



## **SIGNIFICANT EVENT**

The letter sent by ENDESA, S.A. to ENERSIS S.A., regarding the capital increase carried out by ENERSIS S.A., is attached.

Madrid, November, 8<sup>th</sup> 2012

Mr. Pablo Yrarrázaval  
ENERSIS S.A.  
President  
Santa Rosa #76  
Santiago - Chile

Madrid, 8 November 2012

Dear President,

We are writing on behalf of Endesa, S.A., the controlling shareholder of Enersis S.A. ("**Enersis**") through Endesa Latinoamerica, S.A. (hereinafter "**Endesa**"), in relation to the Extraordinary Shareholder Meeting scheduled for 20 December 2012 to announce a proposed capital increase ("the **Capital Increase**") through the issuance of shares to be paid for in cash and with stakes in certain companies.

Once all the shareholders have been provided with the reports of Mr. Walker, the expert from the Independent Evaluators "IM Trust" and "Clara y Asociados", as well as the reports from the Committee of Directors and the individual reports from each one of the Enersis's Directors, we aim, with this letter to provide additional information relating to Endesa's position with respect to specific aspects of this Capital Increase, in order to ensure that the Shareholder Meeting has all the information it requires to make a decision.

1. Guarantees regarding the transfer of ownership of Cono Sur

As set forth in the reports of the Independent Evaluators and the Expert Mr. Walker, Endesa would subscribe to its shares in the Capital Increase using non-cash assets comprising all of the shares in "Cono Sur", a company which encompasses the shares of several Latin American companies.

In the event that the Capital Increase is approved, the transfer of the shares to Enersis would be formalised via the share subscription contract. This contract contains the obligation to transfer the Cono Sur shares, and is the vehicle through which Endesa promises to include the following:

(i) declarations and guarantees relating to the three companies in which Enersis currently has no stake, and which would be transferred to it, namely, Yacilec, Inversora Dock Sud and Empresa Electrica de Piura, with the obligation to provide compensation up to the value of the contribution of the company in question in the event that Enersis suffers damages as a result of these declarations and guarantees being inaccurate;

(ii) A commitment by this company to hold Enersis harmless from any liability resulting from damages that could be incurred, within a period of five years, as a result of tax contingencies derived from the structure of the share transfer utilised by Endesa in the transaction.

## 2. Sole growth vehicle

If the Capital Increase is carried out successfully, Endesa makes explicit in this letter that so long as it remains the controlling shareholder of Enersis, this Chilean company will be the Group's only vehicle for future investments in South America in the electricity generation, distribution and sales sector, excluding the businesses currently being developed by "Enel Green Power S.p.A.", or those that this company may develop in the future in the renewable energy sector, in accordance with its corporate purpose.

## 3. Dividend policy

Endesa is convinced that if this proposed Capital Increase is successful, it will generate excellent results for Enersis and all its shareholders, and in the interests of all of the aforementioned, Endesa intends to propose to the competent corporate bodies of Enersis that they continue to follow the same dividend policy that has been in place in previous years, if they believe it opportune.

We also want to take advantage of this opportunity to reiterate Endesa's assurance, as set forth in our letter of 30 July 2012, that this Capital Increase is not in any way intended to capture funds in order to subsequently distribute them in the form of dividends or to use them for other forms of capital repayment, and that it would be carried out for the sole purpose of providing Enersis sufficient resources to finance an accelerated expansion process in Latin America, and that, consequently, Endesa will not seek the payment of an extraordinary dividend from Enersis for at least two years.

#### 4. Use of funds

In regard to the proposal that the company has detailed in several presentations regarding the use of funds raised by the capital increase, Endesa wishes to make clear that said proposal is for indicative purposes only, and that determining the use of said funds will be the sole responsibility of Enersis's management team and subject to its board's approval.

In this regard, Endesa wishes to once again express its confidence in Enersis's Board of Directors and management team and in its demonstrated capacity to define and successfully execute specific operation, which would include the Plan for Use of Funds, which in this case would have to be approved by its Board of Directors.

#### 5. Long term commitment

Lastly, it should be noted that if Endesa involuntarily increases its stake in Enersis to over its current 60.62% (but without ever surpassing the legal and statutory limit of 65% of the shares with voting rights) because no other interested parties subscribe to the Capital Increase, Endesa does not intend to reduce this stake, given its strategic character. It thereby confirms its long term commitment to Enersis and its aim to work with the rest of the shareholders on the development of the company.

For all of the above reasons, we believe that it would be opportune if this letter was brought to the attention of the Board of Directors and the Comité de Directores, respectively. Furthermore, we believe that it should be duly publicised so that all interested parties have the relevant information regarding its existence and consequences.

Sincerely,

**Borja Prado**  
**President**