C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

Chilean economic fluctuations as well as certain economic interventionist measures by governmental authorities may affect our results of operations and financial condition 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. Moreover, insufficient cash flows for our subsidiaries could result in their inability to meet 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 strategic plans, 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 businesses depend heavily on water supply, and the occurance of droughts, flooding, storms, oceanographic currents and other weather conditions and may adversely affect our operations and profitability.

Approximately 55% of our installed generation capacity in 2017 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 below their historical average.

While our subsidiary, Enel Generación, 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 drought conditions persist or become worse, we may face increased pressure by the Chilean government or other third parties to further restrict our water use.

The below-average hydrological conditions not only reduce our ability to operate our hydroelectric plants at full capacity, but also may result in increased water transportation costs for the operation of the San Isidro thermal power plant (778 MW) for cooling purposes. In addition, thermal plant operating costs can be considerably higher than those of hydroelectric plants. Our operating expenses increase during these drought periods when thermal plants are used 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 not only reduce the availability of water, but also increase the concentration of chemicals, such as sulfates in the water. The high concentration of chemicals in the water that we use for cooling increases the risk of damaging the equipment at our thermal plants as well as the risk of violating environmental regulations. As a result, we have had to purchase water 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 (CO2) and carbon monoxide (CO) gases. When operating with diesel they release NO, sulfur dioxide (SO2) and particulate matter into the atmosphere. Coal fired plants generate emissions of SO2 and NO. Therefore, greater use of thermal plants during periods of drought generally increases the risk of producing a higher level of pollutants, which also would decrease our operating income due to the payment of so called "green taxes" (see "Environmental regulations may cause delays, impede the development of new projects, or increase the costs of operations and capital expenditures" below).

It may take an extended period of time to fully recover from the drought that has been affecting the regions where most of our hydroelectric plants are located and 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 weather. Moderate temperatures, for instance, decrease heating in the winter months and air conditioning in the summer months, affecting energy consumption. On the other hand, 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. In addition, damage to one or more of our main electricity distribution installations or interruption to service caused by extreme weather events, earthquakes or other natural disasters could have a material adverse effect on our operations. 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 that hit 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.

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 material rationing policies during droughts or prolonged failures of power facilities, which may adversely affect our business, results of operations and financial condition.

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. Similarly, electricity regulations issued by governmental authorities in Chile may affect the ability of our generation companies to collect revenues sufficient to cover their operating costs.

The inability of any company in our consolidated group to collect revenues sufficient to cover operating costs may affect the ability of that company to operate as a going concern and may otherwise have an adverse effect on our business, financial results and operations.

In 2014, the Chilean government implemented the Energy Agenda, with an emphasis on promoting non-conventional renewable energy (“NCRE”) sources aimed at diversifying conventional energy sources and reducing the cost of electricity. Solar and wind sources are the NCRE technologies most widely used. NCRE facilities dispatch energy at very low marginal costs, and substitute expensive sources, such as conventional thermal plants. However, wind and solar sources have higher intermittency since they can only generate electricity when the wind blows or the sun shines. Handling this intermittency requires integration and flexibility from the rest of the grid’s power plants. The National Electricity Coordinator (“CEN”) coordinates dispatch from all sources. The balance of production not supplied by hydro and NCRE plants comes from thermal plants, which are among the most expensive producers, and in some cases, are subject to operating restrictions. Authorities sometimes request that thermal generators reduce their “technical minimum power capacity,” the minimum capacity at which a power plant should be safely and permanently operated, and its “minimum operating time” as specified by the turbine manufacturer. A turbine that operates for less than the manufacturers’ recommended minimum time, or at less than the technical minimum power capacity, is subject to higher maintenance costs, which are not always recognized by the CEN. Generation below the technical minimum power capacity may also have adverse environmental effects. The CEN has the authority to audit power plant technical parameters, and impose fines or request injunctions.

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 breach 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$ 5.6 billion using the UTA as of December 31, 2017. 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$ 11.3 billion) and the previous year's energy sales revenues in the case of generators. Due to the consequences of electricity interruptions caused by extreme 2017 weather events, we paid Ch$ 2 billion in legal and Ch$ 3.4 billion in voluntary compensations to distribution customers without electricity for more than 24 hours, with a maximum of Ch$ 25,000 per customer, equivalent to customers' average monthly consumption (240 kWh/month).

In 2015, the CDEC-SING audited GasAtacama's thermal plant and reported its findings to the the Superintendence of Electricity and Fuels ("SEF"), which in August 2016 fined GasAtacama 10,000 UTA (Ch$ 5.6 billion as of December 31, 2017) for allegedly providing inaccurate information to the CDEC-SING. In 2017, Gener, a competitor, requested Enel Generación to pay US$ 65.8 million as compensation for their alleged overpayments to GasAtacama associated with the technical minimum power capacity reported by GasAtacama at 310 MW with a 30-hour minimum operating time that was later estimated by the CEN at only 118 MW and just a 2-hour minimum 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 15,000 UTA (Ch$ 8.5 billion) due to various claims of infractions related to the extreme weather in June and July 2017. For further information on fines, please refer to Note 35 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. The ability of our subsidiaries to pay dividends, interest payments, loans and other distributions to us is subject to legal constraints such as dividend restrictions, fiduciary duties and limitations that may be imposed by local authorities, except for legal minimums.

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. Generally, our credit agreements 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 Note 33.3 of the Notes to our consolidated financial statements.

Environmental regulations may cause delays, impede the development of new projects, or increase the costs of operations and capital expenditures.

Our operating subsidiaries are subject to environmental regulations which, 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. The approval of these environmental impact studies may be withheld by governmental authorities and therefore their processing time may be longer than expected.

Environmental regulations for existing and future generation capacity have become stricter and now require increased capital investments. For example, we performed improvements to our Tarapacá power plant for which the estimated total investment in reducing and monitoring emissions is Ch$ 68,240 million. 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. Between 2016 and 2017, Enel Generación paid fines amounting to Ch$ 4.9 billion for noncompliance with environmental license requirements and failure to submit the monitoring reports for our Bocamina, Huasco and Diego de Almagro thermal plants in past years.

The 2014 tax reform law established an annual green tax on stationary power generators, such as thermal generators, based on their emission of pollutants in the previous year. This green tax is payable in 2018 and is applicable to all our thermal facilities. Our plants have reported their emissions during 2017, recognizing a tax liability as of December 31, 2017 in the amount of Ch$ 17.3 billion by Enel Generación, which was paid in April 2018. Tax expense may continue to increase in the future, and discourage thermal electricity generation.

Our power plants, both in operation and under development, may encounter significant opposition from different groups that may delay their development, increase costs, damage our reputation and potentially result in impairment of our goodwill with stakeholders.

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.

In 2015, Chilean governmental authorities established procedures that require all stakeholders to participate in the preliminary phase of the evaluation process. Plants built before the adoption of these rules that were not submitted to local consultation may face opposition from several stakeholders, such as ethnic groups, environmental groups, land owners, farmers, local communities and political parties, among others, any of whom may impact the sponsoring company's reputation and goodwill. The projects that require consultation with local stakeholders in their evaluation process may be rejected or their development may be impeded or slowed down. Our stakeholders may also seek injunctive or other relief, which could negatively impact us if they are successful. Moreover, projects that do not require consultation with local stakeholders may be subject to intervention or suffer continuous resistance, delaying their approval process or development. In 2013-2016, the Bocamina II power plant encountered substantial opposition from local fishermen's unions that claimed that our facility negatively affected marine life and caused pollution, which resulted in the interruption of the operation of the power plant for over a year. In July 2015, the Bocamina II power plant resumed operations but then a second group of fishermen illegally occupied a high-voltage pylon which supports the transmission lines owned by Transelec S.A. and serve our power plants. As a consequence, both Bocamina I and II plants were temporarily shut down. The financial effects of this illegal occupation and electricity transmission interruption amounted to a Ch$ 2.8 billion reduction in operating income. Such groups may have the ability to block our power plants and directly affect our results.

The operation of our thermal power plants, especially coal power plants, may also affect our goodwill with stakeholders, due to greenhouse gas emissions, which could adversely affect the environment.

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.

Power plant construction may encounter delays and significant cost over-runs.

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 results of operations and financial condition.

Market conditions at the time when the projects are initially approved may significantly differ from those that prevail when the projects are completed, which in some cases make such projects commercially unfeasible. This has been the case of many of our former projects, which were initially planned under completely different market conditions with higher energy prices prevailing in the market and less competition than currently exists, especially with the growth of NCRE sources. Deviations in these assumptions, including the estimation 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. In 2016-2017, we recorded over Ch$ 90 billion in impairment losses and write-offs due to the abandonment of such projects.

We are currently constructing the Los Cóndores project, a 150 MW run-of-the-river hydroelectric plant. We began the initial evaluation of Los Cóndores, which also includes a transmission line, in 1991, and we originally expected to begin operations in 2012. The project has been delayed for many reasons, including its redesign due to a technological construction change, which required a new emviromental approval. Finally, construction began during 2014 and the project's commercial start-up has now been deferred until 2020, with an estimated aggregate investment of US$ 940 million, significantly greater than the initial project, although the two are not completely comparable because of the different design and the higher standards employed today.

The locations where we may develop new projects are also sometimes highly challenging in terms of geographical topography, in some cases in mountain slopes with very limited access. These factors may also lead to significant delays and cost overruns.

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. For example, the 2016 U.S. presidential election considerably increased the volatility of financial markets worldwide due to the uncertainty of political decisions. New policies adopted by the U.S. could affect world markets and global trade and result in renewed volatility, especially in commodity prices. Instability in the Middle East or in any other major oil producing region could also result in higher fuel prices worldwide, which in turn could increase the cost of fuel for our thermal generation plants and adversely affect our results of operations and financial condition. Even temporary or threatened U.S. government shut-downs, such as those of early 2018, can have a very adverse effect on the timing, execution and increased expense associated with our major transactions and reorganizations.

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 could, in turn, 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 expenses related to tangible assets and the diversion of management's attention from other business concerns. In addition, any delays or difficulties encountered in connection with acquisitions and the integration of multiple businesses could have a material adverse effect on our business, financial condition or results of operations.

For example, our integration with EGPL may be difficult and expensive. The merger with EGPL involves the integration of a mature business, as is the case of our conventional energy business, which we develop through Enel Generación, with EGPL's non-conventional renewable energy business. Our goal in integrating the operations is to increase the revenues and earnings of the combined businesses and, as a combined company, to increase our ability to satisfy the demands of our customers. In so doing, we may encounter substantial difficulties in integrating our operations, and could incur substantial costs as a result of, among other things:

- inconsistencies in standards, controls, procedures and policies, business cultures and compensation structures between us and EGPL and the need to implement, integrate and harmonize various business-specific operating procedures and systems, as well as our financial, accounting, information and other systems and those of EGPL;
- diversion of management's attention from their other responsibilities as a result of the need to deal with integration issues;
- failure to retain our customers and suppliers and those of EGPL;
- difficulties in achieving full utilization of our assets and resources and those of EGPL; and
- complications in retaining key employees (who may depart because of issues relating to the uncertainty and difficulty of integration or general discontent) or in efficiently managing the larger and broader organization.

Under any of these circumstances, the business growth opportunities, revenue benefits and other benefits anticipated by us to result from the completion of the 2018 Reorganization may not be achieved as expected. To the extent that we incur higher integration costs or achieve lower revenue benefits than expected, our results of operations and financial condition may suffer. In addition, the diversion of management attention and any difficulties encountered from this merger could also increase costs or reduce our revenues, earnings and operating results. Any delays encountered in the integration process could have an adverse effect on our revenues, level of expenses, operating results and financial condition, which may adversely affect the value of our securities.

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. Under the proposal: (i) new water use concessions would be limited to 30 years, which would be extendable with respect to water rights actually used during the 30-year period, unless the Chilean Water Authority demonstrates the water rights have not been used effectively; (ii) new non-consumptive water rights would expire if the holder does not exercise the rights within eight years; (iii) existing non-consumptive water rights which have not been used would expire within eight years from the date of enactment of the new Water Code; and (iv) the preservation of water environmental flows to protect the ecosystem was added for both consumptive and non-consumptive water use and empowers the Chilean Water Authority to mandate an environmental flow requirement for existing water rights. 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.

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 U.S. dollars (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 because of time lags and other limitations to peg 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 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 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, and the fact that currently 97% of our expected annual generation is sold under contracts with terms of at least five years. 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, inflation, and the market price of electricity. 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 now 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 owns 61.9% of our voting shares as of the date of this Report and after giving effect to the 2018 Reorganization (and excluding treasury stock which will be cancelled). Enel, our controlling shareholder, has the power to determine the outcome of substantially all material matters that require shareholder 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 may, in some cases, 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 our minority shareholders.

Our electricity business is subject to risks arising from natural disasters, catastrophic accidents and acts of terrorism, which 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, flooding, 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 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, 2017, our consolidated interest-bearing debt totaled Ch$ 778 billion.

Our consolidated interest-bearing debt had the following maturity profile:

- Ch$ 17 billion in 2018;
- Ch$ 15 billion in 2019-2020;
- Ch$ 16 billion in 2021-2022; and
- Ch$ 730 billion thereafter.

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 subsidiaries’ 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, primarily to finance the Tender Offer. As a result, we have recently entered into a debt agreement that is subject to cross default provisions.

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 power 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. 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 on the probability of completing the projects.

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.

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 agreement if the parties are unable to come to an agreement, which may 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 and its dependence on economic conditions in Latin America and other parts of the world 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.

In addition, Chilean securities markets may be affected to varying degrees by economic and market conditions and developments in Latin American countries, other emerging markets and elsewhere in the world. Although economic conditions in such countries may differ significantly from economic conditions in Chile, investors' reactions to developments in any of these other countries may have an adverse effect on the market value and the liquidity of securities for Chilean issuers. An increase in the perceived risks associated with investing in South American countries and elsewhere in the world could lessen capital flows to Chile and adversely affect the Chilean economy in general, and the interest of investors in our shares or ADSs in particular.

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.