**January 30, 2013**

**E.CL REPORTED NET EARNINGS OF US$12.6 MILLION IN THE FOURTH QUARTER AND US$56.2 MILLION IN 2012.**

FOURTH QUARTER EBITDA REACHED US$38.4 MILLION AND FULL-YEAR EBITDA AMOUNTED TO US$238.9 MILLION. EBITDA WAS PRIMARILY AFFECTED BY A SIGNIFICANT DECREASE IN NON-RECURRING INCOME, THE TEMPORARY MISMATCH BETWEEN REVENUES AND COSTS IN OUR CONTRACTS WITH REGULATED CLIENTS, AND TARIFFS READEQUATIONS IN CERTAIN CONTRACTS WITH UNREGULATED CLIENTS REFLECTING THE NEW REALITY OF OUR GENERATION MIX. FOURTH QUARTER NET INCOME REACHED US$12.6 MILLION.

- In 2012 **total operating revenues** decreased 10% as compared to 2011, due to the combination of increased physical sales and lower average realized tariffs.
- **Fourth quarter EBITDA** was US$38.4 million, representing a 41% decrease compared to the third quarter. Full-year EBITDA amounted to US$238.9 million, a 35% decrease compared to 2011, or 23.8% after adjusting for non-recurring items.
- **Fourth quarter after-tax income** reached US$12.6 million, a significant increase compared to the third quarter's loss, which resulted from the effect of the increased income tax rate on deferred taxes.
- **Electricity generation** increased by 27% in 2012 due to the contribution of the new CTA and CTH coal-fired plants and the good performance of the company's generation plants through most of the period, with the exception of the CTH outage in the last quarter.

**Financial Highlights**
**(in US$ millions)**

| US$ millions | 4Q11 | 4Q12 | Var % | YE2011 | YE2012 | Var % |
|---|---|---|---|---|---|---|
| **Total operating revenues** | 338.8 | 290.2 | *-14%* | 1,256.6 | 1,130.2 | *-10%* |
| **Operating income** | 96.7 | (0.1) | *-100%* | 254.8 | 98.7 | *-61%* |
| **EBITDA** | 126.3 | 38.4 | *-70%* | 368.3 | 238.9 | *-35%* |
| **Non recurring earning** | 58.0 | 2.2 | *-96%* | 52.2 | (2.0) | *-104%* |
| **EBITDA without non recurring earnings** | 68.3 | 36.2 | *-47%* | 316.1 | 240.9 | *-24%* |
| **Total non-operating results** | (4.8) | 13.0 | *-373%* | (29.1) | (7.0) | *-76%* |
| **Net income to E.CL's shareholders** | 74.6 | 12.6 | *-83%* | 178.6 | 56.2 | *-69%* |
| **Earnings per share** | 0.07 | 0.01 | *-83%* | 0.17 | 0.05 | *-69%* |
| | | | | | | |
| **Total energy sales (Gwh)** | 1,889 | 2,389 | *27%* | 7,480 | 9,175 | *23%* |
| **Total net generation (Gwh)** | 1,690 | 2,131 | *26%* | 6,705 | 8,500 | *27%* |
| **Energy purchases on the spot market (Gwh)** | 258 | 323 | *25%* | 1,009 | 1,065 | *5%* |

*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. As of December 31, 2012, E.CL accounted for 47% of the SING's installed capacity. E.CL primarily supplies electricity to large mining and industrial customers. In January 2012, E.CL began supplying the entire electricity needs of EMEL, the sole electricity distribution group in the SING. E.CL is currently 52.77% indirectly owned by GDF Suez. The remaining 47.23% of E.CL's 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.*

## HIGHLIGHTS:

- **4Q2012:**

  - **CTH plant outage:** The 165MW coal-fired plant, CTH, which is 60%-owned by E.CL, reported a 99-day plant outage beginning on September 20, 2012, due to an operational failure which caused damage in the turbine rotor. The plant was put back in service on December 28. During the period, CTH continued servicing its contract with Minera Esperanza through purchases of electricity on the spot market.

  - **Sale of Crucero-Lagunas Transmission Line:** On December 31, 2012, E.CL sold a 174-km. long transmission line joining the Crucero and Lagunas substations and associated equipment to Transelec S.A. This line had been recently classified by the regulator as part of the "trunk" transmission system. As a result of the sale, E.CL reported a pre-tax profit of US$25.4 million.

  - **Final disbursement under CTA project financing**: On October 30, 2012, CTA received the proceeds of the final disbursement under its project financing led by the IFC and KfW in an amount of US$93.7 million. On October 31, CTA transferred the same amount to E.CL to partially repay loans extended by E.CL to finance project costs.

- **FIRST NINE MONTHS OF 2012:**

  - **Start-up of EMEL contract**: On January 1, 2012, the power supply contract with EMEL became effective. EMEL is the only distribution group in the SING serving regulated clients; that is, residential and commercial consumers. This contract's tariff is indexed over time according to the Henry Hub LNG price index and the U.S. consumer price index (CPI).

  - **E.CL's share returns to the IPSA** (Chilean selected share price index): As a result of the Chilean stock exchange's annual review of share indices, E.CL's share was incorporated in the IPSA beginning January 2, 2012.

  - **Dividend payments:** On May 16, 2012 E.CL paid dividends in the amount of US$ 0.0610468011 per share, as approved by the Ordinary Shareholders' Meeting held on April 24, 2012. The amount paid was US$ 64,301,192.40, which added to a US$ 25 million provisional dividend paid in August 2011, totaled US$89 million paid on account of 2011's net income.

  - **GDF Suez acquired 30% of IPR GDF Suez ("IPR")**: On June 7, 2012, following the approval of IPR's shareholders, GDF Suez acquired 30% of IPR, increasing its ownership in IPR to 100%. On July 2, 2012, IPR's shares were delisted from the London stock exchange.

  - **E.CL inaugurated bag filters in Tocopilla as part of its emission reduction program:** E.CL achieved a new milestone in its emission reduction and plant modernization program, which considers a total investment of approximately US$ 170 million. On June 21, it inaugurated a bag filter at its 85MW U-12 unit in Tocopilla, with the attendance of the Subsecretary of Energy, Mr. Sergio del Campo.

  - **Tax reform:** A tax reform was enacted in Chile in September, which among other changes raised the corporate income tax rate from 17% to 20%. As a result, in the third quarter of 2012, E.CL reported a US$22 million impact on net results, primarily related to a one-time effect on deferred taxes.

➢ **RECENT EVENTS:**

- **CTA and CTH plant outages:** On January 8, 2013, E.CL posted material public information with the SVS indicating that on January 5 it became aware of damages at the civil works of the cooling systems of its CTA and CTH plants originated by water leakages. To avoid further damage and to begin repair works, both units were taken out of service. The economic impact and potential responsibility of contractors are under evaluation.

  On January 25, 2013, E.CL posted updated material information informing about CTH's return to service given the completion of provisional repair works in the unit's cooling system. It also infomed about the expected return to service of CTA, which was in effect synchronized on January 28, 2013.

## INDUSTRY OVERVIEW

The company operates on the SING Grid (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 and fuel oil.

During the 1Q12 the SING was characterized by a decrease in monthly marginal costs, which averaged US$76.8/MWh, mainly due to the entry into commercial operation of new efficient coal projects. These include the Central Termoeléctrica Andina (CTA) and Central Termoeléctrica Hornitos (CTH) units belonging to E.CL, each with gross capacity of approximately 165 MW, and the Angamos I and II units belonging to AES Gener, each with 264 MW of gross installed capacity.

However, this trend was reversed in the second quarter mainly due to forced and planned outages of coal fired plants belonging to other generation companies, which called for the need to use more expensive fuels including diesel and LNG at oil-linked prices.

In the third quarter, marginal energy costs returned to levels observed in the first quarter. They averaged US$71.4/MWh, reflecting greater availability of coal-fired plants in the system.

In the last quarter, marginal costs averaged US$78.3/MWh, reflecting lower availability of efficient coal-fired plants, largely due to the CTH outage. In October, marginal costs averaged US$69.1/MWh, a 34% reduction compared to the same month of the prior year and a 3.9% drop compared to September 2012. In November, average marginal costs rose to US$81.3/MWh, representing a 2.5% decrease compared to the same month in 2011 and a 17.7% increase from the previous month. Finally, in December, marginal costs averaged US$84.5/MWh, which represented increases of 28.4% compared to the same month the year before and 3.9% compared to the immediately preceding month. Please note that the marginal costs provided above do not include the adjustments for the RM 39 mechanism. After including the RM 39 adjustments, marginal costs averaged US$119/MWh in the fourth quarter of 2012, representing increases of 53% and 27%, when compared to the 3Q12 and 4Q11, respectively.

For the full year, marginal energy costs averaged US$86.2/MWh, 10% lower than the 2011 average of US$95.8/MWh. When including the RM 39 adjustments, marginal energy costs averaged US$108.4/MWh in 2012, down from US$138.7/MWh in 2011. Throughout 2012 these adjustments tended to be lower; however, they were particularly high in the second and fourth quarters during the outage of coal fired plants such as Angamos and CTH.

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

**Generation by Fuel Type (in GWh)**

| Fuel Type | 1Q 2012 GWh | 1Q 2012 % of total | 2Q 2012 GWh | 2Q 2012 % of total | 3Q 2012 GWh | 3Q 2012 % of total | 4Q 2012 GWh | 4Q 2012 % of total | % Variation QoQ |
|---|---|---|---|---|---|---|---|---|---|
| Hydro | 25 | *1%* | 19 | *0%* | 18 | *0%* | 20 | *0%* | ***9%*** |
| Coal | 3,538 | *86%* | 3,285 | *78%* | 3,443 | *82%* | 3,634 | *87%* | ***6%*** |
| Argentine Gas (AES Gener) | - | - | - | - | - | - | - | - | ***n.a*** |
| LNG | 486 | *12%* | 683 | *16%* | 627 | *15%* | 489 | *12%* | ***-22%*** |
| Diesel / Fuel oil | 76 | *2%* | 204 | *5%* | 38 | *1%* | 146 | *3%* | ***281%*** |
| Solar/ cogeneration | - | | - | | - | | 25 | | - |
| **Total gross generation SING** | **4,124** | ***100%*** | **4,190** | ***100%*** | **4,127** | ***100%*** | **4,314** | ***100%*** | ***5%*** |

Source: CDEC-SING

The SING's electricity production broken down by company is as follows:

**Generation by Company (in GWh)**

| Company | 1Q 2012 GWh | 1Q 2012 % of total | 2Q 2012 GWh | 2Q 2012 % of total | 3Q 2012 GWh | 3Q 2012 % of total | 4Q 2012 GWh | 4Q 2012 % of total | % Variation QoQ |
|---|---|---|---|---|---|---|---|---|---|
| AES Gener (Arg. Gas) | - | - | - | - | - | - | - | - | ***n.a*** |
| Norgener / Angamos | 1,357 | *33%* | 1,178 | *28%* | 1,358 | *33%* | 1,609 | *39%* | ***18%*** |
| Celta | 248 | *6%* | 103 | *2%* | 269 | *7%* | 232 | *6%* | ***-14%*** |
| GasAtacama | 247 | *6%* | 250 | *6%* | 140 | *3%* | 139 | *3%* | ***0%*** |
| E.CL (with 100% of CTH) | 2,261 | *55%* | 2,642 | *63%* | 2,349 | *57%* | 2,298 | *56%* | ***-2%*** |
| Other | 11 | *0%* | 16 | *0%* | 10 | *0%* | 37 | *1%* | ***257%*** |
| **Total gross generation SING………** | **4,124** | ***100%*** | **4,190** | ***100%*** | **4,127** | ***100%*** | **4,314** | ***105%*** | ***5%*** |

Source: CDEC-SING

During the fourth quarter, E.CL reported a strong 56% share of the SING's electricity generation, in line with the third quarter; however, this represented a decline from the second quarter's record 63% share due to outages of coal-fired plants belonging to other companies. CTH was out of service for 99 days mainly during the fourth quarter, while in the third quarter, some of E.CL's plants were temporarily out of service for planned maintenance or for bag filter installations.

In 2012, AES Gener's Termoandes plant located in Salta, Argentina, did not deliver electricity to the SING grid. The production levels of Norgener/Angamos increased in the fourth quarter, while Gas Atacama reported lower generation levels given the end of the LNG purchase agreement with the mining companies belonging to the so-called G4 at the end of September 2012. Electricity demand increased in the fourth quarter given the normal increase in copper production towards the end of each year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

*The following discussion is based on our consolidated financial statements for the twelve-month periods ended December 31, 2012 and December 31, 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).*

### Results of Operations

# 4Q 2012 compared to 3Q 2012 and 4Q 2011

### *Operating Revenues*

**Quarterly Information**

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

| | 4Q 2011 | | 3Q 2012 | | 4Q 2012 | | % Variation | |
|---|---|---|---|---|---|---|---|---|
| **Operating Revenues** | **Amount** | **% of total** | **Amount** | **% of total** | **Amount** | **% of total** | **QoQ** | **YoY** |
| Unregulated customers sales………………….. | 245.0 | *93%* | 195.9 | *81%* | 218.7 | *84%* | ***12%*** | ***-11%*** |
| Regulated customers sales……………………. | - | | 40.6 | *17%* | 39.1 | *15%* | ***-4%*** | ***n.a*** |
| Spot market sales……………………………….. | 17.3 | *7%* | 6.2 | *3%* | 3.0 | *1%* | ***-51%*** | ***-83%*** |
| **Total revenues from energy and capacity sales……………………………** | **262.3** | *77%* | **242.6** | *91%* | **260.8** | *90%* | ***7%*** | ***-1%*** |
| Gas distribution sales………………………….. | 1.4 | *0%* | 0.6 | *0%* | 0.4 | *0%* | ***-37%*** | ***-72%*** |
| Other operating revenue………………………. | 75.2 | *22%* | 23.2 | *9%* | 29.0 | *10%* | ***25%*** | ***-61%*** |
| Total operating revenues…………………. | **338.8** | *100%* | **266.4** | *100%* | **290.2** | *109%* | ***9%*** | ***-14%*** |
| **Physical Data (in GWh)** | | | | | | | | |
| Sales of energy to unregulated customers (1)…… | 1,828 | *97%* | 1,793 | *78%* | 1,906 | *80%* | ***6%*** | ***4%*** |
| Sales of energy regulated customers…… | | | 427 | *18%* | 442 | *19%* | ***3%*** | ***n.a*** |
| Sales of energy to the spot market……………. | 60 | *3%* | 92 | *4%* | 42 | *2%* | ***-55%*** | ***-31%*** |
| Total energy sales…………………………. | **1,889** | *100%* | **2,313** | *100%* | **2,389** | *100%* | ***3%*** | ***27%*** |
| **Average monomic price unregulated customers(U.S.$/MWh)(2)……** | **139** | | **107** | | **113.9** | | ***6%*** | ***-18%*** |
| **Average monomic price regulates customers (U.S.$/MWh)(3)** | **-** | | **95** | | **88.3** | | ***-7%*** | ***n.a*** |

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

In the fourth quarter of 2012, total operating revenues increased when compared to the third quarter and decreased when compared to the same quarter of 2011.

Energy and capacity revenues amounted to US$260.8 million, representing a 7% increase when compared to the immediately preceding quarter. This resulted mainly from an increase in physical sales and an increase in the average realized monomic tariff, which increased to levels of US$109/MWh from US$105/MWh in the third quarter of 2012. The slight 1% drop when compared to the last quarter of 2011, results from a combination of a 27% increase in physical sales and a 21% decrease in average realized prices.

Sales to unregulated clients reached US$218.7 million, a 12% increase compared to the previous quarter. Physical sales to unregulated clients increased during the quarter mainly due to increased demand from Chuquicamata, Gaby, Zaldívar and El Abra. Average realized monomic prices increased 6% as compared to the third quarter. The 11% YoY drop was partly explained by the decrease in average realized prices resulting from the start of power supply contracts with tariffs indexed to coal prices since CTA and CTH commenced commercial operation in mid-2011; the end of the Spence contract, which tariff was linked to a more expensive fuel mix; and changes in the tariff indexation stipulated in some of our contracts in anticipation to the shift to primarily coal-based generation. In the fourth quarter of 2012, the Chuquicamata contractual tariff indexation change became effective.

Despite this, average realized tariffs increased in the last quarter given the end of our LNG purchases from mining companies at the end of September. Under this agreement, generation companies used to buy the fuel from the mining companies and sold them back the electricity at fuel cost plus a processing margin. In the third quarter, while these contracts were still outstanding, the cost of the fuel purchased and the corresponding tariffs presented low average levels. Additionally, in 3Q12, E.CL recorded a one-time US$5.6 million revenue reduction resulting from a tariff agreement with one of its clients, which also contributed to explain the recovery in average tariffs in the 4Q12.

Sales to regulated clients amounted to US$39.1 million, in line with the third quarter, despite the 7% decrease in average realized prices. This resulted from the tariff decrease effective since August due to an over 10% variation in the applicable Henry Hub index. Subsequently, in November, following the regular node price review, the EMEL tariff was increased. However, this tariff increase will not be reflected in E.CL's results until the publication of the corresponding decree. Physical sales to regulated clients increased slightly due to the gradual demand increase normally observed in the electricity distribution industry.

Physical sales to the spot market decreased compared to the previous quarter and to the same quarter of 2011; however, they remained insignificant given E.CL's highly contracted position. When analyzing spot energy transactions, the level of net spot sales or purchases becomes more relevant. While in the second quarter E.CL had reported net spot sales of 28 GWh, in the third quarter E.CL reported net spot purchases of 238 GWh. In the fourth quarter, net spot purchases increased to 297 GWh due to the CTH outage. CTA's and CTH's physical energy sales to the spot market began to be accounted for in the income statement after these two units commenced commercial operations in the third quarter of 2011. In previous quarters, revenues and costs derived from CTA's and CTH's operations had been capitalized, with no effect on E.CL's results. The spot market sales item also includes the retroactive annual firm capacity price and monthly energy adjustment payments per the reliquidations made by the SING dispatch center (CDEC-SING).

Other operating revenues include transmission tolls, port services, transmission line services and fuel sold to other generators. It should be noted that 4Q11 operating revenues included US$63.2 million in non-recurring income associated to liquidated damages paid by the EPC contractor due to delays in the construction of the CTA and CTH projects. In the 4Q12, operating revenues include US$7 million in income corresponding to insurance compensations, US$4.2 million of which are geared to cover for business interruption losses on the CTH outage.

## *Operating Costs*

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

| Operating Costs | 4Q 2011 Amount | 4Q 2011 % of total | 3Q 2012 Amount | 3Q 2012 % of total | 4Q 2012 Amount | 4Q 2012 % of total | % Variation QoQ | % Variation YoY |
|---|---|---|---|---|---|---|---|---|
| Fuel and lubricants……………………………… | (126.9) | *55%* | (100.8) | *43%* | (118.1) | *44%* | ***17%*** | ***-7%*** |
| Energy and capacity purchases on the spot market………………………………………….. | (23.0) | *10%* | (30.2) | *13%* | (48.3) | *21%* | ***60%*** | ***110%*** |
| Depreciation and amortization attributable to cost of goods sold……………………………. | (26.3) | *11%* | (39.2) | *17%* | (34.0) | *15%* | ***-13%*** | ***29%*** |
| Other costs of goods sold……………………. | (54.2) | *24%* | (61.9) | *27%* | (65.5) | *28%* | ***6%*** | ***21%*** |
| **Total cost of goods sold……………….** | **(230.4)** | *95%* | **(232.1)** | *96%* | **(265.8)** | *92%* | ***15%*** | ***15%*** |
| Selling, general and administrative expenses… | (11.2) | *5%* | (10.0) | *4%* | (14.3) | *5%* | ***42%*** | ***28%*** |
| Depreciation and amortization in selling, general and administrative expenses………… | (0.3) | *0%* | (0.3) | *0%* | (0.3) | *0%* | ***2%*** | ***-8%*** |
| Other operating revenue/costs…………………… | (0.3) | *0%* | 1.9 | *-1%* | (9.9) | *3%* | ***-628%*** | ***3577%*** |
| **Total operating costs…………………..** | **(241.5)** | *100%* | **(240.5)** | *100%* | **(290.2)** | *100%* | ***21%*** | ***20%*** |
| **Physical Data (in GWh)** | | | | | | | | |
| Gross electricity generation | | | | | | | | |
| Coal…………………………………………. | 1390 | *76%* | 1,697 | *76%* | 1,789 | *78%* | ***5%*** | ***29%*** |
| Gas………………………………………….. | 375 | *20%* | 489 | *22%* | 434 | *19%* | ***-11%*** | ***16%*** |
| Diesel Oil and Fuel Oil……………………. | 64 | *3%* | 34 | *2%* | 58 | *3%* | ***72%*** | ***-9%*** |
| Hydro………………………………………. | 11 | *1%* | 10 | *0%* | 11 | *0%* | ***13%*** | ***6%*** |
| **Total gross generation………………….** | **1,838** | *100%* | **2,229** | *100%* | **2,293** | *100%* | ***3%*** | ***25%*** |
| *Minus* Own consumption……………….. | (148) | *-8%* | (161) | *-7%* | (161) | *-7%* | ***0%*** | ***9%*** |
| **Total net generation…………………….** | **1,690** | ***87%*** | **2,068** | ***86%*** | **2,131** | ***87%*** | ***3%*** | ***26%*** |
| Energy purchases on the spot market……….. | 258 | ***13%*** | 330 | ***14%*** | 323 | ***13%*** | ***-2%*** | ***25%*** |
| Total energy available for sale before transmission losses……………………… | **1,948** | ***100%*** | **2,398** | ***100%*** | **2,455** | ***100%*** | ***2%*** | ***26%*** |

Gross electricity generation increased by 25% in 4Q12 compared to 4Q11 due to our new cost-efficient CTA coal-fired unit, which began commercial operations in the third quarter of 2011. CTH, however, was out of service during the quarter. Other power plants in the system were generally available; however, lower LNG availability resulting from the end of E.CL's and Gas Atacama's LNG supply contracts with the mining companies, combined with increased demand, led to a 10% increase in average marginal costs in the SING, as compared to the third quarter (27% increase when including the RM 39 adjustment). E.CL's physical spot energy purchases were slightly lower than those of the third quarter; but the increase in spot prices caused a 60% increase in spot purchase costs (110% YoY).

WTI prices, to which diesel, part of the LNG supply, and spot prices are linked, averaged US$ 87.97/bbl during 4Q12. This represented a 4.5% drop from US$92.12/bbl in 3Q12, and a 6.1% decrease from US$93.66/bbl in 4Q11. Coal prices did not experience significant price variations during the period, but showed a declining trend. Increased generation levels, the end of the LNG supply contract with mining companies which had lower prices in 3Q12, and the use of an oil-indexed LNG supply remaining from previous quarters resulted in a 17% increase in fuel costs in the fourth quarter.

Other operating costs increased in the fourth quarter in line with the increase in physical sales. This item includes higher transmission tolls related to the EMEL contract due to the use of sub-transmission lines, but this item is covered by an increase in revenues from transmission tolls. Additionally, E.CL reported increased purchases of spare parts and services for maintenance and repair works at its coal-fired plants. Moreover, in 4Q12 this item included a US$3.4 million loss associated to YPF's payment in Argentine pesos of US$16.5 million due under its settlement agreement with E.CL, as well as a US$4.2 million provision for uncollectibles. SG&A expenses increased mainly due to higher third-party services associated to project development.

### *Electricity Margin*

| | 2011 | | | | | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q11 | 2Q11 | 3Q11 | 4Q11 | TOTAL | 1Q12 | 2Q12 | 3Q12 | 4Q12 | TOTAL |
| **Electricity Margin** | | | | | | | | | | |
| Total revenues from energy and capacity sales…………………………………… | **281.3** | **317.8** | **271.9** | **262.3** | **1,133.2** | **274.8** | **261.4** | **242.6** | **260.8** | **1,039.5** |
| Fuel and lubricants………………….. | (125.4) | (156.6) | (124.1) | (126.9) | (533.0) | (103.1) | (150.6) | (100.8) | (118.1) | (472.6) |
| Energy and capacity purchases on the spot market…………………………… | (41.5) | (36.1) | (18.5) | (23.0) | (119.1) | (37.4) | (14.2) | (30.2) | (48.3) | (130.1) |
| Gross Electricity Profit | **114.4** | **125.1** | **129.3** | **112.4** | **481.1** | **134.2** | **96.6** | **111.6** | **94.4** | **436.8** |
| *Electricity Margin* | *41%* | *39%* | *48%* | *43%* | *42%* | *49%* | *37%* | *46%* | *36%* | *42%* |

The electricity margin decreased in the fourth quarter both in comparison to the previous quarter and the fourth quarter of 2011. Energy and capacity sales increased from the previous quarter due to the 3% increase in physical sales and the higher average realized monomic tariff. The latter increased 4% due to the end of the LNG supply contracts with mining companies at the end of September, although this effect was partly offset by the Chuquicamata tariff change and a further tariff decrease in the EMEL contract effective since August resulting from lower Henry Hub levels. The company has subscribed a long-term LNG supply contract at Henry Hub prices to supply the EMEL contract. During the last quarter of 2012, the company began to receive the first shipments of HH-priced LNG.

The electricity margin, or the gross profit from the electricity generation business, was eroded by spot electricity purchases at higher prices and generation based on LNG at oil-indexed prices, which were required to meet the shortfall explained by the CTH outage and higher electricity demand during the quarter. The electricity margin decrease resulted from the net effect of several factors, including the direct effect of the CTH outage before insurance compensations, which explains roughly 38% of this decrease; tariff indexation changes, which explain a similar percentage, while the remaining 24% can be attributed to the EMEL tariff-cost mismatch. It should be noted that, as a result of the CTH outage, higher priced spot electricity purchases and LNG generation at oil-indexed prices were required to meet E.CL's contracts. Had it not been for the CTH outage, such LNG supply would have been sold to other generators operating in the SIC grid.

In short, increased fuel costs and higher spot prices exceeded the increase in electricity revenues, causing a 15.4% decrease in the electricity margin as compared to the previous quarter and a 16% YoY drop. In percentage terms, the fourth-quarter electricity margin was 36%, similar to the second quarter's figure, when the company reported record coal and LNG-based generation levels to meet the generation shortfall reported by other electricity generators. However, in 1Q12 and 3Q12, the electricity margin was higher given the lower observed spot prices.

### *Operating Results*

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

| EBITDA | 4Q 2011 Amount | 4Q 2011 % of total | 3Q 2012 Amount | 3Q 2012 % of total | 4Q 2012 Amount | 4Q 2012 % of total | % Variation QoQ | % Variation YoY |
|---|---|---|---|---|---|---|---|---|
| Total operating revenues……………………… | 338.8 | *100%* | 266.4 | *100%* | 290.2 | *109%* | ***9%*** | ***-14%*** |
| Total cost of goods sold…………………… | (230.4) | *-68%* | (232.1) | *-87%* | (265.8) | *-100%* | ***15%*** | ***15%*** |
| **Gross income………………………….** | **108.5** | *32%* | **34.3** | *13%* | **24.4** | *9%* | ***-29%*** | ***-78%*** |
| Total selling, general and administrative expenses and other operating income/(costs). | (11.5) | *-3%* | (8.5) | *-3%* | (24.4) | *-9%* | ***189%*** | ***113%*** |
| **Operating income….……………….** | **96.7** | *29%* | **25.9** | *10%* | **(0.1)** | *0%* | ***-100%*** | ***-100%*** |
| Depreciation and amortization……...………… | 26.6 | *8%* | 39.5 | *15%* | 34.2 | *13%* | ***-13%*** | ***29%*** |
| Provision/(reversal) uncollectibles….. | 3.0 | *1%* | - | *0%* | 4.2 | *2%* | ***n.a*** | *40%* |
| **EBITDA……………….….…………….** | **126.3** | *37%* | **65.3** | *25%* | **38.4** | *14%* | ***-41%*** | ***-70%*** |

Given the absence of significant non-recurrent income reported in 4Q11, the above-explained electricity margin decrease, and a US$3.4 million FX loss resulting from the payment of amounts owed by YPF in Argentine pesos, EBITDA decreased significantly as compared to the third quarter of 2012 and the fourth quarter of 2011. Operating income was further affected by a US$4.2 million provision for uncollectible accounts.

### *Financial Results*

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

| Non-operating results | 4Q 2011 Amount | 4Q 2011 % of total | 3Q 2012 Amount | 3Q 2012 % of total | 4Q 2012 Amount | 4Q 2012 % of total | % Variation QoQ | % Variation YoY |
|---|---|---|---|---|---|---|---|---|
| Financial income………..……………………… | 0.7 | *0%* | 0.4 | *0%* | 0.6 | *0%* | ***53%*** | ***-44%*** |
| Financial expense…………….………………… | (12.4) | *-4%* | (10.8) | *-4%* | (10.8) | *-4%* | ***1%*** | ***-13%*** |
| Foreign exchange translation, net…………… | 7.1 | *2%* | 6.5 | *2%* | (2.0) | *-1%* | ***-131%*** | ***-7%*** |
| Other non-operating income/(expense) net… | (0.2) | *0%* | 1.0 | *0%* | 25.2 | *9%* | ***2419%*** | ***-702%*** |
| **Total non-operating results……………** | **(4.8)** | *-2%* | **(2.8)** | *-1%* | **13.0** | *4%* | ***-562%*** | ***-41%*** |
| Income before tax…………………….. ……… | 92.0 | *30%* | 23.1 | *8%* | 12.9 | *4%* | ***-44%*** | ***-75%*** |
| Income tax……………………………………… | (17.4) | *-6%* | (26.1) | *-9%* | (0.3) | *0%* | ***-99%*** | ***50%*** |
| **Net income to E.CL's shareholders…….** | **74.6** | *25%* | **(3.0)** | *-1%* | **12.6** | *4%* | ***-516%*** | ***-104%*** |
| **Earnings per share……………………..** | **0.071** | | **(0.003)** | | **0.012** | | ***-516%*** | ***-104%*** |

E.CL reported after-tax net income of US$12.6 million, or US$0.012 per share, in the fourth quarter.

Financial expenses remained flat compared to the third quarter and the fourth quarter of 2011. It is worth mentioning that the interest expense related to the CTA project financing began to be expensed starting July 15, 2011, when the unit became commercially operational.

Foreign exchange losses amounted to US$2.0 million, a decline from the US$6.5 million foreign-exchange profit reported in the immediately preceding quarter and US$7.1 million in the same quarter the year before.

Other non-operating income includes the US$25.4 million before-tax profit on the sale of the Crucero-Lagunas transmission line.

The income tax rate is now 20%, following the tax reform approved in September 2012.

# Year ended December 31, 2012 compared to year ended December 2011

***Operating Revenues***

**For the 12-month period ended December 31,**
(In US$ millions, except for volumes and percentages)

| | 12M - 2011 | | 12M - 2012 | | Variation | |
|---|---|---|---|---|---|---|
| **Operating Revenues** | Amount | % of total | Amount | % of total | Amount | % |
| Unregulated customers sales………………….. | 1,071.6 | *95%* | 839.6 | *81%* | **(231.9)** | ***-22%*** |
| Regulated customers sales……………………. | - | | 166.4 | *16%* | **166.4** | ***n.a*** |
| Spot market sales……………………………….. | 61.6 | *5%* | 33.6 | *3%* | **(28.1)** | ***-46%*** |
| Total revenues from energy and capacity sales…………………………… | **1,133.2** | *90%* | **1,039.5** | *92%* | **(93.7)** | ***-8%*** |
| Gas distribution sales………………………….. | 5.6 | *0%* | 2.7 | *0%* | **(3.0)** | ***-53%*** |
| Other operating revenue………………………. | 117.7 | *9%* | 88.0 | *8%* | **(29.8)** | ***-25%*** |
| Total operating revenues…………………. | **1,256.6** | *100%* | **1,130.2** | *100%* | **(126.4)** | ***-10%*** |
| **Physical Data (in GWh)** | | | | | | |
| Sales of energy to unregulated customers (1)…… | 7,356 | *98%* | 7,167 | *78%* | **(189)** | ***-3%*** |
| Sales of energy regulated customers…… | - | | 1,699 | *19%* | **1,699** | ***n.a*** |
| Sales of energy to the spot market……………. | 124 | *2%* | 309 | *3%* | **186** | ***150%*** |
| Total energy sales…………………………. | **7,480** | *100%* | **9,175** | *100%* | **1,695** | ***23%*** |
| **Average monomic price unregulated customers(U.S.$/MWh)(2)** | **151.5** | | **116.8** | | **(34.7)** | ***-23%*** |
| **Average monomic price regulates customers (U.S.$/MWh)(3)** | **-** | | **97.9** | | - | - |

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

In 2012, total operating revenues decreased 10% compared with 2011.

Sales to regulated clients, which began in 2012, reached US$166.4 million; however, they were not enough to offset a 22% drop in sales to unregulated clients. These amounted to US$839.6 million. As a result, energy and capacity revenues decreased 8% compared to the year before due to a combination of increased physical sales with lower average realized tariffs.

The increase in physical electricity sales is mainly explained by the start-up of the EMEL contract in January 2012, which added 1,699 GWh to our energy sales in 2012. However, physical electricity sales to unregulated clients declined 5% mainly due to the following reasons: The end of the Minera Spence power supply contract in July 2011, low demand from Minera Esperanza in the first half, and lower demand in the first quarter from some mining operations such as Chuquicamata, Radomiro Tomic, El Abra and Zaldívar as a result of the effects of a weather phenomenon called Bolivian winter, which typically takes place during summer months in the Andes mountains. It was not until the third quarter that this trend began to reverse.

Our generation network performed well in 2012, despite planned maintenance at the coal-fired plants, U12, U13, U15, CTM1 and CTM2, the U16 CCGT overhaul in the first quarter, and the failure of CTH beginning September 20 and extending through the end of December. Given E.CL's good generation levels and the unavailability of other plants in the system, particularly during the second quarter, E.CL reported spot sales of 300 GWh, an increase compared to just 124 GWh last year.

Average realized monomic tariffs charged to unregulated clients dropped 23% to US$116.8/MWh due to new power supply contracts with tariffs indexed to coal prices after CTA and CTH commenced commercial operation in mid-2011; the end of the Spence contract, whose tariff was linked to a more expensive fuel mix; and changes in tariff indexation stipulated in some of our contracts in anticipation to the shift to primarily coal-based generation. The average realized monomic tariff to regulated clients was US$97.9/MWh, below the average unregulated tariff, given the low levels of the Henry Hub index.

Other operating revenues normally include transmission tolls, port services, transmission line services and fuel sold to other generators. However, these revenues were particularly high in 2011 due to the penalties paid by the EPC contractor to CTA and CTH for construction delays, which had a US$63.2 million pre-tax effect on E.CL's consolidated results. In the 4Q12, operating revenues included US$7 million in insurance compensations, with US$4.2 million corresponding to a provision for insurance compensations to cover for business interruption losses related to the CTH outage.

### *Operating Costs*

**For the 12-month period ended december 31,**

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

| | 12M- 2011 | | 12M - 2012 | | Variation | |
|---|---|---|---|---|---|---|
| **Operating Costs** | **Amount** | **% of total** | **Amount** | **% of total** | **Amount** | **%** |
| Fuel and lubricants………………………………… | (533.0) | *56%* | (472.6) | *48%* | **60.4** | ***-11%*** |
| Energy and capacity purchases on the spot market………………………………………….. | (119.1) | *12%* | (130.1) | *13%* | **(11.1)** | ***9%*** |
| Depreciation and amortization attributable to cost of goods sold……………………………. | (109.3) | *11%* | (134.9) | *14%* | **(25.7)** | ***23%*** |
| Other costs of goods sold……………………. | (194.0) | *20%* | (238.9) | *24%* | **(44.9)** | ***23%*** |
| **Total cost of goods sold………………..** | **(955.4)** | *95%* | **(976.6)** | *95%* | **(21.2)** | ***2%*** |
| Selling, general and administrative expenses… | (46.2) | *5%* | (49.7) | *5%* | **(3.5)** | ***8%*** |
| Depreciation and amortization in selling, general and administrative expenses………… | (1.2) | *0%* | (1.1) | *0%* | **0.1** | ***-12%*** |
| Other revenues/costs……………………………… | 1.0 | *0%* | (4.1) | *0%* | **(5.1)** | ***-537%*** |
| **Total operating costs….………………….** | **(1,001.8)** | *100%* | **(1,031.4)** | *100%* | **(29.7)** | ***3%*** |
| **Physical Data (in GWh)** | | | | | | |
| Gross electricity generation | | | | | | |
| Coal………………………………………….. | 5,368 | *74%* | 7,162 | *78%* | **1,794** | ***33%*** |
| Gas………………………………………….. | 1,504 | *21%* | 1,728 | *19%* | **224** | ***15%*** |
| Diesel Oil and Fuel Oil……………………. | 318 | *4%* | 224 | *2%* | **(94)** | ***-29%*** |
| Hydro………………………………………. | 40 | *1%* | 49 | *1%* | **8** | ***20%*** |
| **Total gross generation………………….** | **7,230** | ***100%*** | **9,163** | ***100%*** | **1,933** | ***27%*** |
| *Minus* Own consumption……………….. | (526) | *-7%* | (663) | *-7%* | **(138)** | ***26%*** |
| **Total net generation…………………….** | **6,705** | ***87%*** | **8,500** | ***89%*** | **1,795** | ***27%*** |
| Energy purchases on the spot market……….. | 1,009 | ***13%*** | 1,065 | ***11%*** | 55 | ***5%*** |
| Total energy available for sale before transmission losses……………………… | **7,714** | ***100%*** | **9,564** | ***100%*** | **1,851** | ***24%*** |

In 2012 our gross electricity generation increased compared to the same period the year before due to our new, cost-efficient CTA and CTH coal-fired units. Coal generation increased from 74% to 78% of E.CL's total electricity generation, displacing diesel and fuel oil generation. Our coal-fired units were generally available through most of the period, with the exception of planned outages and the 99-day CTH outage in the last quarter. Our LNG generation increased 15%.

Despite the increase in gross generation and relatively stable fuel costs (WTI averaged US$94.1/bbl in 2012 vs. US$94.7/bbl in 2011), fuel costs decreased mainly due to the use of a lower cost fuel mix and the lower LNG prices charged by the mining companies through most of the third quarter. The cost of spot energy and capacity purchases increased because of slightly higher physical purchases and higher realized spot prices.

Depreciation increased to US$136 million due to the addition of new coal fired plants, which began operations in the third quarter of 2011, and capital expenditures related to the U16 overhaul and emissions reduction program.

Other operating costs increased primarily because of higher port service costs and higher transmission tolls related to the EMEL contract due to the use of sub-transmission lines; however, these costs are off-set by higher transmission toll revenues. Insurance premiums also increased due to the inclusion of new plants in the policy, the purchase of incremental seismic risk coverage, and the price increase experienced by insurance premiums following the severe natural catastrophes occurred in Chile and the rest of the world in recent years. Moreover, in 4Q12 this item included a US$3.4 million loss associated to YPF's payment in Argentine pesos of US$16.5 million due under its settlement agreement with E.CL, as well as a US$4.2 million provision for uncollectibles. SG&A expenses increased mainly due to higher third-party services associated to project development.

***Operating Results***

**For the 12-month period ended December 31,**

(In US$ millions, except for percentages)

| | 12M - 2011 | | 12M 2012 | | Variation | |
|---|---|---|---|---|---|---|
| **EBITDA** | **Amount** | **% of** | **Amount** | **% of** | **Amount** | **%** |
| Total operating revenues……………………… | 1,256.6 | *100%* | 1,130.2 | *100%* | **(126.4)** | ***-10%*** |
| Total cost of goods sold…………………… | (955.4) | *-76%* | (976.6) | *-86%* | **(21.2)** | ***2%*** |
| **Gross income………………………….** | **301.2** | *24%* | **153.6** | *14%* | **(147.6)** | ***-49%*** |
| Total selling, general and administrative expenses and other operating income/(costs). | (46.4) | *-4%* | (54.9) | *-5%* | **(8.5)** | ***18%*** |
| **Operating income………………….** | **254.8** | *20%* | **98.7** | *9%* | **(156.1)** | ***-61%*** |
| Depreciation and amortization……..………… | 110.5 | *9%* | 136.0 | *12%* | **25.5** | ***23%*** |
| (Provision)/reversal uncollectibles….. | 3.0 | - | 4.2 | - | 1.2 | *40%* |
| **EBITDA………………….…………….** | **368.3** | *29%* | **238.9** | *21%* | **(129.4)** | ***-35%*** |

In 2012, EBITDA was US$238.9 million, a 35% decrease compared to 2011. This was mainly explained by the absence of significant non-recurring income reported in 2011; the drop in average realized monomic tariffs of unregulated clients, owing to a cheaper fuel mix used in generation; the effects of the CTH outage; and lower tariffs charged to regulated clients resulting from low Henry Hub prices. E.CL subscribed a long-term LNG supply contract indexed to Henry Hub; however the first HH-priced LNG shipments began to arrive in the fourth quarter of 2012, while the EMEL contract began in January 2012. This temporary mismatch contributed to the decline in operating income in 2012. The unavailability of coal fired plants, mainly those of our competitors in the second quarter, and our own plant in the fourth quarter, led to an increase in spot prices in those periods, with a negative effect on E.CL's electricity margin given its highly contracted position.

### *Financial Results*

**For the 12-month period ended December 31,**
(In US$ millions, except for percentages)

| | 12M - 2011 | | 12M - 2012 | | Variation | |
|---|---|---|---|---|---|---|
| **Non-operating results** | **Amount** | **Revenues** | **Amount** | **Revenues** | **Amount** | **%** |
| Financial income……….……………………… | 3.9 | *0%* | 2.4 | *0%* | **(1.5)** | ***-39%*** |
| Financial expense………….………………… | (30.4) | *-4%* | (44.1) | *-5%* | **(13.7)** | ***45%*** |
| Foreign exchange translation, net…………… | (1.6) | *0%* | 9.2 | *1%* | **10.8** | ***n.a.*** |
| Other non-operating income/(expense) net… | (1.0) | *0%* | 25.5 | *3%* | **26.5** | ***-2741%*** |
| **Total non-operating results…………….** | **(29.1)** | *-4%* | **(7.0)** | *-1%* | **22.1** | ***-76%*** |
| Income before tax……………………..……… | 225.7 | *28%* | 91.7 | *10%* | **(133.9)** | ***-59%*** |
| Income tax……………………………………… | (47.1) | *-6%* | (35.5) | *-4%* | **11.5** | ***-24%*** |
| **Net income to E.CL's shareholders…….** | **178.6** | *22%* | **56.2** | *6%* | **(122.4)** | ***-69%*** |
| **Earnings per share……………………..** | **0.170** | | **0.053** | | **(0.116)** | ***-69%*** |

Financial expense increased by US$13.7 million due to the interest expense related to the CTA project financing, which began to be expensed on July 15, 2011, when the unit became commercially operational.

Foreign exchange earnings reached US$9.2 million, as opposed to a US$1.6 million foreign exchange loss in 2011, due to the effects of an appreciating Chilean peso through most of the year on peso-denominated assets.

### *Net Earnings*

After-tax income amounted to US$56.2 million, a US$122.4 million decrease as compared to 2011, mainly due to lower operating results, lower non-recurring income, increased interest expense, and the US$22 million negative impact on deferred and current taxes explained by the tax reform enacted in September 2012, which was offset by the profits on the sale of the Crucero-Lagunas transmission line. Income taxes accounted for 39% of pre-tax income in 2012, up from 21% in 2011.

## Liquidity and Capital Resources

As of December 31, 2012, E.CL reported cash balances of US$184 million (including short-term investments available for sale), whereas nominal financial debt[1] totaled US$770 million, with US$11.8 million maturing within one year.

(1) Nominal amounts above refer to principal debt amounts and may differ from the debt amounts recorded under the IFRS methodology in the Financial Statements.

| Cash Flow | 2011 | 2012 |
| --- | --- | --- |
| | **For the 12-month period ended December 31,,** (In US$ millions) | |
| Net cash flows provided by operating activities… | 417.5 | 221.5 |
| Net cash flows used in investing activities……… | (183.9) | (177.2) |
| Net cash flows provided by financing activities.. | (189.9) | (53.7) |
| **Change in cash……………….....…………** | **43.7** | **(9.4)** |

***Cash Flow from Operating Activities***

Cash flow generated from operating activities declined in 2012, with about 28% of this decrease attributed to lower operating income. Roughly 40% of this decrease was explained by lower non-recurring income, mainly due to the liquidated damages paid the year before by the EPC contractor for the CTA and CTH projects. Approximately 20% is explained by higher net VAT and income tax payments as a result of larger VAT reimbursements received by the CTA and CTH projects in 2011. The remainder is explained by several reasons, including the payment of higher insurance premiums and higher interest payments on the 144-A bond taken at the end of 2010. Only one installment was due in July 2011, whereas 2012 was the first year with two semi-annual interest payments.

***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 deliver the energy generated by CTA and CTH to our customers. 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.

With a total investment of nearly US$170 million, E.CL has been developing an emission-reduction program ("environmental CAPEX"), an initiative for the purpose of meeting and even surpassing the new environmental requirements in terms of reducing particle matter and gas emissions from our thermoelectric power plants. In June 2012, E.CL inaugurated a new bag filter in its Unit 12 in Tocopilla, where the environmental CAPEX program will amount to approximately US$100 million. In September, E.CL inaugurated another bag filter in one of its plants in Mejillones, and in the fourth quarter, it inaugurated its bag filter at the U15 coal unit in Tocopilla, that began operating in October.

As of this date, E.CL has installed five bag filters at its CTM1 and CTM2 units in Mejillones and its U12, U13, and U15 units in Tocopilla. The installation of the bag filter for the U14 unit in Tocopilla is scheduled for the first quarter of 2013.

Our capital expenditures in 2012 and 2011, amounted to US$176 million and US$120.6 million, respectively, and included the following:

**Capital Expenditures**

| | For the 12-month period ended December 31, (In US$ millions) | |
|---|---|---|
| **CAPEX** | **2011** | **2012** |
| CTA………………………………………………… | 28.0 | 29.9 |
| CTH (1)…………………………………………… | 20.0 | 18.4 |
| Central Tamaya………………………………… | - | - |
| El Cobre substation & Chacaya-El Cobre transmission line…………………………… | - | 11.0 |
| Overhaul power plants & equipment maintenance and refurbishing………………… | 24.0 | 28.2 |
| Environmental improvement works……………… | 16.0 | 71.0 |
| Others…………………………………………… | 32.6 | 17.4 |
| **Total capital expenditures……………………….** | **120.6** | **176.0** |

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

### *Cash Flow from Financing Activities*

Our financing activities during 2012 included the following:

- On each January 15 and July 15 of 2012, E.CL paid interest on its 144-A bond in the amount of US$11.25 million.
- On May 16, 2012, E.CL paid dividends in the amount of US$62.3 million on the account of 2011's net income.
- On June 15, 2012, CTA paid the third principal installment of its project financing in the amount of US$ 3.3 million plus interest.
- On July 31, 2012, E.CL acquired Inversiones Hornitos (CTH)'s debt with its 40%-shareholder, Inversiones Punta de Rieles Ltda., which amounted to US$76 million. Consequently, E.CL became Inversiones Hornitos's sole lender with total debt of US$190.1 million. To partially finance this transaction, E.CL took a US$50 million 90-day loan with Banco Itaú maturing on October 29, 2012, which was repaid on the due date.
- On October 30, 2012, CTA received the proceeds of the final disbursement under its project financing led by the IFC and KfW in an amount of US$93.7 million. On October 31, CTA transferred the same amount to E.CL to partially repay loans extended by E.CL to finance project costs.
- On December 17, 2012, CTA paid the fourth principal installment of its project financing in an amount of US$4 million plus interest.

### *Contractual Obligations*

The following table sets forth the maturity profile of our debt obligations as of December 31, 2012. This table shows the nominal amount of our debt balances, which differs from the debt amounts recorded under the IFRS methodology in the Financial Statements:

**Contractual Obligations as of 12/31/12**
Payments Due by Period
(In US$ millions)

| | Total | < 1 year | 1 - 3 years | 3 - 5 years | More than 5 years |
|---|---|---|---|---|---|
| Bank debt…………………………… | 369.8 | 11.8 | 28.2 | 34.2 | 295.6 |
| Bonds (144 A/Reg S Notes)……… | 400.0 | | | | 400.0 |
| Leasing obligations……...……… | 1.2 | 1.0 | 0.0 | 0.0 | 0.1 |
| Accrued interest………………… | 11.0 | 11.0 | | | |
| Mark-to-market swaps | 35.8 | | | | 35.8 |
| **Total** | **817.8** | **23.8** | **28.3** | **34.2** | **731.5** |

In the above table, bank debt includes drawings under the project financing extended by IFC and KfW to our subsidiary CTA. As of December 31, 2012, loan principal under the CTA project financing amounted to US$369.8 million, payable in semiannual installments starting on June 15, 2011 and ending with a 25% balloon payment on June 15, 2025.

The bonds correspond to our US$ 400 million 10-year 5.625% 144-A/Reg.S notes maturing January 15, 2021. The proceeds of this issue were used to repay our loans with shareholders and related parties.

Other debt includes US$1.2 million in leasing obligations related to transmission assets, as well as a US$35.8 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

Our dividend payment policy consists of paying the minimum legal required amounts (30%), although higher amounts may be approved if the company's conditions so allow. 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 the following years. The dividend payment proposed by our Board is subsequently approved at a Shareholders' Meeting as established by law. On April 24, 2012, our shareholders approved dividends in an amount equivalent to 50% of our 2011 net earnings.

The record of dividends paid during 2010, 2011, and 2012 is shown in the following table:

**Cash Dividends paid by E.CL S.A. in 2010, 2011 and 2012**

| 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 |
| Aug 25 2011 | Provisional (on account of 2011 net income) | 25.0 | 0.02373 |
| May 16 2012 | Final (on account of 2011 net income) | 64.3 | 0.06104 |

## 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 the 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. The tariff of the EMEL contract, which became effective at the beginning of 2012, is readjusted semiannually according to the Henry Hub and the U.S. CPI indices. The company has signed a long-term LNG purchase contract indexed to Henry Hub to supply the EMEL PPA; however, this company did not begin to receive HH-priced LNG until the middle of the fourth quarter of 2012. Hence, our company remained temporarily exposed to the risk of mismatch between Henry Hub and the fuel price or system marginal cost fluctuations which the company had to face to fulfill its power supply obligations under the EMEL contract. This mismatch affected our financial results in 2012.

### *Currency Hedging*

Given that most of our revenues and costs are denominated in U.S. dollars and that 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 CTA and CTH projects. The amount of this asset has decreased significantly through tax refunds, and we have occasionally engaged in forward agreements to partially hedge it against foreign currency risk. In the specific case of the EMEL contract, it is payable in pesos at the prevailing exchange rate and is adjusted every six months as opposed to other PPAs that are readjusted on a monthly basis. Therefore, the exposure of this PPA to exchange rate fluctuations is higher.

### *Interest Rate Hedging*

We maintain a significant portion of our long-term debt at fixed rates in order to minimize interest-rate exposure. As of December 31, 2012, 82% of our total financial debt for a principal amount of US$769.8 million was at fixed rates. The remaining 18% of our debt included the unhedged portion of our CTA project financing, which was at 180-day floating LIBOR.

**As of December 31, 2012**
Contractual maturity date
(In US$ millions)

| | Average interest rate | 2013 | 2014 | 2015 | 2016 | Thereafter | Grand Total |
|---|---|---|---|---|---|---|---|
| **Fixed Rate** | | | | | | | |
| (US$) | Swapped base rate of 3.665% p.a. + 2.50% spread [1] | 7.2 | 7.8 | 9.5 | 10.2 | 193.3 | 228.0 |
| (US$) | 5.625% p.a. | | | | | 400.0 | 400.0 |
| **Variable Rate** | | | | | | | |
| (US$) | LIBOR (180) + 2.50% p.a. [1] | 4.5 | 4.9 | 6.0 | 6.4 | 119.9 | 141.8 |
| **Total [2]** | | **11.8** | **12.8** | **15.5** | **16.6** | **713.2** | **769.8** |

(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.

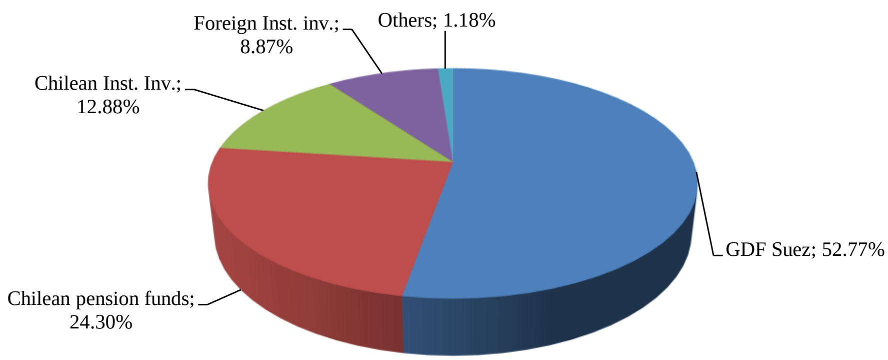
(2) These figures include principal amounts only and do not include leasing obligations related to our use of transmission lines or mark-to-market adjustments on interest rate swaps.

### *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. In addition, we have begun to sell electricity to the only regulated client in the SING, which provides electricity supply to residential and commercial clients in the region. 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 for each counterparty to manage our exposure.

## OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2012

**No. of Shareholders: 1,954**




**TOTAL NUMBER OF SHARES: 1,053,309,776**

# APPENDIX 1

# PHYSICAL DATA AND SUMMARIZED QUARTERLY FINANCIAL STATEMENTS

**Physical Sales**
**(in GWh)**

| | 2011 | | | | | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q11 | 2Q11 | 3Q11 | 4Q11 | 12M Total | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 12M12 |
| **Physical Sales** | | | | | | | | | | |
| Sales of energy to unregulated customers. | 1,800 | 1,904 | 1,828 | 1,824 | 7,356 | 1,726 | 1,742 | 1,793 | 1,906 | 7,167 |
| Sales of energy to regulated customers | - | - | - | - | | 417 | 412 | 427 | 442 | 1,699 |
| Sales of energy to the spot market……… | 0 | - | 60 | 64 | 124 | 113 | 62 | 92 | 42 | 309 |
| **Total energy sales………………………….** | **1,800** | **1,904** | **1,889** | **1,888** | **7,480** | **2,256** | **2,216** | **2,313** | **2,389** | **9,175** |
| **Gross electricity generation** | | | | | | | | | | |
| Coal…………………………………………. | 1,167 | 1,304 | 1,508 | 1,390 | 5,368 | 1,804 | 1,872 | 1,697 | 1,789 | 7,162 |
| Gas………………………………………….. | 391 | 396 | 342 | 375 | 1,504 | 258 | 548 | 489 | 434 | 1,728 |
| Diesel Oil and Fuel Oil……………………. | 119 | 96 | 39 | 64 | 318 | 53 | 80 | 34 | 58 | 224 |
| Hydro………………………………………. | 13 | 9 | 8 | 11 | 40 | 17 | 11 | 10 | 11 | 49 |
| **Total gross generation………………….** | **1,689** | **1,805** | **1,897** | **1,838** | **7,230** | **2,131** | **2,510** | **2,229** | **2,293** | **9,163** |
| *Minus* Own consumption……………….. | (100.1) | (127.1) | (150.0) | (148.4) | (525.6) | (164.3) | (176.9) | (160.8) | (161.2) | (663.3) |
| **Total net generation…………………….** | **1,589** | **1,678** | **1,747** | **1,690** | **6,705** | **1,967** | **2,333** | **2,068** | **2,131** | **8,500** |
| **Energy purchases on the spot market………..** | 289 | 266 | 196 | 258 | 1,009 | 378 | 34 | 330 | 323 | 1,065 |
| Total energy available for sale before transmission losses……………………… | **1,878** | **1,944** | **1,943** | **1,948** | **7,714** | **2,344** | **2,367** | **2,398** | **2,455** | **9,564** |

**Quarterly Income Statement** (in US$ millions)

| IFRS | | | 2011 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Revenues** | **1Q11** | **2Q11** | **3Q11** | **4Q11** | **12M11** | **1Q12** | **2Q12** | **3Q12** | **4Q12** | **12M12** |
| Regulated customers sales……………………… | | | | | | 46.8 | 40.0 | 40.6 | 39.1 | 166.4 |
| Unregulated customers sales………………….. | 267.4 | 307.2 | 252.0 | 245.0 | 1,071.6 | 215.9 | 209.1 | 195.9 | 218.7 | 839.6 |
| Spot market sales……………………………….. | 13.9 | 10.6 | 19.9 | 17.3 | 61.6 | 12.1 | 12.3 | 6.2 | 3.0 | 33.6 |
| Total revenues from energy and capacity sales…………………………… | **281.3** | **317.8** | **271.9** | **262.3** | **1,133.2** | **274.8** | **261.4** | **242.6** | **260.8** | **1,039.5** |
| Gas distribution sales………………………….. | 1.5 | 1.5 | 1.2 | 1.4 | 5.6 | 1.0 | 0.7 | 0.6 | 0.4 | 2.7 |
| Other operating revenue………………………. | 19.3 | 11.5 | 11.8 | 75.2 | 117.7 | 16.3 | 19.5 | 23.2 | 29.0 | 88.0 |
| **Total operating revenues…………………** | **302.1** | **330.8** | **284.9** | **338.8** | **1,256.6** | **292.1** | **281.5** | **266.4** | **290.2** | **1,130.2** |
| **Operating Costs** | | | - | | | | | | | |
| Fuel and lubricants……………………………… | (125.4) | (156.6) | (124.1) | (126.9) | (533.0) | (103.1) | (150.6) | (100.8) | (118.1) | (472.6) |
| Energy and capacity purchases on the spot market………………………………………….. | (41.5) | (36.1) | (18.5) | (23.0) | (119.1) | (37.4) | (14.2) | (30.2) | (48.3) | (130.1) |
| Depreciation and amortization attributable to cost of goods sold……………………………. | (24.9) | (26.0) | (32.1) | (26.3) | (109.3) | (31.6) | (30.2) | (39.2) | (34.0) | (134.9) |
| Other costs of goods sold……………………. | (46.8) | (42.0) | (51.0) | (54.2) | (194.0) | (56.3) | (55.2) | (61.9) | (65.5) | (238.9) |
| **Total cost of goods sold………………..** | **(238.5)** | **(260.7)** | **(225.8)** | **(230.4)** | **(955.4)** | **(228.4)** | **(250.3)** | **(232.1)** | **(265.8)** | **(976.6)** |
| Selling, general and administrative expenses… | (10.0) | (14.5) | (10.5) | (11.2) | (46.2) | (12.3) | (13.1) | (10.0) | (14.3) | (49.7) |
| Depreciation and amortization in selling, general and administrative expenses………… | (0.3) | (0.3) | (0.3) | (0.3) | (1.2) | (0.2) | (0.3) | (0.3) | (0.3) | (1.1) |
| Other revenues………...………………………. | 0.7 | 0.3 | 0.3 | (0.3) | 1.0 | 1.1 | 2.7 | 1.9 | (9.9) | (4.1) |
| **Total operating costs…..………………..** | **(248.1)** | **(275.2)** | **(236.9)** | **(241.5)** | **(1,001.8)** | **(239.8)** | **(260.9)** | **(240.5)** | **(290.2)** | **(1,031.4)** |
| **Operating income…..………………..** | **54.0** | **55.6** | **48.6** | **96.7** | **254.8** | **52.3** | **20.6** | **25.9** | **(0.1)** | **98.7** |
| **EBITDA………………..………………..** | **79.2** | **81.9** | **81.0** | **126.3** | **368.3** | **84.1** | **51.1** | **65.3** | **38.4** | **238.9** |
| Financial income………..……………………… | 1.0 | 1.2 | 0.9 | 0.7 | 3.9 | 0.9 | 0.4 | 0.4 | 0.6 | 2.4 |
| Financial expense…………….………………… | (3.7) | (4.1) | (10.2) | (12.4) | (30.4) | (11.4) | (11.1) | (10.8) | (10.8) | (44.1) |
| Foreign exchange translation, net…………… | (5.9) | 10.6 | (13.5) | 7.1 | (1.6) | 5.8 | (1.2) | 6.5 | (2.0) | 9.2 |
| Other non-operating income/(expense) net… | (0.2) | (0.2) | (0.5) | (0.2) | (1.0) | (0.1) | (0.5) | 1.0 | 25.2 | 25.5 |
| **Total non-operating results……………** | **(8.7)** | **7.6** | **(23.2)** | **(4.8)** | **(29.1)** | **(4.8)** | **(12.4)** | **(2.8)** | **13.0** | **(7.0)** |
| Income before tax…………………..……… | 45.3 | 63.0 | 25.4 | 92.0 | 225.7 | 47.5 | 8.2 | 23.1 | 12.9 | 91.7 |
| Income tax……………………………………… | (11.3) | (12.9) | (5.4) | (17.4) | (47.1) | (7.4) | (1.7) | (26.1) | (0.3) | (35.5) |
| **Net income to E.CL's shareholders…** | **34.0** | **50.1** | **19.9** | **74.6** | **178.6** | **40.1** | **6.6** | **(3.0)** | **12.6** | **56.2** |
| **Earnings per share……………………..** | **0.032** | **0.048** | **0.019** | **0.071** | **0.170** | **0.038** | **0.006** | **(0.003)** | **0.012** | **0.053** |

## Quarterly Balance Sheet

(In U.S.$ millions)

| | 2011 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | 31-Mar-11 | 30-Jun-11 | 30-Sep-11 | 31-Dec-11 | 31-Mar-12 | 30-Jun-12 | 30-Sep-12 | 31-Dec-12 |
| **Current Assets** | | | | | | | | |
| Cash and cash equivalents (1) | 156.8 | 163.4 | 79.3 | 192.6 | 233.6 | 172.4 | 200.2 | 184.1 |
| Accounts receivable | 240.6 | 231.4 | 204.5 | 188.5 | 244.9 | 260.1 | 257.7 | 187.0 |
| Recoverable taxes | 44.5 | 30.2 | 39.4 | 52.5 | 58.1 | 29.3 | 40.8 | 58.2 |
| Other current assets | 272.1 | 199.6 | 234.8 | 199.9 | 192.8 | 200.4 | 170.6 | 192.4 |
| **Total current assets** | **713.9** | **624.6** | **557.9** | **633.4** | **729.5** | **662.2** | **669.3** | **621.7** |
| **Non-Current Assets** | | | | | | | | |
| Property, plant and equipment, net | 1,753.1 | 1,739.9 | 1,782.2 | 1,791.5 | 1,788.5 | 1,804.9 | 1,813.6 | 1,827.6 |
| Other non-current assets | 403.5 | 407.6 | 394.1 | 386.1 | 375.7 | 375.5 | 375.9 | 441.9 |
| **TOTAL ASSETS** | **2,870.5** | **2,772.1** | **2,734.2** | **2,811.0** | **2,893.7** | **2,842.5** | **2,858.8** | **2,891.2** |
| **Current Liabilities** | | | | | | | | |
| Financial debt | 64.3 | 66.0 | 12.9 | 17.9 | 12.5 | 18.0 | 66.9 | 20.6 |
| Other current liabilities | 308.7 | 218.4 | 219.3 | 242.3 | 301.0 | 276.3 | 223.3 | 209.3 |
| **Total current liabilities** | **373.0** | **284.3** | **232.2** | **260.2** | **313.5** | **294.3** | **290.2** | **229.9** |
| **Long-Term Liabilities** | | | | | | | | |
| Financial debt (including intercompany) | 659.9 | 663.3 | 689.8 | 685.5 | 686.0 | 689.1 | 690.4 | 774.2 |
| Other long-term liabilities | 180.8 | 187.2 | 187.6 | 187.5 | 185.7 | 184.8 | 206.8 | 202.0 |
| **Total long-term liabilities** | **840.7** | **850.5** | **877.4** | **873.0** | **871.7** | **873.9** | **897.2** | **976.1** |
| **Shareholders' equity** | **1,656.8** | **1,637.2** | **1,624.7** | **1,677.8** | **1,708.5** | **1,674.3** | **1,671.4** | **1,685.2** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **2,870.5** | **2,772.1** | **2,734.2** | **2,811.0** | **2,893.7** | **2,842.5** | **2,858.8** | **2,891.2** |

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

**CONFERENCE CALL 9M12**

E.CL is pleased to inform you that it will conduct a conference call to review its results for the period ended December 31, 2012, on Friday, February 1, 2013, at 9 a.m. (Eastern Time) – 11 a.m. (Chilean Time)

hosted by:
Lode Verdeyen, CEO E.CL S.A.

To participate, please dial: **+1 (706) 902-4518**, international or **12300206168 (toll free Chile). Passcode I.D.: 91178054**, approximately 10 minutes prior to the scheduled starting time.

To access the phone replay, please dial **+1 (855) 859- 2056** or **(404) 537-3406**
**Passcode I.D.: 91178054**. A conference call replay will be available until February 8, 2013.