maintenance. Pursuant to Article N°7 of Annex 2 of Resolution SEE 19/2017, in December 2017 the Company signed and Addenda to the existing mutual contract, where the payment method of the aforementioned loan was adjusted in relation to the remuneration established in the previous regulation and the use of credits of the Additional Remuneration of Trust (RAF in Spanish acronym). In this sense, the compensation between the updated debt and the RAF credits was performed, thus the new capital balance was ARS\$224.9 million to be paid in 24 installments plus interests (at CAMMESA interest rates). The first installment was paid in December 2017.

## Activities and projects in generation

### Projects

#### Expression of interest for the development of infrastructure projects

In the context of the changes in regulation that the Argentine government is performing and the variety of biddings that have been done, and new ones that the government plans to convene to carry out new investments in energy, the Company is analyzing the potential installation of a new combined cycle in Costanera.

The intention is to compete for electricity energy contracts in those biddings that the Ministry of Energy and Mining might offer during the second semester of 2018, and where a process has been already opened in 2017 for the potential interested entities to present projects in this process.

The project would consist on the installation of a combined cycle unit, with an installed capacity of 450 MW, connected to the voltage bars of 220 kV and 132 kV of the existing Costanera substation. The operation would work with two types of fuel (natural gas or diesel). Nevertheless, there's a preference for natural gas and when it's not available diesel would be used.

The construction period is estimated in 30 months, depending on the technical specifications to be selected.



#### Vuelta de Obligado Power Plant Project

The Vuelta de Obligado S.A. (VOSA in its Brazilian acronym) project includes the installation of a combined cycle of nearly 800 MW of installed capacity, during 2017 the two gas turbines of 270 MW of capacity each one continued operating in simple cycle. The commissioning of every installation of the new power plant is planned for the first quarter of 2018, and consists in two gas turbine combined cycle and one steam turbine.

Once the combined cycle is put in motion, the devolution of the debt of CAMMESA with generation companies will start. These generation companies contributed to such project through a 10-year supply contract at a 30-day Libor rate plus 5%, pursuant to the Generators Agreement 2008-2011.

#### Land Reserved for Future Projects

In Argentina, Enel Américas doesn't have any land reserved for future projects.

# Electricity Distribution

## Edesur

Edesur's main purpose is the distribution and commercialization of electricity in the southern area of Buenos Aires. This includes two-thirds parts of the city of Buenos Aires' area and twelve districts of Buenos Aires province, covering 3,309 km<sup>2</sup>, for a period of 95 years starting from August 31, 1992.

This period includes an initial one of 15 years and eight additional periods of 10 years each. On February 5, 2007, the National Electricity Regulatory Entity (ENRE) resolved to extend the initial period for five additional years, from the completion of the Integral Tariff Review (RTI) process.

Later, on January 27, 2016, the Resolution MINEM N° 7/2016 was enacted, which instructed ENRE, among other things, to: perform an adjustment to the VAD in the tariff charts of the Company, on behalf of the RTI (Integral Fees Renegotiation) and the framework of the Transitory Tariff Regime established in the Agreement Act and to carry out every act needed to proceed the RTI, which should come into force before December 31, 2016. The process and schedule for the RTI was established through Resolution ENRE 55 as of April 5, 2016.

Within the framework of the RTI process, on October 28, 2016 the public hearing was held to inform and hear the opinions with regards to the tariffs proposals that the distribution companies Edesur and Edenor presented to the ENRE according to Resolution ENRE N° 55/2016.

On December 30, 2016, the ENRE enacted Resolution N° 626, approving the document denominated Final Public Hearing Resolution with the purpose to inform and answer the opinions made in relation to the Tariffs Proposal presented previously by the companies with regards to the definition of tariffs to be applied, and to transfer the considerations of the Subsecretary of Tariffs Policy Coordination of the Ministry of Energy and Mining of the Nation, those subjects planned that are not under the

responsibility of such entity.

On February 1, 2017 the Integral Tariff Review came into force, thus ending the process of renegotiation of the concession contract, and reestablishing the full validity of the Concession Contract, the Tariff Regime and the Quality of Service, which were renegotiated based on the principles established by Law 24,065.

This milestone is critical for the company, because it means the complete restoration of conditions of certainty and sustainability of the business, and also defines conditions and basic criteria (formation of capital base and calculation of WACC) for future tariff revisions throughout the concession period.

It's worth mentioning that along the tariff cycle of the RTI term, established between February 1, 2017 and January 31, 2022, the quality of service regime will increase its requirements according to the expectation of the development of investments and operational improvements that EDESUR proposed in the context of RTI. Therefore, the quality guidelines will be more demanding and the cost of energy not delivered will increase throughout the period, reaching the values established recently in the last semester of the cycle.

The concession contract establishes for Edesur the obligation to supply energy according to the demand of the owners or inhabitants of the properties within its concession area, it also demands the company to comply with certain quality standards related to the electricity supplied, to comply with operational requirements concerning the maintenance of distribution assets and to bill clients on the basis of actual measurements.

In December 2017 the Ministry of Energy and Mining (MINEM) presented its proposal and criteria for the treatment of regulatory liabilities. The first measure was, through the Note issued on December 30, 2017, that the Ministry informed that CAMMESA took possession of the debt registered by EDESUR with this company for the purchase of energy, for a period of 90 days pending to formalize the aforementioned agreement. EDESUR is working on the latter to comply with the agreed deadlines.



At the same time and with the purpose of regain the normal structural conditions, the National Argentinean Government decided not to extend the validity of the Electricity Emergency Law (in effect until December 31, 2017) and the Economic Emergency Law (in effect until January 6, 2018).

In 2017 Edesur delivered electricity power service to 2,529,307 clients, representing 0.99% growth in relation to the previous year. Of the total, 87.9% are residential customers, 10.8% commercial customers, 0.9% industrial customers and 0.4% other users (institutional). Energy sales reached 17,736 GWh, including the distribution services (tolls) to large users, at similar levels than the previous year. Sales distribution was: 43.6% residential sector, 25.4% commercial sector, 7.5% industrial sector and 23.3% others (4.3% institutional, 2.9% public lighting and 16.1% tolls).

In 2017 the annual mobile loss rate (technical and non technical) reached 12.04%, meaning an improvement in relation to 2016 (12.44%). This result is achieved in a scenario of negative variation of demand.

## Activities and projects in distribution

### Expansion of SE Pompeya

These works were carried out in two stages:

#### Stage 1

- > Commissioning of three MT new feeders and two new support links.
- > Transfer of feeders from old sections 1 and 2 to the new sections 1 and 2.
- > These works impact the improvement of energy supply in Nueva Pompeya–Barracas–Parque Patricios neighborhoods.

#### Stage 2

- > Commissioning of a new MT feeder in Pompeya and a line of 3 new feeders in Patricios and six support links.
- > Transfer of feeders from old sections 3 and 4 to the new sections 3 and 4.
- > These works improve the energy supply in San Cristóbal –Parque Patricios –Constitución – Boedo neighborhoods.

The works of both stages represented materially the wiring of 13,950 mt of CSMT (240 m of 3x1x400 Al and 13.710 m of 3x1x185 Al) and the renovation of 12 transformation centers.

Additionally, the substation was prepared to supply of Villa Olímpica, Parque Olímpico and the neighborhoods Procrear (Saenz station) at an estimated capacity of 17 MW.

### Expansion of Padre Novak

This work consisted in the installation of four new feeders from the SE Padre Novak. Also 13 km of medium tension network new wiring were installed, benefitting users mainly from the villages of San Juan, Villa Vatteone, Gobernador Costa and Santa Rosa (Florencio Varela).

### Discharge of SE Temperley with SE Calzada

This project consisted in the installation of two new feeders from the SE Calzada. New wirings of 15 km of medium tension network were made, with the purpose of discharging feeders of the SE Temperley and thus benefit users from the villages of Adrogué and Temperley, Almirante Brown and Lomas de Zamora respectively.



## New Feeders SE Mobile Roca

This project is the second stage of the SE Móvil Roca and included the wiring of two new feeders from that substation. New wiring for 4.5 km of medium tension network were made to discharge the feeders of the SE Temperley, benefitting users from the villages of Temperley and Santa Catalina, starting from Lomas de Zamora.

## Technological improvement of the network

The MT feeders under worse SAIDI conditions were chosen. The objective was to minimize the interruption periods when facing a failure of any feeder, transferring the charges to the backup feeder in a telecommanded way. During 2017, 100 equipment were assembled with own employees, of which 83 are operating and it's estimated to greatly increase this number in the following years.

## Shaft Chambers

This project comprises the installation of underground MT/BT Transformation Centers in areas where the grid is evaluated as vulnerable. In 2017, 20 new chambers were installed in the City of Buenos Aires distributed in the following neighborhoods: Caballito, Villa Santa Rita, Villa General Mitre, Villa Crespo, Villa Devoto, Flores, Floresta, Mataderos, Villa Luro, Barracas, La Boca, Nueva Pompeya, Parque Avellaneda and Villa Soldati.

## Digitization of the network

In order to improve the quality of service, Edesur begun the installation of the first smart meters to digitize its network. The pilot project included the installation of 5,000 equipment in the concession area during 2017.

The new smart meters include the technology that Enel is using worldwide, which has many advantages: the consumption reading is done remotely and more precisely; network failures are identified in real time, therefore repair times would be much shorter; and allows the user to read consumption data constantly, while leading to a more efficient energy consumption.

# Brazil

## Electricity Generation

Enel Américas participates in electricity generation through Enel Brasil and its subsidiaries Enel Green Power Cachoeira, Volta Grande and Enel Generación Fortaleza.

These three power plants, two hydroelectric and the other thermal, add up 1,354 MW total net capacity, representing 0.88% of the capacity of Brazilian SIN.

In Brazil, electricity generation of the Group reached 4,034 GWh, reaching 0.7% of the total generation in the country (thermal and hydro), where hydroelectric production represented 52% of the total generation of the Enel Américas Group in Brazil.

Other generators connected to the Brazilian SIN are: CHESF, Furnas, Cemig, Electronorte, Cesp, Copel, Eletrobras and Eletropaulo.

### Enel Green Power Cachoeira Dourada

Cachoeira is located in the State of Goiás, 240 km south of Goiânia. The power plant owns ten units with 665 MW of net installed capacity. It's a run-of-the-river power plant and uses the waters of River Paranaíba.

Net generation in 2017 reached 1,965 GWh, and sales amounted to 9,526 GWh.

### Volta Grande

Enel Américas through its subsidiary Enel Brasil acquired the rights to operate for a 30-year period Volta Grande hydroelectric power plant, which is located in the Rio Grande, between the Brazilian states São Paulo and Minas Gerais. The total cost of the concession was BRL\$1,420 million (approximately US\$420 million).

Enel Brasil won the auction for hydroelectric concessions performed by the Brazilian government on September 27, 2017, in an open public session at the São Paulo Stock Exchange. The operation of the asset began on November 11, 2017.

The acquisition of this concession was financed 60% with debt and 40% with equity. Initially a two-year bridge loan (2018-2019) was considered, under the guarantee of Enel. During the bridge loan term, a long-term financing would structure.

The proportional net generation of Enel operation in 2017 was 137 GWh, and also the sales.

With this acquisition, Enel Brasil increased in 40% its hydroelectric capacity in Brazil, adding 380 MW to its portfolio.

### Enel Generación Fortaleza

Fortaleza is located in Caucaia municipality, 50 km from the capital of Ceará state. Fortaleza is a 319 MW combined cycle thermal power plant that uses natural gas; and is able generate one third of the electricity needs of Ceará, state that has a population of nearly 9 million inhabitants.

Fortaleza was built in a 70 thousand square meters area, and is part of the infrastructure of the Industrial and Port Complex of Pecém, in Caucaia municipality, and is part of the Thermolectricity Priority Program (PPT) of the Federal Government. Fortaleza has a strategic location to boost regional growth and to facilitate the setup of other industries. Its main customers are Coelce and Petrobras.

Electricity generation in 2017 was 1,932 GWh, while sales reached 2,923 GWh.

## Land reserved for future projects

Enel Brasil owns an area of 75 hectares in the city of Macaé, State of Rio de Janeiro, reserved for a new thermoelectric project.

## Electricity Transmission

Enel Américas Group also participates in the transmission and sale of electricity in Brazil through the interconnection line between Argentina and Brazil, through the Enel Cien, holding 99.3% ownership.

### Enel Cien

Enel Cien is an energy transmission company in Brazil. The complex consists of two frequency conversion stations, Garabi I and II Garabi II, converting both ways the frequencies of Brazil (60 Hertz) and Argentina (50 Hertz) and transmission lines. On the Argentinean side, they are managed by two subsidiaries: Compañía de Transmission del Mercosur S.A. (CTM) and Transportadora de Energía S.A. (TESA). CIEN has control of 100.0% of the capital in both companies.

The interconnection system consists of two transmission lines with a total length of 1,006 km, and the Garabi Conversion Station, SE STA (Santo Angelo/RS) and SE YTA (Itá/SC).

On April 5, 2011 the decrees were published in the Official Gazette defining the annual value of the Allowed Annual Remuneration (RAP) for Enel Cien. With this, the regulator equates Enel Cien (the assets of which consist of Garabi 1 and 2 lines) to concessionaires of public service transmission. Total annual RAP is adjusted annually and the tariff review processes will be conducted every four years. Starting from April 2011, therefore, Enel Cien was officially authorized to receive payments under this new business approach.



## Electricity Distribution in Brazil

Enel Américas participates in distribution through Enel Brasil and its subsidiaries Enel Distribución Rio, Enel Distribución Ceará and Enel Distribución Goiás.

Enel Américas owns directly and indirectly economic ownership of 99.4%, 73.7% and 99.5% of these companies property, respectively.

In Brazil, main distribution companies in the electricity system are: CPFL, Brasileira de Energía, AES Elpa, Cemig, Light, Coelba and Copel.

### Enel Distribución Rio

Enel Distribución Rio (former Ampla) is an energy distribution company with operations in 73% of the territory of the State of Rio de Janeiro, which is equivalent to a 32,188 km<sup>2</sup> area. The population is approximately 8 million inhabitants, distributed in 66 municipalities, and the following are the most important ones: Niteroi, São Gonçalo, Petrópolis, Campos and Cabo Frío..

During 2017, Enel Distribución Rio provided electricity to 3,029,751 clients, 2,664,076 of which are with supply and



365,675 without supply, 1% less than 2016 mainly due to the disablement of clients without supply. Out of the total, 80% are residential clients, 5% are commercial clients and, 15% other users.

Energy sales in 2017 reached 11,041 GWh, representing a 0.8% decrease in relation to 2016, and the participation of residential clients was 42% of physical sales, followed by 17% of sales to commercial customers, industrial clients represented 3% and other clients and tolls represented 38% of sales. Enel Distribución Río greatly emphasizes energy theft fight, developing projects for the use of technology and social activities.

Nevertheless, currently energy losses still represent one of the main challenges of Enel Distribución Río. The year 2017 ended with 20.35% of energy losses, and compared with 2016 experienced a 0.95 % growth mainly due to the increase of risky areas.

Additionally, in 2017 Enel Distribución Río also took actions to improve quality indicators, reducing the SAIDI (period of time without energy supply) in 18% in relation to 2016 (18.21h vs. 22.29h).

## Enel Distribución Ceará

Enel Distribución Ceará is the electricity distribution company that operates the State of Ceará, in northeastern Brazil, which covers a 148,921 km<sup>2</sup> concession area. The company serves a population of over 9 million inhabitants.

During 2017, Enel Distribución Ceará (former Coelce) supplied energy to 4,016,546 clients, a 3.3% increase in relation to 2016. Out of the total, 67% are residential clients, 4% commercial customers and 29% other users, being rural clients the most representative.

Energy sales in 2017 were 11,522 GWh, showing a reduction of 0.9% over 2016. In these sales, residential clients represented 37%, commercial clients were 17%, and tolls and other clients were 46%.

## Enel Distribución Goiás

Enel Américas through its subsidiary Enel Brasil acquired 94.8% of Enel Distribución Goiás (former Celg) share capital, a distribution company that operates in the Brazilian State of Goiás. The amount of the investment reached BRL\$ 2,187 million (approximately US\$ 640 million).

Enel Brasil was awarded with the public tender for the privatization of Celg, which carried out by the Brazilian government in November 2016 through Banco Nacional de Desenvolvimento BNDES, and started operating the asset on February 14, 2017. In May 2017, Enel Brasil acquired an additional 5% of Celg capital (currently Enel Distribución Goiás) for BRL\$ 81.7 million. Additionally, Enel Brasil performed a capital increase in Enel Distribución Goiás for a total amount of BRL\$1,600 million. By the end of 2017, the participation of Enel Brasil in the share capital of Enel Distribución Goiás reached 99.93%.

The acquisition of Enel Distribución Goiás was completely financed with funds from the capital increase of Enel Américas, which was approved by the end of 2012.

The company is located in the central-west area of Brazil, its concession area amounts to 337 thousand km<sup>2</sup> and serves a population of more than 6 million inhabitants.

Energy sales were 12,264 GWh in 2017, increasing 3.7% over 2016. The distribution is the following: 34% residential clients, 16% commercial clients and 50% tolls and others (please consider that Enel Brasil started to consolidate Enel Distribución Goiás in February 2017).

The number of clients at the close of 2017 grew to 2,928,176, meaning a 2.4% variation compared to the close of 2016. The classification by type of clients shows that 81% are residential, 7% are commercial clients, and other clients represent el 12% (please consider that Enel Brasil started to consolidate Enel Distribución Goiás in February 2017).

## Activities and projects in distribution

### Energy Efficiency

Energy efficiency projects comprise actions to promote the conscious energy consumption and changes of equipment (refrigerators, freezers, lamps) and electrical wiring, with an important impact on energy consumption and home energy efficiency improvement. In 2017, 169,755 people in Enel Distribución Río, Enel Distribución Ceará and Enel



Distribución Goiás benefited with the change of equipment initiatives. Also, 108,003 consumers were benefited from the educational projects for conscious consumption (56,449 in conferences and workshops, 44,024 by community agents and 7,530 by the school program). The projects are supported by touring trucks equipped with an explanatory model of energy generation, transmission and distribution processes, simulators of consumption and interactive totems with fun units for all ages. The displacement of the project guarantees the access to information for residents and students in zones far from metropolitan areas.

In 2017 the energy efficiency program of Enel Brasil concentrated its initiatives in the regions with greater impact in commercial losses (electricity theft), thus promoting responsible energy consumption initiatives in the population, especially among low-income consumers. The resources invested by distribution companies are regulated and are equivalent to 0.5% of the companies' net operational revenues.



# Colombia

## Electricity Generation

Enel Américas participates in electricity generation through its subsidiary Emgesa, where it controls, directly and indirectly, 48.5% of its property (economic participation) and 56.7% of political participation. Electricity generation of Enel Américas in Colombia reached 22% of the total generation in this market in 2017. Other generators connected to the Colombian electricity system are: Empresa Pública de Medellín, Isagen, Gecelca, Celsia and Chivor.

## Emgesa

On September 1st, 2007, the Colombian companies Emgesa S.A. E.S.P. and Central Hidroeléctrica de Betania S.A. E.S.P. completed a merger process, leaving the latter as the absorbing company, which changed its name to Emgesa S.A. E.S.P.

Emgesa is the largest electricity generation company in Colombia, and is located near the city of Bogotá. The company is comprised by 14 power plants with 3,509 MW of total installed capacity, among which El Guavio is significant, with 1,263 MW of installed capacity, being

the largest hydroelectric power plant in the country. Out of the 14 existing plants, 12 power plants are hydroelectric and two are thermal. Net generation was 14,765 GWh in 2017. Hydro generation reached 14,593 GWh and thermal generation was 172 GWh. Sales through the energy exchange reached 2,455 GWh.

## Hydrologic Context for Emgesa in 2017

The offer of electric energy in Colombia in 2017, presented ENSO conditions (Oscillation of El Niño South, for its English abbreviation) relatively neutral, without any incidence in the hydrologic contributions of the main rivers in Colombia. During the first half of 2017 the contributions at a national level (SIN) registered a surplus and in the second half a deficit, the latter also with records below historical average. The deficit was caused by the presence of atmospheric phenomena that restrained rains during the second rainy season (October and November).

Hydrological contributions of Bogotá and Quimbo river basins were above historical average, while Betania river basin was normal and Guavio shown deficit in hydro contribution.

Thereby, the average Exchange price of the year was 106.1 COP\$/kWh, 64% lower in relation to 2016. In this context, in 2017 the variable margin of Emgesa was COP \$2,255 billion, showing a 2.9% increase from 2016.

## Effective Maintenance Management of Generation Power Plants and Production Management Milestones in 2017

In 2017 net energy generation was 14,765 GWh, showing a 1.3% decrease over 2016. This mainly is the result of the higher hydrologic contribution in 2017 in relation to 2016. In the first semester of 2016, the National Colombian Interconnected System –SIN– suffered the consequences of El Niño weather phenomena; therefore in 2017 thermal power plants weren't required by the system. This year the hydro power plant El Quimbo reached its higher annual generation of 2,191 GWh since its commissioning in 2015.

The adequate planning and execution of preventive and corrective maintenances guaranteed that the availability index of the generating park in 2017 grew by 1.2% compared to 2016, reaching 92.6%. An important noteworthy maintenance issue of the period was the complete dismantling of unit 5 of El Guavio hydro power plant for the maintenance over the stator winding and general overhaul, since its start of operations 25 years ago. Likewise in the thermal power plants the overhaul of units 4 and 5 of Termozipa, and Cartagena 1, were completed, with the purpose of ensuring the availability of the units.

Some of the modernization project of power plants that will continue in 2018 are the following: change of stator winding of units 1 of Paraíso and Guaca, modernization of the speed regulators of unit 1 of Betania hydro power plant, of units 1 and 2 of Paraíso and of unit 3 of Guaca. In the thermal power plant Termozipa, the service of the recollection system of dry ashes of every unit operating simultaneously to guarantee its environmental management was activated.

## Gas Commercialization

In 2017 the Company continued its process of consolidation of the natural gas market in Colombia, obtaining the entrance of two new industrial clients, one in Cartagena and the other in Mosquera (opening a new market in Cundinamarca). Both started consuming in December 2017. The Company continued supplying two industrial clients whose contracts expired in November 2017, agreements

that were signed for one to three-year term. Total sales reached 72.9 Mm3 and the variable margin was COL\$ 3,420.22 million, meaning a contribution of 0,15% to the Company.

The market with the greater growth was the non-regulated industrial market, which grew 191% in relation to 2016. Nevertheless, total sales decreased due to the reduction of spot sales and wellhead for the thermal sector, explained by the El Niño phenomena in 2016. The supply was delivered to 10 industrial clients (non regulated) in Bogotá, Manizales and Cartagena, and 6 wellhead clients (secondary market). The long-term supply of gas was ensured until 2023 in the fields of Cusiana-Cupiagua and Clarinete 1.

## Land reserved for future projects

In Colombia, Enel Américas doesn't own any land reserved for future projects.

## Activities and projects in generation

### Improvements in Termozipa Thermal Power Plant

Termozipa is a thermal power plant owned by Emgesa located 40 km from Bogotá. This power plant has four units and its total installed capacity amounts to 236 MW and the coal supply comes from coal mines located in the nearby areas. Among other things, the improvements project comprises, among others, interventions in boilers, turbines, generators and water outlets. This will allow the increase of the useful life in additional 15 years or 100,000 hours of operations. In addition, the specific heat rates will improve (a measure of the energy power plant efficiency) and will reduce the unavailability of energy. These improvements seeks to achieve high environmental standards with regards to gas emissions of thermal coal





power plants in Latin America, mainly focused on: Nitrogen Oxide (NOx) emissions below 330 mg/Nm<sup>3</sup>; Sulfur Dioxide (SO<sub>2</sub>) below 400 mg/Nm<sup>3</sup> and particulate matter emissions below 35 mg/Nm<sup>3</sup>. The interventions began by the end of 2016 and are expected to be completed in 2022, including the environmental improvements whose objective is to reach a new emissions regime in every generation unit.

## Electricity Distribution

### Codensa

Codensa is the electricity distribution and commercialization company of Enel Américas in Colombia, serving the complete market of Bogotá and Cundinamarca, as well as the thirteen districts of the neighboring Departments of Meta, Tolima and Boyacá.

By the end of 2017, the Company served 3,340,457 clients, and obtained important achievements and developments in activities addressed to improve the Quality of Service, whose result was the improvement in the average frequency of interruptions of our clients' service (9.96 times of SAIFI -System Average Interruption Frequency Index-) and in the duration of the interruptions (820.37 Min of SAIDI -System Average Interruption Duration Index-).

The work fronts were focused on:

- > Telecontrol Project of the Network

- > Redesign and reposition of Medium tension networks.
- > Normalization of High Tension networks.
- > Modernization of essential services in AT/MT substations
- > Forestry Management
- > Actions plan to control and/ or mitigate the impact of the rain and wind season.
- > Protections management.
- > Modernization of communications' substation.

The results described above, show the vision of Codensa to manage the network in order to achieve world-class standards in terms of quality of service, under scenarios of higher investments and operations, also implementing Telecontrol to our network thus reaching very satisfactory quality of service indicators for our clients.

Additionally, and continuing with the program of market discipline, worth is mentioning the implementation of plans focused on the control of electricity theft, thus achieving energy losses index of 7.84% in 2017.

Electricity energy demand in the area that Codensa serves showed a TAM decrease of 0.94%. During 2017 energy sales were 13,790 GWh, 36% of which were sales to residential clients, 18% commercial clients, 34% tolls and 12% industrial clients and others.

As of December 31, 2017 Codensa has installed 42,485 smart meters in the framework of the Smart Measure Project.

Likewise, in relation to Public Lighting, the modernization project for the Public Lighting of Bogotá continued, which until 2017 comprised the installation of 20,000 lights with LED technology over a total of 33,000 lights considered for the whole project. Moreover, by the end of 2017, the Company modernized 220,000 lights with Electronic Ballast technology in different areas of the city.

Worth is mentioning that during 2017, Codensa continued with the implementation of the Smart City Project in the northwestern area of Bogotá, which will continue until 2019. Likewise, the feasibility analysis and the design of Works needed to develop the Electric Subway (elevated) in Bogotá, supporting the Capital District in the concept of sustainable urban development and seize the opportunity to implement solutions geared towards energy efficiency and the development of new services to citizens.



# Peru

## Electricity Generation

Enel Américas S.A. controls 100% of Enel Perú S.A.C. share capital, and through the latter holds directly 83.60% of Enel Generación Perú and 96.5% of Enel Generación Piura share capital.

In Peru, the others generators connected to the electricity system are: Electroperú, Engie Energía Perú and Kallpa Generación.

### Enel Perú S.A.C.

Enel Perú S.A.C. is a company constituted in Peru. Its social purpose is to perform investments in other companies, mainly in those dedicated to the exploitation of natural resources, and specially those related to generation, operation and commercialization of electric energy; develop engineering for the construction of energy power plants; carry out activities for the supply, assembly and commissioning of equipment, facilities and/ or services for the generation of electrical energy. Additionally, the company may perform any other activity related to the energy sector and waters.

### Enel Generación Perú S.A.A.

Enel Generación Perú commercializes capacity and electric energy in the Peruvian market, complying with all the specifications of the Technical Norm for the Quality of Electric Services, being tension levels, frequency and the periods of unavailability of the service the most important ones.

Total effective capacity amounted to 1,596 MW, (13.34% of the total capacity of the National Electric Interconnected System– henceforth “SEIN”), where 44% was hydro generation and 56% thermal generation, considering Yanango (43 MW) and Chimay (155 MW) power plants, which since May 31, 2009 split off and became part of Chinango S.A.C.

Enel Generación Perú equity participation as of December 31, 2017 was the following: 83.6% belongs to Enel Perú S.A.C. (of which Enel Américas owns 100% shareholding), Prima AFP S.A. owns 5.9% shareholding and other shareholders the remaining 10.5%.

The Company owns seven hydroelectric power plants, five are located in Lima and two in Junín. Worth is mentioning that Callahuanca hydro power plant is under reconstruction and out of commercial operation since June 15, due to the damages caused by the floodings that happened in March caused by “El Niño Costero” phenomena.

The hydroelectric power plants in Lima are located in the Rímac River basin. Huinco Power Plant is located in Santa Eulalia River basin, a tributary of Rímac River. Its installed capacity amounts to 268 MW and Matucana Power Plant is located in Rímac River basin, whose installed capacity is 137 MW. These rivers are diverted through tunnels and channels to the town of Barba Blanca, where Callahuanca Power Plant is located, whose installed capacity is 84 MW. The power plants Moyopampa (69 MW) and Huampaní (31 MW) are located downstream. The total capacity of these five power plants is 505 MW (without considering Callahuanca).

Also the Company owns 21 lagoons with installed capacity of 282,35 hm<sup>3</sup>, which allows the regulation of the flow for energy generation and for the water supply to the city of Lima.

The two hydroelectric Yanango power plants are located in the department of Junín. The installed capacity of Yanango is 43 MW, which uses the flows of Tarma River; and Chimay, with 155 MW installed capacity, which uses the flows of Tulumayo River. Their total installed capacity amounts to 198 MW. These two power plants became part of the subsidiary Chinango, as a consequence of a simple corporate reorganization process.

Likewise, Enel Generación Perú owns two thermal power plants, Santa Rosa and Ventanilla, whose installed capacity is 414 MW and 479 MW, respectively. The first is located in the Cercado de Lima, and is comprised by UTI units with 105 MW, TG7 of 122 MW and TG8 of 187 MW. The second power plant is located in the Callao province, and comprises three generation units: two gas turbines and one steam turbine that constitute a combined cycle. Ventanilla Thermal power plant was the first combined cycle installed in the SEIN and currently is one of the four combined cycles of the system.

Thermal power plants use natural gas from Camisea as their main fuel, and the alternative fuel is diesel 2.

The generation of Enel Generación Perú reached 6,883 GWh in 2017, 14.3% less than 2016. Energy sales totaled 9,817 GWh as of December 2017, representing an 8.0% increase in relation to the previous year.

La producción en Enel Generación Perú alcanzó los 6.883 GWh en 2017, un 14,3% menos que el año 2016. Las ventas de energía totalizaron 9.817 GWh a diciembre de 2017, un aumento de 8,0% con respecto al mismo periodo del año anterior.

## Enel Generación Piura S.A.

The power plant is located in the city of Talara, in the northeast of Peru, and the administrative area operates in Lima. Its operations are carried out within the concession area, and according to the current legislation that allows the development of every civil, industrial, commercial and any other and operations related or unrelated to the main purpose.

Generation plants are:

- > Malacas Power Plant: Comprises one Siemens unit, model SGT-800, named TG6, and was installed replacing the Mitsubishi TG1, TG2 and TG3 units, whose commercial operations were terminated between 2010 and 2014. On February 25, 2017 the Coes Sinac approve the start of commercial operation of the new unit with a total initial installed capacity of 35 MW (due to the limitation of power wires in 13.2 kV) and later on May 7, 2017 with an effective capacity of 51.28 MW, after the approval of the tests of Effective Power and Efficiency performed on March 24, 2017
- > Malacas 2 Power Plant: Comprises one ABB unit, named TGN-4, operates with natural gas in open cycle, and with or without water injection. Nevertheless, since October 7, 2017, operated in the water injection mode only in order to reduce NOx emissions.
- > Malacas 3 Power Pant: Comprises one single Siemens unit, named TG-5, operates with diesel B5 fuel in open cycle in condition of cold reserve. Worth is mentioning that, since May 27, 2017, the Coes Sinac approved its commercial operation with 130 MW "natural gas mode" additionally to its operation with diesel fuel.



## Production Centers

Power Plant	Unit	Manufacturer	Declared Fuel	Effective Capacity (MW)
Malacas	TG-6	SIEMENS	Natural Gas	51*
Malacas 2	TGN4	ABB	Natural Gas	106**
Malacas 3	TG-5 RF	SIEMENS	Diesel B5	190***
<b>Total</b>				<b>295</b>

\* Effective from May 7, 2017.

\*\* Effective from July 20, 2017.

\*\*\* Effective capacity contracted with diesel, measured in the SE Talara 220 kV, effective from May 18, 2016. Additionally, from May 27, 2017 the operation in gas mode of 130 MW was approved.

The generation of Enel Generación Piura reached 547 GWh in 2017, 18.3% less than 2016. Energy sales totaled 640 GWh in December 2017, a 9.7% reduction in relation to the same period in the previous year.

## Land reserved for future projects

Enel Generación Perú owns two lots with the purpose of being used for thermal generation projects, the first is located in the south coast of Peru and its total area is 203 hectares and the second is located in the central coast with a total area of 10 hectares.

## Activities and projects in generation

### Duality TG5 C.T. Malacas Project

TG5 is a cold reserve unit that operates with biodiesel B5. The project takes the opportunity of using natural gas of unit TG4 when it's under maintenance for several days, which was the case of the major maintenance C5 (32kEOH) programmed for 50 days. In that period, the unit TG5 operated to comply with the required dispatch for the national interconnected system.

The project included the provision of gas compressor and its respective station ERM, and the costs associated to engineering.

### New unit TG6 C.T. Malacas Project

In June 2016 started the assembly operations of the main components of the new unit TG6 over its platform in its definite location. These works were possible thanks to the coordinated effort of specialists from different locations of the company. Nearly 50 people were involved in this project, considering own employees and contractors.



Unit TG6 is a dual unit, its main fuel is natural gas, which provides greater flexibility to its operation. Likewise, it counts with a system called chiller, which allows the optimization of its production. It is known that gas turbines are very susceptible to ambient temperature changes, and this system allows the maintenance of capacity if ambient temperature increases.

## Electricity Distribution

Enel Américas S.A., through Enel Perú S.A.C., owns 83.18% of Enel Distribución Perú share capital.

In Peru, other distribution companies that participate in the electricity system are: Luz del Sur, ElectroSur and Grupo Distriluz.

### Enel Distribución Perú S.A.A.

Enel Distribución Perú is the concessionary company for electric utility that covers the north area of Metropolitan Lima, in the Callao province and in Huaura, Huaral, Barranca and Oyón provinces. The concession area covers a total of 1,517 km<sup>2</sup>.

The Company serves exclusively 52 districts and shares five additional districts with the distribution company in the

south area of Lima. The distribution company distributes energy to 1,396,966 clients, and benefits more than half of the inhabitants of Metropolitan Lima. At the end of 2017, the total accrued energy losses index was 8.2%

As of December 31, 2017, Enel Distribución Perú had 1,396,966 clients, representing a 2.2% increase over 2016. Physical sales and tolls for 2017 were 7,934 GWh, 2.0% higher than the previous year. In monetary terms, sales reached PEN\$ 2,690 million, meaning a 1.86% decrease over the previous year.

### Activities and projects in distribution

In 2017, Enel Distribución Perú made investments for a total of 405.4 million soles. Main investments were:

- > Capacity expansion of the transformation substations (SET), and transmission lines including works for the SET Comas, Filadelfia and Malvinas.
- > Expansion and reinforcement of medium and low voltage networks.
- > Capacity expansion of medium and low-tension feeders.
- > Attention/ electrification of new projects for the expansion of the grid in human settlements.
- > Provision of greater safety in the facilities.
- > Improvements in public lighting facilities.
- > Investments in commercial losses reduction.



# 17

Sustainability



# Sustainable Business Model

The Enel Américas' sustainability model considers the integration of sustainability in the value chain of the Company as an essential principle of the business.

The sustainability plan of 2017 is focused on five pillars that represent the cornerstones of sustainable integrated development: occupational health and safety, solid corporate governance, environmental sustainability, sustainable suppliers chain and the generation of economic and financial value. The goals for 2017 have been mainly oriented to develop strong relationships with the community, the implementation of plans focused on the people that work for the Company, especially in the topics related to diversity and inclusion, aim for operational efficiency, innovation and a energy matrix that integrates environmentally sustainable technologies.

Investment in digitization is a key issue for business sustainability, especially in relation to the operational efficiency improvement of generation power plants and to boost service offer to our clients, which we have always considered to be the proactive actors of the business. As such, during 2017 we focused on the improvement of clients' services tools through the implementation of virtual offices in Argentina, Brazil, Colombia and Peru with the purpose of enabling customer approach and the improvement of coverage and opportunities of our services.

In Argentina, in August 2017 the Module SFDC Emergencies was implemented, which enables the priority treatment in critical cases facing energy service interruption such as the electro-dependent clients. In Brazil micro solar generation power plants were distributed and at the same time lamps and air conditioning were exchanged to electro-dependent clients in order to ensure energy supply and also to help those clients to reduce their electricity bills.

Its important to highlight that in Brazil, in February 2017 the Company obtained control of Enel Distribución Goiás, the second electricity distribution company in Brazil, which supplies energy to the State of Goiás with three million clients, and where the network and their systems are being automatized, and also digitization is being incorporated as a tool to improve services and coverage.

The Company has focused its sustainability management in the inclusion and transparent cooperation with its stakeholders. Enel Américas is working in the criteria and principles to promote fair relationships, in which stakeholders are involved since the design of the project, ensuring the symmetry in the dialogue stages and the access to the information required for decision-making process. This is carried out through the identification of the most relevant stakeholders involved in each of the operations, and assessing the possible areas of impact and possible opportunities.

Local needs are directly related to the goals of the Company through the execution of materiality matrixes specific for each territory, with the purpose of generating suitable projects and initiatives to reach the objectives and shared priorities.

The strong geographical presence of the company enables it to be permanently aware of stakeholders' requests in order to align the solutions in a consensual manner, thus generating value for both parties. The inclusion of stakeholders has promoted the development of solutions based on circular economy, for example in Argentina the implementation of the "A Second Chance" Program, in which wooden coils that contain wires used for the operation and maintenance of distribution networks were reused, and also the wooden pallets used for the transportation of heavy electric equipment are recycled.





Through a cooperation agreement with the NGO Vivienda Digna Foundation, the dining room of the School N°85 of Ezpeleta of the Municipality of Quilmes (Buenos Aires) was furnished with a total of 29 desks and 21 wooden tables made with the coils and pallets, benefiting directly the 280 students that daily have lunch in the school dining room. In Brazil, low-income communities received support through recycling projects for entrepreneurs, with the transformation of waste materials creating formal jobs that increase the household income. In Peru, the floodings that took place at the beginning of 2017 caused by the “El Niño Costero” phenomenon, destroyed houses, large farming areas and irrigation infrastructure. Given this situation, the initiative Enel for Perú was born, which is a solidarity and voluntary activity of every Enel employee worldwide and Enel Cuore, which contributed economically for the recovery of Callahuanca district through the development of a project that consisted on the recovery of the main agricultural crops of the area, creating jobs and economic growth.

In Colombia, with the purpose of promoting development and economic growth in the area of El Quimbo hydroelectric power plant direct influence, we implemented a strategy

called Facilitation to Enterprises, a methodology created by Ernesto Sirolli, which currently provides accompaniment to more than 250 people, fostering entrepreneurship and the creation of businesses in the region. During 2017 a total of 178 businesses were created, 16 of which are already financially sustainable and are generating revenues and jobs. Among these businesses, noteworthy are the following: production and sale of arepas, sound effects for events, fabrication of backpacks and accessories, production and commercialization of pastries, accounting consultancies, and the development of two new thematic restaurants in the region.

It's worth mentioning the acquisition of Volta Grande, hydroelectric generation company with which the renewable energy generation of Enel in Brazil will increase in 42%. The process of approaching the neighboring communities is beginning, whose purpose is to understand the scope and influence of the power plant.

The business culture of Enel Américas is focused on the Open Power vision, in its commitment with the fulfillment of United Nations' Sustainable Development Goals, the Creation of Shared Value and compliance with its Human Rights Policy.

# Open Power Vision

Enel Américas established the “Openness” concept in the center of its business, being the cornerstone of its strategic and operational approach: open energy to a larger number of people; open energy to new technologies; provide new energy management methods for the consumer; open de possibility of new uses of energy; and open to a greater number of collaborators.

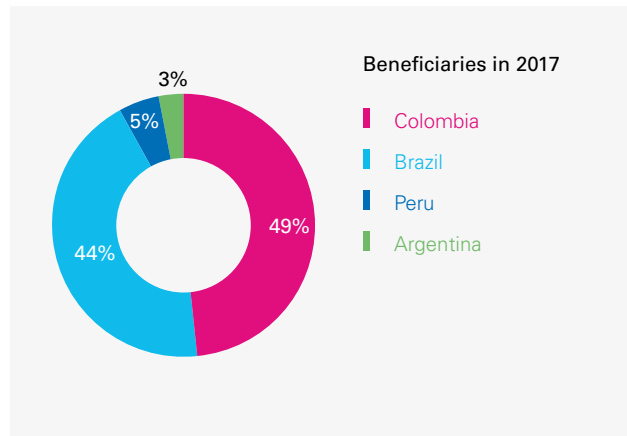
## Objectives of sustainable development

As of 2015 the United Nations adopted the new Sustainable Development Goals (ODS), through them these organization called companies to promote the use of creativity and innovation to address the 17 great challenges of sustainable development, such as poverty, gender equality, access to water and clean energies and climatic change, among others.

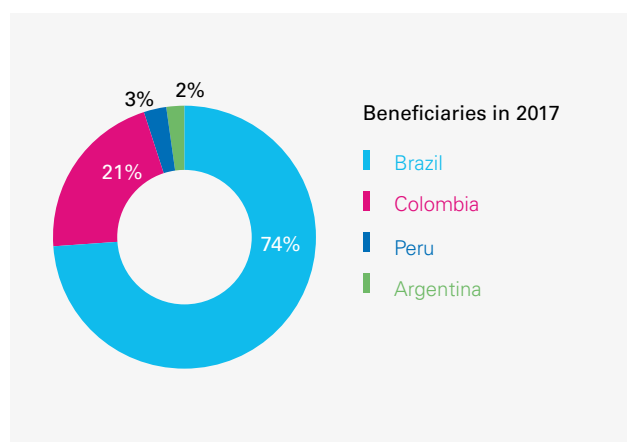
In this occasion, Enel SpA (“Enel”) announced the Group’s commitment to contribute the achievement of four out of the seventeen objectives. Particularly, Enel and its companies worldwide have been focused on the following objectives:

1. Quality Education (ODS 4): Support educational activities for 400,000 people by 2020 through projects similar to the ones in execution, such as the scholarship programs in Latin America. During 2017, Enel Américas reached 188,479 beneficiaries, meanwhile the Group already reached the goal of 400,000 beneficiaries, thus duplicating the objective for 2020.

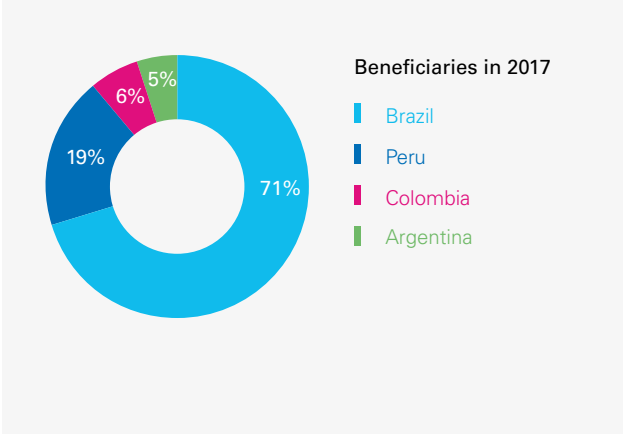
The following chart shows the distribution by country in Enel Américas:



2. Affordable Energy (ODS 7): Give access to affordable, sustainable and clean energy through the Enabling Electricity initiative, which will benefit three million people, mainly in Africa, Asia and Latin America in 2020. During 2017, Enel Américas reached 454,880 people and the distribution by country is shown below:



3. Decent Work and Economic Growth (ODS 8): Foster job creation and sustained economic growth, inclusive and sustainable for 500,000 people. During 2017, Enel Américas reached 98,095 people and the distribution by country is shown below:



4. Action for the Climate (ODS 13): Take initiatives to combat climate change, with the objective of achieving carbon neutrality in 2050.

## Human Rights Policy

Enel Américas has developed a Human Rights Policy as a demonstration of its commitment and responsibility in this key area for social and corporate sustainability. The document gathers the commitment and responsibilities of the Company in relation to every human right, and especially to the ones that impact the business activity and operations developed by the company’s employees in the countries where it operates

Under this regulatory framework, the Company performed in 2017 a Due Diligence process in the Human Rights field in the four countries where it operates, in order to identify those risk situations, prevent them and carry out a process of socialization of results for stakeholders. In 2018 and 2019 an action plan defined for each country will be implemented with every area of the company including the definition of actions to solve the identified gaps.





# 18

## Schematic Table of Ownership





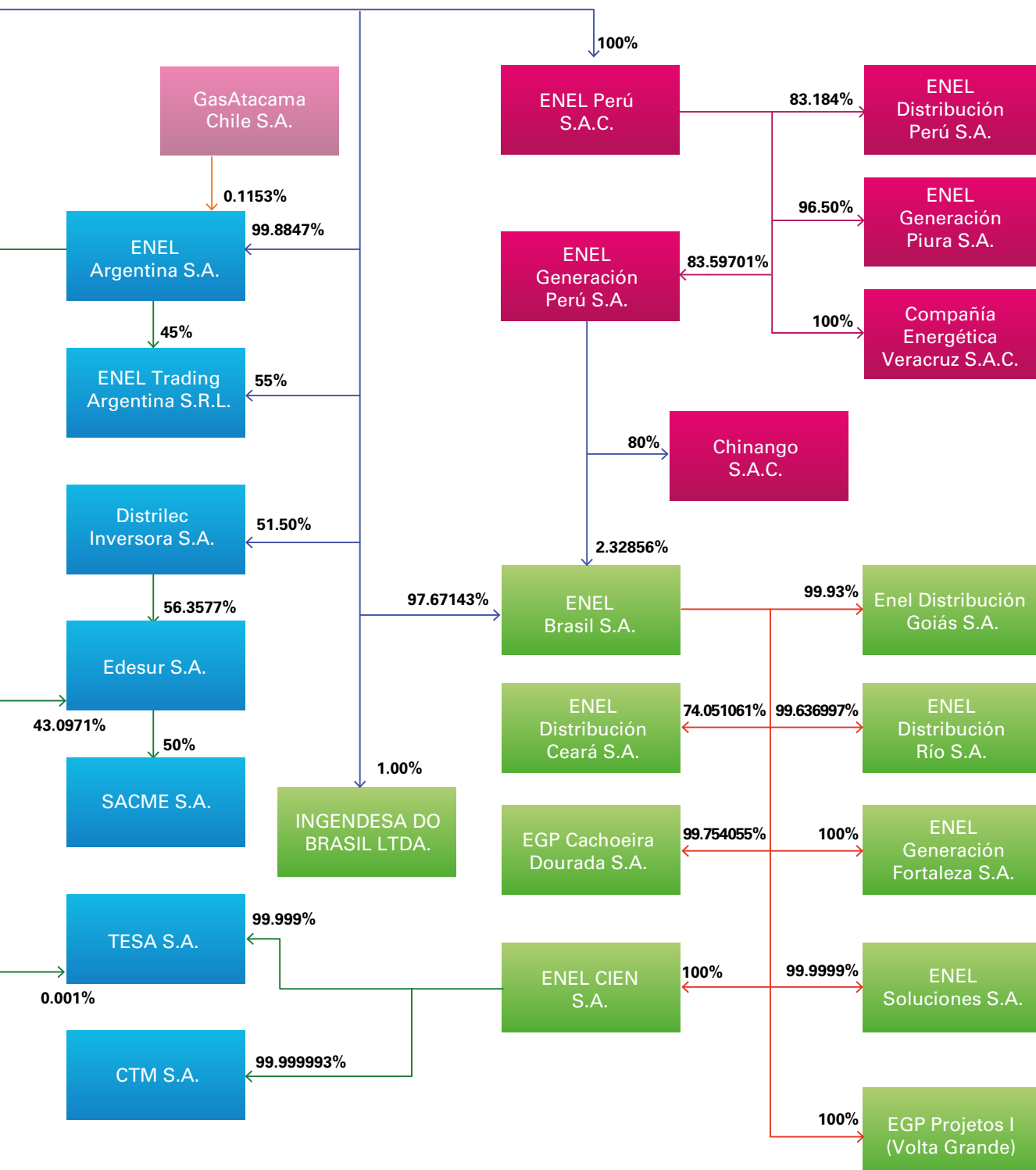
# Direct and Indirect Economic Participations

Argentina	Business	Ownership
Enel Generación Costanera S.A.	Gx	75.59%
Enel Generación El Chocón S.A	Gx	65.68%
Central Dock Sud. S.A.	Gx	40.25%
Edesur S.A.	Dx	72.07%
Compañía de Transmisión del Mercosur S.A.	Tx	99.62%
Transportadora de Energía S.A.	Tx	99.62%
Enel Trading Argentina S.R.L.	Tx	99.95%
Yacylec	Tx	22.22%
Termoeléctrica José de San Martín	Gx	16.98%
Termoeléctrica Manuel Belgrano	Gx	16.98%
Central de Vuelta Obligado S.A.	Gx	25.36%
Brazil	Business	Ownership
Enel Brasil S.A.	Gx, Dx, Tx	99.62%
Central Generadora Termoeléctrica Fortaleza S.A.	Gx	99.62%
EGP Cachoeira Dourada S.A.	Gx	99.37%
Enel Distribución Río S.A.	Dx	99.26%
Enel Distribución Ceará S.A.	Dx	73.77%
Enel Cien S.A.	Tx	99.62%
Enel Green Power Proyectos I S.A (Volta Grande)	Gx	99.62%
Colombia	Business	Ownership
Emgesa S.A. E.S.P.	Gx	48.48%
Codensa S.A.	Dx	48.30%
Peru	Business	Ownership
Enel Generación Perú	Gx	83.60%
Enel Distribución Perú S.A	Dx	83.18%
Compañía Energética Veracruz	Gx	100%
Enel Generación Piura	Gx	96.50%
Chinango S.A.C	Gx	66.88%

Gx: Generation  
Dx: Distribution  
Tx: Transmission / Commercialization  
Ox: Gas Pipelines, others









# 19

Significant Events of the Company



## Significant Events

In accordance with articles 9 and 10, paragraph 2, under Securities Market Law N°18,045, and as established under General Norm No. 30 of the Superintendencia, the following significant events were informed:

- > On January 11, 2017, the following significant event was informed:

Pursuant to the provisions of Resolution No. 660 of 1986, of this Superintendencia, a rectification of Form No.1 contained in the aforementioned resolution was sent through the SEIL Module on November 24, 2016 by Enersis Américas, today Enel Américas S.A. ("Enel Américas" or the "Company"), in order to communicate the distribution of an interim dividend, to be charged against the financial result of 2016, corresponding to 15% of net income reported on September 20, 2016, and to be paid from January 27, 2017.

- > On February 14, 2017, the following significant event was informed:

In accordance with articles 9 and 10 under Securities Market Law No. 18,045, and as established under General Norm No. 30 of the Superintendencia, Enel Américas S.A. informs the following significant event:

With regards to our subsidiary Enel Brasil, awarded the public tender offer organized by the Brazilian Government through Banco Nacional do Desenvolvimento (BNDES) for the acquisition of the 94.8% shareholding of the electricity distribution company Celg Distribuição S.A., which operates in the Brazilian State of Goiás, informs through the significant event N° 83/2016 of November 30, 2016, the final closure of the operation has taken place since the antitrust authorities, Conselho Administrativo de Defesa Econômica (CADE) and the sector regulator Agência Antimonopólica de Energia Eléctrica

(ANEEL) have granted the appropriate authorizations. Consequently, the sale contract of approximately 94.8% equity of Celg Distribuição S.A. has been signed for a total of BRL\$ 2,187 million (equivalent to approximately US\$ 640 million).

The purchase of CELG was financed with resources raised in the Enel Américas capital increase approved at the end of 2012. This acquisition increases the customers of Enel Brasil from a base of 7 to 10 million, which rises the number of the Enel Group' customers at a Global level to approximately 65 million.

- > On April 27, 2017, the following significant event was informed:

In accordance with articles 9 and 10, paragraph 2 under Chilean Securities Market Law No. 18,045, and as established under Chilean General Norm No. 30 of the Superintendencia, Enel Américas informs the following significant event:

The Ordinary Shareholders' Meeting of Enel Américas S.A. held today has agreed to distribute the minimum mandatory dividend (from which the interim dividend paid in January 2017 has been deducted) as well an additional dividend that amounts to Ch\$191,529,766,769 equivalent to Ch\$ 3.33370 per share.

Given that the abovementioned interim dividend has already been paid, the distribution and payment of the remaining portion of the final dividend No. 95 will be for a total of Ch\$137,142,515,165, or Ch\$2.38705 per share.

As set forth in Circular Letter No. 660 of 1986, the two forms related to the aforementioned final dividend were submitted to the SVS.

- > On April 28, 2017, the following significant event was informed:

In accordance with articles 9 and 10, paragraph 2 under Chilean Securities Market Law No. 18,045, and as established under Chilean General Norm No. 30 of the Superintendence, Enel Américas informs the following significant event:

The Extraordinary Shareholders' Meeting of Enel Américas S.A. ("Enel Américas" or the "Company") held on April 27, 2017, has adopted, amongst others, the following agreements:

1. The cancellation of treasury shares acquired in the context of the merger of Endesa Américas and Chilectra Américas into Enel Américas as of December 1, 2016 and the subsequent capital decrease from Ch\$ 4,621,809,178,631 Chilean pesos divided into 58,324,975,387 common registered shares, all of the same series and with no par value to Ch\$ 4,527,762,465,556 Chilean pesos, divided into 57,452,641,516 common registered shares, all of the same series and with no par value.
2. The change of the functional currency of Enel Américas S.A. from Chilean pesos to United States dollars, thereby modifying permanent Article Five of its bylaws in order to denominate the Company's capital in that currency, thus establishing that the Company's capital is now 6,763,204,424 U.S. dollars divided into 57,452,641,516 common shares, all of the same series and with no par value which, pursuant to transitory Article 1 of these bylaws, and as agreed by the Extraordinary Shareholders' Meeting, are fully subscribed and paid.

- > On June 29, 2017, the following significant event was informed:

In accordance with articles 9 and 10, paragraph 2 under Securities Market Law No. 18,045, and as established

under General Norm No. 30 of the Superintendence, Enel Américas informs of the following significant event: the Board of Directors of Enel Américas S.A., in a session held on June 28, 2017, and in accordance with article 147 of the Chilean Companies Act Law 18,046, decided to introduce certain modifications to its Related-party transaction policy and has approved a revised text of said policy as follows:

- 1.- Financial transactions with related parties and which under the name of a commercial current account and/or financial loans are entered into in order to optimize the cash management of the respective companies are considered habitual.
2. Transactions of a financial nature or of financial intermediation that the Company normally carries out with related parties consisting of banking entities or subsidiaries of such banking entities, such as fixed or variable income financial investments, the purchase and sale of foreign currencies, financial derivatives, "swaps", repurchase agreement (repo), term deposits, overdraft facilities, promissory note loans, letters of credit, performance bonds, "stand-by letters of credit", "forwards" contracts, exchange rate hedge, options and futures, operations related to the Company's current accounts or other habitual financial operations carried out by the Treasury Department of Enel Américas S.A. are considered habitual.
3. Transactions with related parties related to IT services, infrastructure services, "data center", micro-informatics, "software" and "hardware" and in general data management.
4. Transactions with related parties related to financial management, management services and other similar ones, consisting, among others, of accounting, financial reporting, fixed assets, purchase and sale ledgers, treasury and banks, taxation advisory services, insurance, procurement, controllership and internal audit.
5. Shareholding or capital acquisition or sale transactions of the Company' subsidiaries or affiliates or, in general,

companies in which the Company has a direct or indirect participation held with related companies, in order to proceed to corporate or asset restructuring, and which do not exceed 5% of the company's capital share in relation to which the transaction is taking place.

- > On September 21, 2017, the following significant event was informed:

In accordance with articles 9 and 10, paragraph 2 under Securities Market Law No. 18,045, and as established under General Norm No. 30 of the Superintendencia, Enel Américas informs of the following significant event: On September 21, 2017, Enel Américas S.A. paid BRL\$ 389,575,000, equivalent to US\$ 125 million, in cash in relation to the capital increase in its Brazilian subsidiary Enel Brasil S.A. . After the capital increase, the participation of Enel Américas S.A. in Enel Brasil S.A. increased to 95.44% from 95.25%.

This operation is part of the use of process raised in the capital increase of Enersis S.A., currently Enel Américas S.A., approved by the Extraordinary Shareholders' Meeting held on December 20, 2012 that satisfactorily ended with 100% of the shares available subscribed in March, 2013, collecting Ch\$1,121,458 in cash.

- > On September 27, 2017, the following significant event was informed:

In accordance with articles 9 and 10, paragraph 2 under Securities Market Law No. 18,045, and as established under General Norm No. 30 of the Superintendencia, Enel Américas informs of the following significant event: that our subsidiary Enel Brasil S.A. has presented the best financial offer for the subscription of the concession for hydroelectric generation for 30 years corresponding to the Volta Grande facility with a 380 MW installed capacity, located in the State of Mina Gerais, Brazil.

The financial offer amounts to BRL\$ 1,419,783,357 which is equivalent to US\$ 445 million.

It is expected that the announcement of the final result of the tender should be made on October 7, 2017. The

signing and closure of the operations is expected to take place on November 30, 2017.

Management shall explain the tender process in more detail in a "conference call" which shall take place on September 29, 2017 at 12.30 hours, Santiago, Chile time.

- > On October 4, 2017, the following significant event was informed:

In accordance with articles 9 and 10, paragraph 2 under Securities Market Law No. 18,045, and as established under General Norm No. 30 of the Superintendencia, Enel Américas informs of the following significant event:

Today the Peruvian subsidiary Enel Perú S.A.C., fully owned by Enel Américas S.A. has acquired 47,686,651 shares issued by the Peruvian Subsidiary Enel Distribucion Perú S.A.A., equivalent to 75% of the last company. Taking into consideration this purchase, Enel Américas has increased its direct and indirect shareholding through the subsidiary Enel Perú to 83.2% of the property of Enel Distribucion Perú. The referred to transaction has totaled 262,276,580 Peruvian soles (approximately equivalent to US\$ 80 million) and it took place on the trading floor of the Lima Stock Exchange.

Considering that Enel Américas S.A. already controlled and, therefore, consolidated Enel Perú S.A.C. and Enel Distribucion S.A.A., said operation does not lead to any effects in the Comprehensive Income Statements of Enel Américas and does not modify the assets and liabilities of said subsidiaries registered in the Consolidated Balance Sheet of Enel Américas S.A. The effects of this higher stock ownership on part of Enel Américas S.A. shall be reflected in the Income Statement of the controlling company.

This transaction is fully in line with the policy of minority interests buyout included in the Company's Strategic Plan.

- > On November 30, 2017, the following significant event was informed:

In accordance with articles 9 and 10 under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, Enel Américas informs of the following significant event: as of this date Enel Brasil has made a payment through an investment vehicle created for such purposes of BRL\$ 1,419,784,000 (approximately US\$ 445 million), for the acquisition of the concession of Central Hidrogeneradora Volta Grande, located in the State of Minas Gerais, Brazil. For that purpose, on November 27, 2017, Enel Americas subscribed and paid a cash capital increase in Enel Brasil of BRL\$ 568 million (approximately US\$ 178 million) under the terms approved by its Board of Directors in its session held on October 26, 2017.

With the completion of the aforementioned operation, the proceeds of the capital increase are fully invested as approved by the Company's Extraordinary Meeting of Shareholders known formerly as Enersis S.A. held on December 20, 2012.

- > On November 30, 2017, the following significant event was informed:

In accordance with articles 9 and 10 under Securities Market Law N°18,045, and as established under General Norm N° 30 of the Superintendence, Enel Américas S.A. informs of the following significant event: yesterday, the Board of Directors of Enel Américas, has approved the Strategic Plan of Enel Américas for the period of 2018-2020. A copy of the aforementioned Strategic Plan can be obtained from the Company's website at [www.enelamericas.com](http://www.enelamericas.com).

Taking into consideration that the contents of the referred Strategic Plan follow and are based on projections and hypotheses that might or might not come true in the future, its effects cannot be established at this date.

- > On November 30, 2017, the following significant event was informed:

In accordance with articles 9 and 10, under Securities Market Law N°18,045, and as established under General Norm No. 30 of the Superintendence, Enel Américas S.A. informs of the following significant event: in session held on November 29, 2017, the Board of Directors of Enel Américas S.A., unanimously agreed to distribute an interim dividend of US\$ 0.00100 per share on January 26, 2018, attributable to the 2017 fiscal period, corresponding to 15% of net income as of September 30, 2017, in accordance with the Company's dividend policy.

The aforementioned dividend will be paid in Chilean pesos, the legal currency, converted according to the Observed Dollar exchange rate published in the Official Gazette on January 19, 2018.

# 20

Identification of subsidiaries and  
associate companies





## CENTRAL DOCK SUD S.A.

### Company Name

Central Dock Sud S.A.

### Type of Company

Limited Liability Company

### Address

Avenida Debenedetti 1636  
Dock Sud Avellaneda

### Phone

4229-1000

### Subscribed and paid-in capital (US\$ thousand)

57,566.11

### Corporate purpose

The corporate purpose of the company is the generation of electricity and its block sale. The company may carry out any supplementary and subsidiary activities linked to its corporate purpose, having to that effect full legal capacity to acquire rights and commit obligations and execute all acts not forbidden by law, by these By-laws, the Document of the International Public Tender for the Sale of Central Dock Sud S.A.'s Shares, or by any applicable regulation.

### Core business

Electricity generation

### Regular Directors

Hector Martin Mandarano (Chairman)  
Santiago Matías Sajaroff (Vice Chairman)  
Paolo Pescarmona  
Antonio Ascione  
Mauricio Bezzeccheri  
Mónica Analia Ciacciarelli  
Andrea Biasotto  
Rodolfo Eduardo Berisso  
Paula Maria Garcia Kedinger

### Alternate Directors

(Enel's vacant position)  
Mónica Diskin  
Gaetano Salierno  
María Eugenia Pardo  
Patricio Cipollone  
María Victoria Ramírez  
Raul Angel Rodriguez  
Julian Matias Ferreiro  
Daniel Gustavo Ciaffone

### Senior Management

Gustavo Diego Manifesto  
General Manager  
Alejandro Serantes  
Finance Manager  
Julio Temen  
Commercial Manager  
David Garcia Albalá  
Operations Manager  
Graciela Babini  
Planning and Control Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## CENTRAL VUELTA OBLIGADO S.A.

### Company Name

Central Vuelta Obligado S.A.

### Type of Company

Limited Liability Company

### Address

Av. Thomas Edison 2701  
Buenos Aires, Argentina

### Phone

(5411) 5533 0200

### Subscribed and paid-in capital (US\$ thousand)

31.47

### Corporate purpose

Generation of electricity and its commercialization by blocks and particularly, equipment purchasing management, construction, operation and maintenance of a thermal power plant named Vuelta Obligado complying with "Management and Operation of Projects, Increase of Thermal Generation Availability and Generation Compensation Adaptation 2008-2011 Agreement" agreed upon November 25, 2010 by the National State and the signing generation companies.

### Core business

Construction of a thermal power plant called Central Vuelta de Obligado.

### Regular Directors

Leonardo Pablo Katz (Chairman)  
Adrián Gustavo Salvatore (Vice Chairman)  
Andrea Biasotto  
Mónica Diskin

### Alternate Directors

Leonardo Marinaro  
Ignacio Villamil  
Antonino Ascione

### Senior Management

Leonardo Pablo Katz  
General Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## CHINANGO S.A.C.

### Company Name

Chinango S.A.C.

### Type of Company

Limited Liability Company

### Address

Calle César López Rojas N° 201, Urb.  
Maranga, San Miguel  
Lima, Peru

### Subscribed and paid-in capital (US\$ thousand)

82,236.89

### Corporate purpose

Electricity generation, trading and transmission, being able to perform all acts and to engage all contracts that the Peruvian law allows for such purposes.

### Core business

Electricity generation

### Gerente General

Enel Generación Perú S.A.A., represented by Eugenio Calderón López

### Business Relations

The company has no commercial relation with Enel Américas S.A.

## CODENSA

### Company Name

CODENSA S.A. E.S.P.

### NIT:

830,037,248-0

### Type of Company

Limited Liability Company– Public residential utility company.

### Address

Carrera 13 A No. 93-66  
Bogotá D.C, Colombia

### Phone

(57 1) 601 6060

### Subscribed and paid-in capital (Thousand USD)

4,518.09

### Corporate purpose

The company's main purpose is the distribution and sale of electricity, as well as all similar, connected, complementary and related activities with respect to electricity distribution and sale; the execution of electrical engineering works, design and consultancy, and sale of products for the benefit of its customers. The society may also perform other activities related to the provision of public services in general,

manage and operate other utility companies, sign and execute special management agreements with other utility companies and sell or loan goods or services to other economic agents related with utilities, in or out of the country. The society may also participate as partner or shareholder in other utility companies, directly, or joining into partnerships with other persons, or in joint venture with them.

#### Core business

Electricity distribution and commercialization.

#### Regular Directors

David Felipe Acosta Correa  
Jose Antonio Vargas Lleras  
Lucio Rubio Diaz  
Gloria Astrid Álvarez Hernandez  
Felipe Castilla Canales  
José Franco Reyes  
Andrés López Valderrama

#### Diretores suplentes

Carlos Mario Restrepo  
Leonardo Lopez Vergara  
Juan Manuel Pardo Gomez  
Ernesto Moreno Restrepo  
Eduardo Jose Bernardo Aguirre Monroy  
Ivan Darío Gomez Castaño  
Vicente Enrique Noero Arango

#### Senior Management

David Felipe Acosta Correa  
General Manager  
David Felipe Acosta  
Infrastructure & Networks Manager  
Andres Caldas Rico  
Legal and Corporate Affairs Manager  
Carlos Mario Restrepo  
Market Manager  
Daniele Caprini  
Administration, Finance and Control Manager  
Maria Celina Restrepo Santa Maria  
Communications Manager  
Rafael Carbonell Blanco  
Human Resources and Organization Manager  
Diana Marcela Jimenez  
Regulation and Institutional Relations  
Manager  
Eugenio Belinchon  
Audit Manager  
Raúl Fernando Vacca Ramírez  
Procurement Manager  
Ana Patricia Delgado Meza  
Systems and Telecommunications ICT  
Manager  
Ana Lucia Moreno Moreno  
General Services and Safety Manager  
Carlo Ferrara  
Sustainability Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## COMPAÑÍA ENERGÉTICA VERACRUZ S.A.C.

#### Company Name

Compañía Energética Veracruz S.A.C.

#### Type of Company

Limited Liability Company

#### Address

Calle César López Rojas N° 201, Urb.  
Maranga, San Miguel  
Lima, Peru

#### Subscribed and paid-in capital (US\$ thousand)

890.82

#### Corporate purpose

Develop and operate hydroelectric projects located in any river basin in Peru.

#### Core business

Owner of Veracruz hydroelectric project.

#### General Manager

Jean Philippe Salvatore Bellavia

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## CTM Compañía de Transmisión del Mercosur S.A.

#### Company Name

Compañía de Transmisión del Mercosur S.A.

#### Type of Company

Publicly traded company constituted in Buenos Aires, Argentina

#### Address

Bartolomé Mitre 797, 11th Floor, Buenos Aires, Argentina

#### Subscribed and paid-in capital (US\$ thousand)

5.23

#### Corporate purpose

The provision of high tension electricity transmission services, in the case of linking both national and international electrical systems, according to current laws, to the purpose of which it may participate in national or international tenders, become a high tension electricity transmission concessionaire, locally or abroad, and perform those activities deemed necessary to carry out its purposes.

#### Core business

International interconnected electricity transmission.

#### Regular Directors

Juan Carlos Blanco (Chairman)  
Paolo Giovanni Pescarmona (Vice Chairman)  
Mónica Diskin

#### Alternate Directors

Gaetano Salierno  
Nagelo Cefalu

#### Senior Management

Sandro Ariel Rollan  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## DISTRILEC INVERSORA S.A.

#### Company Name

Distrilec Inversora S.A.

#### Type of Company

Limited Liability Company

#### Address

San José 140  
Buenos Aires, Argentina

#### Phone

(54 11) 4370 3700

#### Subscribed and paid-in capital (US\$ thousand)

26,438

#### Corporate purpose

Exclusively to invest in companies constituted or to be constituted whose main activity is the distribution of electricity or that directly or indirectly participate in companies with that principal business through all kind of financial and investment activities, except those in the laws of financial entities, the purchase and sale of public and private debt paper, bonds, shares, negotiable instruments and the granting of loans, and the placement of its funds in bank deposits of any kind.

#### Core business

Investment Company.

#### Regular Directors

Maurizio Bezzecheri  
Paolo Giovanni Pescarmona (Vice Chairman)  
Mónica Diskin  
Juan Carlos Blanco  
Gonzalo Peres Moore  
Mariano Luis Luchetti  
Guillermo Pablo Reca  
Jorge Carlos Bledel  
Juan Carlos Casas

#### Alternate Directors

María Inés Justo  
Gaetano Salierno  
Marcello Coffaro  
Angelo Cefalu  
Janeth Cabrera Brambilla  
Adrián Salvatore  
Leonardo Marinaro  
José Manuel Pasos  
Rubén López  
Rubén Vázquez

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## EDESUR

#### Company Name

Empresa Distribuidora Sur S.A.

#### Type of Company

Sociedad Anónima

#### Address

San José 140 (1076)  
Capital Federal, Argentina

#### Phone

(54 11) 4370 3700

#### Subscribed and paid-in capital (US\$ thousand)

44,904

#### Corporate purpose

Distribution and commercialization of electricity and related activities.

#### Core business

Electricity distribution.

#### Regular Directors

Juan Carlos Blanco (Chairman)  
Paolo Giovanni Pescarmona (Vice Chairman)  
Monico Hodor  
Gonzalo Peres Moore  
Guillermo P. Reza  
Paula Aguiar  
Ernesto Pablo Badaraco  
Gerardo Marcelo Silva Iribarne  
Mónica Diskin

#### Alternate Directors

Gaetano Salierno  
María Victoria Ramirez  
Marcello Coffaro  
Rubén Vazquez  
Rubén Omar Lopez  
Angelo Cefalu  
Janeth Cabrera Brambilla  
María Inés Justo

#### Senior Management

Jiuseppe Fanizzi  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ELÉCTRICA CABO BLANCO S.A.C. \*

#### Company Name

Eléctrica Cabo Blanco S.A.C.

#### Type of Company

Limited Liability Company

#### Address

Calle César López Rojas 201, Urb. Maranga,  
San Miguel  
Lima, Peru

#### Corporate purpose

In general, to invest in other companies, preferably in those oriented to exploiting natural resources, and very specially, in those linked to distribution, transmission and generation of electricity. Likewise, it may make capital investments in any kind of movable property, including shares, bonds and any other kind of securities, as well as administration of said investments within limits fixed by the Board and the General Shareholders' Meeting. The activities that make up the corporate purpose may be developed in Peru and abroad.

\*Company absorbed by Enel Perú S.A.C as of April 28, 2017.

## EMGESA

#### Company Name

Emgesa S.A. E.S.P.

#### NIT

860,063,875-8

#### Type of Company

Private Commercial Corporation.  
Public Utility Company

#### Address

Carrera 11 N°82-76, 4th Floor  
Bogotá, D.C. Colombia

#### Subscribed and paid-in capital (US\$ thousand)

219,487.83

#### Corporate purpose

The corporate purpose of the company is generation and sale of electricity and sale of fuel gas, as well as all activities similar, connected, supplementary and related to its main purpose.

#### Core business

Electricity and fuel gas generation and commercialization.

#### Regular Directors

Bruno Riga  
Lucio Rubio Diaz  
Jose Antonio Vargas Lleras  
Gloria Astrid Álvarez Hernandez  
Luisa Fernanda Lafaurie Rivera  
Diana Margarita Vivas Munar  
Luis Fernando Alarcón Mantilla

#### Alternate Directors

General Manager  
Bruno Riga  
Renewables Energies Manager  
Marcelo Falcuchi  
Thermal Generation Manager  
Andres Caldas Rico  
Legal and Corporate Affairs Manager  
Fernando Javier Gutierrez Medina  
Energy Trading Manager  
Daniele Caprini  
Administration, Finance and Control Manager  
Maria Celina Restrepo Santamaría  
Communications Manager  
Rafael Carbonell Blanco  
Human Resources and Organization Manager  
Diana Marcela Jimenez Rodriguez  
Regulation and Institutional Relations Manager  
Eugenio Belinchon  
Audit Manager  
Raúl Fernando Vacca Ramirez  
Procurement Manager  
Ana Patricia Delgado Meza  
Systems and Telecommunications ICT Manager  
Ana Lucia Moreno Moreno  
General Services and Safety Manager  
Carlo Ferrara  
Sustainability Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## EMGESA PANAMÁ, S.A. \*

#### Company Name

Emgesa Panamá, S.A.

#### Type of Company

Limited Liability Company, not listed and it's not a securities issuer.

#### Address

City of Panama, Panama

#### Corporate purpose

Purchase, sale, import and export of electricity. Additionally, the company may perform other industrial and commercial activities in general; it is able to celebrate all transactions, operations, business, events and activities that are permitted by the Panamanian law to corporations even if they are not expressly mentioned in this corporate purpose.

#### Core business

Purchase, sale, import and export of electricity.

#### Directores

Fernando Gutierrez Medina  
Leonardo Lopez Vergara  
Juan Manuel Pardo  
Andres Caldas Rico

#### Senior Management

Fernando Gutierrez Medina

Presidente y Representante Legal  
Juan Manuel Pardo Gomez  
Vice Chairman (First)  
Leonardo Lopez Vergara (Second)  
Vice Chairman

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

\*The early dissolution of Emgesa Panamá S.A. was agreed at the Extraordinary Shareholders' Meeting of the company held on May 30, 2017.

## ENEL ARGENTINA S.A.

#### Company Name

Enel Argentina S.A.

#### Type of Company

Publicly Traded Company

#### Address

Av. España 3301  
Buenos Aires, Argentina

#### Phone

(5411) 4307 3040

**Subscribed and paid-in capital (US\$ thousand)**  
120,171.21

#### Corporate purpose

Carry out investments in companies dedicated to the production, transmission and distribution of electricity and its commercialization, as well as financial activities except those limited by the law to banks.

#### Core business

Investment Company.

#### Regular Directors

Mauricio Bezzeccheri (Chairman)  
Paolo Giovanni Pescarmona (Vice Chairman)  
Mónica Diskin

#### Alternate Directors

Gaetano Salierno  
María Victoria Ramírez

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL BRASIL INVESTIMENTOS SUDESTE S.A

#### Company Name

Enel Brasil Investimentos Sudeste S.A

#### Type of Company

Limited Liability Company.

#### Address

Praça Leoni Ramos, nº 1, 7º andar, bloco 2,  
São Domingos.  
Niterói, Rio de Janeiro.

#### Phone

(21) 2716-1138

#### Corporate purpose

Its purpose is the planning, development and execution of generation, distribution, transmission and/ or commercialization activities of electric energy. Likewise, the participation in the equity capital of other companies and entities that operate or constitute to act in the generation, distribution, transmission and/ or commercialization of electric energy segments as partners, consortia or shareholder.

#### Core business

Electricity generation.  
Company that doesn't have management board (Board of Directors)

#### Senior Management

Carlo Federico Vladimir Il'ic Zorzoli (General Management)  
Aurelio Ricardo Bustilho de Oliveira

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL BRASIL S.A.

#### Company Name

Enel Brasil S.A.

#### Type of Company

Limited Liability Company

#### Address

Praça Leoni Ramos, Nº1, 7º andar, bloco 2  
Parte, Niterói, Rio de Janeiro, Brasil

#### Phone

(5521) 3607 9500

**Subscribed and paid-in capital (US\$ thousand)**  
2,048,191.57

#### Corporate purpose

Participate in the capital of other companies in any segment of the electricity sector, including companies that provide services to

companies in that sector, in Brazil or abroad; transmission, distribution, generation or commercialization of electricity and related activities and participation, individually or through joint ventures, consortia or other similar forms of association, in tenders, projects and enterprises for the supply of services and activities previously mentioned.

#### Core business

Investment Company.

#### Directorio

Mario Fernando de Melo Santos (Chairman)  
Luca D'Agnese (Vice Chairman)  
Antonio Basilio Pires de Carvalho e Albuquerque  
Aurelio Ricardo Bustilho de Oliveira  
Anna Brogi

#### Senior Management

Carlo Federico Vladimir Il'ic Zorzoli (General Manager)  
Aurelio Ricardo Bustilho de Oliveira  
Antonio Basilio Pires de Carvalho E Albuquerque  
Carlos Ewandro Naegle Moreira  
José Alves de Mello Franco  
José Nunes de Almeida Neto  
Janaina Savino Vilella Carro  
Flávia da Silva Baraúna  
Margot Frota Cohn Pires  
Márcia Massotti de Carvalho  
Luis Alonso Campos Rivas  
Guilherme Gomes Lencastre  
Matteo de Zan  
Cristine de Magalhães Marcondes  
André Osvaldo dos Santos  
Carlos Omar Arriagada Retamal  
Roberto Zanchi  
Bruno Cecchetti

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL CIEN S.A.

#### Company Name

ENEL CIEN S.A.

#### Type of Company

Limited Liability Company

#### Address

Praça Leoni Ramos, Nº 1, piso 6, Bloco 2,  
São Domingos, Niterói  
Rio de Janeiro, Brasil

#### Phone

(55 21) 3607 9500

**Subscribed and paid-in capital (US\$ thousand)**  
86,046.49

#### Corporate purpose

The purpose of the company is the production, industrialization, distribution and

commercialization of electricity, including the import and export activities. In view of achieving the purposes mentioned above, the company will promote the study, planning and construction of facilities for production systems, transmission, conversion and distribution of electricity by capturing the necessary investment to develop the activities and by providing services. Beyond the purposes referred to, the company may promote the implementation of associated products, as well as inherent, ancillary or complementary activities to services and jobs that come to provide. To carry out the activities necessary to achieve its goals, the company may participate in other societies.

#### Core business

Electricity transmission.

#### Directorio

Carlo Federico Vladimir Il'ic Zorzoli (Chairman)  
Julia Freitas de Alcantara Nunes (Vice Chairman)  
Orestes Lizardo Castañeda Pacheco

#### Senior Management

Abel Alves Rochinha (General Manager)  
Aurelio Ricardo Bustilho de Oliveira  
Orestes Lizardo Castañeda Pacheco  
José Alves Mello Franco  
Déborah Meirelles Rosa Brasil  
Carlos Ewandro Naegele Moreira  
José Nunes de Almeida Neto  
Janaina Savino Vilella Carro  
Margot Frota Cohn Pires

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL DISTRIBUCIÓN CEARÁ

#### Company Name

Companhia Energética do Ceará

#### Type of Company

Publicly Traded Company

#### Address

Rua Padre Valdevino, 150 - Centro  
Fortaleza, Ceará, Brasil

#### Phone

(55 85) 3453-4082

#### Subscribed and paid-in capital (US\$ thousand)

185,935.99

#### Corporate purpose

Generation, transmission, distribution and commercialization of electricity, performing awarded or authorized correlated services, and the development of activities associated with the services, as well as celebrating

trading acts related to those activities. Likewise, the company may carry out studies, planning, projects, construction and operation of production, transformation, transportation and storage, distribution and sale of energy systems, of any origin, in the form of concessions, authorizations or permits it may be awarded, with jurisdiction in the territory of the State of Ceará, and others defined in the Grantor. The Society may also carry out studies, projects and planning and research and development programs of new energy sources, especially renewable, and the study, making and execution, in the energy sector, of plans and programs for economic and social development, in places of interest for the community and for the company.

#### Core business

Distribution and sale of electricity and related services in the State of Ceará, Brazil.

#### Regular Directors

Mário Fernando de Melo Santos (Chairman)  
Carlo Federico Vladimir Il'ic Zorzoli (Vice Chairman)  
Anna Brogi  
Monica Hodor  
Ramón Francisco Castañeda Ponce  
Gianluca Caccialupi  
Cristine de Magalhães Marcondes  
Francisco Honório Pinheiro Alves  
Fernando Antonio de Moura Avelino  
Fernando Augusto Macedo de Melo  
Aurelio Ricardo Bustilho de Oliveira

#### Alternate Directors

Márcia Sandra Roque Vieira Silva  
José Nunes de Almeida Neto  
Maria Eduarda Fischer Alcure  
Deborah Meirelles Rosa Brasil  
Teobaldo José Cavalcante Leal  
José Tavora Batista  
Carlos Ewandro Naegle Moreira  
Marcia Massotti de Carvalho  
Cesario Macedo de Melo Neto  
Nelson Ribas Visconti  
Dilma Maria Toledo

#### Senior Management

Roberto Zanchi (General Manager)  
José Távora Batista  
Aurelio Ricardo Bustilho de Oliveira  
Carlos Ewandro Naegele Moreira  
José Nunes de Almeida Neto  
Janaina Savino Vilella Carro  
José Alves Mello Franco  
Margot Frota Cohn Pires  
Déborah Meirelles Rosa Brasil  
Fernando Andrade  
Márcia Sandra Roque Vieira Silva

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL DISTRIBUCIÓN GOIÁS S.A.

#### Company Name

Celg Distribuição S.A. - Celg-D

#### Type of Company

Limited Liability Company.

#### Address

Rua 2, Quadra A-37, nº 505, Jardim Goiás, Goiânia, Goiás.

#### Phone

62 3243 1771

#### Subscribed and paid-in capital (US\$ thousand)

1,406,316.22

#### Corporate purpose

The corporate purpose is the technical and commercial exploration of electricity distribution.

#### Core business

Electricity Distribution

#### Directorio

Mario Fernando de Melo Santos (Chairman)  
Carlo Federico Vladimir Il'ic Zorzoli (Vice Chairman)  
Antonio Basilio Pires de Carvalho e Albuquerque  
Gianluca Caccialupi  
Aurelio Ricardo Bustilho de Oliveira  
Maria Eduarda Fischer Alcure

#### Senior Management

Abel Alves Rochinha (General Manager)  
Rodrigo Raposo da Camara Machado  
Nelson Ribas Visconti  
Déborah Meirelles Rosa Brasil  
Raimundo Câmara Filho  
Roberto Nunes Fonseca Junior  
Emerson Caçador Rubim  
Carlos Omar Arriagada Retamal

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL DISTRIBUCIÓN PERÚ S.A.A.

### Company Name

Enel Distribución Perú S.A.A.

### Type of Company

Publicly Traded Company

### Address

Calle César López Rojas 201 Urb, Maranga, San Miguel  
Lima, Perú

### Phone

(51 1) 561 2001

### Subscribed and paid-in capital (US\$ thousand)

164,177.92

### Corporate purpose

Engage the activities of distribution, transmission and generation of electricity in accordance with the provisions of current legislation. Additionally, the company may engage in the sale of goods in any form, as well as providing consulting and financial services, among others, except those services, which require specific authorization in accordance with current law.

### Core business

Electricity Distribution

### Directorio

Carlos Temboury Molina (Chairman)  
Guillermo Lozada Pozo (Vice Chairman)  
Riccardo Lama  
Carlos Solis Pino  
Gianluca Caccialupi  
Fernando Fort Marie  
Mario Ferrari Quiñe  
José De Bernardis Cuglievan

### Senior Management

General Manager  
Ricardo Lama  
Guillermo Martin Lozada Pozo  
Administration, Finance & Control Manager  
Carlos Alberto Solis Pino  
Commercial Manager  
Luis Salem Hone  
Legal Counsel  
Milagritos Tatiana Lozada Gobeá  
Regulation Manager  
Rocío Pachas Soto  
Organization and Human Resources Manager  
María Alicia Martínez Venero  
Communications Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL DISTRIBUCIÓN RÍO S.A.

### Company Name

Ampla Energia e Serviços S.A.

### Type of Company

Sociedad Anónima Abierta

### Address

Praça Leoni Ramos, N° 01, São Domingos, Niteroi  
Rio de Janeiro, Brasil

### Phone

(55 21) 2613 7000

### Subscribed and paid-in capital (US\$ thousand)

754,141.23

### Corporate purpose

Study, plan, project, build and explore electricity production, transmission, transformation, distribution and sale systems, and provide related services that have been or may be conceded; carry out research in the energy sector, participate in regional, national or international organizations dedicated to the planning, operation, technical Exchange and business development related to the electricity industry and participate as a shareholder in other companies in the energy sector, even within the framework of Brazil's privatization program.

### Core business

Electricity Distribution

### Regular Directors

Mario Fernando de Melo Santos (Chairman)  
Monica Hodor (Vicepresidente)  
Carlo Federico Vladimir Il'ic Zorzoli  
José Távora Batista  
José Alves de Mello Franco  
Aurélio Ricardo Bustilho de Oliveira  
Luiz Carlos Franco Campos

### Alternate Directors

Otacilio de Souza Junior  
Déborah Meirelles Rosa Brasil  
Flávia da Silva Baraúna  
Márcia Massotti de Carvalho  
Gabriel Maluly  
Claudio César Wayne da Cunha  
Carlos Ewandro Naegele Moreira

### Senior Management

Ramón Francisco Castañeda Ponce (General Manager)  
Aurelio Ricardo Bustilho de Oliveira  
Carlos Ewandro Naegele Moreira  
José Nunes de Almeida Neto  
Janaina Savino Vilella Carro  
José Alves Mello Franco  
Déborah Meirelles Rosa Brasil  
Margot Frota Cohn Pires  
Fernando Andrade  
Márcia Sandra Roque Vieira Silva

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GENERACIÓN COSTANERA S.A.

### Company Name

Enel Generación Costanera S.A.

### Type of Company

Publicly Traded Company

### Address

Avda, España 3301, Buenos Aires, Argentina

### Phone

(5411) 4307 3040

### Subscribed and paid-in capital (US\$ thousand)

37,986.13

### Corporate purpose

Electricity generation and trading in blocks of energy.

### Core business

Electricity generation.

### Regular Directors

Juan Carlos Blanco (Chairman)  
Antonino Ascione (Vice Chairman)  
María Victoria Ramírez  
Mónica Diskin  
César Fernando Amuchástegui  
Matías Maria Brea  
Marcelo Luis Diez

### Alternate Directors

Gaetano Aslierno  
Fernando Boggini  
Marcello Coffaro  
Rodrigo Quesada  
Mariana Mariné  
Janeth Cabrera

### Senior Management

Andrea Biasotto  
General Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GENERACIÓN EL CHOCÓN S.A.

### Company Name

Enel Generación El Chocón S.A.

### Type of Company

Publicly Traded Company

### Address

Avda, España 3301  
Buenos Aires, Argentina

### Subscribed and paid-in capital (US\$ thousand)

15,616.06

### Corporate purpose

Electricity Generation and its block commercialization

### Core business

Electricity generation.

### Regular Directors

Mauricio Bezzeccheri (Chairman)  
Paolo Giovanni Pescarmona (Vice Chairman)  
Mónica Diskin  
María Victoria Ramírez  
Antonino Ascione  
Alex Daniel Horacio Valdez  
Juan Carlos Nayar  
Alberto Eduardo Mousist

### Alternate Directors

Daniel Martini  
Marcello Coffaro  
Fernando Boggini  
Rodrigo Quesada  
Mariana Mariné  
Sebastián Eduardo Guasco  
Oscar Horacio Carvalho  
Enrique Díaz Riva

### Senior Management

Daniel Garrido  
General Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GENERACIÓN FORTALEZA S.A.

### Company Name

CGTF - Central Geradora Termelétrica Fortaleza S.A.

### Type of Company

Limited Liability Company

### Address

Rodovia 422, Km 1 s/n,  
Complexo Industrial e  
Portuário de Pecém Caucaia  
Ceará, Brasil

### Phone

(55 85) 3464-4100

### Subscribed and paid-in capital (US\$ thousand)

45,864.88

### Corporate purpose

To study, project, construct and explore electricity production, transmission, distribution and trading systems, awarded, permitted or authorized by any rights title, as well as any other activity related to the aforementioned activities; acquisition, obtaining and exploration of any right, concession or privilege related to the aforementioned activities, as well as the practice of all other acts and businesses necessary to reach its purpose; and participation in other companies or societies corporate capital, as shareholder, partner or on account of participation, whichever its purposes are.

### Core business

Electricity generation.

### Diretorio

Carlo Federico Vladimir Il'ic Zorzoli (Chairman)  
Marcelo Falcucci  
Aurelio Ricardo Bustilho de Oliveira  
Senior Management  
Aurelio Ricardo Bustilho de Oliveira (Interim General Manager)  
Pedro Werbest Alves Silva  
Claudia Maria Suanno  
Janaina Savino Vilella Carro  
Raimundo Câmara Filho  
Ana Claudia Gonçalves Rebello  
José Nunes de Almeida Neto  
José Alves de Mello Franco  
Margot Frota Cohn Pires

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GENERACIÓN PERÚ S.A.A.

### Company Name

Enel Generación Perú S.A.A.

### Type of Company

Publicly Traded Company

### Address

Calle César Lopez Rojas N° 201, Urb. Maranga, San Miguel  
Lima, Peru (address change according to memo 2015)

### Subscribed and paid-in capital (US\$ thousand)

859,200.01

### Corporate purpose

In general, electricity generation activities,

also the civil, industrial, commercial and any other act or operation related or leading to its Main Corporate Purpose.

### Core business

Electricity generation.

### Regular Directors

Carlos Temboursy Molina (Chairman)  
Marco Raco  
Eugenio Calderón López  
Guillermo Martín Lozada Pozo  
Rocío Pachas Soto  
Francisco García Calderón Portugal  
Claudio Herzka Buchdahl

### Alternate Directors

Jean Philippe Salvatore Bellavia  
Rigoberto Novoa Velásquez  
Daniel Abramovich Ackerman  
Carlos Sedano Tarancón  
Úrsula De La Mata Torres  
Milagritos Tatiana Lozada Gobeia  
Ernesto Villanueva Roca

### Senior Management

Marco Raco  
General Manager  
Pedro Cruz Vine  
Energy Management and Trading Manager  
Daniel Abramovich Ackerman  
Legal Counsel  
Guillermo Marín Lozada Pozo  
Administration, Finance and Control Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GENERACION PIURA S.A.

### Company Name

Enel Generación Piura S.A.

### Type of Company

Publicly traded company

### Address

Calle César López Rojas 201, Urb. Maranga, San Miguel  
Lima, Perú

### Subscribed and paid-in capital (US\$ thousand)

25,172.98

### Corporate purpose

The main purpose of the company is the generation, sale and transmission of electricity, performing all acts and signing all agreements allowed by current legislation.

### Core business

Electricity generation and sale of natural gas.

### Directors

Carlos Temboursy Molina (Chairman)  
Marco Raco (Vice Chairman)  
Guillermo Martín Lozada Pozo



#### Ejecutivos principales

Marco Raco (representing Enel Generación Perú S.A.A.)  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GREEN POWER CACHOEIRA DOURADA S.A.

#### Company Name

Enel Green Power Cachoeira Dourada S.A.

#### Type of Company

Limited Liability Company

#### Address

Rodovia GO 206, Km 0, Cachoeira Dourada  
Goiânia  
Goiás, Brasil

#### Phone

(55 62) 3434 9000

#### Subscribed and paid-in capital (US\$ thousand)

19,422.28

#### Corporate purpose

The corporate purpose of the Company is the carrying out of studies, planning, construction, installation, operation and exploitation of electricity generation plants, and the trade related to these activities. Likewise, the company may foster or participate in other societies formed for the production of electricity, in or out of the State of Goiás.

#### Core business

Electricity generation

#### Directorio

Carlo Federico Vladimir Il'ic Zorzoli  
(Chairman)  
Aurelio Ricardo Bustilho de Oliveira  
Claudia Maria Suanno

#### Senior Management

Luigi Parisi (General Manager)  
Aurelio Ricardo Bustilho de Oliveira  
Newton Souza de Moraes  
Matteo de Zan  
Nelson Ribas Visconti  
Janaina Savino Vilella Carro  
Carlos Ewandro Naegele Moreira  
Ana Claudia Gonçalves Rebello  
José Nunes de Almeida Neto  
Anna Paula Hiotte Pacheco  
Margot Frota Cohn Pires

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL GREEN POWER MODELO I EÓLICA S.A. \*

#### Company Name

Enel Green Power Modelo I Eólica S.A.

#### Type of Company

Limited Liability Company.

#### Address

Praça Leoni Ramos, Nº 1, 5º andar, bloco 2  
Niterói, RJ, Brasil

#### Corporate purpose

Wind electricity generation

#### Core business

Electricity generation.

#### Administration

Newton Souza de Moraes  
André Bruno Santos Gordon Afonso  
Márcio Teixeira Trannin

#### Business Relations

The company has no commercial relations with Enel Américas.

\*The shares of Enel Green Power Modelo Eólica I S.A that were formerly owned by Enel Brasil S.A were transferred to Enel Green Power Brasil Participações LTDA, on September 29, 2017, through a shares purchase and sale agreement.

## ENEL GREEN POWER MODELO II EÓLICA S.A. \*

#### Company Name

Enel Green Power Modelo II Eólica S.A.

#### Type of Company

Limited Liability Company

#### Address

Praça Leoni Ramos, Nº 1, 5º andar, bloco 2  
Niterói, RJ, Brasil, CEP: 24.210-205

#### Corporate purpose

Wind electricity generation.

#### Core business

Wind electricity generation

#### Administration

Newton Souza de Moraes  
André Bruno Santos Gordon Afonso  
Márcio Teixeira Trannin

#### Business Relations

The company has no commercial relations with Enel Américas.

\*The shares of Enel Green Power Modelo Eólica II S.A that were formerly owned by Enel Brasil S.A were transferred to Enel Green Power Brasil Participações LTDA, on September 29, 2017, through a shares purchase and sale agreement.

## ENEL GREEN POWER PROJETOS I S.A (Volta Grande)

#### Company Name

Enel Green Power Projetos I S.A

#### Type of Company

Limited Liability Company.

#### Address

Praça Leoni Ramos, nº 1, 5º andar - parte, bloco 1, São Domingos.  
Niterói, Rio de Janeiro.

#### Phone

(21) 2716-1100

#### Subscribed and paid-in capital (US\$ thousand)

170,784.56

#### Corporate purpose

Its main activity is the generation of electricity, pursuant to the current regulation. Likewise, the company is enabled to commercialize energy by any means and in any market.

#### Core business

Electricity generation.

The company does not have a Board of Directors. )

#### Senior Management

Leonardo Soares Walter  
Newton Souza de Moraes

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL PERÚ S.A.C.

#### Company Name

Enel Perú S.A.C.

#### Type of Company

Limited Liability Company

#### Address

Calle César López Rojas 201, Urb. Maranga,  
San Miguel  
Lima, Perú

#### Subscribed and paid-in capital (US\$ thousand)

1,656,474.44

#### Corporate purpose

Perform investments in other companies, most preferably in those involved in the exploitation of natural resources, and especially those related to the distribution, transmission and generation of electricity. Develop engineering services for the construction of power plants; perform activities related to the supply,

assembly and commissioning of equipment and/ or services for electricity generation. Additionally, the company may carry out any other activity related to the electricity and water sectors. The company may also make equity investments in any kind of property including stocks, bonds and any other class of transferable securities, as well as the administration of such investments within the limits set by the board and ordinary shareholders meeting. The activities that are considered within the purpose of the company may be carried out in Peru and abroad.

#### Core business

Investment Company.

#### Ejecutivos principales

Carlos Tembroy Molina  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL SOLUÇÕES S.A.

#### Company Name

ENEL SOLUÇÕES S.A.

#### Type of Company

Limited Liability Company constituted pursuant to the Brazilian law.

#### Address

Praça Leoni Ramos nº 01  
Parte, São Domingos, Niterói, Rio de Janeiro, Brasil.

#### Phone

(55 21) 2613 7000

#### Subscribed and paid-in capital (US\$ thousand)

15,869.96

#### Corporate purpose

The company' objective is to participate in the capital of other companies in Brazil or abroad, trade in general, even imports and exports, through retail or wholesale transactions of various products, and to provide general services for the energy electricity sector and others.

#### Core business

Provision of services in general to the electricity industry and others.

The company does not have an administration council (Board of Directors)

#### Senior Management

Marcio Teixeira Trannin  
Tennessee Williams Pearce Maia  
Rafael Felipe Coelho da Silva

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## ENEL TRADING ARGENTINA S.R.L.

#### Company Name

Enel Trading Argentina S.R.L.

#### Type of Company

Limited Liability Company

#### Address

San José 140, piso 6, CABA  
Buenos Aires, Argentina

#### Phone

(5411) 4124-1600

#### Subscribed and paid-in capital (US\$ thousand)

733

#### Corporate purpose

The purpose of the company is the wholesale purchase and sale of electricity capacity and energy produced and/or consumed by third parties, including the import and export of electricity power and energy and the marketing of royalties, and the supply and/or performing of services related to the above activity, both in the country as well as abroad of information technology services and/or of control of the operation and/or of telecommunications. Likewise, the Company shall be entitled to execute buy/sell operations or to purchase and sell natural gas, and/or its transportation, including the importation and/or exportation of natural gas and/or the marketing of regalia/privileges, as well as to provide and/or execute services related to the abovementioned activity. Also, the Company shall be entitled to execute buy/sell operations or to purchase and sell crude petroleum, and/or lubricants and/or to transport such elements, including the importation and/or exportation of liquid fuels and the marketing of regalia/privileges, as well as to provide and/or execute services related to the aforementioned activity.

#### Core business

Trading of electricity, gas and derivatives. IT services and/or operation control and/or telecommunications.

#### Gerentes titulares

Maurizio Bezzeccheri  
Paolo Giovanni Pescarmona  
Gerentes suplentes  
Mónica Diskin  
Gaetano Salierno

#### Senior Management

Livio Filippo Colasanto  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## EÓLICA FAZENDA NOVA \*

#### Company Name

Eólica Fazenda Nova o Geração e Comercialização de Energia S.A.

#### Type of Company

Limited Liability Company

#### Address

Rua Felipe Camarão, nº 507, sala 104  
Ciudad de Natal, Rio Grande do Norte, Brasil

#### Phone

(5521) 3607 9500

#### Corporate purpose

Generation, transmission, distribution and trading of energy, participation in other companies as a partner, shareholder, or quota holders and import machinery and equipment related to the generation, transmission, distribution and trading of wind energy.

#### Core business

Electricity generation.

#### Administration

Márcio Teixeira Trannin (General Manager)  
Leonardo Soares Walter

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

\*Enel Brasil S.A absorbed the company. on September 21, 2017.

## GENERANDES PERÚ S.A. \*

#### Company Name

Generandes Perú S.A.

#### Type of Company

Publicly Traded Company

#### Address

Calle César Lopez Rojas 201 N° 201, Urb. Maranga, San Miguel  
Lima, Perú

#### Phone

(511) 215 6300

#### Corporate purpose

The company has the purpose to develop activities related to electricity generation, directly, or through companies created for that purpose .

#### Core business:

Investment Company.

\* Enel Perú S.A.C absorbed the company on April 28, 2017.

## HIDROINVEST S.A.

**Company Name**  
Hidroinvest S.A.

**Type of Company**  
Sociedad Anónima

**Address**  
Avda, España 3301  
Buenos Aires, Argentina

**Phone**  
(5411) 4307 3040

**Subscribed and paid-in capital (US\$ thousand)**  
18.869,66

**Corporate purpose**  
Acquire and maintain a majority shareholding in Hidroeléctrica Alicura S.A. and/or Hidroeléctrica El Chocón S.A. and/or Hidroeléctrica Cerros Colorados S.A. ("the concessionaire companies") created by National Executive Power decree 287/93 and manage such investments.

**Core business**  
Investment Company.

**Regular Directors**  
Mauricio Bezzeccheri (Chairman)  
Gaetano Salierno (Vice Chairman)  
Mónica Diskin

**Alternate Directors**  
María Victoria Ramírez

**Business Relations**  
The company has no commercial relations with Enel Américas S.A.

## INGENDESA DO BRASIL Ltda. (Company under liquidation)

**Company Name**  
Ingendesa do Brasil Ltda.

**Type of Company**  
Limited Liability Company

**Domicilio**  
Praça Leoni Ramos, N° 1  
Parte, São Domingos  
Niterói - RJ, Brasil

**Subscribed and paid-in capital (US\$ thousand)**  
747.65

**Corporate purpose**  
Offer services in engineering, studies, projects, technical consulting, management, inspection and supervision of works supply,

inspection and reception of materials and equipment for laboratories, appraisals, commercial representation of local and foreign engineering companies, as well as other services that the legal powers permit in the practice of the professions of engineering, architecture, agronomy, geology and meteorology in all their specialties.

**Core business**  
Engineering services.

**Representative**  
Bruno César Vasconcelos

**Business Relations**  
The company has no commercial relations with Enel Américas S.A.

## INVERSIONES DISTRILIMA S.A.C. \*

**Company Name**  
Inversiones Distrilima S.A.C.

**Type of Company**  
Limited Liability Company

**Address**  
Calle César López Rojas 201,  
Urb. Maranga, San Miguel  
Lima, Perú

**Phone**  
(511) 561 1604

**Corporate purpose**  
Perform investments in other companies, most preferably in those involved in the exploitation of natural resources, and especially those related to the distribution, transmission and generation of electricity. In order to perform according to its purpose and practice the activities related to it, the company may perform all actions and enter into all contracts that the Peruvian laws allow to corporations. The company may also make equity investments in any kind of property including stocks, bonds and any other class of transferable securities, as well as the administration of such investments within the limits set by the board and ordinary shareholders meeting. The activities that are considered within the purpose of the company may be carried out in Peru and abroad.

\* Enel Perú S.A.C absorbed the company on April 28, 2017.

## INVERSORA CODENSA S.A.S.

**Company Name**  
Inversora Codensa S.A.S.

**Type of Company**  
Sociedad por acciones simplificada

**Address**  
Carrera 11 N°82-76, Piso 4  
Bogotá, Colombia

**Phone**  
(571) 601 6060

**Subscribed and paid-in capital (US\$ thousand)**  
1.67

**Corporate purpose**  
Investment in residential public electric utility services, especially the acquisition of shares in any public electric utility or in any other company that also invests in utilities whose main purpose is residential electricity service according to the definition in Law 142 of 1994, or in any other company that also invests in utilities whose main purpose is residential public electric utility services.

**Core business**  
Investment Company.

**Senior Management**  
David Felipe Acosta Correa  
Manager  
Leonardo Lopez Vergara  
First Deputy Manager  
Juan Manuel Pardo Gómez  
Second Deputy Manager

**Business Relations**  
The company has no commercial relations with Enel Américas S.A.

## INVERSORA DOCK SUD S.A.

**Company Name**  
Inversora Dock Sud S.A.

**Type of Company**  
Limited Liability Company

**Address**  
Avenida Debenedetti 1636 Dock Sud  
Avellaneda

**Phone**  
4229-1000

**Subscribed and paid-in capital (US\$ thousand)**  
41,793.93

**Corporate purpose**  
The corporate purpose of the company is the participation in companies of any nature, by means of creating shareholding companies, transitory company ventures, collaboration groups, joint ventures, consortiums and any other kind of association, and in general, the purchase, sale and negotiation of titles, shares and all other kind of securities and credit papers in any of the systems or modes created or to be created.

**Core business**  
Investment Company.

#### Regular Directors

Mauricio Bezzeccheri (Chairman)  
Paolo Pescarmona (Vice Chairman)  
Hector Martin Mandarano  
Santiago Matías Sajaroff  
Mónica Analia Ciacciarelli  
Antonio Ascione

#### Alternate Directors

(Enel's vacant position)  
Mónica Diskin  
Gaetano Salierno  
Raúl Ángel Rodríguez  
Patricio Cipollone  
María Eugenia Pardo

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## SACME S.A.

#### Company Name

Sacme S.A.

#### Type of Company

Limited Liability Company

#### Address

Avda, España 3251  
Ciudad Autónoma de Buenos Aires,  
Argentina

#### Phone

(5411) 4361 5107

#### Subscribed and paid-in capital (Argentinean Pesos)

1,569

#### Corporate purpose

Conduct, supervise and control the operation of the electricity generation, transmission and sub transmission system of Capital Federal and Gran Buenos Aires, and the interconnections with the Argentine Interconnection System (SADI in its Spanish acronym). Represent the companies Distribuidora Edeonor S.A. and Edesur S.A. in terms of operations, before the wholesale market administrator, Compañía Administradora del Mercado Mayorista Eléctrico (CAMMESA in its Spanish acronym). In general, adopt all actions necessary to allow it to carry out the administration of the business correctly, as being constituted for this purpose by the concessionaire companies of the electricity distribution and trading in Capital Federal and Gran Buenos Aires, all in accordance with the international public tender for the sale of Class A shares in Edeonor S.A. and Edesur S.A. and applicable regulations.

#### Core business

Lead, supervise and control of operations from the Argentine electricity system.

#### Regular Directors

Roberto De Antoni  
Nagelo Cefalu  
Daniel Flaks  
Eduardo Maggi

#### Alternate Directors

Fabio Canosa  
Leonardo Lintura  
Miguel Patricio Farrell  
José Luis Marinelli

#### Senior Management

Francisco Cerar  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## SOCIEDAD PORTUARIA CENTRAL CARTAGENA S.A.

#### Company Name

Sociedad Portuaria Central Cartagena S.A.

#### Type of Company

Publicly Traded Company

#### Address

Carrera 13 A No. 93-66, piso 2  
Bogotá, D.C. Colombia

#### Subscribed and paid-in capital (US\$ thousand)

1.94

#### Corporate purpose

The company's main purpose is the following: investment, construction and maintenance of docks and private and public ports, their management and operations and the development and operation of a multipurpose port, in accordance with the law, among others.

#### Regular Directors

Bruno Riga  
Leonardo Lopez Vergara  
Juan Manuel Pardo

#### Alternate Directors

Fernando Javier Gutierrez Medina  
Alba Lucia Salcedo  
Luis Fernando Salamanca

#### Senior Management

Fernando Gutierrez Medina  
General Manager  
Bruno Riga  
First Deputy General Manager  
Oswaldo Rafael Novoa Arroyo  
Second Deputy General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## TERMOELÉCTRICA JOSÉ DE SAN MARTÍN S.A.

#### Company Name

Termoeléctrica José de San Martín S.A.

#### Type of Company

Publicly Traded Company

#### Address:

Elvia Rawson de Dellepiane 150, piso 9,  
Buenos Aires, República de Argentina

#### Phone:

(54 11) 4117-1011/1041

#### Subscribed and paid-in capital (US\$ thousand)

53.65

#### Corporate purpose

The generation of electricity and its block trading, and particularly the management of the equipment, construction, operation and maintenance of a thermal plant in accordance with the "Definitive agreement for the management and operation of the projects for the re-adaptation of the MEM in the terms of Resolution SE N° 1427/2004", approved by Resolution SE N° 1193/2005.

#### Core business

Electricity generation. Management services (acquisition of equipment, construction, operation and maintenance of a thermal power plant).

#### Regular Directors

Ricardo Arakaki  
Adrián Gustavo Salvatore  
Andrea Biasotto  
Mónica Diskin  
Martín Genesio  
Emiliano Chaparro  
Gerardo Carlos Paz  
José Manuel Tierno  
Jorge Ravlich

#### Alternate Directors

Leonardo Pablo Katz  
Leonardo Marinaro  
Fernando Antognazza  
Iván Durontó  
Julián McLoughlin  
Luís Agustín León Longobardo  
Sergio Raúl Sánchez  
Rodrigo García  
Antonino Ascione

#### Senior Management

Ricardo Arakaki  
General Manager

#### Business Relations

The company has no commercial relations with Enel Américas S.A.

## TERMOELÉCTRICA MANUEL BELGRANO S.A.

### Company Name

Termoeléctrica Manuel Belgrano S.A.

### Type of Company

Publicly Traded Company

### Domicilio

Suipacha 268, piso 12  
Buenos Aires, Argentina

### Phone

(5411) 3 221 7950

### Subscribed and paid-in capital (US\$ thousand)

31.47

### Corporate purpose

The company's purpose is the generation of electricity and its block trading, and particularly the management of the equipment, construction, operation and maintenance of a thermal plant in accordance with the "Definitive agreement for the management and operation of the projects for the re-adaptation of the MEM in the terms of Resolution SE N° 1427/2004", approved by Resolution SE N° 1193/2005.

### Core business

Management services (acquisition of equipment, construction, operation and maintenance of a thermal power plant).  
Electricity generation.

### Regular Directors

Martín Genesio  
Emiliano Chaparro  
Adrián Gustavo Salvatore  
José Manuel Pazos  
Antonino Ascione  
Mónica Diskin  
Gerardo Carlos Paz  
José Manuel Tierno  
Vacant position

### Alternate Directors

Guillermo Giraudó  
Julián Mc Loughlin  
Gaetano Salierno  
Vacant position  
Leonardo Marinaro  
Leonardo Pablo Katz  
Luis Agustín León Longobardo  
Sergio Raúl Sánchez  
Rodrigo García

### Senior Management

Francisco Monteleone  
General Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## TESA

### Company Name

Transportadora de Energía S.A.

### Type of Company

Sociedad Anónima

### Address

Bartolomé Mitre 797, 11th Floor  
Buenos Aires, Argentina

### Phone

(5411) 4394 1161

### Subscribed and paid-in capital (US\$ thousand)

5.23

### Corporate purpose

High tension electricity transmission services' provision, linked to both national and international electrical systems, for which purpose it may participate in national and international tenders, become a high tension electricity transmission utilities concessionaire, locally or abroad, and carry out all activities deemed necessary to fulfill its purpose.

### Core business

Electricity transmission.

### Regular Directors

Juan Carlos Blanco (Chairman)  
Paolo Giovanni Pescarmona (Vice Chairman)  
Mónica Diskin

### Alternate Directors

Gaetano Salierno  
Angelo Cefalu

### Senior Management

Sandro Ariel Rollan  
General Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

## YACYLEC S.A.

### Company Name

Yacylec S.A.

### Type of Company

Limited Liability Company

### Address

Bartolomé Mitre 797, 11th Floor;  
Buenos Aires, Argentina

### Phone

(5411) 4587 4322/4585

### Subscribed and paid-in capital (US\$ thousand)

1,258.72

### Corporate purpose

Construction, operation and maintenance of the first electrical link between Yacyretá Hydroelectric Plant and the Resistance's Transformation Station, and provision of electricity transmission services, including the exploitation under concession as independent transporter.

### Core business

Electricity transmission.

### Regular Directors

Jorge Guillermo Neira (Chairman)  
Juan M. Pereyra (Vice Chairman)  
Juan Carlos Blanco  
Paolo Giovanni Pescarmona  
Gerardo Ferreyra  
Osvaldo Acosta  
Guillermo Díaz  
Eduardo Albarracín  
Rafaele Sardella  
Luis Juan B. Piatti  
Mónica Diskin  
Marisa Varela Toba

### Alternate Directors

Gaetano Salierno  
Carlos Fernando Bergoglio  
Juan José Arena  
Gianfranco Catrini  
Massimo Villa  
Roberto Leonardo Maffioli  
Darío Ballaré  
Sergio Alejandro Vestfrid  
Angelo Cefalu  
Robert Ortega  
Alberto E. Verra

### Ejecutivos principales

Sandro Ariel Rollan  
General Manager

### Business Relations

The company has no commercial relations with Enel Américas S.A.

### Notes:

1. There are no acts or agreements signed by Enel Américas with its subsidiaries or associated companies that could significantly influence its operations and results.
2. With regards to the business relations, future relations planned with subsidiaries or associated companies fall within the company's corporate purpose, especially continuing to provide its subsidiaries and associated companies with the necessary financial resources for their businesses' development and, additionally, to provide its subsidiaries with management, financial advisory, business, technical, legal, audit services and, in general, services of any kind deemed necessary for their best performance, notwithstanding which, it is not foreseen that any of these connections would significantly influence Enel America's operations and results.



# 21

Statement of Responsibility







# Statement of Responsibility

The Directors of Enel Américas S.A. and the Chief Executive Officer, signatories of this statement, are responsible under oath of the veracity of the information provided in this Annual Report, in compliance with the General Norm N°30, issued by the Superintendencia of Securities and Insurances.



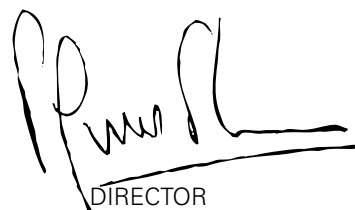
CHAIRMAN  
Borja Acha Besga  
DNI: 05263174-S



DIRECTOR  
José Antonio Vargas Lleras  
DNI: 79,312,642



DIRECTOR  
Hernán Somerville Senn  
Rut: 4,132,185-7



DIRECTOR  
Patricio Gómez Sabaini  
Passport: 16941675N



DIRECTOR  
Livio Gallo  
DNI: AV 0246369



DIRECTOR  
Domingo Cruzat Amunátegui  
Rut: 6,989,304-K



DIRECTOR  
Enrico Viale  
DNI: AU 2580379



CHIEF EXECUTIVE OFFICER  
Luca D'Agnes  
Rut: 24,910,349-7



## ADMINISTRATION

### CHAIRMAN

**Borja Acha Besga**  
PHONE (56) 2 2263 4631

### DIRECTOR

**José Vargas Lleras**  
PHONE (56) 2 2353 4631

### DIRECTOR

**Enrico Viale**  
PHONE (56) 2 2353 4631

### DIRECTOR

**Livio Gallo**  
PHONE (56) 2 2353 4631

### DIRECTOR

**Hernán Somerville Senn**  
PHONE (56) 2 2353 4631

### DIRECTOR

**Domingo Cruzat Amunátegui**  
PHONE (56) 2 2353 4631

### DIRECTOR

**Patricio Gómez Sabaini**  
PHONE (56) 2 2353 4631

### CHIEF EXECUTIVE OFFICER

**Luca D'Agnese**  
PHONE (56) 2 2263 9130

### COMMUNICATIONS OFFICER

**José Miranda Montecinos**  
PHONE (56) 2 2675 2746

### INTERNAL AUDIT OFFICER

**Raffaele Cutrignelli**  
PHONE (56) 2 2353 4647

### CHIEF FINANCIAL OFFICER

**Paolo Pallotti**  
PHONE (56) 2 2353 4510

### PLANNING AND CONTROL OFFICER

**Emanuele Brandolini**  
PHONE (56) 2 2353 4510

### GENERAL COUNSEL

**Domingo Valdés Prieto**  
PHONE (56) 2 2630 9227

## INVESTOR RELATIONS

### HEAD OF INVESTOR RELATIONS

**Rafael De La Haza Casarrubio**  
PHONE (56) 2 2353 4682

### CITIBANK NY

**Teresa Loureiro-Stein**  
PHONE (1-212) 816 6814

