

As of April 22, 2019, the U.S. dollar Observed Exchange Rate was Ch\$ 663.91 per US\$ 1.00.

Calculation of the appreciation or devaluation of the Chilean peso against the U.S. dollar in any given period is made by determining the percent change between the reciprocals of the Chilean peso equivalent of US\$ 1.00 at the end of the preceding period and the end of the period for which the calculation is being made. For example, to calculate the devaluation of the year-end Chilean peso in 2018, one determines the percentage of change between the reciprocal of Ch\$ 694.77, the value of one U.S. dollar as of December 31, 2018, or 0.001439, and the reciprocal of Ch\$ 614.75, the value of one U.S. dollar as of December 31, 2017, or 0.001627. In this example, the percentage change between the two periods is -11.5%, which represents the 2018 year-end devaluation of the Chilean peso against the 2017 year-end U.S. dollar. A positive percentage change means that the Chilean peso appreciated against the U.S. dollar, while a negative percentage change means that the Chilean peso devaluated against the U.S. dollar.

The following table sets forth the period-end rates for U.S. dollars for the years ended December 31, 2014, through December 31, 2018, based on information published by the Central Bank of Chile.

	Ch\$ per US\$(1)	
	Period End (in Ch\$)	Appreciation (Devaluation) (in %)
<b>Year ended December 31,</b>		
2018	694.77	(11.5)
2017	614.75	8.9
2016	669.47	6.1
2015	710.16	(14.6)
2014	606.75	(13.5)

Source: Central Bank of Chile.

(1) Calculated based on the variation of period-end exchange rates.

**B. Capitalization and Indebtedness.**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds.**

Not applicable.

**D. Risk Factors.**

*Chilean economic fluctuations, certain economic interventionist measures by governmental authorities as well as political events or financial or other crises in any region worldwide may affect our results of operations, financial condition and liquidity as well as the value of our securities.*

All of our operations are located in Chile. Accordingly, our revenues are affected by the performance of the Chilean economy. If local, regional or worldwide economic trends adversely affect the Chilean economy, our financial condition and results from operations could be adversely affected. Insufficient cash flows could result in the inability to meet our debt obligations and the need to seek waivers to comply with restrictive debt covenants and increasing costs for subsequent financings. The Chilean government has exercised in the past, and continues to exercise, a substantial influence over many aspects of the private sector, which may result in changes to economic or other policies.

Future adverse developments in Chile or changes in policies regarding exchange controls, regulations and taxation may impair our ability to execute our business plan, which could adversely affect our results of operations and financial condition. Inflation, devaluation, social instability and other political, economic or diplomatic developments, could also reduce our profitability. In addition, Chilean financial and securities markets are influenced by economic and market conditions in other countries and may be affected by events in other countries, which could adversely affect the value of our securities.

***Our business depends heavily on hydrological conditions.***

Approximately 48% of our installed generation capacity in 2018 was hydroelectric. Accordingly, dry hydrological conditions could adversely affect our business, results of operations and financial condition. Our results have been adversely affected when hydrological conditions in Chile have been significantly below average.

While our subsidiary, Enel Generation, has entered into certain agreements with the Chilean government and local irrigators regarding the use of water for hydroelectric generation purposes during periods of low water levels, if droughts persist we may face increased pressure by the Chilean government or other third parties to further restrict our water use.

Our operating expenses increase during these drought periods when thermal plants, which have higher operating costs relative to hydroelectric plants, are dispatched more frequently. We may need to buy electricity at higher spot prices in order to comply with our contractual supply obligations and the cost of these electricity purchases may exceed our contracted electricity sale prices, thus potentially producing losses from those contracts. For further information with respect to the effect of hydrology on our business and financial results, please refer to “Item 5. Operating and Financial Review and Prospects – A. Operating Results –1. Discussion of Main Factors Affecting Operating Results and Financial Condition of the Company –a. Generation Business.”

Droughts also indirectly affect the operation of our thermal plants, including our facilities that use natural gas, fuel oil or coal, in the following manner:

- Our thermal plants require water for cooling and droughts in extreme situations may reduce the availability of water and increase the cost of transportation. As a result, we have had to purchase water for our San Isidro power plant from agricultural areas that are also experiencing water shortages. These water purchases may increase our operating costs and may require us to negotiate with the local communities.
- Thermal power plants that burn natural gas generate emissions such as nitrogen oxide (NO), carbon dioxide (CO<sub>2</sub>) and carbon monoxide (CO) gases. When operating with diesel they release NO, sulfur dioxide (SO<sub>2</sub>) and particulate matter into the atmosphere. Coal fired plants generate SO<sub>2</sub> and NO emissions. Therefore, greater use of thermal plants during droughts generally increases the risk of producing higher levels of greenhouse gas emissions, which also decreases our operating income due to the payment of so-called “green taxes.”

A full recovery from the drought that has been affecting the regions where most of our hydroelectric plants are located may last for an extended period but new drought periods may recur in the future. A prolonged drought may exacerbate the risks described above and have a further adverse effect upon our business, results of operations and financial condition.

The distribution business is also affected by inclement weather. With extreme temperatures, demand can increase significantly within a very short period of time, which in turn affects service and could result in service disruptions that are potentially subject to fines. Depending on weather conditions, results obtained by our distribution business can vary significantly from year to year. For example, as a result of severe rainstorms in June 2017, with high wind gusts that brought down part of the electric network, 125,000 of our customers, or 7%, were affected adversely. In July 2017, a strong snowstorm over the Santiago Metropolitan Region caused massive damage to the electrical infrastructure, and affected 342,000 of our customers, or 18%, and 17% of our feeders. This was the most damaging snowstorm in Santiago since 1970, and left parts of the capital without power for over a week. These events significantly increased our costs due to emergency responses including payments related to damage compensation, fines, line maintenance and tree trimming programs.

***Governmental regulations may adversely affect our businesses, cause delays, impede the development of new projects, or increase the costs of operations and capital expenditures.***

Our businesses and the tariffs that we charge to our customers are subject to extensive regulation and these regulations may adversely affect our profitability. For example, governmental authorities might impose rationing policies during droughts or prolonged failures of power facilities, which may adversely affect our business, results of operations and financial condition. Our operating subsidiaries are also subject to environmental regulations that, among other things, require us to perform environmental impact studies for future projects and obtain construction and operating permits from both local and national regulators. Governmental authorities may withhold the approval of these environmental impact studies and therefore their processing time may be longer than expected.

Governmental authorities may also delay the distribution tariff review process, or tariff adjustments may be insufficient to pass through all of our costs to customers. Some aspects of the Chilean electricity law date back to 1982, and could very well experience significant regulatory changes. The government has mentioned the potential introduction of electricity distribution tariff reform, and it possible that such new regulation may adversely affect our future profitability. Similarly, electricity regulations issued by governmental authorities may affect the ability of our generation companies to collect revenues sufficient to cover their operating costs.

Environmental regulations for existing and future generation capacity have become stricter and require increased capital investments. Any delay in meeting the standards constitutes a violation of the regulations. Failure to certify the original implementation and ongoing emission standard requirements of such monitoring system may result in significant penalties and sanctions or legal claims for damages. We expect that even more restrictive emission limits will be established in the future. We are also subject to an annual green tax, based on our greenhouse gas emissions in the previous year, and such taxes may increase in the future, and discourage thermal electricity generation.

Changes in the regulatory framework are often submitted to the legislators and administrative authorities and, some of these changes could have a material adverse impact on our business, results of operations and financial condition.

***Regulatory authorities may impose fines on our subsidiaries due to operational failures or any breaches of regulations.***

Our electricity businesses are subject to regulatory fines for any breach of current regulations, including energy supply failures. Such fines may be imposed for a maximum of 10,000 Annual Tax Units (“UTA” in its Spanish acronym), or Ch\$ 5.8 billion using the UTA as of December 31, 2018. Our electricity generation subsidiaries are supervised by local regulatory authorities and are subject to fines in cases where, in the opinion of the regulatory authority, operational failures affecting the regular energy supply to the system, including coordination issues, are the fault of the generator. Regulations establish a compensation fee to end customers when energy is interrupted more than the standard allowed time due to events or failures affecting transmission facilities. Compensation is a proportion of the energy not supplied with a minimum value between 20,000 UTA (Ch\$ 11.6 billion) and the previous year’s energy sales revenues in the case of generators. Fines may also be associated with breach of regulations.

In 2015, the CDEC-SING audited GasAtacama’s thermal power plant and reported its findings to the Superintendence of Electricity and Fuels (“SEF”), which in August 2016 fined GasAtacama 10,000 UTA (Ch\$ 5.8 billion) for allegedly providing inaccurate information to the CDEC-SING. In 2017, Gener and Engie, both competitors, demanded that Enel Generation pay US\$ 65.8 million and US\$ 160 million, respectively, as compensation for the alleged additional costs attributed to GasAtacama in the system. These costs were associated with the technical minimum capacity reported by GasAtacama at 310 MW, with a 30-hour minimum operating time that the CEN later estimated to be only 118 MW and a 2-hour minimum operating time. Further compensation claims from other market players may arise in the future and further fines to any of our plants could adversely affect our business, results of operations and financial condition.

In 2017, Enel Distribución was fined by the SEF for a total amount of 160,000 UTM (Ch\$ 7.7 billion) due to various claims of infractions related to extreme inclement weather in June and July 2017. During 2017, Enel Distribución was also fined for a total amount of 35,611 UTM (Ch\$ 1.7 billion) associated with breaches of quality standards of supply. For further information on fines, please refer to Note 36.3 of the Notes to our consolidated financial statements.

***We depend on payments from our subsidiaries to meet our payment obligations.***

In order to pay our obligations, we rely on cash from dividends, loans, interest payments, capital reductions and other distributions from our subsidiaries. Such payments and distributions to us are subject to legal constraints such as dividend restrictions and fiduciary obligations.

***Contractual Constraints.*** Distribution restrictions included in certain credit agreements of our subsidiaries may prevent dividends and other distributions to shareholders if they are not in compliance with certain financial ratios. Our credit agreements typically prohibit any type of distribution if there is an ongoing default.

***Operating Results of Our Subsidiaries.*** The ability of our subsidiaries to pay dividends or make loan payments or other distributions to us is limited by their operating results. To the extent that the cash requirements of any of our subsidiaries exceed their available cash, the subsidiary will not be able to make cash available to us.

Any of the situations described above could adversely affect our business, results of operations and financial condition.

***We are involved in litigation proceedings.***

We are involved in various litigation proceedings, which could result in unfavorable decisions or financial penalties against us. We will continue to be subject to future litigation proceedings, which could cause material adverse consequences to our business. Our financial condition or results of operations could be adversely affected if we are unsuccessful in defending lawsuits and proceedings against us. For further information on litigation proceedings, please see “Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Legal Proceedings” and Note 36.3 of the Notes to our consolidated financial statements.

***Construction and operation of power plants may encounter significant delays or halt and cost over-runs as well as stakeholder opposition that may damage our reputation and result in impairment of our goodwill with stakeholders.***

Our power plant projects may be delayed in obtaining regulatory approvals, or may face shortages and increases in the price of equipment, materials or labor, and they may be subject to construction delays, strikes, adverse weather conditions, natural disasters, civil unrest, accidents, and human error. Any such event could adversely impact our business, results of operations and financial condition.

Market conditions at the time when the projects are initially approved may differ significantly from those that prevail when the projects are completed, which in some cases make such projects commercially unfeasible. This has been the case with many of our former projects, which were initially planned under very different market conditions with higher energy prices prevailing in the market and less competition. Deviations in these assumptions, including the estimates of the timing and expenditures related to these projects, may lead to cost over-runs and a completion time widely exceeding our initial estimates, which in turn may have a material adverse effect on our business, results of operation and financial condition.

The locations where we develop projects are sometimes highly challenging in terms of geographical topography, in some cases in mountain slopes with very limited access. These factors may also lead to delays and cost overruns. For example, Cerro Pabellón, our 48 MW geothermal plant, was built at 4,500 meters above sea level and currently we are constructing a third unit that will increase its capacity by 33MW. We may face challenges associated with high altitude construction, including health concerns, and these may affect the construction schedule and associated investment. Additionally, given the geographic location of some projects, there are archaeological risks. In 2018, 11 charges related to archaeological issues were brought against us in connection with Cerro Pabellón, of which three are considered material. They could lead to fines of up to 5,000 UTM (approximately US\$ 241,765), a revocation of the Environmental Qualifications Resolution (“RCA” in its Spanish acronym) and even the shutdown of the plant. The claims result from not having implemented adequate and timely preventive measures associated with archaeological sites discovered in the grounds.

The operation of our coal-fired thermal power plants may affect our goodwill with stakeholders, due to greenhouse gas emissions, which could adversely affect the environment and local residents. In addition, communities might have their own interests and different perceptions of the company, influenced by other stakeholders or motivations unrelated to the project. If the company fails to engage with its relevant stakeholders, it may face opposition, which could adversely affect our reputation, stall operations or lead to litigation threats or action. Our reputation is the foundation of our relationship with key stakeholders. If we are unable to effectively manage real or perceived issues that could impact us negatively, our business, results of operations and financial condition could be adversely affected.

Damage to our reputation may exert considerable pressure on regulators, creditors, and other stakeholders and ultimately lead to projects and operations that may be abandoned, causing our share prices to drop and hindering our ability to attract and retain valuable employees, any of which could result in an impairment of our goodwill with stakeholders.

***Political events or financial or other crises in any region worldwide can have a significant impact in Chile, and consequently, may adversely affect our operations as well as our liquidity.***

Chile is vulnerable to external shocks, including financial and political events, which could cause significant economic difficulties and affect growth. If Chile experiences lower than expected economic growth or a recession, it is likely that our customers will demand less electricity and that some of our customers may experience difficulties paying their electric bills, possibly increasing our uncollectible accounts. Any of these situations could adversely affect our results of operations and financial condition.

Financial and political events in other parts of the world could also adversely affect our business. For example, since 2018, U.S. and China have been involved in a trade war involving protectionist measures, which increased the volatility of financial markets worldwide due to the uncertainty of political decisions. Instability in the Middle East or in any other major oil-producing region could also result in higher fuel prices worldwide, increasing the operating cost for our thermal generation plants and adversely affect our results of operations and financial condition.

The U.S. federal government has experienced shutdowns in recent times, including the 2018–2019 U.S. government shutdown, which affected the SEC among many other federal agencies, and extended for 35 days, the longest federal government shutdown in U.S. history. Even temporary or threatened U.S. government shutdowns could have a material adverse effect on the timing, execution and increased expense associated with our international financings and our M&A activities.

An international financial crisis and its disruptive effects on the financial industry could adversely impact our ability to obtain new financings on the same historical terms and conditions that we have benefited from to date. Political events or financial or other crises could also diminish our ability to access the Chilean and international capital markets or increase the interest rates available to us. Reduced liquidity, in turn, could adversely affect our capital expenditures, our long-term investments and acquisitions, our growth prospects and our dividend payout policy.

***We may be unable to enter into suitable acquisitions or successfully integrate businesses that we acquire.***

On an ongoing basis, we review acquisition prospects that may increase our market coverage or supplement our existing businesses, though there can be no assurance that we will be able to identify and consummate suitable acquisition transactions in the future. The acquisition and integration of independent companies that we do not control is generally a complex, costly and time-consuming process and requires significant efforts and expenditures. If we consummate an acquisition, it could result in the incurrence of substantial debt and assumption of unknown liabilities, the potential loss of key employees, amortization of expenses related to tangible assets and the diversion of management's attention from other business concerns. In addition, integrating acquired businesses may be difficult, expensive, time-consuming and a strain on our resources and our relationships with our employees and customers and ultimately may not be successful or achieve the benefits expected. Any delays or difficulties encountered in connection with acquisitions and the integration of their businesses could have a material adverse effect on our business, financial condition or results of operations.

***Our business and profitability could be adversely affected if water rights are denied or if water concessions are granted with limited duration.***

We own water rights granted by the Chilean Water Authority (*Dirección General de Aguas*) for the supply of water from rivers and lakes near our production facilities. Under current law, these water rights are (i) for unlimited duration, (ii) absolute and unconditional property rights and (iii) not subject to further challenge. Chilean generation companies must pay an annual license fee for unused water rights. New hydroelectric facilities are required to obtain water rights, the conditions of which may impact design, timing or profitability of a project.

In addition, Chilean Congress has discussed amendments to the Water Code since 2014 in order to prioritize the use of water by defining its access as a basic human need that must be guaranteed by the State. The amendment will establish that water use for human consumption, domestic subsistence and sanitation will always take precedence, in both the granting and limiting the exercise of rights of exploitation. Restrictions enacted to preserve environmental flows would reduce water availability for generation purposes.

Any limitations on our water rights, our need for additional water rights, or our unlimited duration of water concessions could have a material adverse effect on our hydroelectric development projects and our profitability. As of the date of this Report, no resolutions have been adopted and the uncertainty remains.

***Foreign exchange risks may adversely affect our results and the U.S. dollar value of dividends payable to ADS holders.***

The Chilean peso has been subject to devaluations and appreciations against the U.S. dollar and may be subject to significant fluctuations in the future. Historically, a significant portion of our consolidated indebtedness has been denominated in U.S. dollars. Although a substantial portion of our operating cash flows is linked to the U.S. dollar (primarily coming from the generation business), we generally have been and will continue to be exposed to fluctuations of the Chilean peso against the U.S. dollar, which is due to time lags and other limitations to pegging our tariffs to the U.S. dollar and the potential difficulty of obtaining loans in the same currency as our operating cash flow.

Because of this exposure, the U.S. dollar value of cash generated by our subsidiaries in U.S. dollars can decrease substantially due to peso devaluations against the U.S. dollar. Future volatility in the exchange rate of the currency in which we receive revenues or incur expenditures may adversely affect our business, results of operations and financial condition.

***Our long-term electricity sale contracts are subject to fluctuations in the market prices of certain commodities, energy and other factors.***

In our conventional generation business, we have economic exposure to fluctuations in the market prices of certain commodities as a result of the long term electricity sales contracts into which we have entered. We have material obligations as selling parties under long term fixed-price electricity sales contracts. Prices in these contracts are indexed according to different commodities, exchange rates and inflation. Adverse changes to these indices would reduce the rates we charge under our long-term fixed-price electricity sales contracts, which could adversely affect our business, results of operations and financial condition.

In our distribution business, we are also exposed to fluctuations in electricity prices. Since 2016, some customers who had freely chosen to be subject to regulated tariffs have been switching to the unregulated tariff regime instead due to the lower prices. These customers are tendering their electricity needs, either directly or in association with other customers, because regulated tariffs are currently higher than unregulated prices, given that the former are based on contracts tendered in the past at higher prices. Lower market prices might reduce the number of customers that choose regulated tariffs, and customers may choose an alternative energy provider, reducing our number of customers, which could adversely affect our business, results of operations and financial condition.

***Our controlling shareholder may exert influence over us and may have a different strategic view for our development than that of our minority shareholders.***

Enel, our controlling shareholder, owns 61.9% (excluding treasury stock) of our voting shares. Enel has the power to determine the outcome of substantially all material matters that require a simple majority of shareholders' votes in accordance with Chilean corporate law, such as the election of the majority of our board members and, subject to contractual and legal restrictions, the adoption of our dividend policy. Enel also exercises significant influence over our business strategy and operations. Its interests, in some cases, may differ from those of our minority shareholders. Certain conflicts of interest affecting Enel in these matters may be resolved in a manner that is different from interests of our company or of our minority shareholders.

***Our electricity business is subject to risks arising from natural disasters, catastrophic accidents and acts of terrorism that could adversely affect our operations, earnings and cash flow.***

Our primary facilities include power plants and distribution assets. Our facilities may be damaged by earthquakes, fires and other catastrophic disasters arising from natural or accidental human causes, as well as acts of protest, vandalism, riot, and terrorism. A catastrophic event could cause prolonged unavailability of our assets, disruptions in our business, significant decreases in revenues due to lower demand or significant additional costs to us not covered by our business interruption insurance. There may be lags between a major accident or catastrophic event and the final reimbursement from our insurance policies, which typically carry a deductible and are subject to per event policy maximum amounts.

***We are subject to financing risks, such as those associated with funding our new projects and capital expenditures, and risks related to refinancing our maturing debt; we are also subject to debt covenant compliance, all of which could adversely affect our liquidity.***

As of December 31, 2018, our consolidated debt totaled Ch\$ 2,479,624,032 (including Ch\$ 447,317,781 in debt with EFI, a related company).

Some of our debt agreements are subject to (1) financial covenants, (2) affirmative and negative covenants, (3) events of default and (4) mandatory prepayments for contractual breaches, among other provisions. A significant portion of our financial indebtedness is subject to cross default provisions, which have varying definitions, criteria, materiality thresholds and applicability with respect to subsidiaries that could give rise to such a cross default. We incurred debt in connection with the 2018 Reorganization. As a result, we entered into a debt agreement and we issued US\$ 1 billion in bonds in the U.S that are subject to cross default provisions. In addition, since April 2018, we consolidate EGP Chile's debt and we may incur in additional debt in the future, which may increase our debt leverage and associated financial risk.

In the event that we or our subsidiaries breach any of these contractual provisions, our debtholders may demand immediate repayment, and a significant portion of our indebtedness could become due and payable. We may be unable to refinance our indebtedness or obtain such refinancing on terms acceptable to us. In the absence of such refinancing, we could be forced to dispose of assets in order to make the payments due on our indebtedness under circumstances that might not be favorable to obtaining the best price for such assets. Furthermore, we may be unable to sell our assets quickly enough, or at sufficiently high prices, to enable us to make such payments.

We may also be unable to raise the necessary funds required to finish our projects under development or under construction. Market conditions prevailing at the moment we require these funds or other unforeseen project costs can compromise our ability to finance these projects and expenditures.

Our inability to finance new projects or capital expenditures or to refinance our existing debt could adversely affect our results of operation and financial condition.

***We rely on electricity transmission facilities that we do not own or control. If these facilities do not provide us with an adequate transmission service, we may not be able to deliver the power we sell to our final customers.***

We depend on transmission facilities owned and operated by other unaffiliated companies to deliver the electricity we sell. This dependence exposes us to several risks. If transmission is disrupted, or transmission capacity is inadequate, we may be unable to sell and deliver our electricity, as has been the case of some of our solar and wind power plants located in northern Chile. If a region's power transmission infrastructure is inadequate, our recovery of sales costs and profits may be insufficient. If restrictive transmission price regulation is imposed, transmission companies upon whom we rely may not have sufficient incentives to invest in expansion of their transmission infrastructure, which could adversely affect our operations and financial results. The construction of new transmission lines may take longer than in the past, mainly because of social and environmental requirements that are creating uncertainty as to the time of project completion.

There have been blackout events in the past due to the failure of transmission lines, which exposed weaknesses in the transmission grid and its need for expansion and technological improvements to increase its reliability. Additional failures of transmission lines may occur in the future.

Any such disruption or failure of transmission facilities could interrupt our business, which could adversely affect our results of operations and financial condition.

***Our business may experience adverse consequences if we are unable to reach satisfactory collective bargaining agreements with our unionized employees or if we are unable to retain key employees.***

A large percentage of our employees are members of unions and have collective bargaining agreements that must be renewed on a regular basis. Our business, financial condition and results of operations could be adversely affected by a failure to reach agreement with any labor union representing such employees or by an agreement with a labor union that contains terms we view as unfavorable. Chilean law provides legal mechanisms for judicial authorities to impose a collective bargaining agreement if the parties are unable to come to an agreement, which may materially increase our costs beyond what we have budgeted.

In addition, we employ many highly-specialized employees, and certain actions such as strikes, walk-outs or work stoppages by these employees, could adversely impact our business, results of operations and financial condition as well as our reputation.

***The relative illiquidity and volatility of the Chilean securities markets could adversely affect the price of our common stock and ADS.***

Chilean securities markets are substantially smaller and less liquid than the major securities markets in the United States or other developed countries. The low liquidity of the Chilean market may impair the ability of shareholders to sell shares, or holders of ADSs to sell shares of our common stock withdrawn from the ADS program, into the Chilean market in the amount and at the price and time they wish to do so. Also, the liquidity and the market for our shares or ADSs may be affected by a number of factors including variations in exchange and interest rates, the deterioration and volatility of the markets for similar securities and any changes in our liquidity, financial condition, creditworthiness, results and profitability.

The price or the liquidity of our shares or ADSs may be negatively affected by events in Latin American markets or the global economy in general.

***Lawsuits against us brought outside Chile or complaints against us based on foreign legal concepts may be unsuccessful.***

All of our operations are located outside of the United States. All of our directors and officers reside outside of the United States and substantially all of their assets are located outside the United States. If any investor were to bring a lawsuit against our directors, officers or experts in the United States, it may be difficult for them to effect service of legal process within the United States upon these persons, or to enforce judgments obtained in United States courts based upon the civil liability provisions of the federal securities laws of the United States, against them in United States or Chilean courts. In addition, there is doubt as to whether an action could be brought successfully in Chile on the basis of liability based solely upon the civil liability provisions of the United States federal securities laws.

***Interruption or failure of our information technology, control and communications systems or cyberattacks to or cybersecurity breaches of these systems could have a material adverse effect on our business, results of operations and financial condition.***

We operate in an industry that requires the continued operation of sophisticated information technology, control and communications systems (“IT Systems”) and network infrastructure. In addition, we use our IT Systems and infrastructure to create, collect, use, disclose, store, dispose of and otherwise process sensitive information, including company data, customer data, and personal information regarding customers, employees and their dependents, contractors, shareholders and other individuals. In our generation business, IT Systems are critical in controlling and monitoring our power plants’ operations, maintaining generation and network performance, generating invoices to bill customers, achieving operating efficiencies and meeting our service targets and standards. Our distribution business increasingly relies on IT Systems to monitor smart grids, billing processes for millions of customers and customer service platforms. The operation of our generation and distribution systems is dependent not only on the physical interconnection of our facilities with the electricity network infrastructure, but also on communications among the various parties connected to the network. The reliance on IT Systems to manage the information and communication among and between those parties has increased significantly since the deployment of intelligent grids.

Our generation and distribution facilities, IT Systems and other infrastructure, as well as the information processed in our IT Systems could be affected by cybersecurity incidents, including those caused by human error. Our industry has begun to see an increase in the volume and sophistication of cyber security incidents from international activist organizations, nation states and individuals, being among the emerging risks identified in our planning process. Cybersecurity incidents could harm our businesses by limiting our generating and distributing capabilities, delaying our development and construction of new facilities or capital improvement projects to existing facilities, disrupting our customer operations or exposing us to liability. Our generation and distribution systems are part of an interconnected system. Therefore, a disruption caused by the impact of a cybersecurity incident in the electric transmission grid, network infrastructure, fuel sources or our third party service providers’ operations could also negatively impact our business.

In addition, our business requires the collection and retention of personally identifiable information of our customers, employees and shareholders, who expect that we will adequately protect the privacy of such information. Cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. A significant theft, loss, or fraudulent use of personally identifiable information may lead to potentially large costs associated with notifying and protecting the impacted persons, and/or could cause us to become subject to significant litigation, costs, liability, fines, or penalties, any of which could materially and adversely affect our results of operations, as well as our reputation with customers, shareholders and regulators, among others. In addition, we may be required to incur significant costs associated with governmental actions in response to such intrusions or to strengthen our information and electronic control systems.