July 28, 2011

E.CL REPORTED NET EARNINGS OF US$ 50.1 MILLION AND EBITDA OF US$ 81.9 MILLION IN THE SECOND QUARTER OF 2011.

EBITDA REACHED US$ 81.9 MILLION IN THE SECOND QUARTER AND US$ 161.0 MILLION FOR THE FIRST SEMESTER OF 2011. DESPITE INCREASING FUEL PRICES, OPERATING PROFIT AND EBITDA REMAINED STABLE. FOREIGN-EXCHANGE EARNINGS ALLOWED FOR AN IMPROVEMENT IN AFTER TAX PROFITS DESPITE A TEMPORARY INCREASE IN THE INCOME TAX RATE. OUR PROJECT CENTRAL TERMOELÉCTRICA ANDINA (CTA) COMMENCED FULL COMMERCIAL OPERATIONS ON JULY 15, 2011.

RECENT EVENTS:

- **CTA and CTH project progress:** Central Termoeléctrica Andina (CTA), our fluidized-bed coal-fired project located in Mejillones with a gross capacity of 165 MW, commenced commercial operations on July 15, 2011. Its twin Central Termoeléctrica Hornitos (CTH) is expected to soon do likewise.

- **Environmental Impact Study:** In early June, E.CL submitted the environmental impact study for a wind farm in Calama. Its construction is contingent on E.CL Board approval and the signing of one or more new PPAs.

- **Debt Repayment:** On July 6, 2011, E-CL repaid a US$ 50 million bank loan at maturity with its own cash generation.

- **Grid Outage:** On June 19, 2011, the SING grid suffered an outage that affected a significant portion of the grid. The outage was apparently caused by a fault in the transmission system and is currently under investigation by the regulatory authority.

- **Provisional Dividend Payment:** On July 26, 2011, the Board of Directors approved the distribution of a provisional dividend payment of US$ 0.0237347080 per share against 2011 net earnings. The total dividend payment will be for a total amount of US$ 25,000,000 payable on August 25, 2011.

- **Possible Acquisition:** On July 26, 2011, the Company's Board of Directors agreed to analyze the possible acquisition of Eólica Monte Redondo S.A. or its assets. The company belongs to the related company Suez Energy Andino S.A., and if acquired, would add a 34 MW run-of-the-river plant and a 48 MW wind farm, both located on the SIC grid (Chile's grid for the central region).

E.CL is engaged in the generation, transmission and supply of electricity and the distribution and transportation of natural gas in the north of Chile. E.CL is the fourth largest electricity generation company in Chile and the largest electricity generation company in the SING, Chile's second largest power grid. E.CL accounted for 49% of the SING's installed capacity as of December 31, 2010. E.CL primarily supplies electricity to large mining and industrial customers. In 2009, E.CL won a bid to supply the entire electricity needs, starting in 2012, of EMEL, the sole electricity distribution group in the SING. On December 29, 2009, as a result of the company's merger with Inversiones Tocopilla I S.A., E.CL acquired other electricity generation assets in the Chilean Norte Grande region including Electroandina, Central Termoeléctrica Andina, 60% of Central Termoeléctrica Hornitos, and the gas transportation companies, GNAA and GNAC. E.CL is currently 52.77% indirectly owned by IPR GDF Suez, a company listed in the U.K., which in turn is 70%-owned by GDF Suez. The remaining 47.23% of E.CL shares are publicly traded on the Santiago stock exchange following Codelco's sale of its 40% shareholding interest on January 28, 2011. For more information, please refer to www.e-cl.cl.

FIRST SEMESTER HIGHLIGHTS:

- **Dividend Payment:** The Regular Shareholders Meeting held on April 14, 2011, declared a final dividend payment of US$ 0.09505 per share against 2010 earnings, payable in cash on May 5, 2011. The total dividend payment was for a total amount of US$ 100,119,615.93.

- **VAT Recovery:** On May 16, 2011, the income tax authority reimbursed VAT paid by the Central Termoeléctrica Andina (CTA) and Central Termoeléctrica Hornitos (CTH) projects for total amounts of US$ 52.0MM and US$ 35.3MM, respectively. The proceeds were fully used to repay loans provided by the companies' shareholders, E.CL, and Inversiones Punta de Rieles Ltda. (40% owner of CTH).

- **MSCI Global Standard Indices:** On May 19, 2011, it was announced that effective June 1, 2011, E-CL was included in the "Mid Cap-Size Segment" of the "MSCI Global Standard Indices".

- **New regulation for emissions of thermoelectric power plants:** A new administrative regulation proposed by the Comisión Nacional del Medio Ambiente ("CONAMA") in respect of particulate matter emissions as well as Nitrous Oxides (NOx), Sulfur Dioxide (SO2), and Mercury (Hg) emissions from thermoelectric power generation plants in Chile was signed by the President of the Republic in January 2011 and enacted in June after review by the Office of the Controller of the Republic. The new regulation allows existing thermoelectric power plants 2.5 years to adapt their installations to meet the new limits for emissions of particulate matter. The regulation considers a 4-year deadline for compliance with the limits related to gas emissions for plants located in saturated zones and a 5-year deadline for plants located elsewhere.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our unaudited consolidated financial statements for the second quarter and for the first half of 2011, which have been prepared in U.S. dollars in accordance with IFRS, and which should be read in conjunction with the financial statements and the notes thereto published by the Superintendencia de Valores y Seguros (www.svs.cl)

We adopted IFRS as of January 1, 2010. The main difference between Chilean GAAP and IFRS as applied to us is the requirement under IFRS to reverse the price-level restatements on our property, plant and equipment and to establish the historical cost of such assets using the exchange rate prevailing at the historical date of acquisition of such fixed assets. The effect of the price level restatements in the income statement is to increase depreciation and amortization because the restatements resulted in higher property plant and equipment balances. In addition, under IFRS, our investment in Inversiones Hornitos, S.A. (CTH) is 60% proportionally consolidated, compared to fully consolidated under Chilean GAAP with the difference treated as minority interest.

INDUSTRY OVERVIEW

The company operates in the SING (Sistema interconectado del Norte Grande or '*Northern Grid')*, Chile's second largest power grid, which serves the country's north and a major portion of its mining industry. Given local conditions, it is a thermoelectric system, with generation based on coal, natural gas, LNG and diesel oil.

The SING has been characterized throughout 2011 by a reduction in lower-cost Argentine sourced natural gas, the use of LNG, available since May 2010, and the generation under test mode by new and efficient coal generating projects that will represent a material increase in the system's installed capacity. These include the E-CL-owned Central Termoeléctrica Andina (CTA) and Central Termoeléctrica Hornitos (CTH) units, each with 165MW, and the AES-owned Angamos I and II units, each with 264 MW. Angamos I and CTA commenced regular commercial operations in April and July, respectively. The need to have backup generation on standby and other costs associated with new unit tests, which displace regular commercial generation, temporarily increased the marginal prices at which spot purchases took place.

The following table provides a breakdown of generation by fuel type:

Generation by Fuel Type (in GWh)

	1Q 2011		2Q 2011		QoQ Var.	
Fuel Type	**GWh**	*% of total*	**GWh**	*% of total*	***Amount***	***%***
Hydro	20	*1%*	17	*0%*	***(4)***	***-19%***
Coal	2.266	*61%*	2.851	*71%*	***584***	***26%***
Argentine Gas (AES Gener)	327	*9%*	65	*2%*	***(261)***	***-80%***
LNG	845	*23%*	869	*22%*	***24***	***3%***
Diesel / Fuel oil	275	*7%*	217	*5%*	***(59)***	***-21%***
Total gross generation SING	**3.734**	***100%***	**4.018**	***100%***	***285***	***8%***

Source: CDEC-SING

The participants in the SING grid are as follows:

Generation by Company (in GWh)

	1Q 2011		2Q 2011		QoQ Var.	
	GWh	*% of total*	**GWh**	*% of total*	***Amount***	***%***
Company						
AES Gener (Arg. Gas)	327	*9%*	67	*2%*	***(260)***	***-80%***
Norgener / Angamos	778	*21%*	1.037	*26%*	***259***	***33%***
Celta	268	*7%*	247	*6%*	***(21)***	***-8%***
Gas Atacama	595	*16%*	578	*14%*	***(17)***	***-3%***
E.CL (with 100% of CTH)	1.746	*47%*	2.070	*52%*	***325***	***19%***
Other	21	*1%*	19	*0%*	***(2)***	***-10%***
Total gross generation SING………	**3.734**	***100%***	**4.018**	***100%***	***285***	***8%***

Source: CDEC-SING

The sharp drop in generation by AES Gener's Salta plant is due to increased consumption in Argentina as cold weather sets in, with the resulting drop in its export to Chile. Increased generation by Norgener and E-CL is primarily the result of the generation by the new Angamos I Unit, which commenced commercial operations in April, and generation under testing mode by both the Angamos II Unit and E-CL's CTA and CTH units.

The system was also affected by strong 8%, 15% and 31% quarter-on-quarter increases in coal, diesel and natural gas prices.

In addition, the RM39 system security adjustment payments had increased during the first quarter as a result of the system's need to have back-up capacity during the new unit testing phase. This affected the prices at which energy transfers take place among generators. Spot market costs for such transfers decreased on average by nearly 10% during the second quarter from an average of US$ 184/MWh to an average of US$ 166/MWh.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our unaudited consolidated financial statements for the quarters ended June 30, 2011, March 31, 2011 and June 30, 2010, which have been prepared in U.S. dollars in accordance with IFRS, and which should be read in conjunction with the financial statements and the notes thereto published by the Superintendencia de Valores y Seguros (www.svs.cl).

Results of Operations

2Q 2011 compared to 1Q 2011 and 2Q 2010

Operating Revenues

Quarterly Information
(In US$ millions, except for volumes and percentages)

	2Q 2010		1Q 2011		2Q 2011		% Variation	
Operating Revenues	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**QoQ**	**YoY**
Unregulated customers sales………………….	239,6	*96%*	267,4	*95%*	307,2	*97%*	***15%***	***28%***
Spot market sales…………………………….	9,1	*4%*	13,9	*5%*	10,6	*3%*	***-24%***	***16%***
Total revenues from energy and capacity sales…………………………….	**248,7**	*91%*	**281,3**	*93%*	**317,8**	*96%*	***13%***	***28%***
Gas distribution sales…………………………	1,0	*0%*	1,5	*0%*	1,5	*0%*	***2%***	***52%***
Other operating revenue………………………	23,2	*9%*	19,3	*6%*	11,5	*3%*	***-41%***	***-51%***
Total operating revenues………………..	**272,9**	*100%*	**302,1**	*100%*	**330,8**	*100%*	***9%***	***21%***
Physical Data (in GWh)								
Sales of energy to unregulated customers (1)…..	1.789	*99%*	1.800	*100%*	1.904	*100%*	***6%***	***6%***
Sales of energy to the spot market……………	25	*1%*	0	*0%*	-	*0%*	***n.a.***	***-100%***
Total energy sales………………………..	**1.814**	*100%*	**1.800**	*100%*	**1.904**	*100%*	***6%***	***5%***
Average monomic price (U.S.$/MWh)(2)……	**137**		**156**		**167**		***7%***	***22%***

(1) Includes 60% of CTH sales.
(2) Calculated as the quotient between total revenues from energy and capacity sales and total physical energy sales.

Total operating revenues increased by 9% quarter-on-quarter and by 21% year-on-year, primarily as a result of the increase in the average realized monomic price for electricity (7% and 22% respectively) and the approximately 6% increase in total quarterly physical sales. The increase in physical sales reflects the recovery in the production at two mines, whose demand had dropped during the previous quarter. Spot sales consider both spot sale revenues as well as monthly energy and annual firm capacity adjustment payments per the SING dispatch center's reliquidations. In turn, Other operating revenue includes revenues from other services, such as tolls on our sub-transmission assets, port services, transmission line maintenance for third parties and fuel purchases sold to other generators at near cost. The latter were particularly relevant during 2Q10 (US$ 12.9 million) and 1Q11 (US$ 9.0 million), with virtually no such sales in 2Q11 (US$ 0.4 million).

It should be noted that revenues and expenses for Central Termoeléctrica Andina (CTA) and Central Termoeléctrica Hornitos (CTH) were capitalized throughout project construction, with the exception of revenues and costs associated with the Power Purchase Agreement (PPA) between CTH and its client, which came in force in April 2011. Since E.CL maintains a 60% participation in CTH, 60% of its sales under the PPA and associated revenues and costs were therefore recognized in E.CL's consolidated statements. The Physical energy sales and generation presented in the tables therefore exclude CTA revenues and expenses associated with its test-mode generation, and consider only 60% of CTH's sales and generation under its PPA. Total energy sales would have increased by approximately 14% quarter-on-quarter had CTH spot sales prior to April 2011 and CTA spot sales been considered.

Operating Costs

Quarterly Information
(In US$ millions, except for volumes and percentages)

Operating Costs	2Q 2010 Amount	2Q 2010 % of total	1Q 2011 Amount	1Q 2011 % of total	2Q 2011 Amount	2Q 2011 % of total	% Variation QoQ	% Variation YoY
Fuel and lubricants………………………………	(130,4)	*61%*	(125,4)	*53%*	(156,6)	*60%*	***25%***	***20%***
Energy and capacity purchases on the spot market………………………………………..	(10,1)	*5%*	(41,5)	*17%*	(36,1)	*14%*	***-13%***	***257%***
Depreciation and amortization attributable to cost of goods sold…………………………..	(23,0)	*11%*	(24,9)	*10%*	(26,0)	*10%*	***4%***	***13%***
Other costs of goods sold…………………..	(49,9)	*23%*	(46,8)	*20%*	(42,0)	*16%*	***-10%***	***-16%***
Total cost of goods sold……………….	**(213,4)**	*95%*	**(238,5)**	*96%*	**(260,7)**	*95%*	***9%***	***22%***
Selling, general and administrative expenses…	(6,2)	*3%*	(10,0)	*4%*	(14,5)	*5%*	***45%***	***132%***
Depreciation and amortization in selling, general and administrative expenses………..	(0,3)	*0%*	(0,3)	*0%*	(0,3)	*0%*	***10%***	***8%***
Other operating revenue……………………..	0,4	*0%*	0,7	*0%*	0,3	*0%*	***-57%***	***-27%***
Total operating costs…..……………….	**(219,4)**	*100%*	**(248,1)**	*100%*	**(275,2)**	*100%*	***11%***	***25%***
Physical Data (in GWh)								
Gross electricity generation								
Coal………………………………………..	1.367	*70%*	1167	*69%*	1.304	*72%*	***12%***	***-5%***
Gas………………………………………..	396	*19%*	391	*23%*	396	*22%*	***1%***	***0%***
Diesel Oil and Fuel Oil…………………..	175	*8%*	119	*7%*	96	*5%*	***-19%***	***-45%***
Hydro……………………………………..	11	*1%*	13	*1%*	9	*0%*	***-29%***	***-15%***
Total gross generation…………………	**1.949**	*100%*	**1.689**	*100%*	**1.805**	*100%*	***7%***	***-7%***
Minus Own consumption………………..	(128)	*-7%*	(100)	*-6%*	(127)	*-7%*	***27%***	***-1%***
Total net generation……………………	**1.820**	***93%***	**1.589**	***94%***	**1.678**	***93%***	***6%***	***-8%***
Energy purchases on the spot market………..	61	***3%***	289	***15%***	266	***14%***	***-8%***	***336%***
Total energy available for sale before transmission losses…………………….	**1.881**	***97%***	**1.878**	***111%***	**1.944**	***108%***	***4%***	***3%***

Despite the overhaul until the end of April on our U12 and maintenance of our CTM2 coal units, our generation recovered, showing a 6% increase during the second quarter. This was in line the increase registered by the SING grid during the period.

CTA generated approximately 51 GWh and 216 GWh during testing in 1Q11 and 2Q11 respectively, which were sold on the spot market. The associated revenues and expenses were capitalized pending commissioning and commencement of regular commercial operations. Total gross generation would have increased by nearly 15% had its generation and that of CTH prior to its PPA been included. The increased generation from our new lower-cost coal-based CTH and CTA units, and Angamos units has been displacing part of our diesel oil and fuel oil peaking generation.

WTI prices, to which LNG, diesel and spot prices are linked, averaged US$ 102/bbl. during the 2Q11. This is up from US$ 93/bbl. in 1Q11 and US$ 78/bbl. in 2Q10, with 9% and 31% Q-on-Q and Y-on-Y increases respectively. The resulting price increases resulted in a more expensive fuel mix during 2Q11, as reflected by the increase in Fuel and lubricants. Depreciation, in turn, increased with the commencement of depreciation on recent transmission asset investments. On the other hand, Other cost of goods sold decreased primarily because of a decrease in fuel purchases sold to other generators at near cost (2Q10: US$ 12.1 million, 1Q11: US$ 8.9 million, 2Q11: US$ 0.0 million). Other cost of goods sold also includes items such as port services, third party services, and insurance premiums, which increased as a result of the Chilean earthquake that took place in February 2010. These costs also include plant remunerations, which registered a US$ 2.9 million increase primarily because of an end-of-negotiation bonus at Electroandina and the effect of the revaluation of the Chilean Peso on local currency denominated personnel expenses.

	2010					2011		
	1Q10	2Q10	3Q10	4Q10	Total	1Q11	2Q11	Total
Electricity Margin								
Total revenues from energy and capacity sales……………………………………	**224,1**	**248,7**	**271,3**	**268,4**	**1.012,5**	**281,3**	**317,8**	**599,0**
Fuel and lubricants…………………..	(103,5)	(130,4)	(132,5)	(137,5)	(503,9)	(125,4)	(156,6)	(282,0)
Energy and capacity purchases on the spot market……………………………	(16,9)	(10,1)	(15,8)	(32,1)	(74,9)	(41,5)	(36,1)	(77,5)
Gross Electricity Profit	**103,7**	**108,3**	**122,9**	**98,8**	**433,7**	**114,4**	**125,1**	**239,5**
Electricity Margin	*46%*	*44%*	*45%*	*37%*	*43%*	*41%*	*39%*	*40%*

The increase in costs and corresponding tariff increases have resulted in a decreasing Electricity Margin, despite which Gross Electricity Profit amounts show quarter-on-quarter and year-on-year improvement.

Operating Results

Quarterly Information
(In US$ millions, except for percentages)

EBITDA	2Q 2010		1Q 2011		2Q 2011		% Variation	
	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Total operating revenues……………………..	272,9	*100%*	302,1	*100%*	330,8	*100%*	***9%***	***21%***
Total cost of goods sold……………………	(213,4)	*-78%*	(238,5)	*-79%*	(260,7)	*-79%*	***9%***	***22%***
Gross income…………………………	**59,6**	*22%*	**63,5**	*21%*	**70,0**	*21%*	***10%***	***18%***
Total selling, general and administrative expenses and other operating income/(costs).	(6,1)	*-2%*	(9,6)	*-3%*	(14,5)	*-4%*	***51%***	***137%***
Operating income…………………..	**53,5**	*20%*	**53,9**	*18%*	**55,6**	*17%*	***3%***	***4%***
Depreciation and amortization………………….	23,3	*9%*	25,2	*8%*	26,3	*8%*	***4%***	***13%***
EBITDA…………………………………	**76,8**	*28%*	**79,1**	*26%*	**81,9**	*25%*	***3%***	***7%***

Despite increasing fuel costs, the corresponding tariff increases allowed gross income margins to remain relatively stable at about 21%. Increased SG&A expenses resulted in a decline in the EBITDA margin, despite which EBITDA evidenced quarter-on-quarter and year-on-year improvement.

Financial Results

Quarterly Information
(In US$ millions, except for percentages)

	2Q 2010		1Q 2011		2Q 2011		% Variation	
Non-operating results	Amount	% of total	Amount	% of total	Amount	% of total	QoQ	YoY
Financial income………………………………	1,3	*2%*	1,0	*2%*	1,2	*2%*	***24%***	***-5%***
Financial expense……………………………	(6,7)	*-13%*	(3,7)	*-7%*	(4,1)	*-7%*	***11%***	***-39%***
Foreign exchange translation, net…………..	(7,9)	*-15%*	(5,9)	*-11%*	10,6	*19%*	***n.a.***	***n.a.***
Other non-operating income/(expense) net…	(1,0)	*-2%*	(0,2)	*0%*	(0,2)	*0%*	***-7%***	***-83%***
Total non-operating results…………….	**(14,3)**	*-27%*	**(8,7)**	*-16%*	**7,6**	*14%*	***n.a.***	***n.a.***
Income before tax…………………………….	39,3	*73%*	45,3	*84%*	63,0	*113%*	***39%***	***61%***
Income tax………………………………………	(9,0)	*-17%*	(11,3)	*-21%*	(12,9)	*-23%*	***14%***	***43%***
Net income to E.CL's shareholders…….	**30,2**	*56%*	**34,0**	*63%*	**50,1**	*90%*	***48%***	***66%***
Earnings per share……………………..	**0,029**		**0,032**		**0,048**		***48%***	***67%***

Net income in 2Q11 reached US$ 50.1 million, representing earnings of US$ 0.048 per share. This represented a 48% increase in relation 1Q11, and a 67% increase compared to 2Q10, basically due to the foreign exchange earnings in 2Q11. These was mainly the result of the effect of the exchange-rate fluctuations during the quarter on the inflation-indexed local currency VAT, whereas they had depreciated in U.S. dollar terms during the 1Q11 and the 2Q10. The decrease in Financial expense is explained by a US$ 5.7 million mark-to-market loss registered in 2Q10 on interest-rate derivatives entered into by CTA.

A temporary increase in the income tax rate from 17% to 20% implemented as a result of the February 27, 2010 earthquake, which struck Chile's south-central region, led to an increase in 2011 income taxes. The tax rate will drop to 18.5% for income accrued in 2012 and is expected to return to 17% in 2013. Despite the increase in taxes, after-tax profits excluding the effect of the Foreign exchange translation remained fairly stable.

First half of 2011 compared to the first half of 2010

Operating Revenues

For the 6-month period ended June 30,
(In US$ millions, except for volumes and percentages)

	6M - 2010		6M - 2011		Variation	
Operating Revenues	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**%**
Unregulated customers sales…………………..	460,6	*97%*	574,6	*96%*	**114,0**	***25%***
Spot market sales………………………………..	12,2	*3%*	24,5	*4%*	**12,2**	***100%***
Total revenues from energy and capacity sales……………………………	**472,8**	*91%*	**599,0**	*95%*	**126,2**	***27%***
Gas distribution sales…………………………..	4,1	*1%*	3,0	*0%*	**(1,1)**	***-27%***
Other operating revenue……………………….	42,0	*8%*	30,8	*5%*	**(11,2)**	***-27%***
Total operating revenues………………..	**518,9**	*100%*	**632,8**	*100%*	**114,0**	***22%***
Physical Data (in GWh)						
Sales of energy to unregulated customers (1)…..	3.506	*99%*	3.704	*100%*	**197**	***6%***
Sales of energy to the spot market……………..	47	*1%*	0	*0%*	**(47)**	***-100%***
Total energy sales………………………..	**3.554**	*100%*	**3.704**	*100%*	**150**	***4%***
Average monomic price (U.S.$/MWh)(1)……	**133,1**		**161,7**		**28,7**	***22%***

(1) Includes 60% of CTH sales.
(2) Calculated as the quotient between total revenues from energy and capacity sales and total physical energy sales.

The US$ 114 million 25% increase in total operating revenues for the first half of 2011 was mostly the result of a 6% increase in physical energy sales to unregulated customers, a 22% increase in the average realized monomic price of electricity, and increased Spot market sales, which correspond to retroactive energy and capacity adjustment payments per CDEC.

Energy and Capacity Sales

Physical gross energy sales to customers increased mainly because of increased demand from the Altonorte copper refinery and Minera Esperanza. Total physical energy sales would have evidenced a nearly 11% increase had CTA's and CTH's sales to the spot market been considered. Such sales were not considered as their corresponding revenues and costs were capitalized.

The 22% increase in the average realized monomic tariff was mainly attributed to the higher fuel prices, with the tariff indexation mechanisms in our contracts reflecting the increase in the average price of our fuel mix. Spot market energy costs increased from an average of US$ 147/MWh during the first half of 2010 to an average of US$ 175/MWh during the first half of 2011.

Other Operating Revenues

Other operating revenues include revenues from our gas distribution business, tolls on our sub-transmission assets, revenues from coal sales to other generators, and revenues from other services including port services and maintenance of transmission lines to third parties. They were particularly large during 2010 due to US$ 14,5 million received from Tecpetrol as compensation for past interruptions in gas deliveries. In 1H10 fuel sold to other generators at near cost amounted to US$ 12.9 million, whereas only US$ 9.4 million were sold in 2011.

Operating Costs

For the 6-month period ended June 30,
(In US$ millions, except for volumes and percentages)

	6M - 2010		6M - 2011		Variation	
Operating Costs	Amount	% of total	Amount	% of total	Amount	%
Fuel and lubricants………………………………	(233,9)	*61%*	(282,0)	*56%*	**(48,1)**	***21%***
Energy and capacity purchases on the spot market…………………………………………..	(27,0)	*7%*	(77,5)	*16%*	**(50,5)**	***187%***
Depreciation and amortization attributable to cost of goods sold…………………………..	(47,1)	*12%*	(50,9)	*10%*	**(3,8)**	***8%***
Other costs of goods sold…………………..	(75,7)	*20%*	(88,8)	*18%*	**(13,1)**	***17%***
Total cost of goods sold……………….	**(383,7)**	*96%*	**(499,2)**	*95%*	**(115,6)**	***30%***
Selling, general and administrative expenses…	(16,3)	*4%*	(24,5)	*5%*	**(8,1)**	***50%***
Depreciation and amortization in selling, general and administrative expenses………..	(0,6)	*0%*	(0,6)	*0%*	**(0,0)**	***2%***
Other revenues……………………………….	0,6	*0%*	1,0	*0%*	**0,4**	***60%***
Total operating costs………………….	**(399,9)**	*100%*	**(523,3)**	*100%*	**(123,4)**	***31%***
Physical Data (in GWh)						
Gross electricity generation						
Coal…………………………………………..	2.711	*72%*	2.471	*71%*	**(240)**	***-9%***
Gas…………………………………………..	592	*16%*	787	*23%*	**196**	***33%***
Diesel Oil and Fuel Oil…………………..	460	*12%*	215	*6%*	**(245)**	***-53%***
Hydro………………………………………	22	*1%*	22	*1%*	**(0)**	***-2%***
Total gross generation………………….	**3.784**	***100%***	**3.495**	***100%***	**(289)**	***-8%***
Minus Own consumption………………..	(249)	*-7%*	(227)	*-7%*	**22**	***-9%***
Total net generation…………………….	**3.534**	***93%***	**3.267**	***93%***	**(267)**	***-8%***
Energy purchases on the spot market………..	152	***4%***	555	***16%***	**403**	***265%***
Total energy available for sale before transmission losses………………………	**3.687**	***97%***	**3.822**	***109%***	**136**	***4%***

Our gross generation registered an 8% drop during the first half of 2011 compared with 2010. The shortfall to meet the 6% increase in sales to unregulated customers, including energy and capacity requirements to fully meet sales under CTH's PPA starting April, were met by purchases on the spot market. Energy and capacity purchases also include the additional RM39 payments made by CTH to the grid per CDEC regulations to pay for backup capacity while in testing mode. Coal generation declined primarily because of the overhaul of the U12 unit, maintenance of the U15 and CTM2 units. Some diesel and fuel oil peaking generation was displaced by LNG based generation, which became available upon the entry into operation of the LNG Terminal in May 2010, and by the new CTA, CTH and Angamos coal-fired units. It should be noted that total generation would have remained virtually unchanged had CTA's test mode generation been included in the above figures.

Our fuel mix costs increased due to both the increased weight of LNG in the fuel mix and the increase in diesel, fuel oil and LNG prices as a result of the increase in crude oil prices, to which they are linked. The fuel mix used in our generation also changed as we began burning LNG beginning May 2010. Gas-fired generation climbed from 16% of our generation during the first half of 2010 to 23% in 2011, displacing diesel and fuel oil generation, with coal maintaining its participation in the fuel mix.

Other costs of goods sold include the fuel sales to other generators at near cost (US$ 12.1 million and US$ 8.9 million in the first half of 2010 and 2011, respectively). The other major increases were due to the maintenance and repairs (US$ 5 million) and consulting and other third party services (US$ 5 million). Personnel expenses increased somewhat due to contractual quarterly adjustment of remunerations by Chilean inflation, increased headcount, end-of-negotiation bonuses and the effect of local inflation and exchange-rate variations on remunerations, which are primarily in Chilean pesos. These were the main factors driving the increase in Selling, general and administrative expenses. The increase in depreciation and amortization expenses is primarily explained by the depreciation of the recent investments in transmission assets, such as the Chacaya-El Cobre transmission line and the El Cobre substation.

Operating Results

For the 6-month period ended June 30,
(In US$ millions, except for percentages)

	6M - 2010		6M 2011		Variation	
EBITDA	**Amount**	**% of**	**Amount**	**% of**	**Amount**	**%**
Total operating revenues………………………	518,9	*100%*	632,8	*100%*	**114,0**	***22%***
Total cost of goods sold……………………	(383,7)	*-74%*	(499,2)	*-79%*	**(115,6)**	***30%***
Gross income………………………….	**135,2**	*26%*	**133,6**	*21%*	**(1,6)**	***-1%***
Total selling, general and administrative expenses and other operating income/(costs).	(16,3)	*-3%*	(24,1)	*-4%*	**(7,8)**	***48%***
Operating income…..……………….	**119,0**	*23%*	**109,5**	*17%*	**(9,6)**	***-8%***
Depreciation and amortization……....…………	47,7	*9%*	51,5	*8%*	**3,8**	***8%***
EBITDA……………….……………….	**166,7**	*32%*	**161,0**	*25%*	**(5,8)**	***-3%***

EBITDA was US$ 161 million during the first half of 2011, down 3% primarily because of the effect of the US$ 14.5 million Tecpetrol compensation received during the first half of 2010. EBITDA would have otherwise registered a nearly 6% increase.

Financial Results

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For the 6-month period ended June 30, (In US$ millions, except for percentages)	6M - 2010		6M - 2011		Variation	
Non-operating results	**Amount**	**Revenues**	**Amount**	**Revenues**	**Amount**	**%**
Financial income………………………………	2,3	*2%*	2,2	*2%*	**(0,1)**	***-3%***
Financial expense……………………………	(9,4)	*-8%*	(7,8)	*-7%*	**1,6**	***-17%***
Foreign exchange translation, net……………	(12,0)	*-10%*	4,8	*4%*	**16,8**	***n.a.***
Other non-operating income/(expense) net…	(1,0)	*-1%*	(0,3)	*0%*	**0,7**	***-66%***
Total non-operating results…………….	**(20,2)**	*-17%*	**(1,1)**	*-1%*	**19,1**	***-94%***
Income before tax…………………………………	98,8	*83%*	108,3	*99%*	**9,5**	***10%***
Income tax……………………………………………	(20,2)	*-17%*	(24,2)	*-22%*	**(4,0)**	***20%***
Net income to E.CL's shareholders…….	**78,7**	*66%*	**84,1**	*77%*	**5,4**	***7%***
Earnings per share……………………..	**0,074**		**0,080**		**0,006**	***8%***

Financial expense decreased by US$ 1.6 million as a US$ 5.7 million mark-to-market loss was registered during the second quarter of 2010 on interest-rate derivatives entered into by CTA.

Interest expense on the CTA project financing will no longer be capitalized as CTA has now commenced commercial operations. The resulting increase in interest expense will be partially offset by the repayment on July 6, 2011 of a US$ 50 million bank loan.

The exchange-rate fluctuations during the first semester resulted in a US$ 4.8 million foreign exchange translation gain for the first half of 2011, against a US$ 12.0 million loss for the first half of 2010. The gain was primarily because of the appreciation of the Chilean VAT asset. Approximately US$ 62 million still remain to be recovered after the Chilean income tax authority reimbursed US$ 87.3 million in May 2011. The balance will be recovered by means of another disbursement by the tax authority after taking over the projects, and/or through deductions from the value added taxes payable on sales revenues generated by the projects over time.

Net Earnings

Income before taxes for the first half of 2011 was up by US$ 9.5 million, or approximately 10%, primarily as a result of the foreign exchange translation gains. Income before tax would have been stable if the foreign exchange translation gains and non-recurring effects are excluded. These include the US$ 14,5 million Tecpetrol compensation received in 2010 and the US$ 5.7 million due to the derivative mark-to-market losses during the second quarter of 2010. The improved Income before tax results allowed for an improvement in after-tax profits despite the temporary increase in the income tax rate from 17% to 20% that was implemented because of the February 27, 2010 earthquake.

Net income reached US$ 84.1 million for the first half of 2011, representing earnings of US$ 0.080 per share. This represents an 8% improvement compared to the first half of 2010 as a result of the effects indicated above.

Liquidity and Capital Resources

We fully repaid loans with related companies on December 17, 2010, with proceeds from US$ 400 million 5.625%, 10-year 144-A notes placed in December 2010. At the end of the first half of 2011, we reported cash balances of US$ 163 million (including short-term investments available for sale), whereas our nominal financial debt[1] totaled US$ 758.6 million, only US$ 69.6 million of which matured within one year.

	For the 6-month period ended June 30, (In US$ millions)	
Cash Flow	**6M-2010**	**6M-2011**
Net cash flows provided by operating activities…	167,3	172,4
Net cash flows used in investing activities………	(68,4)	(54,8)
Net cash flows provided by financing activities..	(8,7)	(112,2)
Change in cash……………….…………..	**90,2**	**5,4**

Cash Flow from Operating Activities

Cash flow generated from operating activities in the first half of 2011 was primarily explained by our operating earnings during the period, and the collection of the Tecpetrol compensation in the amount of US$ 14,5 million during the first half of 2010.

Cash Flow Used in Investing Activities

Our most significant investing activity in the past three years has been related to the CTA and CTH projects and the transmission assets needed to evacuate the energy to be generated by CTA and CTH for delivery to our customers. Under IFRS, beginning 2010 we have recognized 60% of the capital expenditures made by CTH in proportion to our equity interest in the project. We have also made capital expenditures for the overhaul of our power plants, equipment maintenance and refurbishing, and environmental improvement, among other capital expenditures.

Our capital expenditures in the first half of 2010 and 2011 have amounted to US$ 87.5 million and US$ 67.2 million respectively, and include the following:

(1) Nominal amounts may differ from the debt amounts recorded under the IFRS methodology in the Financial Statements.

Capital Expenditures

CAPEX	For the 6-month period ended June 30, (In US$ millions) 6M - 2010	6M - 2011
CTA…………………………………………………..	34,1	21,6
CTH [(1)]……………………………………………..	7,3	17,9
Central Tamaya…………………………………….	0,1	-
El Cobre substation & Chacaya-El Cobre transmission line……………………………	29,4	-
Overhaul power plants & equipment maintenance and refurbishing…………………	6,0	6,2
Environmental improvement works………………	-	2,7
Others……………………………………………	10,6	18,8
Total capital expenditures……………………….	**87,5**	**67,2**

(1) 60% of these capital expenditures are recognized per IFRS.

Cash Flow from Financing Activities

Our principal financing activities during the first half of 2011 were as follows:

- On May 5, 2011, we paid dividends of US$ 100.1 million, equivalent to 50% of our net income in 2010.

- On May 16, 2011, CTA and CTH received reimbursements of VAT paid by the projects in the amounts of US$ 52.0 million and US$ 35.3 million, respectively. The proceeds were fully used to repay loans provided by the companies' shareholders, E-CL and Inversiones Punta de Rieles Ltda, the 40% owner of CTH.

- On June 15, 2011, CTA repaid the first installment on the project financing provided by IFC and KfW for a principal amount of US$ 2.8 million.

Contractual Obligations

The following table sets forth the maturity profile of our debt obligations as of June 30, 2011. This table shows the nominal amount of our debt balances, which may differ from the debt amounts recorded under the IFRS methodology in the Financial Statements:

Contractual Obligations

Payments Due by Period

(In US$ millions)

	Total	< 1 year	1 - 3 years	3 - 5 years	More than 5 years
Bank debt……………………………	335,9	55,8	16,6	22,6	240,9
Bonds (144 A/Reg S Notes)………	400,0				400,0
Leasing obligations……...………	2,0		1,9		0,1
Accrued interest…………………	13,8	13,8			
Mark-to-market swaps	6,9				6,9
Total	**758,6**	**69,6**	**18,5**	**22,6**	**647,9**

Bank debt, in the table above, includes drawings under the project financing extended by IFC and KfW to our subsidiary CTA, which as of June 30, 2011, reached a total principal amount of US$ 285.9 million, payable in semiannual installments starting June 2011 and ending with a 25% balloon payment in June 2025. Bank debt also includes a US$ 50 million loan with Banco Santander, which was paid at maturity in July 2011. This loan had a single financial covenant of maximum financial debt-to-equity of 1.1 times.

The bonds correspond to our US$ 400 million, 10-year, 5.625% 144-A/Reg.S notes used to repay our loans with shareholders and related parties.

Other debt includes US$ 2.0 million in leasing obligations as well as a negative US$ 6.9 million mark-to-market provision on interest-rate swaps taken by CTA to hedge its exposure to floating interest rates. An equivalent amount has been charged to our shareholders' equity account according to IFRS rules.

Dividend policy

We do not have an established dividend payment policy, and our dividend payment for each year is proposed by our Board of Directors based on the year's financial performance, the size of our available cash balance and anticipated financing requirements for capital expenditures and investments in following years. The dividend payment proposed by our Board is subsequently approved at a Shareholders' Meeting as established by law. On April 14, 2011, our shareholders approved dividends in an amount equivalent to 50% of our net 2010 earnings. Such amount was paid on May 5, 2011.

The Board of Directors approved the distribution of a provisional dividend payment of US$ 0,0237347080 per share against 2011 net earnings on July 26, 2011, after the close of the quarter. The total dividend payment will be for a total amount of US$ 25,000,000 payable on August 25, 2011.

The record of dividends paid during 2010 and 2011 is shown in the following table:

Cash Dividends paid by E.CL S.A. in 2010 and 2011

Payment Date	Dividend Type	Amount (in US$ millions)	US$ per share
May 4, 2010	Final (on account of 2009 net income)	77,7	0,07370
May 4, 2010	Additional (on account of 2009 net income)	1,9	0,00180
May 5, 2011	Final (on account of 2010 net income)	100,1	0,09505

Hedging Policy

Our hedging policy covers certain risks to which we are exposed, as follows:

Business Risk and Commodity Hedging

Our business is subject to the risk of variations in availability of fuels and their prices. Our policy is to hedge as much as possible against these risks through the indexation of the energy tariff incorporated in our PPAs, and the fuel mix taken into consideration in the tariffs.

Currency Hedging

Given that most of our revenues and costs are denominated in U.S. dollars and we seek to incur debt in U.S. dollars, we face limited exposure to foreign exchange risk. Our main costs denominated in Chilean pesos are personnel and administrative expenses, which account for approximately 5% of our total operating costs. Our most significant asset denominated in Chilean pesos consists of value added taxes paid on our purchases of equipment for our new projects. This account is adjusted for inflation, with US$ 87.3 million recovered through a reimbursement from the tax authority in May 2011, and the balance to be recovered through an additional reimbursement after taking over and deductions from the value added taxes payable on sales revenue over time. We have occasionally engaged in forward agreements to partially hedge this asset against foreign currency risk.

Interest Rate Hedging

We try to maintain a significant portion of our long-term debt at fixed rates in order to minimize interest-rate exposure. As of June 30, 2011, 93% of our total financial debt for a principal amount of US$ 736 million was at fixed rates. The remaining 7% of our debt, corresponding to the unhedged portion of our project financing for CTA, was at floating LIBOR.

As of June 30, 2011
Contractual maturity date
(In US$ millions)

	Average interest rate	Current portion-	2012	2013	2014	Thereafter	Total long-term	Grand Total
Fixed Rate								
(US$)	4.04% p.a.	50,0					-	50,0
(US$)	Swapped base rate of 3.665% p.a. + 2.50% spread [(1)]	4,8	2,5	7,2	7,8	211,7	229,2	234,0
(US$)	5.625% p.a.	-				400,0	400,0	400,0
Variable Rate								
(US$)	LIBOR (180) + 2.50% p.a. [(1)]	1,0	0,6	1,6	1,7	47,0	50,9	51,9
Total [(2)]		**55,8**	**3,1**	**8,8**	**9,5**	**658,7**	**680,1**	**735,9**

(1) This corresponds to the current interest rate of the IFC and KfW project financing for CTA. The 2.5% p.a. margin on LIBOR steps up by 0.25% every three years starting April 30, 2013.

(2) These figures include principal amounts only and do not include leasing obligations related to our use of transmission lines or mark-to-market adjustments on interest rate swaps.

Credit Risk

In the normal course of business, and when investing our cash, we are exposed to credit risk. In our regular electricity generation business, we deal mostly with financially strong mining companies, which report low level of credit risk. Our policy is to invest in investment-grade institutions only and only within the short term. We also measure our counterparty risk when dealing with derivatives, and we have a limit with each counterparty to manage our exposure.

APPENDIX 1

PHYSICAL DATA AND SUMMARIZED QUARTERLY FINANCIAL STATEMENTS

Physical Sales
(in GWh)

	2010			2011		
	1Q10	**2Q10**	**6M Total**	**1Q11**	**2Q11**	**6M Total**
Physical Sales						
Sales of energy to unregulated customers.	1.717	1.789	3.506	1.800	1.904	3.704
Sales of energy to the spot market………	22	25	47	0	0	0
Total energy sales…………………………	**1.740**	**1.814**	**3.554**	**1.800**	**1.904**	**3.704**
Gross electricity generation						
Coal…………………………………………	1.343	1.367	2.711	1.167	1.304	2.471
Gas…………………………………………..	196	396	592	391	396	787
Diesel Oil and Fuel Oil……………………..	285	175	460	119	96	215
Hydro………………………………………	12	11	22	13	9	22
Total gross generation…………………	**1.835**	**1.949**	**3.784**	**1.689**	**1.805**	**3.495**
Minus Own consumption………………..	(121,0)	(128,5)	(249,4)	(100,1)	(127)	(227,2)
Total net generation……………………	**1.714**	**1.820**	**3.534**	**1.589**	**1.678**	**3.267**
Energy purchases on the spot market………..	91	61	152	289	266	555
Total energy available for sale before transmission losses………………………	**1.805**	**1.881**	**3.687**	**1.878**	**1.944**	**3.822**

Quarterly Income Statement (in US$ millions)

IFRS				2010				2011	
	1Q10	2Q10	1H10	3Q10	4Q10	Total	1Q11	2Q11	Total
Operating Revenues									
Unregulated customers sales…………………..	221,0	239,6	460,6	247,9	254,4	962,9	267,4	307,2	574,6
Spot market sales……………………………...	3,1	9,1	12,2	23,4	14,0	49,6	13,9	10,6	24,5
Total revenues from energy and capacity sales……………………………	**224,1**	**248,7**	**472,8**	**271,3**	**268,4**	**1.012,5**	**281,3**	**317,8**	**599,0**
Gas distribution sales………………………...	3,1	1,0	4,1	3,3	4,9	12,3	1,5	1,5	3,0
Other operating revenue………………………..	18,8	23,2	42,0	8,7	45,5	96,2	19,3	11,5	30,8
Total operating revenues…………………	**246,0**	**272,9**	**518,9**	**283,3**	**318,8**	**1.121,0**	**302,1**	**330,8**	**632,8**
			-						
Operating Costs			-						
Fuel and lubricants………………………………	(103,5)	(130,4)	(233,9)	(132,5)	(137,5)	(503,9)	(125,4)	(156,6)	(282,0)
Energy and capacity purchases on the spot market…………………………………………..	(16,9)	(10,1)	(27,0)	(15,8)	(32,1)	(74,9)	(41,5)	(36,1)	(77,5)
Depreciation and amortization attributable to cost of goods sold…………………………….	(24,1)	(23,0)	(47,1)	(22,2)	(29,2)	(98,5)	(24,9)	(26,0)	(50,9)
Other costs of goods sold…………………….	(25,8)	(49,9)	(75,7)	(43,7)	(47,8)	(167,2)	(46,8)	(42,0)	(88,8)
Total cost of goods sold………………..	**(170,3)**	**(213,4)**	**(383,7)**	**(214,2)**	**(246,6)**	**(844,5)**	**(238,5)**	**(260,7)**	**(499,2)**
Selling, general and administrative expenses…	(10,1)	(6,2)	(16,3)	(9,8)	(12,2)	(38,3)	(10,0)	(14,5)	(24,5)
Depreciation and amortization in selling, general and administrative expenses…………	(0,3)	(0,3)	(0,6)	(0,3)	(0,2)	(1,1)	(0,3)	(0,3)	(0,6)
Other revenues………....………………………..	0,2	0,4	0,6	0,6	1,9	3,1	0,7	0,3	1,0
Total operating costs…..……………….	**(180,5)**	**(219,4)**	**(399,9)**	**(223,7)**	**(257,1)**	**(880,8)**	**(248,1)**	**(275,2)**	**(523,3)**
Operating income…..……………….	**65,5**	**53,5**	**119,0**	**59,5**	**61,7**	**240,2**	**54,0**	**55,6**	**109,5**
EBITDA……………….…………………….	**89,9**	**76,8**	**166,7**	**82,1**	**91,1**	**339,8**	**79,2**	**81,9**	**161,0**
Financial income………...……………………	1,0	1,3	2,3	1,2	0,9	4,3	1,0	1,2	2,2
Financial expense……………..………………	(2,7)	(6,7)	(9,4)	(3,1)	(1,6)	(14,1)	(3,7)	(4,1)	(7,8)
Foreign exchange translation, net……………	(4,1)	(7,9)	(12,0)	21,2	6,5	15,7	(5,9)	10,6	4,8
Other non-operating income/(expense) net…	-	(1,0)	(1,0)	2,3	(2,5)	(1,2)	(0,2)	(0,2)	(0,3)
Total non-operating results……………	**(5,9)**	**(14,3)**	**(20,2)**	**21,6**	**3,3**	**4,7**	**(8,7)**	**7,6**	**(1,1)**
Income before tax……………………...………	59,6	39,3	98,8	81,2	65,0	244,9	45,3	63,0	108,3
Income tax………………………………………	(11,2)	(9,0)	(20,2)	(11,0)	(13,5)	(44,7)	(11,3)	(12,9)	(24,2)
Net income to E.CL's shareholders…	**48,5**	**30,2**	**78,7**	**70,2**	**51,5**	**200,2**	**34,0**	**50,1**	**84,1**
Earnings per share……………………..	**0,046**	**0,029**	**0,074**	**0,066**	**0,049**	**0,189**	**0,032**	**0,048**	**0,080**

Quarterly Balance Sheet

(In U.S.$ millions)

	2010	2011	
	31-Dec-10	31-Mar-11	30-Jun-11
Current Assets			
Cash and cash equivalents (1)	148,8	156,7	163,4
Accounts receivable	242,4	240,6	231,4
Recoverable taxes	32,8	44,5	30,2
Other current assets	244,4	272,1	199,6
Total current assets	**668,4**	**713,9**	**624,6**
Non-Current Assets			
Property, plant and equipment, net	1.739,0	1.753,1	1.739,9
Other non-current assets	404,9	403,5	407,6
TOTAL ASSETS	**2.812,3**	**2.870,5**	**2.772,1**
Current Liabilities			
Financial debt (including intercompany)	55,6	64,3	66,0
Other current liabilities	292,7	308,7	218,4
Total current liabilities	**348,3**	**373,0**	**284,4**
Long-Term Liabilities			
Financial debt (including intercompany)	662,6	659,9	663,3
Other long-term liabilities	180,4	180,8	187,2
Total long-term liabilities	**843,0**	**840,7**	**850,5**
Shareholders' equity	**1.621,0**	**1.656,8**	**1.637,2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2.812,3**	**2.870,5**	**2.772,1**

(1) Includes short-term investments classified as available for sale.