April 29, 2011

E.CL REPORTED NET EARNINGS OF US$ 34.0 MILLION AND EBITDA OF US$ 79 MILLION DURING THE FIRST QUARTER OF 2011.

REVENUES INCREASED 23% TO US$ 302 MILLION DUE TO INCREASED PHYSICAL ENERGY SALES, LARGELY EXPLAINED BY NEW DEMAND FROM MINERA ESPERANZA, AND HIGHER PRICES RESULTING FROM THE PASS-THROUGH OF HIGHER FUEL PRICES TO CONTRACT TARIFFS. AS A RESULT OF AN OVERHAUL OF OUR U12 COAL-FIRED PLANT AND A 14-DAY MAINTENANCE OF OUR U15 UNIT, OUR NET GENERATION DROPPED 7% FORCING US TO MEET THE PRODUCTION SHORTFALL WITH ENERGY PURCHASES ON THE SPOT MARKET. NOTWITHSTANDING THE RESULTING DETERIORATION IN THE GROSS MARGIN ON ELECTRICITY SALES, THE PASS THROUGH OF INCREASED COST AND THE COMPENSATING ADJUSTMENTS FROM THE SING'S DISPATCH CENTER ALLOWED AN INCREASE IN GROSS ELECTRICITY PROFITS IN LINE WITH THE INCREASE IN PHYSICAL SALES.

RECENT EVENTS:

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

- **Capital Reduction:** Our paid-in capital was reduced in February 2011 as a result of the retirement of the shares repurchased in February 2010 from shareholders that exercised their dissenters' rights upon consummation of the company's merger with Inversiones Tocopilla 1 S.A. Local regulations require the retirement of treasury stock held for more than one year. This increased the participation in the company by International Power/GDF Suez affiliates from 52.4% to 52.77%, with other shareholders increasing their participation from 46.91% to 47.23%.

1QTR2011 HIGHLIGHTS:

- **Codelco's sale of 40% of E.CL:** On January 28, 2011, Codelco sold its 40% participation in E.CL through a public auction on the Santiago stock exchange at a price of CH$1,200 per share, for a global amount of approximately US$1.038 billion. This made it the largest secondary stock transaction ever recorded in Chile. The transaction was led by Larraín Vial and JP Morgan, with the collaboration of Banco Santander. As a result of this transaction, E.CL now has over 2,000 shareholders in addition to International Power/GDF Suez affiliates, including Chilean pension funds, which hold an aggregate of approximately

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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, 2010, E.CL reported 49% of the SING's installed capacity. E.CL primarily supplies electricity directly to large mining and industrial customers. In 2009, E.CL won a bid to supply the entire electricity needs of EMEL, the sole electricity distribution group in the SING, starting in 2012. On December 29, 2009, as a result of the company's merger with Inversiones Tocopilla I S.A., E.CL acquired additional electricity generation assets in the Chilean Norte Grande region including Electroandina, Central Termoeléctrica Andina, 60% of Central Termoeléctrica Hornitos, and the gas transportation companies, GNAA and GNAC. E.CL is currently 52.77% indirectly owned by International Power, a company listed in the U.K., which is 70%-owned by GDF Suez. The remaining 47.23% of its 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.

13.5%; other local institutional shareholders, with 7.2%; international institutional shareholders, with 10.6%; and non-institutional and individual shareholders, with 15.6%.

- **New regulation for emissions of thermoelectric power plants:** A new administrative regulation proposed by the Comisión Nacional del Medio Ambiente ("CONAMA") in respect of particulate matter emissions as well as Nitrous Oxides (NOx), Sulfur Dioxide (SO2), and Mercury (Hg) emissions from thermoelectric power generation plants in Chile was signed by the President of the Republic in January 2011 and is currently under review by the Office of the Controller of the Republic. The details of the new regulation will be made public after its approval by the Office of the Controller. According to a press release from the Ministry of the Environment, existing thermoelectric power plants will have 2.5 years to adapt their installations to meet the new limits for emissions of particulate matter. The deadlines for compliance with the limits related to gas emissions are 4 years for plants located in saturated zones and 5 years for plants located in other areas of the country.

- **Progress of CTA and CTH projects:** The CTA and CTH fluidized-bed coal-fired projects located in Mejillones, each with gross capacity of 165 MW, reported completion rates of 99.5% and 99.2%, respectively, as of March 31, 2011. Construction works are virtually complete and both units are in the testing period of the commissioning phase. Both CTA and CTH are expected to commence commercial operations during the third quarter of 2011.

- **Amendment of CTA contracts:** On January 24, 2011, CTA, E.CL, International Financial Corporation ("IFC"), KfW and the other lenders signed an amendment to the CTA project finance documents to, among other things, extend the April 15, 2011 deadline to achieve project completion to October 15, 2011. Pursuant to the amendment, E.CL has agreed to (i) guarantee all interest and principal payable on the second and third principal payment dates (in addition to the first principal payment date, which was already guaranteed) and (ii) contribute additional equity to cover all project costs in connection with the achievement of project completion up to US$35 million. Upon project completion and satisfaction of disbursement conditions, CTA would be entitled to request the disbursement of the unutilized portion of the loans, the proceeds of which may be used to repay funds contributed by E.CL in excess of the 79.83%/21.17% debt-to-equity proportion established in the loan documents. In addition, CTA and CODELCO amended the PPA between them to postpone the Sunset Date (that is, the date on which the PPA will automatically terminate if the project is not operational within the CDEC) from June 1, 2011 to June 1, 2012. The parties agreed that if the project is not operational by June 1, 2011, E.CL and Electroandina will continue to supply electricity to CODELCO until CTA commences commercial operations.

- **Combination of International Power and GDF Suez Energy International:** In February 2011, the British firm, International Power merged with GDF Suez Energy International, giving birth to new International Power a global leader in the energy business headquartered in London. Following the merger, International Power reports 66GW of installed electricity generation capacity, an additional 22GW under construction, and presence in six core regions (Latin America; North America; UK and Europe; Middle East, Turkey, and Africa; Asia and Australia). GDF Suez owns 70% of the share capital of the new International Power, and the remaining shares are traded in the London Stock Exchange under the ticker "IPR". As a result, the new International Power currently indirectly owns 52.77% of outstanding E.CL shares.

INDUSTRY OVERVIEW

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

During 1Q11 the SING was characterized by the testing of new and efficient coal generating projects that represent a material increase in the system's installed capacity. These include the E-CL owned Central Termoeléctrica Andina (CTA) and Central Termoeléctrica Hornitos (CTH) units, each with 165MW, and the AES owned Angamos 1 unit, with 264 MW, which came fully online in April, but had been generating during its testing phase during the first quarter. The need to have backup generation on standby and other costs associated with new unit tests that displace efficient generation increased the marginal prices at which spot purchases took place during the quarter.

Generation by Fuel Type (in GWh)

	1Q 2011		1Q 2010		QoQ Var.	
Fuel Type	**GWh**	*% of total*	**GWh**	*% of total*	***Amount***	*%*
Hydro	20	*1%*	16	*0%*	*5*	*30%*
Coal	2,266	*61%*	2,123	*59%*	*143*	*7%*
Argentine Gas (AES Gener)	327	*9%*	392	*11%*	*(65)*	*-17%*
LNG (1Q11) /Arg. Gas (1Q10)	845	*23%*	300	*8%*	*544*	*181%*
Diesel / Fuel oil	275	*7%*	769	*21%*	*(494)*	*-64%*
Total gross generation SING	**3,734**	***100%***	**3,601**	***100%***	***133***	*4%*

Source: CDEC-SING

The participants in the SING grid are as follows:

Generation by Company (in GWh)

	1Q 2011		1Q 2010		QoQ Var.	
	GWh	*% of total*	**GWh**	*% of total*	***Amount***	***%***
Company						
AES Gener	327	*9%*	392	*11%*	*(65)*	*-17%*
Norgener / Angamos	778	*21%*	564	*16%*	*214*	*38%*
Celta	268	*7%*	219	*6%*	*49*	*23%*
GasAtacama	595	*16%*	571	*16%*	*24*	*4%*
E.CL (with 100% of CTH)	1,746	*47%*	1,835	*51%*	*(90)*	*-5%*
Other	21	*1%*	19	*1%*	*1*	*6%*
Total gross generation SING………	**3,734**	***100%***	**3,601**	***100%***	***133***	***4%***

Source: CDEC-SING

The system was also affected by strong increases in fuel prices, with WTI prices increasing by approximately 20%, coal prices by approximately 40% and diesel prices by approximately 30%.

In addition, the RM39 system security adjustment payments increased as a result of the system's need to have back-up capacity during the new unit testing phase. This affected the marginal prices at which transfers of energy take place among generators (spot prices). Marginal energy costs, or spot prices, with RM39 adjustments included, increased on average by 24% from US$ 156 to US$ 192 per MWh. However, as these prices vary hourly, our average spot purchase prices actually decreased somewhat from period to period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

The following discussion is based on our unaudited consolidated financial statements for the quarters ended March 31, 2011 and 2010, which have been prepared in U.S. dollars in accordance with IFRS, and 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

1Q 2011 compared to 1Q 2010

Operating Revenues

IFRS	Quarterly Information					
	1Q 2011		**1Q 2010**		***QoQ Var.***	
	Amount	**% of total**	**Amount**	**% of total**	***Amount***	***%***
Operating Revenues	(In U.S.$ millions, except for volumes and percentages)					
Unregulated customers sales…………………………..	267.4	*88%*	221.0	*90%*	*46.3*	*21%*
Spot market sales and adjustments…..………………..	13.9	*5%*	3.1	*1%*	*10.8*	*344%*
Total revenues from energy and capacity sales………………………………………………..	**281.3**	*93%*	**224.2**	*91%*	***57.2***	*25%*
Gas distribution sales……………………………………	1.5	*0%*	3.1	*1%*	*(1.6)*	*-52%*
Other operating revenue………………………………..	19.3	*6%*	18.8	*8%*	*0.6*	*3%*
	-					
Total operating revenues…………………………..	**302.1**	*100%*	**246.0**	*100%*	***56.1***	*23%*
Physical Data (in GWh)						
Sales of energy to unregulated customers…………..	1,800	*100%*	1,717	*99%*	*82*	*5%*
Sales of energy to the spot market…………………….	0	*0%*	22	*1%*	*(22)*	*-100%*
	-					
Total energy sales…………………………………..	**1,800**	*100%*	**1,740**	*100%*	***60***	*3%*
Average monomic price (U.S.$/MWh)[(1)]……………	**156.3**		**128.9**		***27.4***	*21%*

(1) Calculated as the quotient between total revenues from energy and capacity sales and total physical energy sales.

Total operating revenues increased by 23% or US$ 56 million during 1Q11 compared to 1Q10. This was primarily due to a 3% increase in physical energy sales, a 21% increase in the average realized monomic price of electricity and the effect of retroactive adjustment payments received from the CDEC dispatch center, as indicated below.

Energy and Capacity Sales

Physical sales increased by 3%, primarily because of the increased demand from the Altonorte copper refinery and from Minera Esperanza, which commenced production. This increased demand more than offset decreases in demand from other mining companies, such as Gaby and El Abra, which is modifying its production process. The 21% increase in average prices was driven by higher fuel prices given the tariff indexation mechanisms included in our contracts. The US$ 13.9 million balance shown in 1Q11 under spot market sales and adjustments corresponds entirely to the retroactive monthly energy and annual firm capacity adjustment payments per the SING dispatch center's reliquidations.

Other Operating Revenues

Other operating revenues during the first quarter of 2010 considered US$ 14.4 million received from a gas supplier, Tecpetrol, as compensation for past interruptions in gas deliveries. During 1Q11, other operating revenues related mostly to nearly US$ 9 million in fuel purchases sold to other generators at near cost, and an increase in revenues from other services, such as tolls on our sub-transmission assets, port services and transmission line maintenance for third parties.

Operating Costs

	Quarterly Information					
IFRS	**1Q 2011**		**1Q 2010**		***QoQ Var.***	
	Amount	**% of total**	**Amount**	**% of total**	***Amount***	***%***
Operating Costs	(In U.S.$ millions, except for volumes and percentages)					
Fuel and lubricants………………………………………	(125.4)	*51%*	(103.5)	*57%*	*(21.9)*	*21%*
Energy and capacity purchases on the spot market and adjustments………………………………………….	(41.5)	*17%*	(16.9)	*9%*	*(24.5)*	*145%*
Depreciation and amortization attributable to cost of goods sold………………………………………………..	(24.9)	*10%*	(24.1)	*13%*	*(0.8)*	*3%*
Other costs of goods sold………………………………	(46.8)	*19%*	(25.8)	*14%*	*(21.0)*	*81%*
Total cost of goods sold…………………………..	**(238.5)**	*96%*	**(170.3)**	*94%*	***(68.2)***	
Selling, general and administrative expenses…………	(10.0)	*4%*	(10.1)	*6%*	*0.1*	*-1%*
Depreciation and amortization in selling, general and administrative expenses…………………………………	(0.3)	*0%*	(0.3)	*0%*	*0.0*	
Other operating revenue………………………………..	0.7	*0%*	0.2	*0%*	*0.5*	*237%*
Total operating costs….…………………………	**(248.1)**	*100%*	**(180.5)**	*100%*	***(67.7)***	*37%*
Physical Data (in GWh)						
Gross electricity generation						
Coal……………………………………………………	1,167	*69%*	1,343	*73%*	*(177)*	*-13%*
Gas…………………………………………………….	391	*23%*	196	*11%*	*196*	*100%*
Diesel Oil and Fuel Oil………………………………	119	*7%*	285	*16%*	*(166)*	*-58%*
Hydro…………………………………………………	13	*1%*	12	*1%*	*1*	*10%*
Total gross generation…………………………..	**1,689**	*100%*	**1,835**	*100%*	***(146)***	*-8%*
Minus Own consumption………………………….	(100.1)	*-5%*	(121)	*-7%*	*21*	*-17%*
Total net generation……………………………..	**1,589**	*85%*	**1,714**	*95%*	***(125)***	*-7%*
Energy purchases on the spot market………………..	289	*15%*	91	*5%*	*198*	*217%*
Total energy available for sale before transmission losses…………………………………………………	**1,878.1**	*100%*	**1,805.3**	*100%*	***72.8***	*4%*

Our gross generation dropped by 8% in the 1Q11 compared to 1Q10, which was more than offset by increased purchases on the spot market to cover the drop and meet the 3% increase in physical sales. The drop in generation was caused by maintenance activities and an overhaul in one of our units, which will extend partially into April, and by the displacement of generation in the system to provide priority for the testing of the new projects that are coming online. These new projects account for a significant increase in the system's total gross installed capacity as of March 31, 2011.

Fuel expenses increased by 21%, in line with the increase in revenues. However, our net generation declined by 7% due to maintenance and overhauls of some of our base load coal units, and the displacement of diesel and fuel oil peaking generation, which was only partially offset by increased generation from gas units. The shortfall to meet increased contractual sales had to be acquired on the more expensive spot market. The significant increase in the other costs of goods sold corresponds mostly to the nearly US$ 9 million in fuel purchases sold to other generators at near cost, and to a number of smaller items, including increased maintenance costs primarily because of maintenance of our U15 which took place during the first quarter, an increase in insurance premiums following the major Chilean earthquake that took place in February, and an increase in plant remunerations. The latter increased primarily because of the combined effects of the contractual quarterly adjustment of remunerations by Chilean inflation, the appreciation of the Chilean peso on personnel expenses, which are denominated primarily in Chilean pesos, and an increase in plant headcount.

	Quarterly Information					
IFRS	**1Q 2011**		**1Q 2010**		***QoQ Var.***	
	Amount	**% of total**	**Amount**	**% of total**	***Amount***	***%***
Electricity Margin	(in U.S.$ millions, except for percentages)					
Total revenues from energy and capacity sales……………………………………….	**281.3**	*100%*	**224.2**	*100%*	***57.2***	*25%*
Fuel and Lubricants………………………..	(125.4)	*-45%*	(103.5)	*-46%*	*(21.9)*	*21%*
Energy and capacity purchases on the spot market and adjustments..…………….	(41.5)	*-15%*	(16.9)	*-8%*	*(24.5)*	*145%*
Gross Electricity Profit	**114.5**	*41%*	**103.7**	*46%*	***10.7***	*10%*
Electricity Margin	41%		46%			

Total operating costs per average supplied MWh increased by 33%, with a drop in the electricity margin, as seen above, primarily because of the increased spot purchases to make up for the reduced generation during 1Q11.

Operating Results

	Quarterly Information					
IFRS	**1Q 2011**		**1Q 2010**		***QoQ Var.***	
	Amount	**% of total**	**Amount**	***% of total***	***Amount***	***%***
EBITDA	(In U.S.$ millions, except for percentages)					
Total operating revenues………………………………	302.1	*100%*	246.0	*100%*	*56.1*	*23%*
Total cost of goods sold……………………………….	(238.5)	*-79%*	(170.3)	*-69%*	*(68.2)*	*40%*
Gross Income……………………………………	**63.6**	*21%*	**75.7**	***31%***	***(12.1)***	*-16%*
Total selling, general and administrative expenses and other operating income (costs)………………………..	(10.3)	*-3%*	(10.4)	*-4%*	*0.1*	*-1%*
Other operating revenue	0.7	*0%*	0.2	*0%*	*0.5*	*237%*
Operating Income………………………………..	**54.0**	*18%*	**65.5**	***27%***	***(11.5)***	*-18%*
Depreciation and amortization………………………….	25.2	*8%*	24.4	*10%*	*0.8*	*3%*
EBITDA…………………………………………..	**79.2**	*26%*	**89.9**	***37%***	***(10.7)***	*-12%*

The EBITDA margin decreased by nearly 12% in 1Q11 when compared to 1Q10 mostly due to the aforementioned increase in operating expenses. The increase in fuel costs had almost no effect as they were passed through to clients given the indexation of energy tariffs incorporated in our PPAs. The increased costs due to spot market purchases were also passed through to a significant extent.

Financial Results

IFRS	Quarterly Information					
	1Q 2011		1Q 2010		*QoQ Var.*	
	Amount	% of total	Amount	% of total	*Amount*	*%*
Non-operating results	(In U.S.$ millions, except for percentages)					
Financial income……….………………………………	1.0	0%	1.0	0%	*0.0*	*3%*
Financial expense………….……………………………	(3.7)	-1%	(2.7)	-1%	*(1.0)*	*38%*
Foreign exchange translation, net……………………..	(5.9)	-2%	(4.1)	-2%	*(1.7)*	*41%*
Other non-operating income/(expense) net…………..	(0.2)	0%	(0.0)	0%	*(0.2)*	*2125%*
Total non-operating results………………………	**(8.7)**	-3%	**(5.9)**	-2%	***(2.9)***	*49%*
Income before tax and minority interest……………..	45.3	15%	59.6	24%	*(14.3)*	*-24%*
Income tax……………………………………………..	(11.3)	-4%	(11.2)	-5%	*(0.2)*	*2%*
Net income to E.CL's shareholders……………..	**34.0**	11%	**48.5**	20%	**(14.5)**	*-30%*
Earnings per share………………………………	**0.032**		**0.046**			

Although debt levels remained relatively unchanged, interest expense increased by nearly US$1.3 million, primarily because the fixed 5.625% p.a. rate on the US$ 400 million 10-year notes was higher than the blended LIBOR + 2.76% p.a. rate that we used to pay on the loans from related parties that were repaid with the note proceeds. Going forward, interest expense will include interest payments on the CTA project financing, which will no longer be capitalized as of the commencement of commercial operations.

Losses from exchange rate differences increased during the 1Q11 compared with 1Q10, reflecting the effect of the 1% depreciation rate of the Chilean peso during both periods on increased peso-denominated assets.

Despite the decline in pre-tax income, taxes remained relatively unchanged as a result of the temporary increase in the income tax rate from 17% to 20% for income accrued in 2011 as a result of the February 27, 2010 earthquake, which struck the Chile's South-Central Region. The tax rate will be 18.5% for income accrued in 2012 and is expected to return to 17% in 2013.

Net income reached US$ 34.0 million in the first quarter of 2011, representing earnings of US$ 0.032 per share. This represented a 30% decline compared to the first quarter of 2010, basically as a result of the increase in operational expenses, largely related to combined effect of the variation in the exchange rate and local inflation on local currency personnel expenses, and the increased maintenance expenses and insurance costs, as previously mentioned.

Liquidity and Capital Resources

On December 17, 2010, we fully repaid loans with related companies with proceeds from the US$ 400 million 5.625%, 10-year 144-A notes. At the end of the 1Q11, we reported cash balances of US$ 157 million (including assets available for sale), whereas our nominal financial debt[1] totaled US$ 755.5 million, only US$ 67.3 million of which matured within one year.

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

Capital Expenditures

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

Our capital expenditures in 1Q11 and 1Q10 amounted to US$ 41.8 million and US$ 35.5 million respectively, and include the following:

Capital Expenditures (1)

	Quarterly Information	
	1Q2011	1Q2010
CAPEX	(In U.S.$ millions)	
CTA…………………………………………………….	23.1	18.1
CTH …………………………………………………	4.0	9.6
Central Tamaya……………………………………….		0.1
El Cobre substation & Chacaya-El Cobre transmission line……………………………		2.9
Overhaul power plants & equipment maintenance and refurbishing…………………	5.2	2.6
Others……………………………………………	9.5	2.2
Total capital expenditures……………………….	**41.8**	**35.5**

Contractual Obligations

The following table sets forth the maturity profile of our debt obligations as of March 31, 2011. This table shows the nominal amount of our debt balances, which may differ from the debt amounts recorded under the IFRS methodology in the Financial Statements:

	Contractual Obligations Payments Due by Period				
	Total	< 1 year	1 - 3 years	3 - 5 years	5 years
	(In U.S.$ millions)				
Bank debt……………………………	338.7	55.6	14.9	21.2	247.1
Bonds (144 A/Reg S Notes)………	400.0				400.0
Leasing obligations……...………	2.4		2.2		0.1
Accrued interest…………………	11.7	11.7			
Mark-to-market swaps	2.7				2.7
Total ………………...………	**755.5**	**67.3**	**17.1**	**21.2**	**649.9**

Bank debt, in the table above, includes drawings under the project financing extended by IFC and KfW to our subsidiary CTA, which as of March 31, 2011, reached a total principal amount of US$ 288.7 million, payable in semiannual installments beginning in June 2011 and ending with a 25% balloon payment in June 2025.

Bank debt also includes a US$ 50 million loan with Banco Santander with a single maturity in July 2011. This loan has a single financial covenant of maximum financial debt-to-equity of 1.1 times.

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

Other debt includes US$ 2.4 million of leasing obligations as well as a negative US$ 2.7 million mark-to-market calculation on interest-rate swaps taken by CTA to hedge its exposure to floating interest rates. An equivalent amount has been charged to our shareholders' equity account according to IFRS rules.

Dividend policy

We do not have an established dividend payment policy, and our dividend payment for each year is proposed by our Board of Directors based on the year's financial performance, the size of our available cash balance and anticipated financing requirements for capital expenditures and investments planned for the following years. The dividend payment proposed by our Board is subsequently approved at a Shareholders' Meeting as established by law. In 2009, our shareholders approved dividends in an amount equivalent to 30% of our net income. Such amount was paid in May 2010.

The Board proposed a dividend payment of US$ 0.09505 per share, equivalent to 50% of 2010 earnings to be paid on May 5, 2011, which was approved in the Shareholders' Meeting held on April 14, 2011.

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.

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 new projects. This account is adjusted for inflation. We expect to recover a significant portion of this amount during 2011 after the commencement of operations of our CTA and CTH projects and we expect to recover the remainder through deductions from the value added taxes payable on the sales revenue generated by these projects over time. We have engaged in forward agreements to partially hedge this asset against foreign currency risk.

Interest Rate Hedging

We try to maintain a significant portion of our long-term debt at fixed rates in order to minimize interest-rate exposure. As of March 31, 2011, 93% of our total financial debt was at fixed rates. The remaining 7% of our debt, corresponding to the unhedged portion of our project financing for CTA, was at floating LIBOR.

	Average interest rate	As of March 31, 2011 Contractual maturity date Current portion-2011	2012	2013	2014	Thereafter	Total long-term portion	Grand Total
					(In U.S.$ millions)			
Fixed Rate								
(U.S.$)	4.04% p.a.	50.0					-	50.0
(U.S.$)	Swapped base rate of 3.665% p.a. + 2.50% spread [(1)]	4.6	5.0	7.2	7.8	211.7	231.7	236.3
(U.S.$)	5.625% p.a.					400.0	400.0	400.0
Variable Rate								
(U.S.$)	LIBOR (180) + 2.50% p.a. [(1)]	1.0	1.1	1.6	1.7	47.0	51.5	52.5
Total [(2)]		**55.6**	**6.1**	**8.8**	**9.6**	**658.7**	**683.1**	**738.7**

(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 levels of credit risk. Our policy is to invest in investment-grade institutions only and only in the short term. We also measure our counterparty risk when dealing with derivatives, and we maintain limits with each counterparty to manage our exposure.

APPENDIX 1

PHYSICAL DATA AND SUMMARIZED QUARTERLY FINANCIAL STATEMENTS

Quarterly Physical Data (in GWh)

	2010					2011	
	1Q10	**2Q10**	**3Q10**	**4Q10**	**Total**	**1Q11**	**Total**
Physical sales							
Sales of energy to unregulated customers…..	1,717	1,789	1,831	1,859	7,196	1,800	1,800
Sales of energy to the spot market……………	22	25	69	22	139	0	0
Total energy sales……………………….	**1,740**	**1,814**	**1,900**	**1,881**	**7,335**	**1,800**	**1,800**
Gross electricity generation							
Coal………………………………………….	1,343	1,367	1,395	1,285	5,390	1,167	1,167
Gas…………………………………………..	196	396	528	539	1,659	391	391
Diesel Oil and Fuel Oil…………………….	285	175	126	60	646	119	119
Hydro……………………………………….	12	11	10	10	42	13	13
Total gross generation………………….	**1,835**	**1,949**	**2,059**	**1,894**	**7,737**	**1,689**	**1,689**
Minus Own consumption……………….	(121.0)	(128.5)	(135.7)	(124.9)	(510.0)	(100.1)	(100.1)
Total net generation…………………….	**1,714**	**1,820**	**1,923**	**1,769**	**7,227**	**1,589**	**1,589**
Energy purchases on the spot market………	91	61	38	167	357	289	289
Total energy available for sale before transmission losses………………………..	**1,805**	**1,881**	**1,961**	**1,937**	**7,584**	**1,878.1**	**1,878.1**

Quarterly Income Statement

IFRS			2010			2011	
	1Q10	2Q10	3Q10	4Q10	Total	1Q11	Total
					(in U.S. millions)		
Operating Revenues							
Unregulated customers sales…………………………..	221.0	239.6	247.9	254.4	962.9	267.4	267.4
Spot market sales and adjustments…..………………..	3.1	9.1	23.4	14.0	49.6	13.9	13.9
Total revenues from energy and capacity sales………………………………………………..	**224.2**	**248.7**	**271.3**	**268.4**	**1,012.5**	**281.3**	**281.3**
Gas distribution sales……………………………………	3.1	1.0	3.3	4.9	12.3	1.5	1.5
Other operating revenue………………………………..	18.8	23.2	8.7	45.5	96.2	19.3	19.3
Total operating revenues…………………………..	**246.0**	**272.9**	**283.3**	**318.8**	**1,121.0**	**302.1**	**302.1**
Operating Costs							
Fuel and lubricants………………………………………	(103.5)	(130.4)	(132.5)	(137.5)	(503.9)	(125.4)	(125.4)
Energy and capacity purchases on the spot market and adjustments………………………………………….	(16.9)	(10.1)	(15.8)	(32.1)	(74.9)	(41.5)	(41.5)
Depreciation and amortization attributable to cost of goods sold……………………………………………..	(24.1)	(23.0)	(22.2)	(29.2)	(98.5)	(24.9)	(24.9)
Other costs of goods sold………………………………	(25.8)	(49.9)	(43.7)	(47.8)	(167.2)	(46.8)	(46.8)
Total cost of goods sold……………………….	**(170.3)**	**(213.4)**	**(214.2)**	**(246.6)**	**(844.5)**	**(238.5)**	**(238.5)**
Selling, general and administrative expenses…………	(10.1)	(6.2)	(9.8)	(12.2)	(38.3)	(10.0)	(10.0)
Depreciation and amortization in selling, general and administrative expenses…………………………………	(0.3)	(0.3)	(0.3)	(0.2)	(1.1)	(0.3)	(0.3)
Other operating revenue………………………………..	0.2	0.4	0.6	1.9	3.1	0.7	0.7
Total operating costs….………………………	**(180.5)**	**(219.4)**	**(223.7)**	**(257.1)**	**(880.8)**	**(248.1)**	**(248.1)**
						-	
Operating Income……………………………	**65.5**	**53.5**	**59.5**	**61.7**	**240.2**	**54.0**	**54.0**
						-	
EBITDA…………………………………………	**89.9**	**76.8**	**82.1**	**91.1**	**339.8**	**79.2**	**79.2**
Financial income………..…………………………….	1.0	1.3	1.2	0.9	4.3	1.0	1.0
Financial expense…………..………………………….	(2.7)	(6.7)	(3.1)	(1.6)	(14.1)	(3.7)	(3.7)
Foreign exchange translation, net…………………….	(4.1)	(7.9)	21.2	6.5	15.7	(5.9)	(5.9)
Other non-operating income/(expense) net…………	(0.0)	(1.0)	2.3	(2.5)	(1.2)	(0.2)	(0.2)
Total non-operating results………………….	**(5.9)**	**(14.3)**	**21.6**	**3.3**	**4.7**	**(8.7)**	**(8.7)**
Income before tax and minority interest…………….	59.6	39.2	81.2	65.0	244.9	45.3	45.3
Income tax………………………………………………..	(11.2)	(9.0)	(11.0)	(13.5)	(44.7)	(11.3)	(11.3)
Net income to E.CL's shareholders…………	**48.5**	**30.2**	**70.2**	**51.5**	**200.2**	**34.0**	**34.0**
Earnings per share…………………………….	**0.046**	**0.028**	**0.066**	**0.049**	**0.189**	**0.032**	**0.032**

IFRS	Quarterly Balance Sheet				
	2010				2011
	31-Mar-10	30-Jun-10	30-Sep-10	31-Dic-10	31-Mar-11
	(In U.S.$ millions)				
Current Assets					
Cash and cash equivalents	134.4	171.8	84.4	49.9	77.8
Assets available for sale	67.3	54.4	102.5	98.9	78.9
Accounts receivable	165.0	158.2	181.7	242.4	240.6
Recoverable taxes	134.9	104.0	133.5	32.8	44.5
Other current assets	63.2	64.2	82.6	244.4	272.1
Total current assets	**564.7**	**552.6**	**584.8**	**668.4**	**713.9**
Non-Current Assets					
Property, plant and equipment, net	1,781.7	1,693.4	1,731.9	1,739.0	1,753.0
Other non-current assets	394.3	367.8	356.8	396.5	403.6
TOTAL ASSETS	**2,740.7**	**2,613.8**	**2,673.4**	**2,803.9**	**2,870.5**
Current Liabilities					
Financial debt (including intercompany)	26.2	18.1	453.1	55.6	64.3
Other current liabilities	125.6	103.5	154.1	292.7	308.7
Total current liabilities	**151.8**	**121.6**	**607.2**	**348.3**	**373.0**
Long-Term Liabilities					
Financial debt (including intercompany)	695.2	805.7	312.1	662.6	659.9
Other long-term liabilities	180.4	160.6	169.2	172.0	180.8
Total long-term liabilities	**875.6**	**966.3**	**481.3**	**834.6**	**840.7**
Shareholders' equity	**1,713.3**	**1,525.9**	**1,584.9**	**1,621.0**	**1,656.8**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,740.7**	**2,613.8**	**2,673.4**	**2,803.9**	**2,870.5**