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Listing Particulars

U.S.$425,000,000
AES Gener S.A.
5.000% Senior Notes due 2025

Interest payable on January 14 and July 14 of each year

We are offering U.S.$425,000,000 aggregate principal amount of 5.000% senior notes due 2025 (the "notes"). The notes will mature on July 14, 2025. Interest will accrue from July 14, 2015 and will be payable semi-annually in arrears on January 14 and July 14 of each year, beginning January 14, 2016.

We may redeem the notes at our option, in whole or in part, as applicable, at the redemption prices described under "Description of the Notes—Optional Redemption–Make-Whole Redemption" and "–At Par Redemption", as applicable. In addition, we may redeem the notes in whole, but not in part, at par if the laws or regulations affecting certain taxes change in certain respects.

The notes will be our senior unsecured and unsubordinated obligations and will, at all times, rank pari passu in right of payment with all of our existing and future unsecured and unsubordinated obligations (except those statutory priorities or obligations preferred by operation of Chilean law, including, without limitation, labor and tax claims). For a more detailed description of the notes, see "Description of the Notes."

Investing in the notes involves risks. See "Risk Factors" beginning on page 13.

Price: 99.572% plus accrued interest, if any, from July 14, 2015.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act.

The notes may not be publicly offered or sold, directly or indirectly, in the Republic of Chile ("Chile"), or to any resident of Chile, except as permitted by applicable Chilean law. The notes will not be registered under Law No. 18,045, as amended, (*Ley de Mercado de Valores* or "Securities Market Law") with the Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros* or "SVS") and, accordingly, the notes cannot and will not be offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean law, and/or in compliance with Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS ("SVS Rule 336"). Pursuant to SVS Rule 336, the notes may be privately offered in Chile to certain "qualified investors," identified as such therein (which in turn are further described in Rule No. 216, dated June 12, 2008, of the SVS). See "Notice to Chilean Investors."

We have applied to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. These listing particulars constitute a prospectus for purposes of Luxembourg law on prospectus securities dated July 10, 2005, as amended. These listing particulars may be used only for the purposes for which it has been published.

None of the U.S. Securities and Exchange Commission, any U.S. state securities commission or any securities regulatory authority has approved or disapproved of these securities or determined whether these listing particulars is accurate or complete. Any representation to the contrary is a criminal offense.

Delivery of the notes was made to investors in book-entry form through The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, S.A., on July 14, 2015.

Global Coordinators and Joint Bookrunners

J.P. Morgan **BofA Merrill Lynch** **Scotiabank**

Joint Bookrunners

Mizuho Securities **SMBC Nikko**

Co-Manager

Credicorp Capital

The date of these listing particulars is July 24, 2015.

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Unless otherwise indicated or the context otherwise requires, all references in these listing particulars to "AES Gener," "we," "us," "our," "our company," the "Company" and "ourselves" mean AES Gener S.A. and its subsidiaries on a consolidated basis.

These listing particulars has been prepared by us solely for use in connection with the proposed offering of the notes described in these listing particulars. These listing particulars does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire notes, and any person retained to advise such prospective investor with respect to any disclosure of any of the contents of these listing particulars, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of these listing particulars, agrees to the foregoing.

These listing particulars has been prepared by us, and we are solely responsible for its contents. To the best of our knowledge, having taken all reasonable care to ensure that such is the case, the information contained in these listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

The initial purchasers make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in these listing particulars. Nothing contained in these listing particulars is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

Neither we nor the initial purchasers are making an offer to sell the notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required of you for the purchase, offer or sale of the notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in these listing particulars;

- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents, in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in these listing particulars. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

We are relying upon an exemption from registration under the Securities Act for an offer and sale of securities which do not involve a public offering. By purchasing notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions" in these listing particulars. The notes are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions."

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in these listing particulars as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal, investment or similar laws or regulations.

None of the United States Securities and Exchange Commission (the "SEC"), any United States state securities commission or any other regulatory authority has approved or disapproved of these securities or determined if these listing particulars is truthful or complete. Any representation to the contrary is a criminal offense.

We confirm that, after having made all reasonable inquiries, these listing particulars contains all information with regard to us and the notes that is material to the offering and sale of the notes, that the information contained in these listing particulars is true and accurate in all material respects and is not misleading and that there are no omissions of any facts from these listing particulars which, by their absence herefrom, make these listing particulars misleading. We accept responsibility for the information contained in these listing particulars regarding us and the notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY

SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CHILEAN INVESTORS

The offer of the notes is subject to General Rule No. 336 of the SVS. The notes being offered will not be registered under the Securities Market Law (*Ley de Mercado de Valores*) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the notes are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Securities Registry. The notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule No. 336 of the SVS. Pursuant to General Rule No. 336, the notes may be privately offered in Chile to certain "qualified investors" identified as such therein (which in turn are further described in General Rule No. 216, dated June 12, 2008, of the SVS).

AVISO A INVERSIONISTAS CHILENOS

La oferta de los bonos se acoge a la Norma de Carácter General N°336 de la Superintendencia de Valores y Seguros. Los bonos que se ofrecen no están inscritos bajo la Ley de Mercado de Valores en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Superintendencia de Valores y Seguros, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de estos valores. Los bonos no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente. Los bonos solo podrán ser ofrecidos en Chile en circunstancias que no constituyan una oferta pública o cumpliendo con lo dispuesto en la Norma de Carácter General N°336 de la Superintendencia de Valores y Seguros. En conformidad con lo dispuesto por la Norma de Carácter General N°336, los bonos podrán ser ofrecidos privadamente a ciertos "inversionistas calificados," identificados como tal en dicha norma (y que a su vez están descritos en la Norma de Carácter General N°216 de la Superintendencia de Valores y Seguros de fecha 12 de junio de 2008).

The notes will be available initially only in book-entry form. We expect that the notes will be issued in the form of one or more registered global notes. The global notes will be deposited with, or on behalf of, DTC and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected through, records maintained by DTC and its participants. The global notes offered under Regulation S under the Securities Act, if any, are to be deposited with the trustee as custodian for DTC, and beneficial interests in them may be held through Euroclear or Clearstream, Luxembourg. After the initial issuance of the global notes, certificated notes may be issued in registered form only in very limited circumstances, which shall be in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000. See "Description of the Notes" for further discussion of these matters.

ENFORCEMENT OF FOREIGN JUDGMENTS

We are a *sociedad anónima abierta*, or a publicly traded open stock corporation, organized under the laws of the Republic of Chile ("Chile"). Four of our seven directors reside in the United States. All of our executive officers and certain of the experts named herein reside in Chile. In addition, all or a substantial portion of our assets and the assets of our directors and officers are located outside the United States. As a result, except as explained below, it may not be possible for investors to effect service of process within the United States upon such persons, or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States or otherwise obtained in U.S. courts.

We have been advised by Claro & Cía. ("Claro"), our special Chilean counsel, that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. It is the opinion of our Chilean counsel that Chilean courts would enforce final judgments rendered by U.S. courts by virtue of the legal principles of reciprocity and comity, subject to review in Chile of any such U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected, without retrial or review of the merits of the subject matter. If a U.S. court grants a final judgment, enforceability of this judgment in Chile will be subject to obtaining the relevant *exequatur* decision from the Supreme Court of Chile (*i.e.*, recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time, and satisfying certain legal requirements. Currently, the most important of these requirements are:

- the existence of reciprocity, absent which the foreign judgment may not be enforced in Chile;
- the absence of any conflict between the foreign judgment and Chilean laws (excluding for this purpose the laws of civil procedure) and public policy;
- the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances;
- the Chilean court's determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant and that the defendant was afforded a real opportunity to appear before the court and defend his or her case; and
- the absence of any further means for appeal or review of the judgment in the jurisdiction where judgment was rendered.

We have been advised by Claro that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely on the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

We have appointed Corporation Service Company, with an office on the date hereof at 1180 Avenue of the Americas, Suite 210, New York, NY 10036, United States as our authorized agent for service of process in the United States, upon which process may be served in any action which may be instituted in any U.S. federal or state court having subject matter jurisdiction in the Borough of Manhattan, New York City, New York, arising out of or based upon the indenture governing the notes or the notes themselves.

AVAILABLE INFORMATION

AES Gener is a *sociedad anónima abierta*, or a publicly traded open stock corporation, organized under the laws of Chile. Our principal executive offices are located at Rosario Norte 532, 19th Floor, Las Condes, Santiago, Chile, and our telephone number at that address is (56-2) 2686-8900. Our website is www.aesgener.com.

AES Gener is an issuer in Chile of securities registered with the *Superintendencia de Valores y Seguros*, the Chilean Superintendency of Securities and Insurance, or "SVS." Shares of our common stock are traded on the *Bolsa de Comercio de Santiago—Bolsa de Valores*, or the Santiago Stock Exchange, the *Bolsa Electrónica de Chile—Bolsa de Valores*, or Electronic Stock Exchange, and the *Bolsa de Corredores—Bolsa de Valores*, or the Valparaiso Stock Exchange, which we jointly refer to as the "Chilean Stock Exchanges," under the symbol "AESGENER." Accordingly, we are currently required to file quarterly and annual reports in Spanish and issue *hechos esenciales* o *relevantes* (notices of essential or material events) to the SVS, and provide copies of such reports and notices to the Chilean Stock Exchanges. All such reports are available at www.svs.cl and www.aesgener.com.

In addition, we have agreed that while any notes remain outstanding and are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, we will make available, upon request, to any holder or prospective purchaser of notes the information required pursuant to Rule 144A(d)(4) under the Securities Act with respect to us during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt by virtue of Rule 12g3-2(b) thereunder. Any such request should be directed to us at our principal executive offices listed above.

These reports and notices and any information contained in, or accessible through, our website are not incorporated by reference in, and do not constitute a part of, these listing particulars.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained in these listing particulars, certain matters discussed herein, including without limitation under "Management's Discussion and Analysis of Financial Condition and Results of Operations," contain forward-looking statements, within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Although we believe that in making any such statements our expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. When used in these listing particulars, the words "anticipates," "believes," "expects," "intends" and similar expressions, as they relate to us or our management, are intended to identify such forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond our control. These factors, risks and uncertainties include, among other things:

- political, economic, regulatory and demographic developments in Chile, Colombia, Argentina and other countries where we and our equity-method investee currently do business or may do business in the future;
- changes in our regulatory environment, including the costs of complying with electricity, utility and environmental regulations;
- the nature and extent of future competition in our and our equity-method investee's principal markets;
- factors which may increase the cost or delay the construction or commencement of operations of our new facilities;
- the uncertainties of current, pending and threatened litigation;
- trends affecting our and our equity-method investee's financial condition or results of operations;
- inflation and exchange rate instability and government measures to control inflation and exchange rates;
- our and our equity-method investee's ability to implement capital investment programs, including the ability to arrange financing where required, and to complete contemplated refinancings;
- changes in the prices and availability of coal, gas and other fuels (including our ability to have fuel transported to our facilities) and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk, and our ability to meet credit support requirements for fuel and power supply contracts;
- our dividend policy;
- our ability to manage our operation and maintenance costs;
- our ability to collect accounts receivables from our customers;
- the different reporting requirements and protections we have, compared with similar companies based in the U.S.;
- our relationship with our employees and their unions;
- our ability to enter into long-term contracts, which limit volatility in our results of operations and cash flows, such as power purchase agreements, fuel supply, and other agreements and to manage counterparty credit risk in these agreements;
- variations in weather and hydrological conditions in the areas in which we operate;
- the impact of any unavailability of our power generation units;

- our ability to keep up with advances in technology;
- the potential effects of threatened or actual acts of terrorism and war;
- disruptions caused by earthquakes, tsunamis, floods or other natural disasters;
- our ownership by The AES Corporation;
- the expropriation or nationalization of our businesses or assets, whether with or without adequate compensation;
- changes in tax laws and the effects of our strategies to reduce tax payments;
- our ability to maintain adequate insurance;
- a cross-acceleration or cross-default under our debt financing arrangements; and
- loss of market share or changes in the pricing environments in the industry in which we operate.

Some of these factors are discussed under "Risk Factors," but there may be other risks and uncertainties not discussed under "Risk Factors" or elsewhere in these listing particulars that may cause actual results to differ materially from those in forward-looking statements.

We cannot assure you that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on our results of operations or financial condition. We do not intend, and undertake no obligation, to publicly revise any forward-looking statements that have been made to reflect the occurrence of events after the date hereof. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the annual audited financial information in these listing particulars with respect to 2014, 2013 and 2012 has been derived from financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). Our audited consolidated financial statements present our consolidated statements of financial position as of December 2014 and 2013 and consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014, 2013, and 2012 together with the notes thereto (collectively, our "audited consolidated financial statements").

Our unaudited interim consolidated financial statements included in these listing particulars present our consolidated financial position as of March 31, 2015 and consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2015 and 2014, together with the notes thereto (collectively, our "unaudited interim consolidated financial statements"). Our earnings for the three-month period ended March 31, 2015 are not necessarily indicative of results to be expected for the year ended December 31, 2015 or any future period. We refer to our audited consolidated financial statements and our unaudited interim consolidated financial statements collectively as our "consolidated financial statements."

On September 29, 2014, an extensive tax reform in Chile became effective which, among other things, increased the corporate statutory income tax rates beginning in 2014. With respect to the effect on the amount of deferred tax assets and liabilities arising as a result of this increased corporate statutory income tax rate, Oficio Circular No. 856 issued by the SVS requires us to record such effect in equity. This SVS requirement differs from the accounting treatment under IFRS, which requires such effect to be reported as an income tax expense in our results of operations. Under the SVS requirement, we recorded a one-time charge in equity in the amount of U.S.$111.3 million in our consolidated financial statements as of and for the year ended December 31, 2014, filed with the SVS and available on our website. It should be noted that the consolidated financial statements as of and for the year ended December 31, 2014 included elsewhere in these listing particulars have been prepared in accordance with IFRS. Therefore, the consolidated financial statements as of and for the year ended December 31, 2014 filed with the SVS and published on our website differ from the financial statements prepared under IFRS with respect to the accounting treatment of the effect of the change in the corporate statutory income tax rate explained above. To the extent that we issue our consolidated financial statements under the SVS requirements, such consolidated financial statements will not be in compliance with IFRS in this regard. The foregoing calculations have been made considering the application of the semi-integrated taxation regime, although pursuant to the tax reform, our shareholders may in the future decide to adopt the attributable taxation regime, in which case such calculations would be adjusted as appropriate. For a discussion of certain aspects of this bill, including an explanation of the semi-integrated and attributable taxation regimes, see "Risk Factors—Risks related to Chile—Future increases in the corporate tax rate in Chile or additional modifications to the Chilean tax system to finance future social reforms may have a material adverse effect on us."

We disclose in these listing particulars our so-called non-GAAP financial measures, primarily Adjusted EBITDA and Total Adjusted Operating Income. Adjusted EBITDA, Total Adjusted Operating Income and our other key performance indicators, as we calculate them, may not be comparable to similarly titled measures reported by other companies. Together with the other key performance indicators listed in these listing particulars, they serve as additional indicators of our operating performance and are not required by, or presented in accordance with, IFRS. They are not intended as a replacement for, or alternatives to, measures such as cash flows provided by operating activities and net income as defined and required to be presented under IFRS.

We believe that Adjusted EBITDA and Total Adjusted Operating Income are measures commonly used by analysts, investors and peers in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance. For comparison purposes, our management believes that Adjusted EBITDA and Total Adjusted Operating Income are useful as objective and comparable measures of operating profitability. Adjusted EBITDA is calculated as net income plus income tax expense, depreciation and amortization, asset retirement obligation accretion expense and finance expense less finance income, foreign currency exchange differences, other gains (losses) (as specified in note 28 to our consolidated financial statements, as defined above) and the participations in earnings of associates (refer to note 16 to our consolidated financial statements, as defined above). Total Adjusted Operating Income is calculated as gross profit plus other operating income less administrative and other operating expenses. Accordingly, our management believes that disclosure of Adjusted

EBITDA and Total Adjusted Operating Income provides useful information to investors, financial analysts and the public in their evaluation of our operating performance. Adjusted EBITDA and Total Adjusted Operating Income and our other key performance indicators listed in these listing particulars may not be indicative of our historical results of operations, nor are they meant to be predictive of future results.

Unless otherwise specified, references herein to "U.S. dollars," "dollars," "$" or "U.S.$" are to United States dollars, references to "peso" or "Ch$" are to Chilean pesos, the legal currency of Chile, references to "Col$" are to Colombian pesos, the legal currency of Colombia, references to "AR$" are to Argentine pesos, the legal currency of Argentina and references to "UF" are to "Unidades de Fomento." The UF is an inflation indexed, Chilean peso denominated monetary unit that is linked to, and set daily in advance to reflect changes in, the previous month's consumer price index of the Chilean National Statistics Institute (*Instituto Nacional de Estadísticas*, or "INE"). As of December 31, 2014 and as of March 31, 2015, one UF was equivalent to Ch$24,627.1 and Ch$24,622.8, respectively. Certain numbers included in these listing particulars have been subject to rounding adjustments. Accordingly, numbers shown as totals in certain tables may not be an arithmetic aggregation of the numbers that precede them.

Under IFRS, subsidiaries are consolidated in accordance with IFRS 10 "Consolidated Financial Statements" from the date of acquisition, which is defined as the date when we obtain control, and continue to be consolidated until the date when such control ceases. Control is presumed when the investor (a) has power over the investee; (b) has exposure, or rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power over the investee to affect the amount of the investor's returns. An investor is considered to have power over an investee when the investor has existing rights that give it the current ability to direct relevant activities (i.e. activities that significantly affect the investee's returns). In our case, in general, control over subsidiaries is derived from the possession of the majority of the voting rights granted by equity instruments of the subsidiaries.

Our principal consolidated subsidiaries include:

- Empresa Eléctrica Angamos S.A., or "Eléctrica Angamos", which is 100.0% owned by us and operates two coal fired units with an aggregate capacity of 545 MW;

- Empresa Eléctrica Nueva Ventanas S.A., or "Eléctrica Ventanas", which is 100.0% owned by us and operates a 272 MW coal-fired plant in the central part of Chile;

- Empresa Eléctrica Campiche S.A., or "Eléctrica Campiche", which is 100.0% owned by us and operates a 272 MW coal-fired plant in the central part of Chile, also referred to below as "Ventanas IV";

- AES Chivor & CIA SCA E.S.P., or "AES Chivor", which is 99.9% owned by us and operates a 1,000 MW hydroelectric plant in Colombia;

- Empresa Eléctrica Cochrane SpA, or "Eléctrica Cochrane", which is 60% owned by us and will operate a 532 MW coal-fired plant in the northern part of Chile currently in construction and expected to commence commercial operation of units 1 and 2 in the second and third quarter of 2016, respectively;

- Alto Maipo SpA, or "Alto Maipo", which is 60% owned by us and will operate a 531 MW hydroelectric plant in the central part of Chile currently in construction and expected to commence operations in 2018.

In accordance with the segment information in note 7, "Operating Segments" in the audited consolidated financial statements included in these listing particulars, the term "our Chilean Operations" refers to the operations of AES Gener, Norgener SpA ("Norgener"), Sociedad Eléctrica Santiago SpA, or "Eléctrica Santiago," Eléctrica Ventanas and Eléctrica Angamos and "our Argentine Operations" refers to TermoAndes S.A., or "TermoAndes," and InterAndes S.A., or "InterAndes." In these listing particulars "our Colombian Operations" refers solely to AES Chivor.

As used in these listing particulars, the term "equity-method investee" or "associate" refers to an entity in which we have an ownership interest between 20.0% and 50.0% and over which we can exercise significant influence as per IAS 28 —Investments in Associates and Joint Arrangements. Our only equity method investee is:

- Empresa Eléctrica Guacolda S.A., or "Guacolda," which is 50.0% (plus one share) owned by us, currently operates a 608 MW generation facility in Chile and is in the process of constructing an additional 152 MW unit, which is expected to commence operations during the last quarter of 2015. For further details refer to note 16 to our audited consolidated financial statements.

We also have investments in other equity securities. Since we have less than 20.0% of ownership, we do not have significant influence over these entities and therefore they are treated as available for sale investments.

Our available for sale investments are:

- Gasoducto GasAndes Argentina S.A., or "GasAndes Argentina," an Argentine company that is 13.0% owned by us and transports natural gas through a pipeline from the Province of Mendoza in Argentina to the Chilean border;

- Gasoducto GasAndes S.A., or "GasAndes Chile," a Chilean company that is 13.0% owned by us and transports natural gas through a pipeline from the Argentine border to the Santiago Metropolitan Region;

- CDEC-SIC Ltda., is a Chilean private entity, organized as a limited liability company (*sociedad de responsabilidad limitada*), in charge of coordinating the operation of the SIC grid; and

- CDEC-SING Ltda., is a Chilean private entity, organized as a limited liability company (*sociedad de responsabilidad limitada*), in charge of coordinating the operation of the SING grid.

Unless otherwise indicated, information with respect to our electrical capacity includes the total gross capacity of AES Gener, together with the total gross capacity of each of our consolidated subsidiaries and our equity method investee, Guacolda. For purposes of calculating installed capacity, the CDEC-SING considers TermoAndes' installed capacity as part of the SING, although it is not presently selling energy in that market.

Unless otherwise indicated, financial information and data related to our generation and installed capacity are presented as of March 31, 2015, the date of the most recently published CNE data.

Calculation of Economic Interest

Except in our audited consolidated financial statements, and unless otherwise specified, references to our percentage interest in a subsidiary or equity-method investee refer to our level of economic interest in that subsidiary or equity-method investee. Our economic interest in a subsidiary or equity-method investee is calculated by multiplying our percentage ownership interest in a directly held subsidiary or equity-method investee by the percentage ownership interest of any entity in the chain of ownership of such ultimate subsidiary or equity-method investee. For example, if we own 60.0% of a directly held subsidiary that owns 40.0% of an equity-method investee, our economic ownership interest in that equity-method investee would be 24.0%.

Technical Terms

In these listing particulars, references to "GW" and "GWh" are to gigawatts and gigawatt hours, respectively, references to "MW" and "MWh" are to megawatts and megawatt hours, respectively, references to "kW" and "kWh" are to kilowatts and kilowatt hours, respectively, and references to "kV" are to kilovolts. Unless otherwise indicated, statistics provided throughout these listing particulars with respect to electricity generation facilities are expressed in MW, in the case of the nominal capacity of such facilities, and in GWh, in the case of the aggregate electricity production of such facilities. One GW=1,000 MW, and one MW=1,000 kW. Statistics relating to aggregate annual electricity production are expressed in GWh and are based on a year of 8,760 hours, except for the leap years 2004, 2008 and 2012, which have 8,784 hours.

Statistical Information

Statistical information contained in these listing particulars regarding the economies of, and electricity industries in, Chile, Colombia and Argentina, and regarding the competitors of AES Gener and its subsidiaries and equity-method investees in those industries, is based on material obtained from public sources, including publications and materials from participants in those industries and from government entities, such as CDEC-SIC, CDEC-SING, XM, UPME, the INE, the Chilean Central Bank and CAMMESA, among others. We believe such information is reliable and accurate, but we have not independently verified it.

GLOSSARY

Business Day: A day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York, New York or Santiago, Chile.

CAMMESA: Wholesale Electric Market Administrator *(Compañía Administradora del Mercado Mayorista Eléctrico S.A.),* the Argentine organization in charge of coordination, wholesale price setting and management of economic transactions in the wholesale electricity market. CAMMESA's shares are 80.0% owned by Argentine wholesale electricity market members and 20.0% owned by the Argentine Federal Planning, Public Investment and Services Ministry (*Ministerio de Planificación Federal, Inversión Pública y Servicios*).

CDEC: Economic Load Dispatch Center (*Centro de Despacho Económico de Carga),* a private entity in charge of coordinating the operation of each interconnected electricity system in Chile, specifically the CDEC-SIC and CDEC-SING. The members of each CDEC are representatives of companies that possess power generation plants or transmission facilities and unregulated customers directly connected to transmission facilities. Among other functions, each CDEC seeks to preserve the overall reliability of electricity supply as well as the efficient operation and the dispatch of generation units to satisfy electricity demand. Among other responsibilities, the CDEC operates the dispatch systems for each interconnected electricity system, dispatching plants in the order of their respective variable cost of production, starting with the lowest cost plants, such that electricity is supplied at the lowest available cost.

Chilean Bankruptcy Law: Law for the Reorganization and Liquidation of Assets of Companies and Individuals ("*Ley de Reorganización y Liquidación de Empresas y Personas*") or Law No. 20,720 of the Ministry of Economy, enacted on January 9, 2014 and effective October 9, 2014.

Chilean Corporations Law: Corporations Law ("*Ley sobre Sociedades Anónimas*") or Law No 18,046.

Chilean Electricity Law: General Law of Electrical Services ("*Ley General de Servicios Eléctricos*", or D.F.L. N° 4/2006 of the Ministry of Economy), as amended.

Chilean Environmental Law: General Environmental Law ("*Ley de Bases Generales del Medio Ambiente*") or Law No. 19,300.

CND: National Dispatch Center (*Centro Nacional de Despacho*), the Colombian entity responsible for planning, supervision and control of the operations in the SIN. The CND is a subdivision of XM (defined below).

CNE: National Energy Commission (*Comisión Nacional de Energía*), a Chilean governmental entity in charge of calculating retail tariffs and short term energy and capacity node prices. The CNE also oversees distribution company bid processes, in each case approving the bid procedures. The CNE prepares a 10-year guide for the expansion of the system that must be consistent with the calculated node prices.

Combined cycle gas turbines (CCGT): A type of thermoelectric turbine that can use various fuels, including natural gas or diesel, to drive an alternator to generate power, and then uses the heat that escapes from that process to produce steam to generate additional power via a steam turbine.

CREG: Energy and Gas Regulation Commission (*Comisión de Regulación de Energía y Gas*), a Colombian governmental entity in charge of regulating the energy and gas sectors.

Distribution: The transmission of electricity to the end user.

Distributor: An entity supplying electricity to a group of customers by means of a distribution network.

DS 130: Decreto Supremo 130, a supreme decree enacted in December 31, 2012 by the Ministry of Energy. This decree provides a mechanism to compensate for the over-costs incurred by generation units running at their technical minimum mode, which according to current regulations, are not paid for their variable operating costs per the CDEC's balance of energy transactions among generation companies. The over-cost, at any given time, is equal to the difference between (a) the variable costs reported by electricity generation units operating at their technical minimum mode and (b) the marginal cost, and is paid by all generation companies in proportion to the electricity withdrawn from the system to supply their contracted demand. See "Regulation—Chilean Electricity Framework—Fines and Compensations."

ENARGAS: National Gas Regulatory Agency (*Ente Nacional Regulador de Gas*), a governmental agency in Argentina in charge of regulating the supply of natural gas by distribution and transportation companies in Argentina, including the regulation of tariffs and major expansion works required.

End user: A party that uses electricity for its own needs.

Energía Plus Program: A program administered by the Argentine Secretariat of Energy by which generators, cogenerators or self-generators, who are not members of the Wholesale Electricity Market (MEM, for its acronym in Spanish) at the date of the publication of the resolution governing the program, or whose capacity or generation units were not connected to the system at such date, can sell generation to unregulated customers.

Firm capacity: The capacity that a generator is able to supply to the system on an annual basis in Chile calculated at certain peak hours, taking into consideration statistical and annual information regarding, among other things, the system over-installation factor (calculated as the quotient between the system peak demand over the system total installed capacity), the time the generator will be out of service for maintenance, the forced outage rate, self-consumption, the start-up time and the ramp-up rate.

Gigawatt (*GW*): One billion watts.

Gigawatt hour (*GWh*): One gigawatt of power supplied or demanded for one hour, or one billion watt hours.

Kilovolt (*kV*): One thousand volts.

Kilowatt (*kW*): One thousand watts.

Kilowatt hour (*kWh*): One kilowatt of power supplied or demanded for one hour, or one thousand watt hours.

Megawatt (*MW*): One million watts.

Megawatt hour (*MWh*): One megawatt of power supplied or demanded for one hour, or one million watt hours.

NCREs: Non-conventional renewable energies.

Node price: The regulated price of electric power provided to regulated customers in Chile.

Nominal capacity: The total amount of nominal capacity in any company or system.

NOx: Nitrogen oxide.

PPAs: Power purchase agreements.

Regulated customers: Customers in Chile with: (i) a maximum hourly demand lower than 500kW; or (ii) a maximum hourly demand between 500 kW and 5,000 kW that have not opted to be subject to an unregulated regime. Electricity is sold to regulated customers through long-term PPAs with distribution companies at a regulated price. For purposes of these listing particulars, we refer to these distribution companies as "regulated customers."

RM 39: Resolución Ministerial 39 of the Ministry of Economy, an administrative regulation issued in 2000, whereby an additional tariff is included in the price at which energy is transacted on the spot market to compensate for the additional costs of complying with certain technical and security requirements, including costs arising from the forced dispatch of combined cycle units, the spinning reserve to respond to temporary shortages of electricity supply and conducting new unit tests that displace efficient generation. See "Regulation—Chilean Electricity Framework—Fines and Compensations."

SADI: Argentine Interconnected System (*Sistema Argentino de Interconexión*).

SDEC: Superintendency of Electricity and Fuels (*Superintendencia de Electricidad y Combustibles*), a governmental entity in Chile in charge of supervising the electricity market. The SDEC sets and enforces the technical standards of the system and monitors and enforces compliance with the law and regulations related to energy matters, including all rules related to security and service quality. It is also in charge of processing all easements and concessions related to hydroelectric facilities, transmission lines and distribution networks.

SIC: Central Interconnected Electricity System (*Sistema Interconectado Central*), Chile's main interconnected power grid, covering most of Chile except the north (covered by the SING) and the extreme south of the country.

SIN: Colombia's National Interconnected System (*Sistema Interconectado Nacional).*

SING: Northern Interconnected Electricity System (*Sistema Interconectado del Norte Grande*), covering the northern regions of Chile (Regions I, II and XV).

SO_2: Sulfur dioxide.

Spot market: Wholesale market of electricity in which electricity generation companies purchase electricity as necessary to fulfill their contractual electricity sales requirements or sell electricity to other generation companies when their electricity production exceeds their contractual requirements.

Substation: An assemblage of equipment that switches and/or regulates the voltage of electricity in a transmission and distribution system.

SVS: Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros*), a governmental entity in Chile in charge of regulating Chilean public companies, issuers of public traded securities, the local securities markets and the local insurance sector.

Thermoelectric plant: A generating unit that uses combustible fuel, such as coal, diesel or natural gas, as the source of energy to drive the power generator.

Transmission: The transmission of electricity on high-voltage, interconnected networks for delivery to the distribution system.

Unregulated customers: Customers in Chile with: (i) a maximum hourly demand of at least 5,000 kW; or (ii) a maximum hourly demand of at least 500 kW that opt to be subject to an unregulated regime. The tariffs and conditions of contracts with unregulated customers are negotiated freely between the generator or distributor and the customer. Customers in Colombia with: (i) peak demand of more than 0.1 MW; or (ii) minimum monthly consumption of 55 MWh. Customers in the unregulated market may freely contract for electricity supply directly from a generator or distributor, acting as a trader, or from a pure trader. Tariffs are freely negotiated between the parties. Customers in Argentina (most of whom are industrial customers) with: (i) capacity and energy demand of more than 1 MW and 4,380 MWh per year, respectively, who have independently executed a commercial agreement for at least 50% of their electricity demand; or (ii) capacity demand of more than 30 kW and less than 2 MW who have independently executed a commercial agreement for at least 100% of their electricity demand; or (iii) capacity demand of more than 30 kW and less than 100 kW who have independently executed a commercial agreement for at least 100% of their electricity demand.

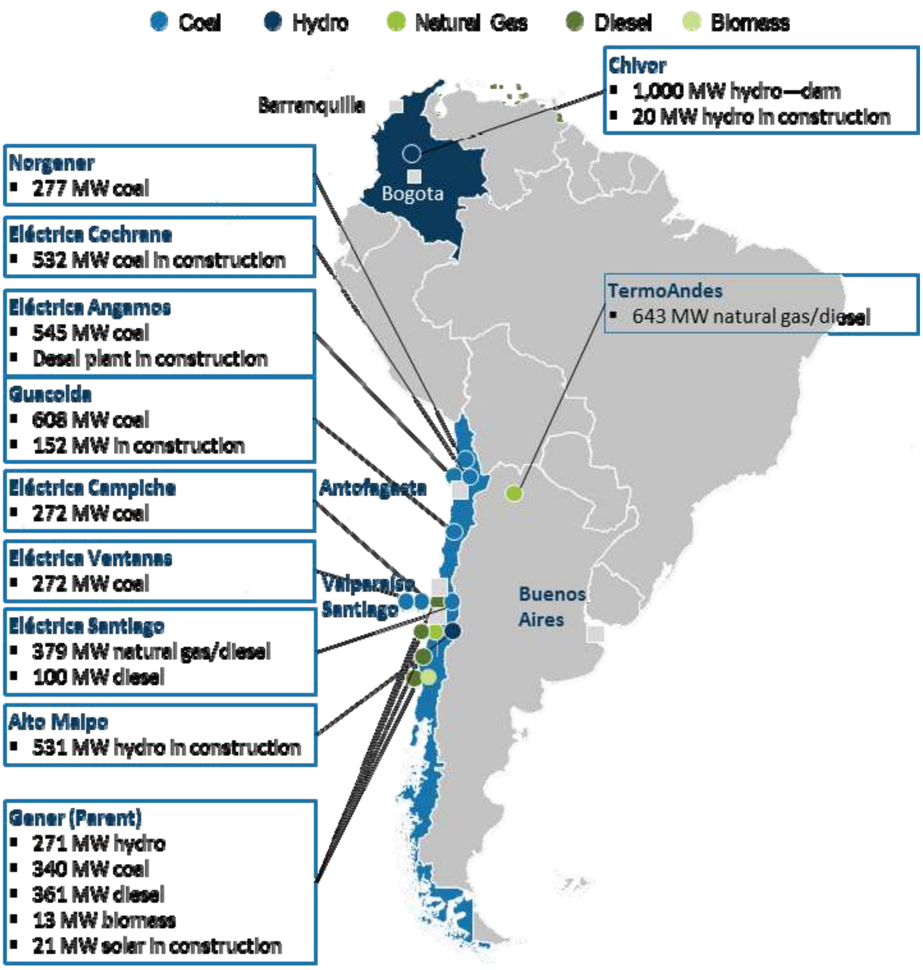
UPME: Mining and Energetic Planning Unit (*Unidad de Planeación Minero Energética*), a governmental entity in Colombia in charge of analyzing future energy demand and supply and elaborating an integral expansion plan for the electricity sector.

Volt: The basic unit of electric force, equivalent to one joule of energy per coulomb of charge.

Watt: The basic unit of electrical power, equivalent to one joule of energy per second.

XM: Market Experts Company (*Compañía de Expertos en Mercados S.A. E.S.P*), a Colombian company in charge of planning and coordinating the electricity system to ensure safe, reliable and economic operation and administrating energy transfers in the wholesale market.

PRINCIPAL AES GENER ASSETS



SUMMARY

This summary highlights information contained elsewhere in these listing particulars. It does not contain all the information that you may consider important in making your investment decision. Therefore, you should read the entire listing particulars carefully, including in particular the "Risk Factors" section and our consolidated financial statements and the notes thereto appearing elsewhere in these listing particulars.

Business Overview

We are the largest electricity generation company in Chile in terms of gross generation with a market share of 27.4%, and the second largest in terms of installed capacity with a market share of 17.7%, both as of March 31, 2015. We have a significant presence in both the SIC and the SING. We also have a presence in the SIN in Colombia and the SADI in Argentina. As of March 31, 2015, our installed capacity in Chile totaled 3,438 MW, comprised of 2,616 MW in the SIC and 822 MW in the SING, excluding TermoAndes. In Chile, we currently have under construction two coal-fired projects with gross capacity of 684 MW, a 531 MW run-of-river power plant, a 21 MW solar power plant and a 20 MW battery energy storage facility ("BESS"). We are also currently constructing a run-of-river hydroelectric project with a gross capacity of 20 MW in Colombia and developing a water desalinization plant with an initial capacity of 4,800m^3/day to supply our Angamos complex and allow us to start selling water to industrial clients.

In the SIC, which covers over 92.2% of Chile's population, including the densely populated Santiago Metropolitan Region, our market share totaled 17.2% and in the SING, where mining companies dominate energy consumption, our market share totaled 19.8%, excluding TermoAndes, both in terms of installed capacity as of March 31, 2015. In Colombia, we own the third-largest hydroelectric facility, and as of March 31, 2015, we have a 6.4% market share based on installed capacity, making us the sixth-largest generation company in the country, and a 3.9% market share based on net generation.

In Chile, we have a diversified generation portfolio in terms of geography, technology, customers and fuel source. Our installed capacity is located near the principal electricity consumption centers, including Santiago, Valparaiso and Antofagasta, extending from Tocopilla in the north to Los Angeles in south-central Chile. Our diverse generation portfolio, composed of hydroelectric, coal, gas, diesel and biomass facilities, allows us to flexibly and reliably operate under a variety of market and hydrological conditions, efficiently managing our contractual obligations with regulated and unregulated customers and, as required, providing back-up spot market energy to the SIC and SING.

In Colombia, our dam-based hydroelectric plant, located approximately 160 km east of Bogota, has total nominal capacity of 1,000 MW. We actively manage the reservoir level by contracting a significant portion of the plant's generation and selling the remaining generation on the spot market.

Our 643 MW combined cycle facility in Salta, Argentina represented 2.0% of the SADI's installed capacity and net generation, as of March 31, 2015. At present, TermoAndes sells energy exclusively in Argentina; a portion of its generation is sold to unregulated customers under short-term contracts under the Energía Plus Program and the remainder is sold on the spot market. This plant is also connected to the SING.

Competitive Strengths

We believe our key competitive strengths are:

- *High-quality and diversified generation assets*. We have a portfolio of high-quality generation assets, diversified in terms of geographic location, technology, customer and energy source. We operate in four independent markets, the SIC and the SING, both in Chile, the SIN in Colombia, and the SADI in Argentina, which provides us with a competitive advantage due to the diversification of our revenues from each market. In the year ended December 31, 2014, the Adjusted EBITDA contribution from the SIC, SING, SIN, and SADI was 37.8%, 18.3%, 39.2% and 4.7%, respectively. As of March 31, 2015, we are the largest generation company in Chile in terms of generation. In terms of installed capacity, we have a significant presence in both major electric systems in Chile, with participation of 17.2% in the SIC and 19.8% in the SING. Size is a competitive advantage given the capital intensive nature of our industry. We are both geographically and technologically diverse, with generation assets located throughout northern and central Chile, situated close to the major consumption centers, including Santiago, Valparaiso and Antofagasta, thus reducing transmission costs. Our generation facilities in Chile include coal, run-of-river hydroelectric, alternative-fueled gas or diesel, diesel and biomass plants. Our diversified plant portfolio in terms of technology, customers and energy sources is a competitive advantage as it provides flexibility to reliably meet contractual obligations and sell excess energy on the spot market when market conditions create scarcity, such as dry hydrology or plant outages. Our dam-based plant in Colombia has hydrology which is counter-cyclical to that of most of the principal Colombian generators, providing us with a competitive advantage to strategically manage our operations. TermoAndes is considered one of the most efficient thermoelectric plants in Argentina and is currently the leader in the Energía Plus Program market with 223.93 MW of contracted energy under this program as of March 31, 2015.

- *Established and robust presence in attractive markets with sound and stable regulatory frameworks.* Our principal businesses are in the Chilean and Colombian markets. We have been supplying electricity to the Chilean market since 1981, and to the Colombian market since 1996, with the acquisition of our AES Chivor plant. Chile and Colombia are two of the most attractive and stable economies in South America, both with investment grade sovereign debt credit ratings, sustainable pro-business policies and developed and liquid capital markets. The regulatory framework for the electricity sector is transparent and market-oriented in both countries, dating back to 1982 in Chile and 1994 in Colombia, during which periods both countries have faced critical electricity supply conditions related to natural disasters, such as floods, droughts and earthquakes. In Chile, regulatory amendments in 2004, 2005 and 2015, improved the allocation of transmission costs and replaced regulated tariffs charged to regulated customers with indexed prices determined by public bids. In Colombia, the regulatory framework was revised in 2006, establishing a new firm energy scheme for Colombian generation companies and thereby increasing reliability charges. We believe that both Chile and Colombia have attractive growth potential. Demand for electricity in Chile's two major power grids, based on energy sales, grew at a compound annual growth rate of 3.5% in the SIC and 3.4% in the SING for the 10-year period from 2004 to 2014. The CNE projects electricity consumption to grow at a compound annual growth rate of 4.3% in the SIC and 5.4% in the SING in the next ten years. Demand for electricity in Colombia, based on energy sales, grew at a compound annual growth rate of 2.8% from 2004 to 2014 and the UPME projects a compound annual growth rate of 2.8% in the next ten years.

- *Commercial policy based on contracts with high-quality and reliable customers providing stable and predictable cash flows*. Our commercial strategy, which focuses on executing long-term contracts for our expected base load generation, has enabled us to maintain stable cash flows generation. Additionally, the majority of our power purchase agreements are denominated in U.S. dollars, which aligns our functional currency with our revenue and cost structure. In Chile, we align our contracts with our generation capacity, contracting a significant portion of our efficient capacity, currently coal and hydroelectric capacity, under long-term, price-indexed contracts with regulated and unregulated customers. As of March 31, 2015, we have long-term contracts with high-quality distribution companies as well as mining and industrial companies for a total of 3,395 MW in Chile. Our principal customers include the distribution companies Chilectra S.A. ("Chilectra"), Chilquinta Energía S.A ("Chilquinta"), and EMEL S.A. ("EMEL") and mining companies such as Minera Escondida Ltda. ("Minera Escondida"), Minera Spence S.A. ("Minera Spence"), Codelco, Sociedad Quimica y Minera de Chile S.A. ("SQM"), Sierra Gorda SCM ("Sierra Gorda"), Quebrada Blanca S.A. ("Quebrada Blanca"), Minera Los Pelambres S.A. ("Pelambres"), Compañía Contractual Minera Candelaria ("Candelaria"), and Anglo American Sur S.A. ("Angloamerican"). Long-term contracts with distribution companies present stable demand since supply for residential consumption has historically been stable and increasing. In addition, long-term contracts with mining companies include both fixed and variable payments along with indexation mechanisms which periodically adjust prices related to the U.S. consumer price index ("CPI") and the international price of coal, even in some cases with clauses related to changes in law and regulatory costs. Our policy also involves contracting a portion of our projects' capacity before the start of construction. We have signed long-term, price-indexed contracts for substantially all of the installed capacity of the Cochrane project, which is currently under construction, with unregulated customers in the SING (Sierra Gorda, SQM and Quebrada Blanca). Similarly, for the Alto Maipo project we have executed a long-term contract with an unregulated customer (Pelambres). In Colombia, we maximize cash flows and operating margin by applying an integrated business risk management strategy to optimize the use of the La Esmeralda reservoir, determining the desired level of contracts based on projected hydrological conditions and the plant's generation profile. In the year ended December 31, 2014, approximately 41% of our generation in the SIN was sold under contracts with distribution companies, which in some cases were backed by guarantees such as letters of credit or prepayments, as determined by our comprehensive counterparty risk assessment methodology. These contracts, with terms of one to four years, include indexation mechanisms to adjust for movements in the Colombian producer price index ("PPI"). In Argentina, 306 MW of our TermoAndes' installed capacity were authorized to be sold under the Energía Plus Program with industrial customers. TermoAndes' strategy is to maximize the electricity sold under the Energía Plus Program. These contracts allow TermoAndes to sell electricity at higher prices compared to spot prices.

- *Strong Financial Position*. We maintain a strong financial position with solid liquidity, stable cash flows and broad access to local and international capital markets. We hold, and aim to maintain, international investment grade ratings with the principal international rating agencies, namely Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings, Inc. ("Fitch") and Standard & Poor's Ratings Services, a division of McGraw-Hill ("S&P"). As of March 31, 2015, our total consolidated balance of cash and cash equivalents, including short term time deposits, was equal to U.S.$285.8 million and we had unused long-term committed credit lines of approximately U.S.$235.7 million that we may draw on in our sole discretion.

- *Successful project development and construction and attractive development portfolio*. Since 2007, we have constructed and initiated commercial operations of 1,664 MW of new capacity, representing a significant portion of the increase in installed capacity and investment in the SIC and SING during the same period. Our successful project development and demonstrated construction skills, evidenced by our ability to complete these projects on time and on budget, represent an important competitive advantage. Additionally, in Chile, we currently have under construction two coal-fired projects with gross capacity of 684 MW, 152 MW of which is represented by the fifth unit of Guacolda in the northern part of the SIC, scheduled to begin operations in the last quarter of 2015, with the remaining 532 MW represented by our Cochrane project in the SING, expected to commence commercial operation of units 1 and 2 in the second and third quarter of 2016, respectively. Our Cochrane project includes a 20 MW battery energy storage project which is also scheduled to initiate operations in 2016. Additionally, the 531 MW two unit run-of-river hydroelectric Alto Maipo project in the SIC, and the 21 MW Los Andes solar power plant project in the SING, are also currently under construction. In Colombia, we are currently constructing our 20 MW Tunjita run-of-river hydroelectric project, which is scheduled to start operations in the second half of 2016. Our development strategy focuses on obtaining environmental permits, solid construction contracts, power purchase agreements and structured financing prior to the initiation of new investment. In addition, we possess significant water rights which can be used to develop new hydroelectric projects in Chile and are evaluating projects in other areas such as the development of water desalinization plants. For example, we are currently developing a water desalinization plant for our Angamos complex.

- *Experienced management*. Our management team has extensive industry experience and proven expertise in business strategy, operations, engineering, project management, construction, fuel and equipment purchasing and risk management. This experience in project development and construction has recently been demonstrated with the successful completion of new generation projects totaling 1,664 MW since 2007 in the SING and the SIC.

Business Strategy and Objectives

Our goal is to provide reliable and sustainable electricity in the markets in which we operate by leveraging our operational, commercial and financial excellence.

Our strategy is based on the following:

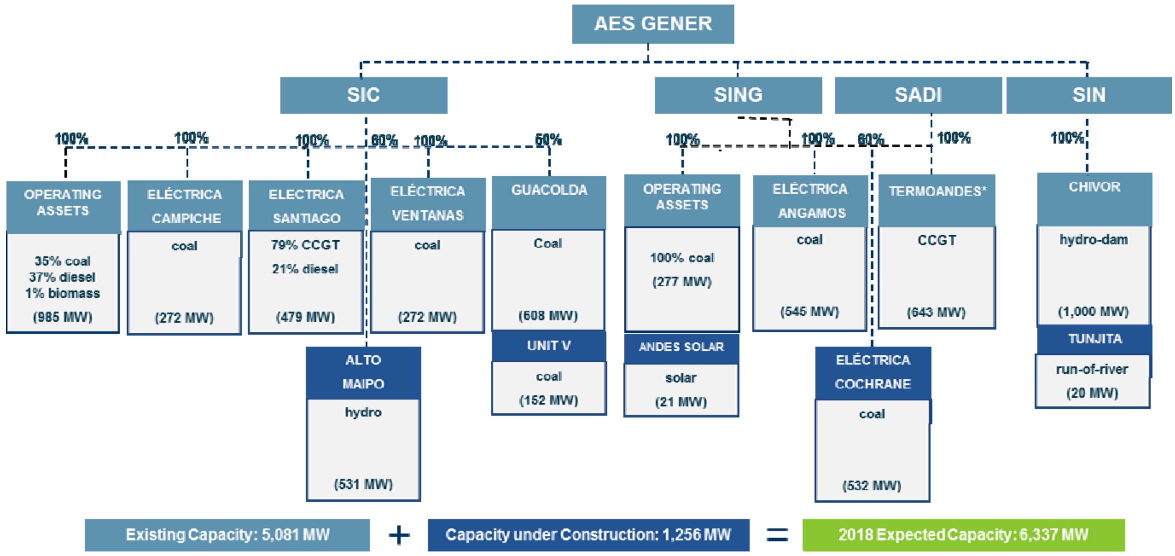
- *Operational excellence.* We focus on comprehensive operational excellence, which includes safety, operational efficiency, community cooperation and environmental management, in order to achieve sustainable long-term electricity generation. Safety is our top corporate value. To this end, a world-class safety program has been implemented to safeguard our employees, our contractors and the communities where our operations are located. Operational efficiency focuses on guaranteeing long-term commercial availability of our generation assets through deploying our extensive operating expertise and continuous maintenance and operational enhancements. We interact with the communities where our assets are located, striving to establish permanent relationships through the creation of social responsibility initiatives and development programs. We also apply integrated environmental management in order to assure full compliance with regulatory requirements and identify environmental improvements.

- *Commercial excellence.* Our commercial policy seeks to optimize the balance of contract and spot sales in order to minimize cash flows volatility and reduce uncertainty from the electricity business, managing and mitigating risks related to market and industry conditions. In Chile, we align our contracts with our generation capacity, contracting our efficient capacity (currently coal and hydroelectric capacity) under long-term indexed price contracts with regulated and unregulated customers. We reserve our higher variable cost units, such as our diesel and gas fired units in Chile, as back-up facilities for sales to the spot market during scarce system supply conditions, such as dry hydrological conditions and plant outages. In Colombia, we also seek to maximize cash flows and operating margin by applying an integrated business risk management strategy to optimize the use of the reservoir, determining the desired level of contracts based on projected hydrological conditions and the plant's generation profile. Contract revenues are complemented with revenues from the sale of excess non-contracted electricity in the spot market. In Argentina, we seek to maximize cash flows and operating margin by maximizing the capacity authorized by the Ministry of Planning to be sold under the Energía Plus Program.

- *Financial excellence*. Our financial policy focuses on profitability, stability and liquidity in order to maintain and develop our business. Our principal financial objectives include balancing our capital structure, maintaining adequate minimum liquidity, managing our debt amortization schedule and actively mitigating risks to prevent cash flows and earnings volatility. We have funded our recent construction projects with a mix of equity and non-recourse project and corporate debt to match the tenor of these new investments and, in the future, we plan to continue to balance our capital structure in the same manner, maintaining broad and balanced access to both local and international capital markets. Specifically, with the execution of non-recourse project finance debt, we isolate a significant portion of the development risks. As of March 31, 2015, our consolidated outstanding indebtedness was equal to U.S.$3,153.3 million on a nominal basis and we had unused committed credit facilities under our UF6 million revolver credit facility with certain local banks (approximately U.S.$235.7 million as of March 31, 2015). We actively manage risks to achieve predictable and stable earnings and cash flows. Our financial risk management activities include hedging strategies to mitigate foreign exchange, interest rate and commodity exposure.

Organizational Structure

We are an operating company and conduct a substantial portion of our business through subsidiaries and an equity-method investee. The following chart presents, as of March 31, 2015, a simplified diagram of our corporate business structure and the approximate direct and indirect percentage equity ownership interest that we hold in our principal operating subsidiaries and equity-method investee.


AES GENER
SIC
SING
SADI
SIN
100%
100%
100%
60%
100%
50%
100%
100%
60%
100%
100%
OPERATING ASSETS
35% coal
37% diesel
1% biomass
(985 MW)
ELÉCTRICA CAMPICHE
coal
(272 MW)
ELECTRICA SANTIAGO
79% CCGT
21% diesel
(479 MW)
ELÉCTRICA VENTANAS
coal
(272 MW)
GUACOLDA
Coal
(608 MW)
UNIT V
coal
(152 MW)
ALTO MAIPO
hydro
(531 MW)
OPERATING ASSETS
100% coal
(277 MW)
ANDES SOLAR
solar
(21 MW)
ELÉCTRICA ANGAMOS
coal
(545 MW)
ELÉCTRICA COCHRANE
coal
(532 MW)
TERMOANDES*
CCGT
(643 MW)
CHIVOR
hydro-dam
(1,000 MW)
TUNJITA
run-of-river
(20 MW)
Existing Capacity: 5,081 MW
+
Capacity under Construction: 1,256 MW
=
2018 Expected Capacity: 6,337 MW

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see “Description of the Notes” in these listing particulars.

Issuer	AES Gener S.A.
Notes Offered	U.S.$425,000,000 aggregate principal amount of 5.000% senior notes due 2025.
Issue Price	99.572%, plus accrued interest, if any, from July 14, 2015.
Maturity Date	July 14, 2025.
Interest Payment Dates	January 14 and July 14 of each year, commencing on January 14, 2016.
Interest	The notes will bear interest from July 14, 2015 at the annual rate of 5.000%, payable semi-annually in arrears on each interest payment date.
Ranking	The notes will be our senior unsecured and unsubordinated obligations and will, at all times, rank *pari passu* in right of payment with all of our existing and future unsecured and unsubordinated indebtedness (except those statutory priorities or obligations preferred by operation of Chilean law, including, without limitation, labor and tax claims). The notes will be effectively subordinated to our secured indebtedness to the extent of the assets securing such debt. The notes will be effectively subordinated to any of our future secured indebtedness to the extent of the assets securing such indebtedness. In addition, the notes will be structurally subordinated to all existing and future unsecured and unsubordinated debt and other liabilities (including trade payables) of our subsidiaries. As of March 31, 2015, the Issuer had US$ 3,153.3 million of outstanding debt on a consolidated and nominal basis, of which U.S.$ 1,952.2 million was subsidiary debt. As of the same date, U.S.$ 1,911.0 million of such consolidated debt was secured debt (all held at the subsidiary level).

Optional Redemption	At any time prior to April 14, 2025 (three months prior to the maturity date of the notes), we may redeem the notes, in whole but not in part, by paying the greater of the outstanding principal amount of the notes and a "make-whole" amount, in each case plus accrued and unpaid interest to the date of redemption. In addition, at any time on or after April 14, 2025 (three months prior to the maturity date of the notes), we may redeem the notes, in whole or in part, by paying 100% of the outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest on the principal amount of the notes being redeemed to the date of redemption. See "Description of the Notes—Optional Redemption–Make-Whole Redemption" and "–At Par Redemption."
Optional Tax Redemption	The notes are redeemable at our option in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts due thereon if the laws or regulations affecting certain taxes change in certain respects as well as any amounts due to the trustee, registrar, transfer agent and New York paying agent. See "Description of the Notes—Optional Redemption—Tax Redemption."
Additional Amounts	Payments of interest in respect of the notes made by us to foreign holders will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exceptions, we will pay such additional amounts as may be necessary so that the net amount received by the holders of the notes after withholding or deduction for or on account of any Chilean taxes or any taxes imposed by any other jurisdiction through which we make payments under the notes, will not be less than the amount that would have been received in the absence of such withholding or deduction. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any such taxes, see "Description of the Notes—Additional Amounts" and "Taxation—Chilean Taxation."

Covenants	The indenture contains covenants that, among other things: • limit our ability to create liens; • limit our ability to engage in sale/lease back transactions; • limit our ability to consolidate with or merge into any other corporation or convey or transfer our properties and assets substantially as an entirety to any person; and • require us to make available, upon request, to any holder, any owner of a beneficial interest in any note or any prospective purchaser designated by a holder or owner, certain supplementary and periodic information, documents and reports. These covenants are subject to important exceptions and qualifications. See "Description of the Notes—Covenants."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, and any other amounts due with respect to the notes, see "Description of the Notes—Events of Default."
Use of Proceeds	The net proceeds from the offering will be applied to (i) fully prepay the credit facility entered into on June 13, 2007 by and among our wholly owned subsidiary Eléctrica Ventanas and various financial institutions (the "Ventanas Credit Facility"), which totaled U.S.$307.5 million on a nominal basis at March 31, 2015, in connection with the development, engineering and construction of its coal-generation plant, as well as amounts arising as a result of the termination of interest rate swap agreements associated therewith and other related transaction costs, (ii) purchase any and all of our existing Chilean 8.0% Series Q Notes due 2019 (the "Series Q Notes"), of which U.S.$102.2 million was outstanding on a nominal basis at March 31, 2015, tendered, not withdrawn and accepted for purchase pursuant to a simultaneous offer to purchase and consent solicitation we are undertaking in Chile (the "Gener Series Q Tender"), and (iii) pay transaction costs related to the Gener Series Q Tender, including premium, stamp tax and other taxes, and fees. The remainder, if any, will be used for general corporate purposes, including the working capital needs of our subsidiaries. See "Use of Proceeds" and see "Management's Discussion and Analysis of Financial Condition and Results of Operations –Debt Maturity Schedule," for details on our existing indebtedness.

Form and Denomination	The notes will be issued in the form of global notes without coupons, registered in the name of a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg. The notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Transfer and Selling Restrictions	We have not registered the notes under the Securities Act. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions." There are restrictions on persons to whom notes can be sold, and on the distribution of these listing particulars, as described in "Plan of Distribution."
Listing	Application has been made to list the notes on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market.
Governing Law	The notes and the indenture will be governed by the laws of the State of New York.
Trustee, Registrar, Transfer Agent and New York Paying Agent	Citibank, N.A.
Luxembourg Listing Agent, Luxembourg Transfer Agent and Luxembourg Paying Agent	Banque Internationale à Luxembourg S.A.
No Established Trading Market	The notes are a new issue of securities with no established trading market. We cannot assure you that an active or liquid trading market for the notes will develop. If an active or liquid trading market does not develop, the market price and liquidity of the notes may be adversely affected.
Risk Factors	Investing in the notes involves substantial risks and uncertainties. See "Risk Factors" and other information included in these listing particulars for a discussion of factors you should carefully consider before deciding to purchase any notes.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables present a summary of selected consolidated financial information as of and for the periods ending at each of the dates indicated. The following data as of December 31, 2014 and 2013 and for each of the years ended December 31, 2014, 2013 and 2012 has been derived from our audited consolidated financial statements, which have been prepared in accordance with IFRS and are presented in U.S. dollars, included elsewhere in these listing particulars. The data as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014, has been derived from our unaudited interim consolidated financial statements, which have been prepared in accordance with IFRS and are presented in U.S. dollars, included elsewhere in these listing particulars. The data as of March 31, 2014 has been derived from our unaudited interim consolidated financial statements as of March 31, 2014 and for the three-month periods ended March 31, 2014 and 2013 not included in these listing particulars. The data for the last twelve months ended March 31, 2015 and 2014 has been derived by adding the statement of comprehensive income data for the year ended December 31, 2014 and 2013 to the statement of comprehensive income data for the three-month period ended March 31, 2015 and 2014 and subtracting the statement of comprehensive income data for the three-month period ended March 31, 2014 and 2013, respectively. The following tables should be read in conjunction with the information contained in "Presentation of Certain Financial and Other Information," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited consolidated financial statements and unaudited consolidated interim financial statements and their related notes, appearing in these listing particulars.

	For the three-month period ended March 31,		For the year ended December 31,		
INCOME STATEMENT DATA	**2015**	**2014**	**2014**	**2013**	**2012**
	(ThU.S.$)	***(ThU.S.$)***	***(ThU.S.$)***	***(ThU.S.$)***	***(ThU.S.$)***
Operating Revenue	**(unaudited)**	**(unaudited)**			
Contract Energy and Capacity Sales [(1)]	402,584	379,839	1,608,925	1,622,410	1,554,632
Spot Market Energy and Capacity Sales [(2)]	94,382	147,882	574,455	508,176	616,854
Other Operating Revenue	35,569	31,313	145,026	114,204	156,235
Total Operating Revenue	**532,535**	**559,034**	**2,328,406**	**2,244,790**	**2,327,721**
Cost of Sales					
Fuel Consumption	(149,003)	(218,129)	(733,216)	(632,160)	(824,855)
Energy and Capacity Purchases	(99,459)	(96,625)	(434,708)	(518,545)	(340,593)
Depreciation and Amortization Expense	(55,937)	(55,646)	(223,790)	(225,800)	(214,019)
Other Cost of Sales	(97,011)	(93,280)	(400,306)	(358,206)	(385,179)
Total Cost of Sales	**(401,410)**	**(463,680)**	**(1,792,020)**	**(1,734,711)**	**(1,764,646)**
Gross Profit	**131,125**	**95,354**	**536,386**	**510,079**	**563,075**
Administrative Expenses	(28,988)	(24,302)	(93,322)	(113,366)	(118,302)
Other Operating Income (Expense)	28	542	261	(3,636)	(1,009)
Total Adjusted Operating Income[(3)]	102,165	71,594	443,325	393,077	443,764
Finance Income	2,844	2,776	10,490	8,962	8,407
Finance Expense	(32,394)	(37,965)	(151,532)	(123,906)	(115,452)
Foreign Currency Exchange Differences	(7,758)	(25,553)	(66,435)	(38,856)	(3,633)
Other Non-Operating Income (Expense)[(4)]	8.365	22,198	(892)	43,765	16,620
Income Before Taxes and Non-Controlling Interest	**73,222**	**33,050**	**234,956**	**283,042**	**349,706**
Income Tax Expense	(24,947)	(12,150)	(190,802)	(84,525)	(146,778)
Net Income	**48,275**	**20,900**	**44,154**	**198,517**	**202,928**
Loss Attributable to Non-Controlling Interests	(3,055)	(2,401)	(8,755)	(2,804)	(5)
Income Attributable to Shareholders of the Parent	**51,330**	**23,301**	**52,909**	**201,321**	**202,933**

(1) Contract Energy and Capacity Sales is calculated as the sum of regulated and unregulated customers sales in the SIC and SING and contract sales in the SADI and the SIN.

(2) Spot Market Energy and Capacity Sales is calculated as the sum of spot sales in the SIC, SING, SADI and SIN and regulated customer without contract sales in the SIC.

(3) Total Adjusted Operating Income is a non-GAAP financial measure, which we calculate as gross profit plus other operating income less administrative and other operating expenses. See "Presentation of Certain Financial and other Information" for further information on this non-GAAP measure.(4) Other Non-Operating Income (Expense) is calculated as the sum of other gain (losses) and participation in earnings of associates.

SELECTED INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION	As of March 31,	As of December 31,	
	2015	2014	2013
	(*ThU.S.$*) (unaudited)	(*ThU.S.$*)	(*ThU.S.$*)
Cash and Cash Equivalents	285,811	228,691	707,516
Total Current Assets	925,627	803,096	1,216,448
Property, Plant and Equipment	5,627,414	5,432,043	4,871,754
Total Non-Current Assets	6,265,149	6,033,801	5,375,454
Total Assets	7,190,776	6,836,897	6,591,902
Total Current Liabilities	663,718	710,849	892,249
Total Non-Current Liabilities	4,123,692	3,761,689	3,062,687
Total Liabilities	4,787,410	4,472,538	3,954,936
Total Equity Attributable to Owners of the Parent	2,305,640	2,312,552	2,543,356
Non-Controlling Interest	97,726	51,807	93,610
Total Liabilities and Equity	7,190,776	6,836,897	6,591,902

	As of and for the three-month period ended March 31,		As of and for the twelve months ended December 31,		
	2015	2014	2014	2013	2012
	(*ThU.S.$*) (unaudited)	(*ThU.S.$*) (unaudited)	(*ThU.S.$*)	(*ThU.S.$*)	(*ThU.S.$*)
Cash Flows Data					
Net Cash Flows Provided by (Used in) Operating Activities	80,447	68,765	257,628	140,362	283,335
Net Cash Flows Used in Investing Activities	(376,240)	(172,304)	(871,786)	(536,422)	(269,149)
Net Cash Flows Provided by (Used in) Financing Activities	357,192	(79,345)	162,841	730,201	(38,694)
Other Financial Data					
Capital Expenditures Paid in the Period	(407,101)	(170,765)	(829,489)	(531,614)	(449,192)
Depreciation and Amortization	55,937	55,646	223,790	225,800	214,019
Adjusted EBITDA(10)	159,787	128,242	671,215	623,029	660,701
Interest Coverage Ratio (4)(10)	4.93	3.38	4.43	5.03	5.72
EBITDA Margin (5)(10)	30%	23%	29%	28%	28%
Total Debt (6)	3,525,331	2,997,601	3,159,265	2,934,653	2,413,784
Total Debt / Capitalization (7)	60%	54%	58%	54%	49%
Total Debt / Shareholders' Equity	153%	119%	137%	115%	97%
Dividends Paid	-	-	(230,434)	(209,932)	(316,707)
Net Debt (8)	3,233,322	2,446,445	2,930,574	2,207,132	2,008,280
Times Interest Earned (9)	2.98	1.94	2.61	3.49	4.25

(4) Interest Coverage Ratio is calculated by dividing EBITDA by Finance Expense, which includes the net effect of swaps.
(5) EBITDA margin is calculated by dividing Adjusted EBITDA by Total Operating Revenue.
(6) Total Debt is the sum of Other Current and Non-Current Financial Liabilities, Related Party Payables and Non-Current Related Party Payables.
(7) The Debt to Capitalization Ratio is Total Debt divided by Total Equity Attributable to Owners of the Parent plus Total Debt.
(8) Net debt is calculated as Total Debt less Cash and Cash Equivalents and other short term investments at the end of the period.
(9) Times Interest Earned is calculated by dividing Interest on Bank Loans and Bonds by Income Before Taxes and Non-Controlling Interest plus Interest on Bank Loans and Bonds.
(10) Adjusted EBITDA, is a non-GAAP measure, which we calculate as net income plus income tax expense, depreciation and amortization, asset retirement obligation accretion expense and finance expense less finance income, foreign currency exchange differences, other gains (losses) and the participations in earnings of associates (refer to note 16 to our consolidated financial statements). See "Presentation of Certain Financial and other Information" for further information on this non-GAAP measure.

	For the twelve months ended March 31,		As of and for the three-month period ended March 31,		As of and for the years ended December 31,		
	2015	2014	2015	2014	2014	2013	2012
	(ThU.S.$) (Unaudited)	*(ThU.S.$)* (Unaudited)	*(ThU.S.$)* (Unaudited)	*(ThU.S.$)* (Unaudited)	*(ThU.S.$)*	*(ThU.S.$)*	*(ThU.S.$)*
Total Debt / Adjusted EBITDA(11)	5.02	5.13	-	-	4.71	4.71	3.65
Net Debt / Adjusted EBITDA(11)	4.60	4.19	-	-	4.37	3.54	3.04
Adjusted EBITDA Reconciliation							
Income Attributable to the Shareholders of the Parent	80,938	163,026	51,330	23,301	52,909	201,321	202,933
Loss Attributable to Non-Controlling Interest	(9,409)	(5,060)	(3,055)	(2,401)	(8,755)	(2,804)	(5)
Income Tax Expense	203,599	73,001	24,947	12,150	190,802	84,525	146,778
Other Non-Operating Income (Expense)	14,725	(56,108)	(8,365)	(22,198)	892	(43,765)	(16,620)
Foreign Currency Exchange Differences	48,640	55,218	7,758	25,553	66,435	38,856	3,633
Finance Expenses	145,961	133,265	32,394	37,965	151,532	123,906	115,452
Finance Income	(10,558)	(10,353)	(2,844)	(2,776)	(10,490)	(8,962)	(8,407)
Asset Retirement Obligation Accretion Expense	4,784	4,122	1,686	1,002	4,100	4,152	2,918
Depreciation and Amortization	224,080	227,292	55,937	55,646	223,790	225,800	214,019
Adjusted EBITDA(11)	**702,760**	**584,403**	**159,787**	**128,242**	**671,215**	**623,029**	**660,701**

(11) Adjusted EBITDA, is a non-GAAP measure, which we calculate as net income plus income tax expense, depreciation and amortization, asset retirement obligation accretion expense and finance expense less finance income, foreign currency exchange differences, other gains (losses) and the participations in earnings of associates (refer to note 16 to our consolidated financial statements). See "Presentation of Certain Financial and other Information" for further information on this non-GAAP measure.

RISK FACTORS

You should carefully consider the specific factors listed below and the other information included in these listing particulars before making an investment decision. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial may also impair our business operations. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, prospects and financial condition. In that event, the market price of the notes could decline, and you could lose all or part of your investment.

Risk Factors Relating to our Company

Our operations are influenced by the economic conditions of South America and the rest of the world.

All of our operations and investments are located in South America. Our markets are located in Chile, Colombia and Argentina. Accordingly, our consolidated revenues are affected by the overall performance of the South American economy as a whole and in particular by the economies of the three countries in which we operate. If local, regional or worldwide economic trends adversely affect the economies of any of the countries in which we have investments or operations, our financial condition and results of operations could be adversely affected, preventing us from fulfilling our obligations under the notes.

Our businesses are subject to extensive governmental legislation and regulation.

As regulated electric companies, we and our equity-method investee are subject to the extensive regulation of various aspects of our businesses. We are also subject to environmental regulations, which, among other matters, require us to perform environmental impact assessments of future projects and obtain regulatory permits. As with any regulated company, we cannot assure you that the laws or regulations in the countries where we have operations or investments will not change, or will not be interpreted, in a manner that could adversely affect us or our equity-method investee or that any requested environmental approval will be granted by government authorities.

A substantial portion of our operations is conducted through subsidiaries and an equity-method investee.

We conduct a substantial portion of our operations through our subsidiaries and equity-method investee. Generally, claims of creditors of a subsidiary or an equity-method investee, guarantees issued by a subsidiary or an equity-method investee and claims of preferred shareholders of a subsidiary or an equity-method investee will have priority with respect to its assets and earnings over the claims of creditors of its parent company or other shareholders, including the notes in this offering, except to the extent that the claims of creditors of the parent company are guaranteed by the subsidiary or the equity-method investee. The notes issued in this offering are not guaranteed by any of our subsidiaries or equity-method investee. As of March 31, 2015, our subsidiaries had aggregate indebtedness of U.S.$1,952.2 million outstanding to third parties, which will effectively rank senior to the notes. Additionally, in certain circumstances the ability of each of our subsidiaries and equity-method investee to pay dividends may be restricted by, among other things, its ability to generate cash flows from operations, the laws of the jurisdiction of its incorporation, and the financing agreements to which it is a party. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt Maturity Schedule" in these listing particulars for a description of our and our subsidiaries' outstanding debt.

A significant portion of our revenues is derived from long-term energy supply contracts, and we cannot assure you that we will be able to renew these contracts on favorable terms or at all.

For the three-month period ended March 31, 2015, we derived 87.7%, 10.3% and 2.0% of our operating revenue in Chile, Colombia and Argentina, respectively, from electricity sales contracts. In Chile, our contracts are long-term in nature, currently with average terms of nine years and 12 years in the SIC and SING, respectively. In Colombia, our contracts are typically for one to four year periods and in Argentina, we currently have contracts for up to 22 months. Such contracts are entered into at the market prices prevailing at the time of execution and typically include indexation mechanisms to adjust the price based on the fluctuation in certain variables specified in each contract. In Chile, our indexation formulae adjust prices primarily based on the U.S. CPI and the price of coal and in Colombia, price indexation is linked to the Colombian PPI. We cannot assure you that we will be able to renew any such contracts upon expiration or that if we do renew such contracts, the renewal will be at prices and conditions that are as favorable as the original prices.

A significant increase in the price or interruption in the supply of fuel could have a material adverse effect on our financial condition and results of operations.

Both our and our equity-method investee's thermoelectric plants burn coal, diesel, natural gas or liquefied natural gas, or "LNG," with the cost of fuel representing a significant portion of our variable costs. Fuel costs, primarily coal, represented 40.9% and 36.4% of our total costs of sales in 2014 and 2013, respectively. Coal is purchased both locally and internationally as the primary fuel for several of our plants, including our equity-method investee Eléctrica Guacolda. Our back-up plants utilize petroleum-based fuels and our subsidiary Eléctrica Santiago is capable of alternatively utilizing natural gas, LNG or diesel. Our coal-fired facilities are efficient facilities and as such, we contract a significant portion of their production over the long term. In Chile, the generation from our gas, diesel and petroleum-based plants, including Eléctrica Santiago, is not contracted under PPAs and instead is sold in the spot market. In Argentina, TermoAndes sells both to the spot market and to Energía Plus Program customers under contracts.

We are located far from main international sources of coal and any disruption in the supply, transport and unloading of coal could impact our ability to meet our obligations under our customer contracts and consequently affect our financial performance. We do own some port facilities, thus are dependent on the performance of third parties for the unloading of coal. Although our port services contracts contain protective clauses, failure by our counterparties to fulfill these services could negatively affect our business. Failure to renew, delays in the renewal or absolute failure in the renewal of our port services contracts could negatively affect our business operations and financial results. Our coal supplies are purchased from local and international distributors through short- and medium-term contracts specifying the volume required. The inability of our suppliers to comply with the contracts could negatively affect our business. Although we do not rely on a single supplier of coal or a group of related suppliers, if a significant portion of our suppliers experience production disruptions or are unable to meet their obligations under present or future supply agreements, we may be forced to pay higher prices for the same fuel in order to meet our contractual obligations or to execute purchases in the spot market. Similarly, an extended interruption in the supply of coal, natural gas, LNG or diesel to our thermoelectric plants would adversely affect our results of operations and financial condition.

The majority of our long-term energy supply contracts with customers include indexation mechanisms that adjust prices based on fluctuations in the price of coal in accordance with the indices and adjustment periods specified under each contract, in order to align our energy sales contracts with our costs. Nevertheless, cost variations, including those related to higher coal prices would result in higher operating costs and could adversely affect our operations, at least until the higher coal costs are adequately reflected in electricity prices in the next price adjustment as defined under the applicable contract. Under the current regulated contract scenario, prices are indexed every six months using the variables selected by generators in the bid process and if a variation in a selected indexation factor would result in a change of more than 10.0% in the contract price, the regulated prices are immediately adjusted. Unregulated contracts contain indexation mechanisms bilaterally negotiated by the parties which in most cases result in monthly price adjustments.

Compliance with environmental regulations may require significant expenditures that could adversely affect our ability to expand our business and our results of operations.

Our operations are regulated by a wide range of environmental requirements in the countries in which we operate. We have made, and will continue to make, expenditures to maintain compliance with environmental laws. Failure to comply with environmental requirements can result in civil or criminal fines or sanctions, claims for environmental damages, remediation obligations, the revocation of environmental authorizations or the temporary or permanent closure of facilities. In June 2011, a new regulation on air emissions standards for thermoelectric power plants became effective. This regulation provides for stringent limits on emissions of particulate matter and gases produced by the combustion of solid and liquid fuels, particularly coal. For existing plants, including those currently under construction, the new limits for particulate matter emissions entered into effect on December 2013 while the new limits for SO_2, NO_x and mercury emissions will begin to apply in June 2016, except for those plants located in saturated or latent zones (declared as such by June 2011) where these emission limits became effective in June 2015.

In order to comply with the new emissions standards, we estimated that AES Gener would have to invest approximately U.S.$251 million and our equity-method investee Guacolda would have to invest approximately U.S.$220 million. As of March 31, 2015, we have invested U.S.$213 million and our equity-method investee Guacolda has invested U.S.$166 million. These investments are expected to conclude during 2015 for us and by 2016 for our equity-method investee Guacolda.

Some of our PPAs include clauses with respect to changes in law. Future changes in environmental laws, or in the interpretation of those laws, including new requirements related to noise, air and wastewater emissions, and new regulations or agreements related to climate or green taxes, could subject our business to the risk of higher costs, or in the worst case temporary or permanent closure of facilities, resulting from these changes and could have a material adverse effect on our business, results of operations and financial condition.

Regional and environmental authorities have the authority under Chilean law to declare areas as "latent zones" (zonas latentes) or "saturated zones" (zonas saturadas) if they deem these areas to be at risk of (in the case of latent zones), or in fact affected by (in the case of saturated zones), excessive air pollution. The practical effect of either declaration is that increases in air emissions by industries in such zones are barred, and in certain circumstances, reductions in air emissions are required. This, in turn, may require new investments or result in an increase in the costs associated with operating existing facilities or prevent the development of new facilities in the zones.

Several of the industrial areas in which our thermoelectric plants are located include latent and saturated zones with respect to certain emissions of particulate matter and sulfur dioxide, such as the Puchuncaví area, where our Ventanas, Nueva Ventanas and Ventanas IV coal facilities are located and the Metropolitan Region, where the city of Santiago and our Renca and Nueva Renca diesel and gas facilities are located. In addition, in June 2015 the Chilean Environmental Ministry issued decree No. 10 declaring the Puchuncaví area a latent and saturated zone with respect to certain other emissions of particulate matter as well. Furthermore, if we are unable to sufficiently reduce our emissions, we may be exposed to sanctions, penalties, or even temporary or permanent closure of our facilities, which could have a material adverse effect in our business. Additionally, in the future, we may have to make additional investments to reduce our emissions in these latent or saturated zones.

Natural disasters, such as earthquakes, tsunamis or floods, could impact our operational and financial condition.

Natural disasters may damage our generation facilities, adversely affecting our generation capability and increasing our cost of production. If such operational difficulties occur, we may be required to purchase energy on the spot market or enter into additional supply agreements in order to meet our contractual obligations which could negatively affect our financial condition and results of operation. We cannot assure you that natural disasters will not adversely affect our facilities in the future.

Chile and Argentina are located in seismic areas that expose our facilities to earthquakes. In 1960, 1985, 2007 and 2010, Chile suffered 9.5, 8.0, 7.7 and 8.8 magnitude earthquakes, respectively. In addition, an 8.2 magnitude earthquake with an epicenter off the coast of Iquique struck Chile in April 2014. Although strict civil work and construction codes are enforced, we cannot assure you that seismic events or other natural disasters will not damage our facilities, which could have a significant effect on our business, results of operations and financial condition.

In Chile, we experienced a mud-slide in 1987 during the construction of our Alfalfal hydroelectric plant. The mud flow damaged our existing Maitenes hydroelectric plant and the construction work in progress, causing a 12-month delay in the completion of the plant.

In May 2004, extremely high water inflow levels triggered a mud and silt avalanche at our Chivor plant in Colombia, which principally damaged one of the eight generating units of one of our two sub-facilities. This damaged unit and the other three units in that sub-facility were shut down. We were forced to de-water one of our conduction tunnels in order to conduct the maintenance work necessary for bringing these four generating units back into full service. As a result, all of our generating units were shut down simultaneously for a total of 18 days. For such period, we were forced to purchase energy in the spot market and engage in short-term agreements with other generators in order to fulfill our contractual obligations. In April 2012, there was a significant increase in the water levels of the Lengupá River where turbine waters are discharged due to substantial rainfall in the area where our

Chivor plant is located. This rainfall generated an increase in the water level of the discharge channel, which flooded the basement of the power plant and caused a 49-hour outage in 7 of the 8 units.

We maintain full all-risk property insurance for our generation assets which includes earthquake coverage for physical damage and related business interruption. However, we cannot assure you that insurance coverage would be sufficient to cover all losses or that it will continue to be available in the future.

Factors outside our control may increase the cost or delay the construction or commencement of operation of our new facilities.

The successful execution and commencement of operation of the investment projects that we are developing or constructing depends on numerous external factors, including (i) delays in obtaining regulatory approvals, including environmental permits; (ii) court rulings against governmental approvals already granted, such as environmental permits; (iii) shortages or increases in the price of equipment reflected through change orders, materials or labor; (iv) the failure of contractors to complete or commission the facilities or auxiliary facilities by the agreed-upon date; (v) opposition by local and/or international political, environmental and ethnic groups; (vi) strikes; (vii) adverse changes in the political and regulatory environment in Chile; (viii) adverse weather conditions (ix) poor geological conditions; and (x) natural disasters, accidents or other unforeseen events.

In Chile, public opposition to our development projects and those of our competitors have been growing in recent years in the form of protests and advertising campaigns against construction and legal challenges to the permits granted for the projects. Additionally, protests and advertising campaigns by local and environmental non-governmental agencies have been organized against our Alto Maipo run-of-river 531 MW hydroelectric project which is under construction. We cannot assure you that public opposition to our projects will not adversely affect their development and consequently our business, financial condition and results of operations. Any of these factors may increase the cost of our projects or cause delays in the completion or cancellation of our capital investments resulting in adverse effects on our business, results of operations and financial condition.

Lawsuits against us or our related companies could adversely affect our results of operations.

We and our related companies sell electricity on a contractual basis to several distribution companies, industrial and mining customers and electric generation companies, among others. Additionally, we enter into other legal agreements customary in the ordinary course of business. The provisions of such contracts and agreements may be disputed by the parties from time to time, and we cannot assure you that lawsuits brought against us or our related companies will not adversely affect our operations or financial condition.

On November 2014, we commenced an arbitration proceeding against our regulated customer EMEL with respect to certain disputed charges for sub-transmission under our PPA with EMEL, because of a discrepancy in the interpretation of the provisions of the Chilean Supreme Decree 14 (*Decreto Supremo No.* 14, or "DS 14"). As of March 31, 2015, unpaid charges under dispute amounted to U.S.$22.3 million. In case the arbitration outcome is adverse to our position, we could be subject to claims from other regulated customers that similarly have a different interpretation of DS14, all of which could materially impact our regulated sales and adversely affect our results of operations and financial condition. See "Business-Legal Proceedings."

The risk of mechanical failure or accidents affecting the availability of our efficient capacity could have a material adverse effect on our business.

Although we perform regular maintenance and operational enhancements to guarantee the commercial availability of our generation plants, mechanical failure or accidents could result in periods of commercial unavailability. Significant periods of unavailability of our efficient plants would require us to meet our contractual obligations by using our more expensive back-up generation or by purchasing energy on the spot market, both of which could result in higher costs that would adversely affect our results of operations and financial condition.

Our insurance policies may not fully cover damage or we may not be able to obtain insurance against certain risks.

We maintain insurance policies intended to mitigate our losses due to customary risks. These policies cover our assets against loss for physical damage, loss of revenue and also third party liability. However, we cannot assure you that the scope of damages suffered in the event of a natural disaster or catastrophic event would not exceed the policy limits of our insurance coverage. We maintain all-risk physical damage coverage for losses resulting from, but not limited to, earthquakes, fire, explosions, floods, windstorms, strikes, riots, mechanical breakdowns and business interruption. Our level of insurance may not be sufficient to fully cover all losses that may arise in the course of our business or insurance covering our various risks may not continue to be available in the future. In addition, we may not be able to obtain insurance on comparable terms in the future. We may be materially and adversely affected if we incur losses that are not fully covered by our insurance policies.

Our ability to refinance our debt facilities could be adversely affected by variations in our international and local credit ratings and for other reasons.

Our debt maturities, as well as those of our subsidiaries, in coming years include U.S.$13.5 million in the third and fourth quarters of 2015, U.S.$ 31.5 million in 2016 and U.S.$ 138.5 million in 2017. Our ability to refinance our indebtedness could be adversely affected by variations in our international and local credit ratings and by prevailing capital and financial market conditions over which we have no control. If we are unable to refinance our indebtedness, or find alternative sources of financing, we may have to restrict or reduce our business activities or plans, which could have a material adverse effect on our business, results of operations and financial condition.

A default, by us or by any of our subsidiaries, could result in all or a portion of our outstanding debt becoming immediately due and payable.

Our debt financing arrangements and those of our subsidiaries contain cross-acceleration and cross-default provisions. Under these provisions, a default or acceleration of one debt agreement may result in the default and acceleration of our other debt agreements (regardless of whether we were in compliance with the terms of such other debt agreements), providing the lenders under such other debt agreements the right to accelerate the obligations due under such other debt agreements. Accordingly, a default, whether by us or any of our subsidiaries, could result in all or a portion of our outstanding debt becoming immediately due and payable.

Our cash flows may be adversely affected by difficulties in collecting accounts receivable from our customers.

Difficulties in collecting payments for electricity supply from contract or spot market customers may adversely affect our results of operations and cash flow. In the first quarter of 2011, the SIC experienced a drought and the low hydrological conditions caused by this drought resulted in significant financial losses for one of the generators in the system. As a result, that generator was declared bankrupt. In the subsequent bankruptcy proceeding, we and our equity-method investee presented evidence that the outstanding debt owed by such generator was U.S.$3.0 million, plus applicable interest, of which we recovered U.S.$1.4 million. Additional payments are not expected and the relevant provision has been recorded.

In Colombia, we have had difficulties in collecting payments from some of our customers in the past. In response, in 2004, we developed an internal credit analysis which in some cases requires that we obtain guarantees from potential customers such as letters of credit or prepayment terms prior to the execution of contracts. In 2005, and later in 2010, during periods of extremely dry weather conditions and high spot market prices, we experienced collection problems in Colombia related to energy sales made on the spot market which were purchased by two different traders. The traders failed to pay the outstanding balances of U.S.$0.8 million and U.S.$1.3 million and as a result, we recorded a loss of both amounts in 2005 and 2010, respectively. In both cases, these traders were suspended from participating in the *bolsa* or spot market and we filed actions against the traders to attempt to recover the outstanding debt and such actions are pending. As a participant in the Colombian spot market, which is managed by a market administrator, our operations in Colombia are exposed to this risk. The market regulator has implemented and enforced rules for participating in the spot market, reducing both the exposure to, and the potential for, future defaults. Included in these regulations is a rule that spot market participants must provide one of the following guaranties to participate in the market: (i) post bank bonds or letters of credit or (ii) provide monthly prepayments which are adjusted weekly. Additionally, the market regulator has proposed a resolution providing for a solvency ratio test that measures the proportionality between the agent's market transactions and its equity. This measure seeks to ensure that agents are able to account for the derivative risks from their market operations and reduce systemic risks.

We have different reporting requirements and protections than similar companies based in the United States.

The information about us available to you will not be the same as the information available about a company required to file reports with the SEC. We disclose and comply with accounting, financial reporting and securities requirements in accordance with Chilean law and prepare our statutory financial statements in conformity with instructions and standards of preparation and presentation of financial information issued by the SVS, which are comprised of IFRS and some specific regulations issued by the SVS. There may be material differences between IFRS and U.S. GAAP.

In addition, Chilean securities laws, which govern open or publicly listed companies such as AES Gener, impose different disclosure requirements than those in the United States. Although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean securities laws and regulations are different from those in the U.S. and some investor protections available in the U.S. may not be available in the same form, or at all, in Chile.

Our business and expansion plans require significant capital expenditures.

We are committed to comprehensive operational excellence for sustainable generation which requires, among other things, continual maintenance and operational enhancements together with environmental improvements and investments at our existing plants. Additionally, we plan to continue growing with the construction of new generation plants in the markets in which we operate. We plan to fund our capital expenditures with cash generated internally from our operations combined, if necessary, with proceeds of debt and/or equity offerings in domestic and international capital markets, and any debt incurred by such offerings may rank senior to the notes. We estimate that our Alto Maipo hydroelectric project and our Cochrane, coal-fired project will require capital expenditures in excess of U.S.$ 3.4 billion on a combined basis. Financing for the total expected investment for both projects has already been arranged through project finance credit facilities with local and international banks, respectively. However, we cannot assure you that we will obtain sufficient funds from internal or external sources to fund our capital expenditure requirements in the future or in case of cost overruns at our existing projects. Our failure to generate sufficient cash flows from operations or to obtain financing at acceptable costs and terms could adversely affect or cause delays in our expansion plan.

Labor relations may negatively impact us.

As of March 31, 2015, 48.6% of our employees were represented by unions under nine separate collective bargaining agreements. Although we currently enjoy good relations with our employees and their unions, we cannot assure you that labor relations will continue to be positive or that deterioration in labor relations will not materially and adversely affect us.

The interests of our controlling shareholder could conflict with your interests.

We are currently controlled by Inversiones Cachagua SpA (*sociedad por acciones*, or shares company), a subsidiary of The AES Corporation, which has a 70.7% ownership stake in us. Our controlling shareholder is in a position to direct our management and to determine the result of substantially all matters to be decided by majority vote of our shareholders, including the election of a majority of the members of our board of directors, determining the amount of dividends distributed by us (subject to the minimum required by law), adopting certain amendments to our by-laws, enforcing or waiving our rights under existing agreements, leases and contractual arrangements and entering into certain agreements with entities affiliated with us, subject to Chilean law. As a result, circumstances may occur in which our controlling shareholders' interests in us could be in conflict with your interests as noteholders.

Our financial results can be adversely affected by foreign exchange fluctuations.

The Chilean peso, the Colombian peso and the Argentine peso have been subject to significant fluctuations in the past 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 and, although a substantial portion of our revenues in Chile is linked to U.S. dollars, 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 in the indexation of Chilean contract prices to the U.S. dollar.

As of March 31, 2015, 97.5% of our indebtedness was denominated in U.S. dollars, but only 87.8% of our revenues for the three-month period ended on March 31, 2015 were denominated in U.S. dollars. As a result, a devaluation of the Colombian peso or the Argentine peso in relation to the U.S. dollar may adversely affect our financial condition and results of operations. In addition, in Argentina, TermoAndes' energy spot sales are denominated in Argentine pesos, while contract sales under the Energía Plus Program are linked to U.S. dollars and payable in Argentine pesos.

Since the U.S. dollar is our functional currency for IFRS reporting purposes, our financial results in IFRS are not affected by foreign exchange fluctuations, except for those asset, liability and cost line items expressed in Chilean pesos and other non-U.S.-denominated currencies, such as VAT receivables, salaries and wages, consultant fees, import duties and onshore payments to EPC contractors related to project construction costs, among others. Consequently, an appreciation of the Chilean peso would have a negative effect on our cost structure in U.S. dollar terms.

Inflation and government measures to curb inflation may adversely affect the countries in which we operate and have an adverse effect on us.

Chile, Colombia and Argentina have experienced high levels of inflation in the past in accordance with statistics published by the International Monetary Fund (the "IMF"). In Chile, the Chilean consumer price index increased by 4.6%, 2.8% and 1.5%, in 2014, 2013 and 2012, respectively. In Colombia, the consumer price index increased by 3.7%, 1.9% and 2.4%, in 2014, 2013 and 2012, respectively. In Argentina, the official consumer price index increased by 23.9%, 10.9% and 10.8%, in 2014, 2013 and 2012, respectively. Although inflation rates were relatively low in Chile and Colombia in recent years, we cannot assure you that this trend will continue. Measures taken by the governments in these countries to control inflation could restrict the availability of credit and impede economic growth. Periods of higher inflation may also slow the growth rate of these economies, which could lead to reduced demand for our generation and decreased sales. Inflation is also likely to increase some of our costs and expenses, and we may not be able to fully pass such increases on to our customers, which could have a material adverse effect on us.

Risk Factors Related to Our Chilean Operations

We are substantially dependent on economic conditions prevailing in Chile.

For the three-month period ended March 31, 2015, 79.2% of our consolidated gross profit was derived from our operations in Chile. Accordingly, our financial condition and results of operations are dependent upon economic conditions prevailing in Chile. Although the Chilean economy proved resilient during the recent international economic crisis, it is smaller than the economies of certain other South American countries. Additionally, economic conditions in Chile are substantially dependent on exports of raw materials, such as copper, which depend on international commodity prices. As commodity prices go down, copper exports decrease, thereby decreasing the generation demand of our mining customers, which in turn may negatively affect our sales and results of operations. In addition, we cannot assure you that the Chilean economy will continue to grow in the future or that future developments in the Chilean economy will not materially and adversely affect our business, financial condition or results of operations or our ability to fulfill our obligations under the notes.

The Chilean government has modified, and has the ability to modify, monetary, fiscal, tax and other policies that influence the Chilean economy. For additional information concerning the recent changes to the Chilean tax regime, see "Taxation."

We are dependent on hydrological conditions in Chile.

Our hydro-electric assets in Chile currently account for 7.9% of our installed capacity in Chile, and we expect this to rise to 17.2% with the completion of the Alto Maipo project. Our hydro-electric operations are run under existing water rights in Chile. The AES Gener plant consists of 11 units totaling 271 MW distributed in 4 run-of-river facilities.

Because 7.9% of our current installed capacity and 17.2% of our future installed capacity in Chile is run-of-river hydroelectric, we are dependent on the prevailing hydrological conditions in the Andean region and the impact on the snow-melting season. Hydrological conditions largely influence our plant's dispatch and the spot prices in the SIC at which we sell our non-contracted electricity generation in Chile. Accordingly, adverse hydrological conditions could have a material adverse impact on our business, results of operations and financial condition.

Restrictions in transmission systems could affect our contract prices.

Our generation facilities are connected to the main two Chilean grids, the SIC and SING. We provide this energy utilizing existing transmission lines that by law have an open access policy. Consequently, we can dispatch energy to a substation and our customers can withdraw such energy in another substation closer to their facilities. In the event there are transmission restrictions due to technical or design conditions, our ability to supply energy to our customers could be limited and could materially affect our business and financial condition.

We may face increased competition and increased costs by the time the SING and the SIC are interconnected in the future.

If the SING and the SIC are interconnected, which is expected to be fully implemented no later than 2020, we will face expanded competition for customers with electrical generators from both the SING and the SIC. For example, power generating companies from both the SIC and the SING would participate in the bidding process for regulated customers. In addition, the interconnection of the SING and the SIC may lead to increased costs for all participants, as a toll may be imposed for the utilization of the interconnected transmission lines. Also, there is currently uncertainty as to who will be responsible for the costs associated with any such interconnection of the grids, whether generators, customers, or both. In case such costs are to be borne by generators, and we are not able to fully pass through such costs to our customers, our results of operations and our financial conditions could be adversely affected.

Regulatory authorities may impose fines on us or our subsidiaries as a result of energy supply failures.

We may be subject to regulatory fines in Chile for breach of current regulations, including the system experiencing a blackout and/or a delay in reestablishing energy after a blackout. All electricity companies participating in the CDECs may be subject to these fines if a system blackout results from any generator's or the transmission system operator's operational mistake, including failures related to the coordination of duties of system participants. A power generation company may also be obligated to make compensatory payments to regulated customers affected by electricity shortages or to unregulated customers, if the corresponding contract requires such payments.

The Ministry of Energy may dictate a rationing decree when an electricity system is facing or is expected to face a generation deficit as a consequence of prolonged breakdown of generating units, or as a consequence of a drought or as a result of unusually high demand. If a rationing decree is enacted, fines may be imposed on power generation companies that do not comply with the measures ordered in the decree. Moreover, if the company is forced to purchase energy at the spot market during periods when a rationing decree is in effect such purchases will be valued at the cost of system failure. Failure costs are the average costs incurred by final users in providing one kWh by their own means and are predictably much higher than costs of production.

The Chilean Government's heightened requirements regarding the use of NCREs may lead to increased competition and increased volatility in spot prices.

As the Chilean Government heightens its requirements regarding the use of NCREs, see "Regulation – Chilean Electricity Framework — Environmental Regulation," we expect new participants in the renewable energy sector to enter the SIC and the SING. Specifically, the current regulatory framework targets a 20% NCRE power generation requirement by 2025. If new participants enter the SIC or the SING, we could experience downward pricing pressure, including pressure from our unregulated customers to renegotiate our PPAs, which could have a material adverse effect on our profit margins, thereby adversely affecting our business, financial condition and results of operations. In addition, NCREs are likely to lead to very low spot prices at certain times of the day and very high prices at other times, particularly at night. This may create additional volatility in spot prices and may have a negative impact on our financial condition and results of operations.

If Argentina were to liberalize natural gas exports to Chile, our results of operations and financial condition could be adversely affected.

Argentina began to gradually restrict natural gas exports in 2004 and ultimately suspended such exports in 2007. In connection therewith, exports to Chile were restricted and Chilean power generating companies were forced to substitute natural gas with other fuels. If Argentina were to liberalize natural gas exports to Chile in the future, these power generating companies may return to use gas as their primary fuel, thereby potentially offering a cheaper energy option to Chilean industrial and mining companies, including our existing customers. If this situation were to materialize when our PPAs expire, to the extent we are unable to negotiate new PPAs on similar terms, our energy and capacity sales could decrease and our results of operations and financial condition could be adversely affected.

Future increases in the corporate tax rate in Chile or additional modifications to the Chilean tax system to finance future social reforms may have a material adverse effect on us.

On September 29, 2014, Law No. 20,780 was published in the Official Gazette (hereinafter, the "Tax Reform"), introducing the most significant amendments to the Chilean tax system over the last 30 years and strengthening the powers of the Chilean Internal Revenue Service (the *Servicio de Impuestos Internos,* "Chilean IRS") to control and prevent tax avoidance. One of the main purposes of this reform was to finance a major educational reform under discussion in the Chilean Congress.

The Tax Reform contemplates, among other matters, changes to the corporate tax regime by allowing coexistence of two alternative tax regimes. Starting on January 1, 2017, Chilean companies will be able to opt between the following two tax regimes: (i) the semi-integrated regime (*parcialmente integrado*); or (ii) the attributable taxation regime (*renta atribuida*). Under both regimes, the corporate tax rate will gradually increase from 22.5% in 2015 to 24% in 2016. In 2017, depending on the tax regime chosen by the company, tax rates will be increased to 25% (in the case of the attributable taxation regime) and 25.5% (in the case of the semi-integrated regime). On or after January 1, 2018, the maximum tax rate applicable to the semi-integrated regime will be increased to 27%. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Chilean Tax Reform."

As a corporation (*sociedad anónima*), the default taxable regime that applies to us is the semi-integrated regime, unless at a future shareholders' meeting our shareholders agree to opt for the attributable taxation regime. The effect of the increase in the corporate tax rate caused a one-time increase in our net deferred tax liability, resulting in a negative, one-time, non-cash impact of U.S.$111.3 million in our statement of income for the year ended December 31, 2014. We cannot assure you that the manner in which the corporate tax rate are currently interpreted by the Chilean IRS and applied will not change in the future. In addition, the Tax Reform may have other consequences on us, and there can be no assurance that the corporate tax rate will not be adjusted in the future in order to finance future social reforms to be promoted by the Chilean Government resulting in a material adverse effect on our business, financial condition and results of operations.

Specific Tax on Air Emissions.

The Tax Reform also establishes a new tax on emissions of particulate matter, nitrogen oxide, sulfur dioxide and carbon dioxide by establishments whose stationary sources, such as boilers or turbines, have individually or in the aggregate, thermal power over or equal to 50 MW, which is applicable to us.

The tax applicable to carbon dioxide emissions will be U.S.$5 per emitted ton, while the tax on nitrogen oxides, sulfur dioxide and particulate matter will be U.S.$0.1 per emitted ton, multiplied by a predetermined formula which considers the dispersion factor of the polluter, the social cost per capita of the polluter, and the population of the county. This tax will be assessed and paid on an annual basis for the emissions of the prior year, beginning in 2018 for the 2017 emissions.

Some of our PPAs include clauses related to changes in laws; however, we may be unable to pass all of the increased costs of this specific tax on air emissions to our customers under the change-in-law provisions in our PPAs. If we are unable to do so, our business, financial condition and results of operations may be adversely affected.

The Chilean Government's current agenda includes several changes to the constitution and laws which are significant for our operations, such as legislation on labor and water rights, that may have a negative impact on our business and financial condition.

The Chilean government has announced that it will start a constitutional process in order to approve a new constitution that replaces the current Chilean constitution. Likewise, the current agenda of the Chilean Government includes changes to several laws which are significant to our operations, such as legislation on labor and water rights. On labor legislation, some of the most significant changes include a strengthening of labor unions and collective bargaining by (i) simplifying the collective bargaining process; (ii) prohibiting employers from replacing employees during a legal strike; and (iii) automatically extending union benefits to new employees upon becoming union members. On water rights, some of the most significant changes include (i) providing a term after which such rights will expire, (ii) limiting the use of water in special situations, and (iii) establishing forfeiture of such rights for failure to use them. While it is not clear whether or when any of these changes will result in a new constitution or lead to changes in law, if they do they may have a negative impact on our business and financial condition.

The Chilean government has published an electricity agenda that may lead to significant changes in the industry.

The Chilean government recently published an electricity agenda which sets out public directives regarding the future development of the Chilean electricity industry. This agenda includes changes to the Chilean electricity regulation framework that may alter the conditions under which we currently develop our business. Some of the legal and regulatory modifications called for by this agenda have already been enacted and published, while others are pending discussion or have not yet been scheduled to be discussed in the Chilean Congress or have been adopted by the applicable regulatory authorities. Some of the key changes already in force include an administrative regulation establishing the pricing scheme for the supply of electricity to regulated customers that are not covered by a distribution PPA and revisions to the tender process in respect of new projects to supply electricity to regulated customers. Additionally, the agenda calls for modifications to the transmission tolls structure, which could result in higher tolls and have an impact on our business. See "Regulation—Chilean Government's New Electricity Agenda." These changes or any future change, to the extent we are unable to pass through any increased costs to our customers under our PPAs, could have a material adverse effect on our financial condition, operations and business.

Risk Factors Related to Our Colombian Operations

Our financial condition and results of operations are dependent on economic and political conditions prevailing in Colombia.

We generate a significant portion of our consolidated operating revenue and consolidated operating income in Colombia. For the three-month period ended March 31, 2015, and for the years ended December 31, 2014 and 2013, our Colombian operations accounted for 25.6%, 49.0% and 40.9%, respectively, of our consolidated gross profit. As a result, economic conditions in Colombia have a significant impact on our results of operations and financial condition.

According to preliminary figures from the IMF, the Colombian fiscal deficit for 2014 is estimated to be 5.0% of GDP and is estimated to be 5.8% of GDP in 2015. Due to the volatility in the current global economic environment, no assurances can be given concerning actual results for 2015 and beyond.

A significant decline in the economic growth of the world economy or of any of Colombia's major trading partners, such as the United States, Venezuela, or the European Union, or deterioration in trading relationships could have a material adverse impact on Colombia's balance of trade and adversely affect the country's economic growth.

Our Colombian subsidiary, AES Chivor, is a partnership limited by shares (*sociedad en comandita por acciones*) registered as a utility company under the laws of Colombia. Most of AES Chivor's assets and income are located or earned in Colombia and denominated in Colombian pesos. AES Chivor's assets and income are subject to political, economic and other uncertainties, including expropriation, nationalization, and renegotiation or voiding of existing contracts, currency exchange restrictions and international monetary fluctuations. Accordingly, AES Chivor's financial condition and results of operations depend significantly on macroeconomic and political conditions prevailing in Colombia. We cannot assure you that any crises, such as those described above, or similar events will not negatively affect Colombia's economy and consequently our operations in Colombia.

We are dependent on hydrological conditions in Colombia.

Our principal asset in Colombia consists of the 1,000 MW AES Chivor dam-based hydroelectric facility which is located in the east central region of Boyacá, about 160 km east of Bogotá.

Given our geographic location in Colombia, our basin's hydrology consists of one rainy season from May to November, during which our reservoir is filled, and one dry season from December to April, during which our energy generation rate exceeds the water inflow rate and our reservoir is drained. This differs from the hydrology of the Andean region, where most of our hydroelectric competitors are located, which consists of two rainy seasons and two dry seasons. Because 100.0% of our installed capacity in Colombia is hydroelectric, we are dependent on the prevailing hydrological conditions in the geographic region in which we operate. Hydrological conditions largely influence our generation and the spot prices at which we sell our non contracted generation in Colombia. Our physical sales are typically lower during adverse hydrological conditions as a result of reduced hydroelectric generation capacity. Therefore, adverse hydrological conditions could have a material adverse effect on our business, results of operations and financial condition.

There have been certain events in Colombia and abroad, which have resulted in political tensions between Colombia and some of its neighboring countries.

Diplomatic relations between Colombia and some of its neighboring countries, in particular Ecuador and Venezuela, have been tense in the past. These political tensions were heightened by the Colombian Government's allegations that neighboring countries were supporting the guerilla groups, as well as by claims made by Venezuela stating that the Colombian army has entered its territory while in pursuit of the FARC (*Fuerzas Armadas Revolucionarias de Colombia*) members. Although relations with these countries have stabilized, there can be no assurance that similar allegations that may result in new and heightened tensions with Colombia's neighbors would not be made again as was done in the past, and would not have a negative impact on Colombia's economy and general security situation.

The Colombian electricity power industry has been adversely affected by guerilla attacks in the past.

Guerilla organizations have long been active in Colombia. In many remote regions of the country that have traditionally lacked an effective government presence, the guerillas have exerted influence over the local population. In recent years, the guerilla organizations have employed acts of terrorism to draw attention to their causes. Despite efforts by the Colombian government to address the situation, Colombia continues to be affected by social friction and violence related to guerilla activity in some regions of the country, particularly in the Southwest and Northeast. In the past the guerrilla actions which have affected the energy sector have primarily been attacks to power towers which, in certain cases, have led to short-term regional power outages and/or transmission restrictions which increased the cost of power to end users.

The Colombian Government is currently holding peace negotiations with Colombia's largest guerrilla group, FARC, and is expected to start negotiations with the ELN (*Ejército de Liberación Nacional*) group.

Although our Colombian facilities have never been subject to attacks by any guerilla group, we cannot assure you that such attacks will not occur in the future.

New or higher taxes resulting from changes in tax regulations or the interpretation thereof in Colombia could adversely affect our results of operations and financial condition.

New tax laws and regulations, and uncertainties in the interpretation of existing and future tax policies pose risks to us. On December 23, 2014, a tax reform was enacted in Colombia. Its impacts include among others, a permanent increase in the income tax rate from 33% to 34%, a temporary increase in equity tax surcharge (*Impuesto sobre la Renta para la Equidad CREE*) over four years of 5% in 2015, 6% in 2016, 8% in 2017 and 9% in 2018, and the introduction of a temporary wealth tax over three years at rates of 1.15% in 2015, 1% in 2016 and 0.4% in 2017. Additionally the tax on financial transactions that was scheduled to be phased out following 2014 has been continued at a 0.4% rate until 2018, falling to 0.3% in 2019, 0.2% in 2020 and 0.1% in 2021. The impact that these changes in Colombian income tax regulations had on us (recorded under IFRS) during 2014 was an additional deferred tax expense of U.S.$ 2.9 million. Furthermore, we cannot offer any certainty about the impact of this reform after such period as the government may choose to extend the temporary measures mentioned above, which could have a material adverse effect on our business, results of operations and financial condition in Colombia.

In addition, tax authorities and tax courts may interpret tax regulations differently than we do, which could result in tax litigation and associated costs and penalties. Any change in the tax law or interpretation of the existing laws could have an adverse effect on our results of operations and financial condition.

Risk Factors Related to Our Argentine Operations

Argentine economic and political conditions may have a direct impact on our business.

Some of our operations, properties and customers are located in Argentina, and, as a result, our business is to some extent dependent upon economic conditions prevailing in Argentina. The changes in economic, political and regulatory conditions in Argentina and measures taken by the Argentine government have had and are expected to continue to have an impact on us.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and currency devaluation. Between 2001 and 2003, Argentina experienced a period of severe political, economic and social crisis. In 2002, enactment of Law No. 25,561 (the "Public Emergency Law") ended more than a decade of uninterrupted Argentine peso/U.S. dollar parity and the Argentine peso has fluctuated significantly since then. See "Exchange Rates."

The global economic crisis of 2008 led to a sudden deceleration of the economy, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures and a lack of consumer and investor confidence. According to the IMF, Argentina's gross domestic product grew by 0.5% in 2014, 2.9% in 2013 and 0.8% in 2012. We cannot assure you that GDP will increase or remain stable in the future. Moreover, in light of the IMF projection of an approximate 0.3% drop in GDP for 2015, there is uncertainty as to whether Argentina may sustain prolonged economic growth. The recent economic crisis in Europe and the uncertainties of the political future based on recent elections, among other factors, may affect the development of the Argentine economy and have an adverse effect on us.

Presidential elections in Argentina are scheduled for October 2015. During an election year, Argentine capital markets often experience volatility attributed to uncertainty regarding public policies to be enacted and carried out by the new government. The continuity of the current administration and its economic and other policies cannot be assured. The result of the elections and other political factors, as well as possible changes in Argentine economic policies, may adversely affect the economy and, thus, our business and results of operations.

Argentina's tax regulations are susceptible to differing and changing interpretations as well as future modifications.

Argentine federal, provincial and other local authorities have interpreted some tax regulations differently from private companies and have also changed their interpretations and implemented new tax regimes over time. Some of these changes may result in increases in our tax payments, which could adversely affect industry profitability and increase the prices of our energy generation, restrict our ability to do business and cause our financial results to suffer. We cannot assure you that we will be able to maintain our projected cash flows and profitability following any increases in Argentine taxes, due to changes in the tax laws or their interpretation, applicable to us and our operations.

Argentina's legal regime and economy are susceptible to changes that could adversely affect the operations of our TermoAndes facility located in Argentina.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth and high and variable levels of inflation. Argentina is still experiencing high levels of poverty and unemployment leading to social and political tensions that could create political and economic instability. TermoAndes' assets and income are subject to political, economic and other uncertainties, including expropriation, nationalization and renegotiation or voiding of existing contracts, currency exchange restrictions and international monetary fluctuations. Accordingly, TermoAndes' financial condition and results of operations depend significantly on macroeconomic and political conditions prevailing in Argentina and we cannot assure you that future developments in the Argentine economy will not materially and adversely affect our business, financial condition or results of operations.

The Argentine government has intervened in the electricity sector in the past and is likely to continue intervening.

To address the 2001-2002 Argentine economic crisis, the Argentine Congress enacted the Public Emergency Law and other regulations, which made a number of material changes to the regulatory framework applicable to the electricity sector. Such changes included the conversion to Argentine pesos and freezing of tariffs, the cancellation of inflation adjustment mechanisms and the introduction of a complex pricing system in the wholesale electricity market (*Mercado Eléctrico Mayorista* or "MEM"), which materially affected electricity generators, transporters and distributors, and generated substantial price differences within the market.

The Argentine government continues to intervene in this sector, including granting temporary margin increases, establishing maximum spot prices for transfers among generators, proposing a new social tariff regime for residents of poverty-stricken areas, creating specific charges to raise funds that are transferred to government-managed trust funds that finance investments in distribution, generation and transmission infrastructure and mandating investments for the construction of new generation plants and expansion of existing transmission and distribution networks.

In March 2013, the Secretary of Energy released Resolution 95/2013, which affects the remuneration of generators whose sales prices had been frozen since 2003. This resolution converted the Argentine electricity market into a compensation system in which prices are aligned with generators' costs of production, increasing revenues of generators who were not selling their production under another scheme of contracts such as under the Energía Plus Program or under PPAs with CAMMESA. We do not expect this amendment to have an impact on TermoAndes' operations because Note 2053, issued by the Ministry of Energy in March 2013, states that TermoAndes' units will not be affected. In addition, in May 2014, the Secretary of Energy released Resolution 529/2014, which updates the prices set forth in Resolution 95/2013 and maintains that TermoAndes' units will not be affected.

However, we cannot assure you that other measures that may be adopted by the Argentine government will not have a material adverse effect on our business, financial condition and results of operations or that the Argentine government will not adopt emergency legislation in the future similar to the Public Emergency Law, or other similar resolutions that may further increase our regulatory obligations, including increased taxes, unfavorable alterations to our tariff structures and other regulatory obligations, compliance with which would increase our costs and have a direct negative impact on our financial condition and results of operations.

Exchange controls, transfer restrictions and other policies of the Argentine government have limited and can be expected to continue to limit the availability of international and local credit or otherwise adversely affect our business, as well as our ability to repay the notes.

During 2011, capital flight from Argentina amounted to U.S.$21.5 billion, a sharp increase of 90% compared to 2010. A historical account surplus has been eroded by a deterioration in the balance of the energy trade which reached a deficit of U.S.$3 billion in 2011 after years of surplus. After the 2011 presidential elections, the Argentine government responded to the increasing dollar demand by restricting access to foreign currency to companies and individuals. By implementing these foreign currency restrictions, the Argentine government has succeeded in slowing foreign currency outflows and in partially improving Argentina's balance of payments. However, these measures have impeded growth and credibility and have raised inflation.

The official foreign exchange rate as of March 31, 2015 was AR$/U.S.$ 8.8. Formal access to this market is allowed for payment of imports of goods and services, financial debt repayment, dividend payments and travel expenses. Access to this market is not only regulated by the Central Bank but is also currently subject to informal restrictions. These informal restrictions apply to dividend payments and travel expenses, where there is a total closure of the market. In the opinion of many market analysts, there is no expectation that the authorities will lift these formal and informal restrictions until the next presidential election in October 2015.

If local currency restrictions against the purchase of the U.S. dollar in Argentina continue, it would likely adversely affect our financial condition and could adversely affect our ability to fulfill our obligations under the notes.

Risks Relating to the Notes

The notes are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.

The offer and sale of the notes have not been registered under the Securities Act or the securities law of any other jurisdiction and the notes are being offered and sold only to qualified institutional buyers within the meaning of Rule 144A under the Securities Act and in offshore transactions to persons other than U.S. persons pursuant to Regulation S under the Securities Act. The notes will constitute a new issue of securities with no established trading market. If a trading market does not develop or is not maintained, holders of the notes may experience difficulty in reselling the notes or may be unable to sell them at all. Accordingly, an active trading market for the notes may not develop.

The notes cannot and will not be publicly offered or sold to persons in Chile, and may be privately offered or sold in Chile only in circumstances which have not resulted and will not result in a public offering under Chilean law, and/or in compliance with SVS Rule 336. See "Notice to Chilean Investors." The definition of a public offering of securities under Chilean law includes both offers directed to the general public and offers directed to a part or specific group thereof. We are not required and do not expect to register the notes with the SVS.

Application has been made to list the notes on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. We cannot assure you, however, that such application will be accepted, or if accepted, that the notes will remain listed. In addition, trading or resale of the notes may be negatively affected by other factors described in these listing particulars. As a result, we cannot assure you as to the liquidity of any trading market for the notes and, accordingly, you may be required to bear the financial risk of your investment in the notes indefinitely. The notes may also trade at a discount from their initial issue price. If a trading market were to develop, future trading prices of the notes may be highly volatile and will depend on many factors, including:

- the number of holders of notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes;

- prevailing interest rates; and
- economic, financial, political, regulatory or judicial events that affect us or the financial markets generally.

Changes in Chilean tax laws could lead to the redemption of the notes by us.

Payments of interest in respect of the notes made by us to foreign holders will be subject to Chilean interest withholding tax, currently at a rate of 4.0%. Subject to certain exceptions, we will pay additional amounts so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. Under the indenture, the notes are redeemable at our option, in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts due thereon if, as a result of changes in the laws or regulations affecting Chilean taxation or any jurisdiction from or through which any payment under the notes is made, we become obligated to pay additional amounts in excess of 4.0% on the notes. Although no proposal to increase the withholding tax rate in Chile is currently pending, we cannot assure you that an increase in withholding tax rate will not be presented to or enacted by the Chilean Congress. See "Description of the Notes—Optional Redemption—Tax Redemption."

There are restrictions on your ability to transfer the notes.

We have not registered, and will not register, the notes under the Securities Act, the Securities Market Law or any other applicable securities laws. The offering of the notes will be made pursuant to exemptions from, and in transactions not subject to, the registration provisions of the Securities Act and the Chilean Securities Market Law and from state securities laws that limit who may own the notes. Accordingly, the notes are subject to certain restrictions on resale and other transfers thereof. In particular, all U.S. persons who acquire the notes or interests therein must be "qualified institutional buyers" as defined in Rule 144A under the Securities Act. Due to these transfer restrictions, you may be required to bear the risk of your investment in the notes for an indefinite period of time.

To enforce the restrictions on transfers of the notes and interests therein, we may demand that any holder of notes or of interest therein who is not (i) a "qualified institutional buyer" or (ii) a non-U.S. person sell to a holder that meets such criteria, and if the holder of notes or interest therein does not comply with such demand, we may sell such holder's note or interest therein on such terms as we or the trustee, as the case may be, may choose. If a holder of notes or interest therein is forced to sell its note or interest therein, or if we sell a holder's note or interest therein, the price such holder may receive for the sale could be lower than the price paid for the notes. See "Transfer Restrictions."

We may incur additional indebtedness ranking equally to the notes or secured indebtedness.

The indenture does not limit our ability to issue additional debt that ranks on an equal and ratable basis with the notes. If we incur any additional debt that ranks on an equal and ratable basis with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. Subject to certain limitations, we also have the ability to incur collateralized debt and such debt would be effectively senior to the notes to the extent of such collateral. See "Description of the Notes—Covenants—Limitation on Liens."

The notes will be structurally junior to the indebtedness and other liabilities of our future and existing subsidiaries.

The notes will be structurally subordinated to the outstanding indebtedness and other liabilities of our future and existing subsidiaries, including Eléctrica Angamos, Eléctrica Ventanas, Eléctrica Campiche, AES Chivor, Eléctrica Cochrane and Alto Maipo. Assuming we had completed the transactions described under "Capitalization" on March 31, 2015, the notes offered hereby would have been structurally junior to U.S.$1,952.2 million of indebtedness and other liabilities of our subsidiaries. If one of these subsidiaries were to be liquidated, the creditors of that subsidiary would be paid in full from the assets of the liquidated subsidiary before holders of notes would be paid from those assets.

The obligations under the notes will be subordinated to certain statutory liabilities.

Under the Chilean Bankruptcy Law, the obligations under the notes are subordinated to certain statutory priorities. In the event of liquidation, such statutory priorities, including, but not limited to, claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes.

Enforcing your rights as a noteholder in Chile may prove difficult.

We are organized under the laws of Chile and our principal place of business is in Chile. Four of our seven directors and all of our officers and controlling persons reside outside of the United States. In addition, all of our assets are located outside of the United States. As a result, it may be difficult for holders of notes to effect service of process within the United States on such persons or to enforce judgments against them or us, including in any action based on civil liabilities under the U.S. federal securities laws. Based on the opinion of our Chilean counsel, there is doubt as to the enforceability against such persons in Chile, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. See "Enforcement of Foreign Judgments."

In addition, your rights under the notes will be subject to the insolvency and administrative laws of Chile, and we cannot assure that you will be able to effectively enforce your rights in any bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Chile may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third party and related party creditors', ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Chile may not be as favorable to your interests as the laws of those jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Chilean laws should apply. Such issues may adversely affect your ability to enforce your rights under the notes in Chile or limit any amounts that you may receive.

Exchange controls and restrictions on foreign currency remittance could impede our ability to make payments under the notes.

Exchange control risks include availability risk, the risk that even though we have sufficient Chilean peso-denominated revenues to meet our obligations, U.S. dollars are not available for conversion; convertibility risk, the risk that a Chilean Government entity will restrict, condition or terminate our legal right to convert Chilean pesos into U.S. dollars; and transferability risk, the risk that a Chilean Government entity will allow us to convert currency into U.S. dollars, but will place restrictions or prohibitions on those U.S. dollars leaving the country. Although Chile has not been affected by exchange controls since 1999, we cannot assure that exchange controls may not be imposed in the future. For more information, see "Exchange Controls in Chile."

Chilean issuers are authorized to offer securities internationally complying with the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Chilean Central Bank ("Chapter XIV", and the "Chilean Central Bank Compendium", respectively), including the obligation to provide certain information to the Chilean Central Bank. See "Exchange Controls in Chile." Under Chapter XIV of the Chilean Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof shall affect foreign investors who have acquired the notes.

There can be no assurance that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars; or further restrictions applicable to us which affect our ability to remit U.S. dollars for payment of interest or principal on the notes. There can be no assurance that restrictions applicable to the holders will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed.

Neither the indenture governing the notes nor the notes provide any protection with respect to change of control transactions, which may adversely affect you in the event of a change of control transaction.

Neither the indenture governing the notes nor the notes provide any protection with respect to change of control transactions, other than certain limited requirements in connection with a merger, consolidation or transfer of properties and assets substantially as an entirety. The absence of protections may adversely affect you in the event of a change of control transaction, including a reorganization, restructuring, merger or other similar transaction involving us. These transactions may not involve a change in voting power or beneficial ownership. Neither the indenture governing the notes nor the notes contain provisions that permit the holders of the notes to require us to repurchase the notes in the event of a change of control transaction.

The ratings of the notes may be lowered or withdrawn depending on various factors.

One or more independent credit rating agencies may assign credit ratings to the notes. The ratings address the risk of default of payment of interest on each payment date. The ratings of the notes are not a recommendation to purchase, hold or sell the notes and the ratings do not comment on market price or suitability for a particular investor. Ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued.

The ratings of the notes are subject to change and may be lowered or withdrawn. We cannot assure you that ratings will remain in effect for any given period of time or that ratings will not be lowered, suspended or withdrawn entirely by the ratings agencies, if, in the judgment of rating agencies, circumstances so warrant. A downgrade in or withdrawal of the ratings of the notes will not be an event of default under the indenture governing the notes. The assigned ratings may be raised or lowered depending, among other things, on the rating agency's assessment of our financial strength, as well as its assessment of Chilean sovereign risk generally. Any lowering, suspension or withdrawal of ratings may have an adverse effect on the market price and marketability of the notes.

Developments in other emerging markets may adversely affect the market value of the notes.

Emerging markets, such as Chile, are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Chile and adversely affect the price of the notes. Moreover, financial turmoil in any emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Chile and adversely affect the Chilean economy in general, and the interest of investors in the notes in particular. We cannot assure you that the value of the notes will not be negatively affected by events in other emerging markets or the global economy in general.

EXCHANGE RATES

Chile

Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market comprises banks and other entities authorized by the Chilean Central Bank (*Banco Central de Chile*). The Informal Exchange Market comprises entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others.

Both the Formal and Informal Exchange Markets are driven by free market forces. The Chilean Central Bank is empowered to determine that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market. Current regulations require that the Chilean Central Bank be informed of certain transactions and that these transactions be effected through the Formal Exchange Market.

The U.S.$ Observed Exchange Rate (*dólar observado*), which is reported by the Chilean Central Bank and published on each Chilean Business Day in the Chilean official gazette (*Diario Oficial*), is the weighted average exchange rate of the previous Business Day's transactions in the Formal Exchange Market. The Chilean Central Bank has the power to intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the U.S.$ Observed Exchange Rate within a desired range. During the past few years, the Chilean Central Bank has attempted to keep the U.S.$ Observed Exchange Rate within a certain range only under special circumstances. Although the Chilean Central Bank is not required to purchase or sell dollars at any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as well.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the "Informal Exchange Rate"). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the U.S.$ Observed Exchange Rate. In recent years, the variation between the U.S.$ Observed Exchange Rate and the Informal Exchange Rate has not been significant. On July 22, 2015, the U.S.$ Observed Exchange Rate was Ch$651.17 per U.S. dollar.

The following table sets forth the annual low, high, average and period-end U.S.$ Observed Exchange Rate for U.S. dollars for each year starting in 2012, and on a monthly basis (except as provided below) for the previous six months in 2015, as reported by the Chilean Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

U.S.$ Observed Exchange Rates (Ch$ per U.S.$1.00[(1)])

	High[(2)]	**Low[(2)]**	**Average[(3)]**	**Close[(4)]**
2012	519.69	469.65	486.31	479.96
2013	533.95	466.5	498.83	524.61
2014	621.41	524.61	570.01	607.38
2015				
January	629.09	606.75	620.91	626.48
February	632.19	616.86	623.62	617.67
March	642.18	617.38	628.50	626.87
April	626.58	606.39	614.56	606.82
May	617.45	597.10	607.60	617.45
June	637.80	616.66	629.99	634.58
July (through July 22)	652.40	636.39	644.44	651.17

(1) Nominal figures (*i.e.*, not adjusted for inflation).
(2) Exchange rates are the actual high and low, on a day-by-day basis, for each period.
(3) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period. The monthly average rate is calculated on a day-to-day basis for each month.
(4) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

Source: Chilean Central Bank

We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

Colombia

In 1990, the Colombian government initiated a policy of gradual currency liberalization. Foreign currency holdings abroad were permitted and, in a series of decrees, control of the exchange rate was shifted from the Central Bank to the spot foreign exchange market.

The general principles that govern Colombia's legal aspects concerning general foreign exchange and international investments regulations ("FX Regulations") were established by Law 9 of 1991. Based on the general authority granted to the Colombian Central Bank pursuant to this law, the Board of Directors of the Colombian Central Bank enacted Resolution 8 of 2000 (hereinafter "Resolution 8," as amended) which is considered to be the main framework governing Colombia's FX Regulations.

Resolution 8 establishes two types of markets for foreign currency exchange: (i) the free market, which consists of all foreign currencies originated in sales of services, donations, remittances and all other inflows or outflows that do not have to be channeled through the FX Market (as defined in numeral (ii) below) (the "Free Market"), and which also includes assets and investments abroad, including the profits, owned by Colombian residents prior to September 1, 1990; and (ii) the controlled market (the "FX Market"), which consists of (a) all foreign currencies originated in operations considered to be operations of the FX Market, which may only be transacted through foreign exchange intermediaries or through the registered compensation accounts mechanism ("Compensation Accounts"), or (b) foreign currencies. Compensation Accounts are accounts opened abroad by Colombian residents (individuals and legal entities), which are registered with the Colombian Central Bank in order to channel foreign currency originated in controlled operations of the FX Market. Although foreign currencies are not required to be bought from a foreign exchange, including through the FX Market, they are voluntarily channeled through such market.

Colombian law allows the Colombian Central Bank to intervene in the foreign exchange market if the value of the Colombian peso is subject to significant volatility. The Colombian Central Bank may also limit the remittance of dividends and/or investments of foreign currency received by Colombian residents whenever the international reserves fall below an amount equal to three months of imports.

The following table sets forth the annual low, high, average and period-end exchange rate for U.S. dollars for each year starting in 2012, and on a monthly basis (except as provided below) for the previous six months in 2015, as reported by the Colombian Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Colombian pesos.

Exchange Rate of Col$ per U.S.$(1)

Year	Low(1)	High(1)	Average(2)	Period-end(3)
2012	1,754.9	1,942.70	1,797.8	1,768.2
2013	1,758.5	1952.11	1,869.1	1,926.8
2014	1,846.1	2446.35	2,000.3	2,392.5
2015				
January	2,361.5	2,452.1	2,397.3	2,441.1
February	2,371.3	2,500.6	2,421.4	2,497.0
March	2,497.0	2,678.0	2,585.4	2,576.1
April	2,388.1	2,598.4	2,505.2	2,388.1
May	2,360.6	2,550.0	2,434.3	2,533.8
June	2,523.0	2,623.7	2,561.6	2,585.1
July (through July 22)	2,598.7	2,765.1	2,686.0	2,765.1

(1) Nominal figures (*i.e.*, not adjusted for inflation).
(2) Exchange rates are the actual high and low, on a day-by-day basis, for each period.
(3) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period. The monthly average rate is calculated on a day-to-day basis for each month.

Source: Colombian Central Bank

We make no representation that the Colombian peso or the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Colombian pesos, as the case may be, at the rates indicated, at any particular rate or at all.

Argentina

From April 1, 1991 until early 2002, the Convertibility Law No. 23,928 and Regulatory Decree No. 529/91 (*Ley de Emergencia Pública y Reforma del Régimen Cambiario*, collectively referred to herein as the "Convertibility Law") established a fixed exchange rate under which the Central Bank of Argentina was obliged to sell U.S. dollars at a fixed rate of one Argentine peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law which suspended certain provisions of the Convertibility Law, including the fixed exchange rate of AR$1.00 to U.S.$1.00, and granted the executive branch of the Argentine government the power to set the exchange rate between the Argentine peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual-exchange rate system, pursuant to the Public Emergency Law, the Argentine peso has been allowed to float freely against other currencies since February 2002. The Public Emergency Law has been subsequently extended through December 31, 2013.

In 2003 and 2004, the Argentine government reduced some of the foreign exchange restrictions, including those requiring the Argentine Central Bank's prior authorization for the transfer of funds abroad in order to pay principal and interest on debt obligations. Nevertheless, significant government controls and restrictions remain in place. Additionally, in late 2011 the Argentine government started implementing new measures that restricted access to the foreign exchange market, limiting the sale of foreign currency to non-residents for the repatriation of direct investment and the transfer of dividends overseas, and the formation of foreign assets for residents, including the purchase of foreign currency.

Resolution No. 3210/2011 (as amended) of the Federal Administration of Public Revenue ("AFIP") and Communication "A" 5245 (as amended) of the Argentine Central Bank established the Foreign Exchange Consultation, a system through which the AFIP analyzes each operation in real time in order to analyze the consistency of transactions with each buyer's tax information, and determine whether to validate the operation or not.

The existing controls and restrictions, and any additional restrictions of this kind that may be imposed in the future, could impair our ability to transfer funds generated by our Argentine operations in U.S. dollars outside Argentina.

The following table sets forth the annual low, high, average and period-end exchange rates for the periods indicated, expressed in Argentine pesos per U.S. dollar and not adjusted for inflation. The Federal Reserve Bank of New York does not report a noon buying rate for Argentine pesos.

Exchange Rate of AR$ per U.S.$(1)

Year	Low(1)	High(1)	Average(2)	Period-end(3)
2012	4.3	5.4	4.6	4.9
2013	4.9	6.5	5.5	6.5
2014	6.5	8.6	8.1	8.6
2015				
January	8.6	8.6	8.6	8.6
February	8.6	8.7	8.7	8.7
March	8.7	8.8	8.8	8.8
April	8.8	8.9	8.9	8.9
May	8.9	9.0	8.9	9.0
June	8.9	9.0	9.0	9.0
July (through July 22)	9.1	9.2	9.1	9.2

(1) Nominal figures (*i.e.*, not adjusted for inflation).
(2) Exchange rates are the actual high and low, on a day-by-day basis, for each period.
(3) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period. The monthly average rate is calculated on a day-to-day basis for each month.

Source: Central Bank of Argentina

We make no representation that the Argentine peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Argentine pesos, as the case may be, at the rates indicated, at any particular rate or at all.

EXCHANGE CONTROLS

Chile

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Chilean Central Bank (*Compendio de Normas de Cambios Internacionales).*

Pursuant to the provisions of Chapter XIV, it is not necessary to seek the Chilean Central Bank's prior approval in order to issue the notes. The Chilean Central Bank only requires that (i) the remittance of funds obtained from the sale of the notes into Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below; and (ii) all remittances of funds to make payments under the notes made from Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below.

The proceeds of the sale of the notes may be brought into Chile or held abroad. If we remit the funds obtained from the sale of the notes into Chile, such remittance must be made through the Formal Exchange Market, and we must deliver to the Department of Statistics Information of the Chilean Central Bank, directly or through an entity participating in the Formal Exchange Market, an annex providing information about the transaction together with a letter instructing such entity to deliver us the foreign currency or the peso equivalent thereof. If we do not remit the funds obtained from the sale of the notes into Chile, we have to provide the same information to the Department of Statistics Information of the Chilean Central Bank, directly or through an entity of the Formal Exchange Market, at least within the first ten days of the month following the date on which the transaction took place. The regulations require that the information provided describe the financial terms and conditions of the securities offered, related guarantees and the schedule of payments.

All payments in connection with the notes made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIV, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Chilean Central Bank on the banking Business Day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market within the first ten days of the month following the date on which the payment was made.

Under Chapter XIV, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the notes. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the notes.

The above is a summary of the Chilean Central Bank's regulations with respect to the issuance of debt securities, including the notes, as in force and effect as of the date of these listing particulars. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV, a copy of which is available from us upon request.

Colombia

During 2007, the peso appreciated against the U.S. dollar by 10.0% and the Central Bank intervened in the foreign exchange markets to control currency fluctuation. During 2008, the peso depreciated by 11.3% and closed at an exchange rate of Col$2,243.59 per U.S.$1.00. During 2009, the peso appreciated against the dollar by 8.8%. As of December 31, 2010, the peso appreciated against the U.S. dollar by 6.4%. The Colombian Central Bank and the *Ministerio de Hacienda y Crédito Público* ("MHCP") have consistently adopted a set of measures intended to tighten monetary policy and control the fluctuation of the peso against the U.S. dollar. Pursuant to Resolution 5 of

2008 and Resolution 11 of 2008 of the Colombian Central Bank, such measures include, among others, reserve requirements on private demand deposits, government demand deposits, savings deposits and other deposits on liabilities currently set at 11.0%, reserves of 4.5% for deposits with maturities for less than 540 days and 0.0% for term deposits with maturities for more than 540 days. The deposit requirements with respect to indebtedness in a foreign currency are currently 0.0%. During 2007 and 2008, both the MHCP and the Colombian Central Bank adopted several measures aimed at controlling the fluctuation of the Colombian peso against the U.S. dollar. These measures include, among others, the following:

- a 50.0% non-interest bearing deposit requirement at the Colombian Central Bank, currently applicable to short-term portfolio investments in assets other than shares or convertible bonds or collective investment funds that only invest in shares or convertible bonds, for a period of six months, which was rescinded in 2008;
- a six-month 40.0% non-interest bearing deposit at the Colombian Central Bank applicable to corporate reorganization transactions, including mergers, acquisitions and spin-offs, if the successor thereof is a Colombian resident required to repay foreign indebtedness which would have otherwise been subject to the deposit requirement of Resolution No. 2 of May 6, 2007;
- exemptions to the 40.0% non-interest bearing deposit requirement applicable to foreign investment in local private equity funds and ADR and GDR programs of Colombian issuers;
- two-year restrictions on the repatriation of foreign direct investments;
- increases to the reference rate (repo rate); and
- interest-free deposits with the Central Bank applicable to the proceeds resulting from imports financings.

On October 8, 2008 and October 9, 2008, through Decree 3913 and Resolution 10, issued by the Colombian government and the Central Bank, respectively, the deposit requirement was set at 0.0% in connection with foreign portfolio investment and foreign indebtedness operations, including foreign loans, import financing and export financing. Additionally, on September 1, 2008 by means of Decree 3264, the Colombian government eliminated restrictions on the repatriation of foreign direct investments.

On March 3, 2010, the Colombian Central Bank resumed intervention in the foreign exchange market, accumulating international reserves through daily purchases of U.S.$20.0 million in competitive auctions during the first half of 2010 in response to indications of an exchange rate misalignment. From March to June 2010, the Colombian Central Bank accumulated U.S.$1.6 billion. In May 2010, the Colombian Central Bank made public its decision to extend its intervention in the Colombian foreign exchange market indefinitely. On November 5, 2010, the Colombian government issued Decree 4145, pursuant to which, among other things, interest payments on foreign indebtedness by Colombian companies became subject to a 33.0% withholding tax rate. On December 29, 2010, the Colombian government enacted Law 1430 of 2010, which, among other things, reduced the withholding tax rate on interest payments on foreign indebtedness of Colombian companies. Under one interpretation of Law 1430 of 2010, the withholding tax rate applicable to the interest payments made to foreign holders of the notes could be determined to be 14.0%, and under another interpretation such withholding tax rate could be determined to be 0.0%.

The Colombian government and the Colombian Central Bank have considerable power to determine governmental policies and to take action that relates to the Colombian economy and, consequently, to affect the operations and financial performance of businesses. The Colombian government and the Colombian Central Bank may seek to implement additional measures aimed at controlling further fluctuation of the Colombian peso against other currencies and fostering domestic price stability.

Argentina

Prior to December 1989, the Argentine foreign exchange market was subject to exchange controls. From December 1989 until April 1991, Argentina had a freely floating exchange rate for all foreign currency transactions, and the transfer of dividend payments in foreign currency abroad and the repatriation of capital were permitted without prior approval of the Central Bank of Argentina. From April 1, 1991, when the Convertibility Law became effective, until December 21, 2001, when the Central Bank of Argentina decided to regulate the foreign exchange market, the Argentine currency was freely convertible into U.S. dollars.

On December 3, 2001, the Argentine government imposed a number of monetary and currency exchange control measures through Decree 1570/01, which included restrictions on the free disposition of funds deposited with banks and tightened existing restrictions on transferring funds abroad without the Central Bank of Argentina's prior authorization (subject to specific exceptions for transfers related to foreign trade). On June 9, 2005, the executive branch of the Government issued Decree No. 616/05, which established significant amendments to the rules for capital movements into and from Argentina. This Decree was enforced as from June 10, 2005 and, as regulated, established a system where:

(a) foreign exchange flows into and from the local foreign exchange market and all resident new debt transactions that may imply future foreign exchange payments to non-residents must be registered with the Argentine Central Bank;

(b) all new debt of the private sector with non-residents must be for a minimum term of 365 days, except for international trade financing and primary issuances of debt securities, if such securities' public offering and listing on self-regulated markets in Argentina has been duly authorized;

(c) all inflows of foreign exchange resulting from such indebtedness, (subject to the exceptions mentioned in the previous item and those regulated by the Argentine Central Bank which are detailed below), and all inflows of foreign exchange by non-residents, excluding direct foreign investments and certain portfolio investments, subscriptions of primary issuances of debt and equity securities, for which public offering and listing in self-regulated markets in Argentina has been duly authorized, and government securities acquired in the secondary market, must be for a term of at least 365 days and will be subject to a 30.0% deposit requirement;

(d) such 30.0% deposit requirement will be held in a local financial institution as an unremunerated dollar-denominated time deposit maturing in at least 365 days; such funds will not be available as a guarantee for any kind of debt and, upon the deposit maturity date, such funds will become available within the country and therefore, will be subject to the applicable restrictions on foreign exchange transfers abroad;

(e) the 30.0% deposit is not required for, among other things, inflows of foreign currency:

i. resulting from loans granted to residents by local financial institutions in foreign currency;

ii. resulting from capital contributions to local institutions when the contributor owns, previously or as a result of such contributions, 10.0% or more of the company's capital or votes, subject to compliance with certain requirements;

iii. resulting from sales of interests in local entities to direct investors;

iv. to be applied to real estate acquisitions;

v. resulting from an indebtedness with multilateral and bilateral credit agencies and with official credit agencies;

vi. resulting from other foreign indebtedness of the local non-financial private sector, with an average life of no less than two years, the proceeds of which will be applied to the acquisition of non-financial investments (as defined by the Argentine Central Bank);

vii. resulting from other foreign indebtedness where the proceeds will be applied to the settlement of foreign debt principal amortization or long-term investments in foreign assets;

viii. that will be utilized within ten Business Days of their liquidation in the local foreign exchange market pursuant to concepts listed as "*current transactions within the international accounts*" by the International Monetary Fund, among others, including the payment by non-Argentine residents of certain local taxes;

ix. resulting from the sale of foreign assets of residents in order to subscribe to primary issuances of public debt issued by the Government; and

x. the proceeds of sales of foreign assets brought into the country by residents through capital repatriation will be subject to the 30.0% deposit requirement, which will apply to any amounts exceeding U.S.$2.0 million per month if certain other operative requirements are met.

The Argentine Ministry of Economy is entitled to modify the percentages and terms detailed above when a change in the macroeconomic situation so requires. It is also entitled to modify the requirements established by Decree No.616/05, establish new requirements and/or increase the types of foreign currency inflows included. The Argentine Central Bank is entitled to regulate and control compliance with the regime established by Decree No.616/05 and to enforce the applicable penalties.

On November 16, 2005, the Argentine Ministry of Economy issued Resolution 637/05, pursuant to which Decree 616/05 was regulated, providing that any inflow of funds to the local exchange market in connection with an initial public offering of securities, bonds or certificates issued by a trustee under a trust, whether or not such trust is publicly offered and listed in a self-regulated market, shall comply with all requirements provided for in Section 4 of Decree 616/05 relating to the inflow of funds to the local exchange market in connection with the acquisition of any of the assets under the trust.

In addition, access to the local foreign exchange market by non-residents (both individuals and entities) to transfer funds abroad is currently permitted with:

1. no limit in the case of: (i) proceeds from the principal amortization of government securities; (ii) recoveries from local bankruptcies; (iii) proceeds from the sale of direct investments in the non-financial private sector in Argentina or the final disposition of such investments if they were made with foreign currency that entered the local foreign exchange market no less than 365 days before; and (iv) certain other specific cases;

2. a U.S.$500,000 monthly limit in the case of the aggregate proceeds of the sale of portfolio investments made with foreign currency that entered the local foreign exchange market no less than 365 days before; and

3. a U.S.$5,000 monthly limit in cases not contemplated above, unless authorization from the Argentine Central Bank is obtained.

Access to the local foreign exchange market by residents (both individuals and entities) to make foreign real estate, direct or portfolio investments or to buy foreign exchange or traveler's checks is allowed, but limited to U.S.$2.0 million per month if certain other operative requirements are met. This limit may be increased in certain specific cases. The transfer abroad of dividend payments is currently authorized by applicable regulations to the extent such dividend payments are made in connection with audited financial statements approved by a shareholders' meeting.

Pursuant to Decree No.260/02, all foreign exchange transactions in Argentina must be executed only through the free and single foreign exchange market (*mercado libre y único de cambios*) on which the Argentine Central Bank buys and sells currency.

Any breach of the provisions of Decree No. 616/05 or any other foreign exchange regulation is subject to criminal penalties of the laws governing the Argentine exchange market.

USE OF PROCEEDS

The net proceeds from the issuance of the notes, after the deduction of expenses and the underwriting discount associated with the offering, are estimated to be approximately U.S.$418.7 million.

We intend to use the net proceeds from the offering to (i) fully prepay our Ventanas Credit Facility, which totaled U.S.$307.5 million on a nominal basis at March 31, 2015, in connection with the development, engineering and construction of its coal-generation plant, as well as amounts arising as a result of the termination of interest rate swap agreements associated therewith and other related transaction costs, (ii) purchase any and all of our existing Series Q Notes, of which U.S.$102.2 million was outstanding on a nominal basis at March 31, 2015, tendered, not withdrawn and accepted for purchase pursuant to the Gener Series Q Tender. See "Management's Discussion and Analysis of Financial Condition and Results of Operations –Debt Maturity Schedule," for details on our existing indebtedness, and (iii) pay transaction costs related to the Gener Series Q Tender, including premium, stamp tax and other taxes, and fees. The remainder, if any, will be used for general corporate purposes, including the working capital needs of our subsidiaries.

CAPITALIZATION

The following table should be read in conjunction with "Presentation of Certain Financial and other Information," "Summary Consolidated Financial and Operating Data," "Selected Consolidated Financial Data," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes thereof included in these listing particulars.

The following table sets forth our consolidated capitalization as of March 31, 2015 on an actual basis, and as adjusted to give effect to the proceeds from this offering.

Consolidated	**As of March 31, 2015**	
	Actual(1)	**As Adjusted**(2)
	(in millions of U.S. dollars) (unaudited)	
Cash and Cash Equivalents	**285.8**	**296.3**
Short-Term Debt(3)	127.5	87.8
Long-Term Debt(4)	3,203.0	2,834.5
Notes Offered Hereby(5)	-	418.7
Non-Controlling Interest	97.7	97.7
Total Equity Attributable to Owners of the Parent(6)	2,305.6	2,295.9
Total Capitalization(7)	**5,733.8**	**5,734.6**

(1) The capitalization table above includes (i) U.S.$306.3 million outstanding under our Ventanas Credit Facility, and (ii) U.S.$99.9 million outstanding under our Series Q Notes, as of March 31, 2015, given that under IFRS debt is recorded at its amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any initial premium or discount on the loan and includes any transaction costs that are an integral part of the effective interest rate. From a contractual perspective, the nominal amount of this debt totaled U.S.$307.5 million and U.S.$102.2 million, respectively, as of such date. We intend to repay the full nominal amount of the Ventanas Credit Facility and the Series Q Notes tendered, not withdrawn and accepted for purchase under the Gener Series Q Tender, with the net proceeds of this offering.

(2) As adjusted to reflect (i) the receipt of the estimated net proceeds from the issuance of the notes, after deduction of expenses and the underwriting discount associated with the offering, of U.S.$418.7 million, (ii) the prepayment of the Ventanas Credit Facility, which totaled U.S.$307.5 million on a nominal basis as of March 31, 2015, as well as amounts arising as a result of the termination of the interest rate swap agreements associated with the Ventanas Credit Facility and other transaction costs related thereto, and (iii) the payment of the purchase price under the Gener Series Q Tender, of which U.S.$102.2 million was outstanding on a nominal basis as of March 31, 2015.

(3) Short-Term Debt corresponds to the "Other Current Financial Liabilities" line item of our statement of financial position.

(4) Long-Term Debt corresponds to the "Other Non-Current Financial Liabilities" line item of our statement of financial position.

(5) This includes deferred financing costs of the notes issuance less the related tax effect.

(6) Total Equity Attributable to Owners of the Parent as adjusted to reflect expenses related to the Gener Series Q Tender, which are estimated to be U.S.$9.7 million.

(7) Total Capitalization does not include cash and cash equivalents.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present selected consolidated financial information as of and for each of the periods indicated. You should read the information below together with our audited consolidated financial statements and unaudited consolidated financial statements and the related notes thereto included elsewhere in these listing particulars, as well as the sections entitled "Presentation of Certain Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in these listing particulars. Information included below as of December 31, 2014 and 2013 and for the years ended December 2014, 2013 and 2012 data appears in our audited consolidated financial statements included elsewhere in these listing particulars.

The consolidated income statement and consolidated financial position data for the three-month periods ended and as of March 31, 2015 are derived from our unaudited consolidated financial statements and the related notes thereto included elsewhere in these listing particulars. The unaudited consolidated financial statements may not be indicative of results that may be expected for the full year.

	For the three-month period ended March 31,		For the year ended December 31,		
INCOME STATEMENT DATA	**2015**	**2014**	**2014**	**2013**	**2012**
	(*ThU.S.$*) (unaudited)	**(*ThU.S.$*) (unaudited)**	**(*ThU.S.$*)**	**(*ThU.S.$*)**	**(*ThU.S.$*)**
Operating Revenue					
Contract Energy and Capacity Sales [(1)]	402,584	379,839	1,608,925	1,622,410	1,554,632
Spot Market Energy and Capacity Sales [(2)]	94,382	147,882	574,455	508,176	616,854
Other Operating Revenue	35,569	31,313	145,026	114,204	156,235
Total Operating Revenue	**532,535**	**559,034**	**2,328,406**	**2,244,790**	**2,327,721**
Cost of Sales					
Fuel Consumption	(149,003)	(218,129)	(733,216)	(632,160)	(824,855)
Energy and Capacity Purchases	(99,459)	(96,625)	(434,708)	(518,545)	(340,593)
Depreciation and Amortization Expense	(55,937)	(55,646)	(223,790)	(225,800)	(214,019)
Other Cost of Sales	(97,011)	(93,280)	(400,306)	(358,206)	(385,179)
Total Cost of Sales	**(401,410)**	**(463,680)**	**(1,792,020)**	**(1,734,711)**	**(1,764,646)**
Gross Profit	**131,125**	**95,354**	**536,386**	**510,079**	**563,075**
Administrative Expenses	(28,988)	(24,302)	(93,322)	(113,366)	(118,302)
Other Operating Income (Expense)	28	542	261	(3,636)	(1,009)
Total Adjusted Operating Income[(3)]	102,165	71,594	443,325	393,077	443,764
Finance Income	2,844	2,776	10,490	8,962	8,407
Finance Expense	(32,394)	(37,965)	(151,532)	(123,906)	(115,452)
Foreign Currency Exchange Differences	(7,758)	(25,553)	(66,435)	(38,856)	(3,633)
Other Non-Operating Income (Expense)[(4)]	8.365	22,198	(892)	43,765	16,620
Income Before Taxes and Non-Controlling Interest	**73,222**	**33,050**	**234,956**	**283,042**	**349,706**
Income Tax Expense	(24,947)	(12,150)	(190,802)	(84,525)	(146,778)
Net Income	**48,275**	**20,900**	**44,154**	**198,517**	**202,928**
Loss Income Attributable to Non-Controlling Interests	(3,055)	(2,401)	(8,755)	(2,804)	(5)
Income Attributable to Shareholders of the Parent	**51,330**	**23,301**	**52,909**	**201,321**	**202,933**

(1) Contract Energy and Capacity Sales is calculated as the sum of regulated and unregulated customers sales in the SIC and SING and contract sales in the SADI and the SIN.

(2) Spot Market Energy and Capacity Sales is calculated as the sum of spot sales in the SIC, SING, SADI and SIN and regulated customer without contract sales in the SIC.

(3) Total Adjusted Operating Income is a non-GAAP financial measure, which we calculate as gross profit plus other operating income less administrative and other operating expenses. See "Presentation of Certain Financial and other Information" for further information on this non-GAAP measure.

(4) Other Non-Operating Income (Expense) is calculated as the sum of other gain (losses) and participation in earnings of associates.

ASSETS	As of March 31, 2015 ThU.S.$ (Unaudited)	As of December 31, 2014 ThU.S.$	As of December 31, 2013 ThU.S.$
Cash and Cash Equivalents	285,811	228,691	707,516
Other Current Financial Assets	15,387	7,205	25,462
Other Current Non Financial Assets	10,063	18,359	15,263
Trade and Other Receivables	445,879	384,596	333,421
Related Party Receivables	10,539	3,631	1,680
Inventory	117,183	116,820	109,760
Taxes Receivables	38,347	43,794	23,346
Assets Held for Sale	2,418	-	-
Total Current Assets	**925,627**	**803,096**	**1,216,448**
Other Non-Current Financial Assets	41,522	39,429	83,377
Other Non-Current Non-Financial Assets	43,738	38,367	40,614
Trade and Other Receivables	57,453	50,632	1,402
Investments in Associates	350,674	343,502	321,759
Intangible Assets	50,699	53,308	48,765
Goodwill	7,309	7,309	7,309
Property, Plant and Equipment	5,627,414	5,432,043	4,871,754
Deferred Taxes	86,340	69,211	474
Total Non-Current Assets	**6,265,149**	**6,033,801**	**5,375,454**
Total Assets	**7,190,776**	**6,836,897**	**6,591,902**

LIABILITIES	As of March 31, 2015 ThU.S.$ (Unaudited)	As of December 31, 2014 ThU.S.$	As of December 31, 2013 ThU.S.$
Other Current Financial Liabilities	127,542	103,533	444,135
Trade and Other Payables	424,784	495,432	374,882
Related Party Payables	34,767	28,256	17,517
Provisions	3,849	3,541	2,624
Taxes Payable	45,753	40,451	13,266
Employee Benefits	1,864	2,684	1,244
Other Current Non-Financial Liabilities	25,159	36,952	38,581
Total Current Liabilities	**663,718**	**710,849**	**892,249**
Other Non-Current Financial Liabilities	3,202,989	2,869,307	2,425,982
Trade and Other Payables	66,644	46,223	55,318
Non-Current Related Party Payables	160,033	158,169	47,019
Provisions	122,382	120,741	65,892
Deferred Taxes	526,089	522,001	417,144
Employee Benefits	34,769	34,320	36,505
Other Non-Current Non-Financial Liabilities	10,786	10,928	14,827
Total Non-Current Liabilities	**4,123,692**	**3,761,689**	**3,062,687**
Total Liabilities	**4,787,410**	**4,472,538**	**3,954,936**
Issued Capital	2,052,076	2,052,076	1,901,720
Retained Earnings	409,433	358,103	537,818
Share Premium	49,864	49,864	49,908
Other Components of Equity	265,630	265,392	264,095
Accumulated Other Comprehensive Income	(471,363)	(412,883)	(210,185)
Total Equity Attributable to Owners of the Parent	**2,305,640**	**2,312,552**	**2,543,356**
Non-Controlling Interest	97,726	51,807	93,610
Total Equity	**2,403,366**	**2,364,359**	**2,636,966**
Total Liabilities and Equity	**7,190,776**	**6,836,897**	**6,591,902**

	As of March 31,		As of December 31,		
	2015	**2014**	**2014**	**2013**	**2012**
STATEMENT OF CASH FLOWS DIRECT METHOD	***ThU.S.$*** **(Unaudited)**	***ThU.S.$*** **(Unaudited)**	***ThU.S.$***	***ThU.S.$***	***ThU.S.$***
Cash Flows from Operating Activities:					
Proceeds from Sales of Goods and Services	654,787	649,882	2,783,513	2,886,910	3,069,033
Other Proceeds from Operating Activities	4,473	16,621	52,074	14,851	102,321
Payments to Suppliers for Goods and Services......	(507,562)	(517,542)	(1,997,217)	(2,240,386)	(2,210,168)
Payment to Employees..	(20,761)	(8,802)	(68,819)	(69,759)	(110,304)
Other Payments for Operating Activities	(21,027)	(14,953)	(57,587)	(17,296)	(28,413)
Dividends Paid..	-	-	(230,434)	(209,932)	(316,707)
Dividends Received	-	736	736	1,996	13,409
Interest Paid	(17,574)	(28,197)	(162,337)	(111,475)	(99,028)
Interest Received	590	2,437	7,330	8,938	7,193
Income Taxes Paid..	(6,706)	(20,076)	(38,566)	(104,018)	(79,055)
Other Operating Cash Outflows............................	(5,773)	(11,341)	(31,065)	(19,467)	(64,946)
Net Cash Flows Provided by Operating Activities	**80,447**	**68,765**	**257,628**	**140,362**	**283,335**
Proceeds from Sale of Investment in Associate	-	-	731,180	-	-
Payments to Acquire Investment in Associate	-	-	(728,000)	-	-
Proceeds from Sales of Equity or Debt Instruments of Other Entities	-	-	26,019	-	-
Proceeds from Sales of Property, Plant and Equipment..	1	3	53	348	893
Proceeds from Intangible Assets...........................	-	-	-	-	3,927
Additions to Property, Plant and Equipment..........	(407,101)	(170,765)	(829,489)	(531,614)	(449,192)
Purchases of Intangible Assets			(2,216)	(6,139)	(6,824)
Purchase of Financial Assets	(288)	(197)	(73,313)		
Other Investing Inflows (Outflows)	31,148	(1,345)	3,980	983	182,047
Net Cash Flows Provided by (Used in) Investing Activities..	**(376,240)**	**(172,304)**	**(871,786)**	**(536,422)**	**(269,149)**
Proceeds from Share Issuance...............................	65,200	1,800	184,876	108,695	12,361
Proceeds from Borrowings	297,047	127,894	1,934,194	706,619	-
Loan Payments..	-	(148,701)	(1,884,001)	(32,435)	(48,978)
Payments on Finance Lease Obligations................	(524)	(575)	(2,046)	(2,042)	(2,157)
Other Financing Inflows (Outflows)......................	(4,531)	(59,763)	(70,182)	(50,636)	80
Net Cash Flows Provided by (Used in) Financing Activities	**357,192**	**(79,345)**	**162,841**	**730,201**	**(38,694)**
Net Cash and Cash Equivalents Increase (Decrease)	**61,399**	**(182,884)**	**(478,825)**	**310,312**	**(24,508)**
Net Foreign Exchange Differences	(4,279)	(1,811)	(27,508)	(23,829)	12,555
Cash and Cash Equivalents at the Beginning of Period..	228,691	707,516	707,516	397,204	409,157
Cash and Cash Equivalents at the End of Period..	**285,811**	**522,821**	**228,691**	**707,516**	**397,204**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion is based on our financial statements and should be read in conjunction with the financial statements and the notes thereto included elsewhere in these listing particulars, as well as the data set forth in "Selected Consolidated Financial Data" and "Presentation of Certain Financial and Other Information." Our audited consolidated financial statements and unaudited interim consolidated financial statements included herein have been prepared in accordance with IFRS and are presented in U.S. dollars.

Overview

We are the largest electricity generation company in Chile in terms of gross generation with a market share of 27.4%, and the second largest in terms of installed capacity with a market share of 17.7%, both as of March 31, 2015. We have a significant presence in both the SIC and the SING. We also have a presence in the SIN in Colombia and the SADI in Argentina. As of March 31, 2015, our installed capacity in Chile totaled 3,438 MW, comprised of 2,616 MW in the SIC and 822 MW in the SING, excluding TermoAndes. In Chile, we currently have under construction two coal-fired projects with gross capacity of 684 MW, a 531 MW run-of-river power plant, a 21 MW solar power plant and a 20 MW BESS. We are also currently constructing a run-of-river hydroelectric project with a gross capacity of 20 MW in Colombia and developing a water desalinization plant with an initial capacity of 4,800m^3/day to supply our Angamos complex and allow us to start selling water to industrial clients.

In the SIC, which covers over 92.2% of Chile's population, including the densely populated Santiago Metropolitan Region, our market share totaled 17.2% and in the SING, where mining companies dominate energy consumption, our market share totaled 19.8%, excluding TermoAndes, both in terms of installed capacity as of March 31, 2015. In Colombia, we own the third-largest hydroelectric facility, and as of March 31, 2015, we have a 6.4% market share based on installed capacity, making us the sixth-largest generation company in the country, and a 3.9% market share based on net generation.

In Chile, we have a diversified generation portfolio in terms of geography, technology, customers and fuel source. Our installed capacity is located near the principal electricity consumption centers, including Santiago, Valparaiso and Antofagasta, extending from Tocopilla in the north to Los Angeles in south-central Chile. Our diverse generation portfolio, composed of hydroelectric, coal, gas, diesel and biomass facilities, allows us to flexibly and reliably operate under a variety of market and hydrological conditions, efficiently managing our contractual obligations with regulated and unregulated customers and, as required, providing back-up spot market energy to the SIC and SING.

In Colombia, our dam-based hydroelectric plant, located approximately 160 km east of Bogota, has total nominal capacity of 1,000 MW. We actively manage the reservoir level by contracting a significant portion of the plant's generation and selling the remaining generation on the spot market.

Our 643 MW combined cycle facility in Salta, Argentina represented 2.0% of the SADI's installed capacity and net generation, as of March 31, 2015. At present, TermoAndes sells energy exclusively in Argentina; a portion of its generation is sold to unregulated customers under short-term contracts under the Energía Plus Program and the remainder is sold on the spot market. This plant is also connected to the SING.

Trends and Factors Affecting Our Results of Operations

Developments in Chile

The Chilean electricity sector has experienced significant technological change in the recent decades. In the late 1990s, the arrival of low-cost natural gas from Argentina via pipelines constructed across the Andes mountains triggered significant investment in natural gas-fired combined cycle gas turbines ("CCGTs"), with 10 plants with installed capacity of more than 2,500 MW built in the SIC and five plants with installed capacity of over 2,000 MW in the SING, including TermoAndes. These low cost natural-gas fired plants were dispatched as base load plants, significantly reducing regulated and spot energy prices during the period. In 2004, Argentine natural gas curtailments began and became increasingly more severe over the next several years until natural gas exports to

Chile were essentially halted in 2007. In order to maintain plant availability and meet existing contractual obligations, electric power generators with CCGTs were often forced to replace natural gas with more expensive diesel oil in dual-fueled CCGTs. As a result, spot market prices increased significantly, registering historically high levels in both the SIC and SING particularly during 2007 and 2008.

The natural gas crisis produced the need for the construction of new cost-efficient capacity, not generated with natural gas, to alleviate the imbalance between demand and efficient supply. We responded to the market opportunities presented in both the SIC and SING by developing and successfully commencing commercial operations of a significant expansion plan of new generation projects with total investment of approximately U.S.$3.0 billion and installed capacity of 1,664 MW, including six coal-fired generation units with combined installed capacity of 1,393 MW to increase efficient base load generation and two diesel-fired back-up facilities with combined installed capacity of 271 MW. We have also completed two 32 MW BESS facilities to improve system reliability. We are in the process of completing construction of an additional 684 MW in our coal fired units (our Cochrane project and the fifth unit of our equity-method investee, Guacolda), 531 MW in a run-of-river power plant (our Alto Maipo project), 21 MW in a solar power plant (our Los Andes solar project) and 20 MW in a BESS facility.

In addition, in response to the lack of natural gas from Argentina, LNG regasification terminals were installed in both the SIC and the SING, providing another source of fuel for gas-fired facilities. We are not a member of the off-take or purchasing pool in the regasification terminals, as prices and purchase terms offered in Chile are not yet competitive with coal-based generation for base load power or as flexible as diesel supply for back-up power. We started to purchase occasional supplies of LNG under short-term contracts for our CCGT in the SIC in October 2010, which has continued through the present.

The interconnection between the SING and the SIC has been recently approved and is expected to be fully implemented no later than 2020, led by E.CL S.A. ("E.CL")'s subsidiary Transmisora Eléctrica del Norte S.A. ("TEN"). Specifically, TEN is currently developing an approximately 580 kilometer, 500 kV transmission line project connecting the electricity generation site of Mejillones in the SING to the northern section of the SIC. On the one hand, we believe we will benefit from an increased customer base that has a similar profile to our current customers. Since we are one of the lowest cost thermal generators in Chile, we are well positioned to become a highly attractive option in both grids. However, we will face expanded competition for customers with electrical generators from both the SING and the SIC. In addition, the interconnection of the SING and the SIC may lead to increased costs for all participants, as a toll may be imposed for the utilization of the interconnected transmission lines. Also, there is currently uncertainty as to who will be responsible for the costs associated with any such interconnection of the grids, whether generators, customers, or both. In case such costs are to be borne by generators, and we are not able to transfer such costs to our customers, our results of operations and our financial conditions could be adversely affected.

In addition, we own a 268 km 345 kV transmission line that extends from our TermoAndes plant in Argentina to the Paso Sico on the Chilean border, and a 140 km 345 kV transmission line that extends from Paso Sico to the Andes substation in the SING. These transmission lines, which we used until 2011 to export energy generated by our TermoAndes plant to the SING, are currently the only lines connecting both countries. During 2014, we successfully tested these lines with bilateral electrical transfers of up to 200 MW, achieving improvements in the SING's frequency regulation. In June 2015, the Chilean Ministry of Energy issued Decree No.7, pursuant to which we were authorized to export energy to the SADI. However, in order to avoid an impact in Chilean local prices and to ensure the operational reliability of both systems, we only expect to export SING energy generation surpluses.

SIC

In the SIC, our only asset directly affected by the gas supply curtailments was our 379 MW Nueva Renca CCGT, which is owned by our subsidiary Eléctrica Santiago. As a result of gas restrictions, Nueva Renca was forced to replace natural gas with diesel, significantly increasing the plant's variable cost of production. As a result of the lack of natural gas supply, Nueva Renca switched from being a cost-efficient base load plant to a higher cost back-up facility while having a significant portion of its generation committed under contract at an average cost of production above the contract price. Eléctrica Santiago's contractual obligations terminated in 2010 and as such, as of January 1, 2011, all of its generation began to be sold entirely on the spot market. During the dry hydrological conditions which affected the SIC in 2010 and 2011, Eléctrica Santiago, and in particular the Nueva Renca CCGT, generated primarily utilizing LNG purchased from a regasification terminal as fuel, selling 100.0% of its generation on the spot market and providing the system with back-up energy supplies necessary to meet demand. Since 2012, new efficient capacity has been added to the system, including our Ventanas IV coal plant, resulting in a decrease in spot prices which reduced the dispatch from Nueva Renca. As a result of this situation, generation from Nueva Renca CCGT is currently sold to the spot market as required. In addition, we have recently entered a lease agreement with ENDESA, pursuant to which we allow ENDESA to burn its excess natural gas in our Nueva Renca CCGT facilities. Thus, gas and diesel generated by the Nueva Renca CCGT while operated by gas provided by ENDESA, is not considered as part of our gas and diesel generation or dispatch. Rather, we record revenues from the ENDESA lease as unregulated customer sales.

Driven by the Argentinian natural gas crisis, we responded to the SIC's need for additional power generation capacity by initiating an ambitious expansion under which we have successfully added 1,119 MW in new installed capacity since 2006. Our immediate response to alleviate the supply and demand imbalance in the SIC related to the gas crisis and ongoing organic growth was the installation of new back-up capacity. This new back-up capacity includes two diesel-fired turbines with installed capacity of 132 MW and 139 MW, the Los Vientos and Santa Lidia plants, respectively, which initiated commercial operations in 2007 and 2009. We have also added significant new cost-efficient generation in the SIC, with a total of 848 MW in coal-fired facilities that initiated commercial operations in 2009, 2010 and in the first quarter of 2013. This new efficient capacity is composed of the 272 MW Nueva Ventanas coal-fired facility, our equity-method investee Guacolda's, third and fourth coal-fired units, with installed capacity of 152 MW each, and our 272 MW Ventanas IV coal-fired facility. Our equity-method investee Guacolda is currently constructing a fifth 152 MW coal-fired unit in the SIC, with reported construction progress of 95.0% as of March 31, 2015. The fifth Guacolda unit is scheduled to initiate operations in the last quarter of 2015.

In addition to the project mentioned above, we expect the 531 MW run-of-river hydroelectric Alto Maipo power plant to diversify and complement our current portfolio of generation and to provide an important source of energy to the metropolitan area of Santiago.

SING

In the SING, our only asset directly affected by the gas supply curtailments was our 643 MW TermoAndes CCGT owned by our subsidiary TermoAndes. Although TermoAndes is located in northwest Argentina in the province of Salta, the plant was constructed in the late 1990s primarily in order to export natural gas-fired generation to the SING. TermoAndes is connected to the SING by a transmission line owned by us which crosses the Andes mountains. The plant commenced operations in 2000, selling exclusively in the Chilean SING market. As a result of shortages in the Argentine energy market and ongoing gas supply restrictions, Argentine authorities requested the connection of one unit from the TermoAndes plant to supply power to the SADI in 2007, and later in 2008, requested the connection of two of the three units. From mid-December 2011, 100% of TermoAndes' production has been utilized to supply demand in the SADI in Argentina. The export permit to deliver energy to the SING in Chile expired on January 31, 2013. Currently, TermoAndes sells energy exclusively in Argentina and a portion of its generation is sold to unregulated customers under short-term contracts and the remainder on the spot market.

We also responded to the SING's need for new capacity with our Angamos project consisting of 545 MW in new cost-efficient installed capacity and 32 MW in BESS capacity. After approximately three years of construction, both units of our Angamos coal-fired plant initiated commercial operations in April and October 2011, respectively. Additionally, in 2009, we installed a 12 MW BESS in the SING, the first BESS investment project in Chile, which allows us to replace system required spinning reserve at our existing Norgener coal plant, thereby increasing the plant's base load generation by approximately 4.0%. An additional 20 MW BESS project was installed at our Angamos coal plant, which initiated operations in December 2011, also allowing Angamos to replace the system required spinning reserve. We are currently constructing an additional two-unit coal-fired plant, the 532 MW Cochrane project with reported construction progress of 84.0% as of March 31, 2015. Cochrane's units 1 and 2 are scheduled to initiate operations within the second and third quarter of 2016, respectively. This project also includes a 20 MW BESS facility, which is also expected to begin operations in 2016. We also have a 20 MW solar power plant (our Los Andes solar project) under construction.

Developments in Argentina

The Argentine electricity sector has experienced significant changes in the past decade affected by government intervention and lack of investment in generation capacity. At the end of 2006, largely to provide new generators with incentives to make capital investments in needed new generation plants, the Energía Plus Program was created. Energía Plus Program is a service that can be provided by generators, cogenerators or self-generators, which were not members of the MEM at the date of the publication of the resolution, or whose capacity or generation units were not connected to the system at such date, by selling generation to unregulated customers. The purpose of this service was to support increases in demand from large users over actual demand they had in 2005. The provision of Energía Plus Program service requires the execution of a supply contract between the parties at an agreed upon monomic price composed of associated costs and a profit margin. These contracts and the associated costs must be approved by the Argentine Ministry of Federal Planning, Public Investment and Services, and the profit margin must be determined by the Argentine Secretariat of Energy. Energía Plus Program prices are determined in U.S. dollars and paid in Argentine pesos based on the existing exchange rate on the respective invoice dates.

In 2008, 406 MW of TermoAndes' installed capacity, specifically its two gas turbines, which were not connected to the SADI at the time the Energía Plus Program was created but connected later in September 2007, were certified by the Argentine Secretariat of Energy to participate in the Energía Plus Program for all generation capacity in excess of 100 MW. As of March 31, 2015, our Energía Plus Program contracts with unregulated customers totaled 223.93MW, the average energy price was U.S.$ 71.2/MWh and the average term of the contracts was one year. Going forward, our commercial strategy for TermoAndes will focus on continuing to increase the portion of unregulated contract sales in Argentina in order to improve our operating margin in the SADI. During the three-months period ended March 31, 2015, the difference between the spot price and the average Energía Plus Program contract price for sales made by TermoAndes was approximately 423%, with TermoAndes registering an average spot price in the SADI of AR$120.0 (U.S.$ 13.6/MWh) and an average Energía Plus Program contract price of 71.2 U.S.$/MWh.

Developments in Colombia

The Colombian electricity sector has changed in the past two decades, moving from an environment of over-installed capacity to new generation growth. In 2006, a new methodology for compensating generators for firm capacity was established, titled the "reliability charge mechanism." The reliability charge mechanism is based on firm capacity obligations which are assigned through a public auction process. In this process, existing plants receive firm energy allocations for one year periods while new plants are able to ensure reliability charge revenue for periods of up to 20 years. Additional capacity of 2,448 MW is scheduled for completion between 2015 and 2018, with 648 MW of thermo plants, and 1,800 MW of several hydroelectric plants. We are currently constructing a 20 MW run-of-river hydroelectric plant, the Tunjita project, taking advantage of flow from the Tunjita river deviation, which is expected to begin commercial operations in the second half of 2016.

Electricity Demand and Electricity Supply

SIC

Electricity demand in the SIC grew at a compound annual growth rate of 3.5% between 2004 and 2014. In its latest semi-annual node price-fixing report, the CNE projected a compound annual growth rate in electricity demand of 4.3% for the next ten years. The severe reduction in the availability of natural gas in Chile's electricity grid arising from export curtailments from Argentina since the mid-2000's, produced a sharp increase in spot market prices. This situation encouraged new investments to increase efficient installed capacity in the SIC. According to data published by the CNE, 1,040 MW, 481 MW and 910 MW of new capacity were introduced to the SIC in 2014, in 2013, 2012, respectively, and another 2,867 MW are currently under construction according to the latest node price-fixing report from CNE.

The SIC serves about 92.2% of the Chilean population and is mostly oriented toward regulated customers. Total installed capacity in the SIC, including the plants owned by all the CDEC members, amounted to 15,233 MW at the end of March 2015, which accounts for 78.6% of the total installed capacity in the SIC and SING grids in Chile. As of March 31, 2015, of the total installed capacity in the SIC, 42.0% was hydroelectric, 51.8% was thermoelectric and 6.2% corresponded to other generation technologies. In 2014, 44.9% of total energy demand in the SIC was supplied by hydroelectric plants, 46.9% by thermoelectric generation and the remaining 8.2% was supplied by wind and other technologies. Total electric power production in the SIC in 2014 was 52,210 GWh, 2.7% higher than in 2013.

SING

Electricity demand in the SING grew at a compound annual growth rate of 3.4% for the 10-year period from 2004 to 2014. The CNE, in its latest semi-annual node price fixing report, projected a compound annual growth rate in electricity demand of 5.4% for the next ten years. The severe reduction in the availability of natural gas in Chile's electricity grid arising from export curtailments in Argentina since the mid-2000's, produced a sharp increase in spot market prices. This situation encouraged new investments to increase installed capacity in the SING. According to data published by CNE, 117 MW, 4 MW and 19 MW of new capacity were introduced to the SING in 2014, 2013 and 2012, respectively, and another 2,384 MW are currently under construction.

The SING serves about 6.3% of the Chilean population and is mostly oriented toward mining companies. Total installed capacity in the SING, including the plants owned by all the CDEC members, amounted to 4,149 MW at the end of March 2015, which accounts for 21.4% of the total installed capacity in the SIC and SING grids in Chile. This total installed capacity includes CCGTs which cannot be economically operated at full capacity due to a lack of natural gas supply. Of the total installed capacity in the SING as of March 31, 2015, 95.2% is thermoelectric, while the remaining 4.8% is hydroelectric, wind and solar generation. In 2014, 79.6% of total energy demand in the SING was supplied by coal generation, 11.3% by gas generation, and 9.2% was supplied by diesel, hydroelectricity, wind and solar generation. Total electric power production in the SING in 2014 was 17,688 GWh, 2.7% higher than in 2013.

Given that our contracts in the SING have previously been and continue to be exclusively executed with unregulated customers and that the majority of such contracts include take-or-pay provisions, changes in electricity demand have not, and we believe would not, significantly affect our expected contract operating margins.

Colombia

Electricity demand in the SIN grew at a compound annual growth rate of 2.8% for the 10-year period from 2004 to 2014. In its last report, the UPME projected a compound annual growth rate in electricity demand of 2.8% for the next ten years.

Total installed capacity in the SIN amounted to 15,528 MW at the end of 2014. Of the total capacity, 69.3% was hydroelectric, 29.8% was thermoelectric, and 0.9% was cogeneration and other self-generation. In 2014, 70.7% of total energy demand was supplied by hydroelectric plants, 28.6% by thermoelectric generation and the remaining 0.7% by cogeneration power. Total electric power production in the SIN in 2014 was 64,328 GWh, which represented a 3.4% increase from 2013. During 2014, net exports to Ecuador and Venezuela were 849 GWh, which represented a 38.4% decrease from 2013. Currently net Colombian electricity exports are decreasing with total exports of 313 GWh sold during the three-month period ended March 31, 2015, representing a 10.4% decrease as compared with the same period in 2014.

Argentina

Electricity demand in the SADI grew at a compound annual growth rate of 3.3% for the five-year period from 2009 to 2014. In Argentina, there is no official energy demand growth projection rate and unofficial market estimates project a compound annual growth rate of 4.3% for the next 10 years. Most of the investments made in the last 10 years to meet demand growth were made by the Argentine Government, as there are no attractive incentives to stimulate investment in new generating capacity from private investors.

Total installed capacity in the SADI amounted to 32,333 MW at the end of 2014, from which 59.7% was conventional thermoelectric, 34.3% was hydroelectric, and 6% was nuclear, renewable (including small hydros), cogeneration and self-generation plants. In 2014, 63.5% of total energy demand was supplied by conventional thermoelectric generation, 31% by hydroelectric plants, 4% by nuclear generation and the remaining 1.5% by imports and other generation. Total electric power production in the SADI in 2014 was 131,205 GWh, which represented a 3.3% increase from 2013. During 2014, there were no energy imports from Brazil because of the dry hydrological conditions suffered in the southern Brazil region.

As a result of demand growth and the lack of new investments, regulations were put in place providing that upcoming industrial demand growth should be covered by PPAs under the Energía Plus Program. Considering the lack of supply in Argentina and that TermoAndes is the most efficient Energía Plus Program facility compared to its competitors, we expect TermoAndes to continue supplying a significant portion of the industrial demand growth in Argentina.

Contract and Spot Energy and Capacity Sales

Chile

The amount of our capacity that is contracted or left uncommitted to be sold at spot prices is important to our profitability. In Chile, we align our contracts with our efficient generation capacity, contracting a significant portion of our efficient or base load capacity, currently coal and hydroelectric capacity, under long-term contracts with regulated and unregulated customers. We reserve our higher variable cost units, designated as back-up facilities, principally our diesel and gas-fired units in Chile, for sales to the spot market during tight system supply conditions, such as dry hydrological conditions, plant outages and fuel shortages, among others.

In Chile, sales on the spot market are made only to other generation companies that are members of the relevant CDEC at the system marginal cost. This contracting strategy provides us with stable long-term earnings and cash flows under normal hydrological conditions and improved earnings and cash flows under extreme hydrological conditions. All contracts are supplied from the system regardless of whether the generator who contracted the supply is capable of generating the electricity to meet the contract. The CDEC clears the exposure of individual generators to the energy spot market from the difference between its contractual energy and its generated energy obtained from the centralized dispatch, and to the capacity market from the difference between the capacity demanded by its customers at the hour of the system's maximum demand and its firm capacity.

To reduce our exposure to the potential imbalance between supply and demand and ensure investment recovery, our policy is to not engage in any expansion projects unless a significant portion of the new project capacity is committed through long-term PPAs. As of March 31, 2015, we had long-term contracts with distribution companies, mining and industrial companies for a total of 3,395 MW. As of March 31, 2015, the average term of our contracts in the SIC was approximately nine years and in the SING approximately 12 years. Our principal customers include the distribution companies Chilectra, Chilquinta Energía S.A. and EMEL and mining companies Minera Escondida, Minera Spence, Codelco, Pelambres, Candelaria and Angloamerican. We have signed long-term, price-indexed contracts for substantially all of our Cochrane project's installed capacity with unregulated customers in the SING (Sierra Gorda, SQM and Quebrada Blanca). We have also signed a long-term energy supply contract for our Alto Maipo project in the SIC with an unregulated customer (Pelambres).

In Chile, given that at present we have achieved an optimal contract level by aligning our efficient generation with long-term contracts. Going forward we expect stable operating margins until the expiration of our existing contracts; however, we assume that we will renew these contracts as they mature. As a result, our spot market sales are generally made during tight conditions such as natural gas restrictions and droughts. Spot market sales will depend on system conditions and always provide an upside to our contract margin from efficient generation.

Colombia

In Colombia, we also seek to maximize cash flows and operating margin by applying an integrated business risk management strategy to optimize the use of the reservoir, determining the desired level of contracts based on projected hydrological conditions and the plant's generation profile. We maximize revenues from the sale of excess non-contracted electricity on the spot market during optimal price conditions. Our commercial strategy focuses on allocating approximately 70% to 85% of annual expected output under contracts principally with distribution companies in the system in order to establish a low-risk customer portfolio. As of March 31, 2015, our contracts with distribution companies totaled 760 GWh, representing approximately 122.0% of the three-month generation. In Colombia, sales on the spot market are made to other generation and trading companies at the system spot price.

In accordance with our commercial strategy, we have currently committed approximately 84.2% for 2015, 76.4% for 2016, 65.4% for 2017 and 45.6% for 2018 of our annual expected generation under medium-term contracts for the next few years. In the future, given the expected growth of the Colombian system and the low-cost competitive nature of our generation, we expect to be able to renew the contracts as they become due, maintaining stable results of operations.

Argentina

In Argentina, 306 MW of our TermoAndes' installed capacity was authorized to be traded under PPAs under the Energía Plus Program with industrial customers. The remaining capacity, over 306 MW and up to 643 MW, must be sold at the spot market with a lower margin. The TermoAndes strategy is to maximize the electricity sold under Energía Plus Program contracts with industrial customers. These contracts allow TermoAndes to sell electricity at higher prices compared to spot prices. Under Energía Plus Program, as of March 31, 2015, the price was approximately U.S.$ 71.2/MWh while the spot market price is capped at AR$120.0 (U.S.$ 13.6/MWh). Prices of the PPAs under the Energía Plus Program are denominated in U.S. dollars.

Currently, TermoAndes supplies 184 industrial customers under the Energía Plus Program, with a total contracted capacity of 223.9 MW, representing 73.2% of total capacity authorized by the Ministry of Planning to be sold under PPAs under the Energía Plus Program. As contracts under this program are executed for periods of up to 22 months, TermoAndes will continue to participate in several bids in 2015 and 2016 in order to renew contracts or to obtain additional contracted capacity in order to reach the 306 MW authorized by the Argentine Government.

PPAs under the Energía Plus Program are short-term sales contracts, usually with a term of one year to up to 22 months. As these contracts cover the excess demand of industrial customers, the utilization factor from contracted capacity is usually low. Furthermore, these contracts are supplemented with back-up contracts signed with other generators, to sell the contracted non-utilized energy, resulting in a higher capacity factor.

Energía Plus Program regulation establishes that in the event of shortfalls in the level of production relative to the contracted customer consumption, generators must purchase energy shortfalls of energy at "Market Marginal Cost" which is much higher than the contract price for these PPAs. This risk is mitigated with the above-mentioned back-up contracts among generators, whose sales prices are lower than the Market Marginal Cost but higher than the spot prices.

In the first three-months of 2015, Energía Plus Program contract sales by TermoAndes represented 40.4% of its total energy sales of 617 GWh.

Firm Capacity and Firm Energy Sales

Chile

In Chile, we also receive capacity payments for contributing to the system's sufficiency to meet peak demand. These payments are added to the final electricity price paid by both unregulated and regulated customers. In each system, the CDEC annually determines the firm capacity amount allocated to each power plant. A plant's initial firm capacity is defined as the capacity that it can guarantee at peak hours during critical conditions, such as droughts and fuel shortages, taking into account statistical information regarding maintenance periods and the water inflows in the case of hydroelectric plants. Initial firm capacity is then adjusted by aggregate capacity in relation to maximum demand to obtain final firm capacity. Based on the firm capacity assigned to each generation company, each year transfers occur between generators experiencing firm capacity surpluses with respect to their peak capacity commitments to their own customers and generators experiencing capacity deficits. The firm capacity transfers are determined by the CDEC and are valued at the capacity price fixed by the CNE in the semi-annual node price report and indexed to the U.S. CPI and other relevant indices. In 2014, our annual firm capacity revenues totaled U.S.$100.7 million and U.S.$25.8 million in the SIC and SING, respectively.

In Chile, at present, our firm capacity payments received from our customers and other operators provide a stable source of revenue. We plan to add new installed capacity to both systems in the medium-term with the expected commercial operation of Cochrane units 1 and 2 in the SING within the second and third quarter of 2016, respectively, and Guacolda's fifth unit and Alto Maipo's two run-of-river hydroelectric units in the SIC in the last quarter of 2015 and 2018, respectively, thereby increasing our firm capacity allotments. Our operational excellence strategy also strives to maintain the availability of our existing plants and their firm capacity allocations going forward. Since our firm capacity allocation depends on the availability of our plants during tight market conditions as well as the available capacity of other generators in order to meet system peak demand, in the future, if available capacity in excess of peak demand increases due to new construction projects, our allocation of firm capacity would decrease.

Colombia

In 2006, the regulatory framework for the electricity sector was amended with the adoption of a reliability payment mechanism. The reliability charge is denominated in U.S. Dollars and payable in Colombian pesos at the exchange rate of the end of the relevant month. This charge was designed to compensate generation companies for making available extra firm capacity, particularly during conditions of scarcity, allowing the system to improve the predictability and stability of generation. The new charge was designed to compensate and stimulate investment in the generation sector and includes special firm energy auctions for projects with construction periods longer than the planning period, such as large-scale hydroelectric projects.

The new methodology for compensating generators for firm capacity is called the "reliability charge mechanism." The reliability charge mechanism is based on firm capacity obligations which are assigned through a public auction process. In this process, existing plants receive firm energy allocations for one year periods while new plants are able to ensure reliability charge revenue for periods of up to 20 years. The system has had two firm energy auctions in 2008 and 2011 in order to satisfy the future growth in demand. Additional capacity of 2,448 MW is scheduled for completion between 2015 and 2018 and is comprised of 648 MW of thermo plants and 1,800 MW of several hydroelectric plants. AES Chivor's reliability charge revenues totaled U.S.$39.5 million in 2014.

In Colombia, at present, our reliability charge receipts provide a stable source of revenue, and we plan to continue our operational excellence program to maintain ongoing availability. To date, our reliability charge revenues have been determined through year 2014 in previously held auctions. We estimate that we will continue to maintain similar reliability revenues in the future, potentially experiencing a reduction of 2-3% if significant new capacity is added to the system. However, in such case, we estimate that the reliability charge price would likely compensate any reduction in volume.

In Colombia, we also actively participate in the ancillary services market, which includes automatic, autonomous and rapid action by the plant to respond to changes in frequency and prevent system outages. Bids for ancillary service are presented on a daily basis and assigned by the CND on a competitive basis.

Argentina

In our Argentina operations, capacity payments are included in energy sales. For uncommitted capacity under contracts, TermoAndes should receive approximately U.S.$1.3/MWh payable in ARS for being available in hours of capacity compensation (around 90 hours per week).

Prices

Chile

In Chile, we maintain long-term contracts with distribution companies and unregulated customers in the SIC and at present, solely with unregulated customers in the SING. The sales prices that we are able to obtain under these contracts depend on many factors, including the type of customer, length of contract, the price of certain fuels, such as coal and diesel, and indices such as the U.S. CPI and foreign exchange, among others. An important price reference in both systems in Chile is the spot price, which represents the marginal cost of the energy generated. See "Business—System Operation and Production." The spot price fluctuates hourly depending on the system's equilibrium, as influenced by fuel prices and hydrology in the SIC, often resulting in a volatile pattern. As there are virtually no natural resources of water in the SING, spot prices are influenced by fuel prices, such as coal and LNG. Generation from our back-up facilities is sold on the spot market. Given the replacement of natural gas with diesel in the SIC and the lack of sufficient cost-efficient capacity, spot prices have reached historical highs in recent years. Spot prices in the SING have stabilized since the second half of 2012 after new coal-fired capacity entered into operations in 2011, including our Angamos units 1 and 2 and other plants operated by E.CL. In the SIC, the addition of the new coal plants in 2012 and 2013 also increased the efficient base load generation, although spot prices have continued to be influenced by dry hydrological conditions.

Under the existing regulatory framework in Chile, prices charged to distribution companies are awarded to generation companies offering the lowest supply price in regulated public bid processes. These prices, termed long-term node prices, are set in U.S. dollars and include indexation formulae which are valid for the entire term of the respective contract, up to a 20-year maximum. More precisely, the long-term energy price for a particular contract is the lowest energy price offered by the generation companies participating in the respective public bid, while the long-term capacity node price is that set in the node price decree in effect at the time of the bid process. The long-term capacity price is also set in U.S. dollars and indexed to the U.S. CPI. Although long-term node energy and capacity node prices are set in U.S. dollars, monthly payments are made in Chilean pesos at the exchange rate published in the node price report by the CNE every six months.

We participated in the distribution auction processes carried out during 2009, 2008 and 2007 and were awarded 5,529 GWh of energy contracts. All of our regulated contracts with distribution companies contain price indexation formulae which adjust contract prices for fluctuations in variables selected by us, specifically the price of coal and the U.S. CPI. See "Business—Contract Level—Chile."

On May 29, 2015 the CNE launched a new bidding process to award power purchase agreements for regulated customers. Bids can be presented until April 2016 and will be awarded by May 2016. This process contemplates a new mechanism for submitting bids. Offers must be presented at present value, be discounted at 10% and consider indexation formulas for 10 years with proposed formulas and parameters. Under this new bidding process, an aggregate of 13,750 GWh per year will be offered between 2021 and 2040. In addition, on June 19, 2015, the CNE announced a new bidding process to complement the process commenced in May 2015. Under this process, bids can be submitted until September 23, 2015 and will be awarded by October 2015, for 1,200 GWh per year from 2017 to 2036.

Prices under our contracts with unregulated customers are negotiated bilaterally. The tariffs in our unregulated PPAs are denominated in U.S. dollars and include a capacity and energy charge. Although the unregulated prices are set in U.S. dollars, monthly payments are made in Chilean pesos at the exchange rate defined under contract, which is typically the exchange rate on the invoice date or the average exchange rate during the month in which energy is sold. The capacity charge is designed to pay for the installed capacity that we commit to meet the maximum amount of electricity demanded at any time by our customer under the contract. The energy charge is designed to pay for the actual electricity sold to the customer. The sum of both the capacity charge and the energy charge divided by the actual energy sold, expressed in U.S.$/MWh or mills/kWh, is known as the monomic price. The energy charge in the majority of our unregulated contracts is made up of an initial fixed value reflecting, among other factors, the cost of the actual fuel mix to be used to service the contract and an indexation formula, which periodically adjusts prices based on our generation cost structure related to the U.S. CPI and the international price of coal, even in some cases with pass through of full fuel and regulatory costs.

The capacity charge in our regulated and unregulated contracts is based on the capacity charge defined by the CNE every six months during the node price fixing process. The capacity charge is measured in U.S.$/kW per month and is calculated based on the assumed capital cost of a peaking unit.

The current pricing system for regulated and unregulated contracts, which includes indexation formulae to adjust for selected cost variations, effectively hedges our contract margin. Up until the end of 2010, our regulated contracts in the SIC were based on the node price and, as a result, cost variations were not directly reflected in prices. Under the current regulated contract scenario, prices are indexed every six months using the variables selected by generators in the bid process. Additionally, if a variation in a selected indexation factor would result in a change of more than 10.0%, the regulated prices are immediately adjusted. Unregulated contracts contain indexation mechanisms bilaterally negotiated by the parties, which in most cases results in monthly price adjustments.

Colombia

In Colombia, we sell our electricity under medium-term (one to four year) contracts, principally with distribution companies and on the spot market. Occasionally, we also enter into additional short-term contractual arrangements with trading companies, other generators or unregulated end-users. The contract prices in agreements with distribution companies are determined through closed envelope public bids and include indexation mechanisms to adjust for the Colombian PPI. Contract prices with trading companies, other generators or unregulated end-users are negotiated in direct bilateral negotiations.

Our generation not sold under contract is sold in the spot market. The dominance of hydroelectric generation and the marked seasonal variations in Colombia's hydrology result in price volatility in the spot market. Under the Colombian regulatory framework, each electricity generator sets its daily price offer and its hourly availability declaration without considering the physical and technical restrictions of the transmission network. Electricity resources to be dispatched at a particular time are selected based on the lowest price offers. The price of the last resource used to meet the total demand in each hour is known as the spot price. In normal hydrological conditions, the spot price is typically set in accordance with the price of natural gas and closely linked to international oil prices. In drier than normal conditions, such as those during the "El Niño" phenomenon in Colombia, the spot price is often set by diesel turbines; conversely, in wet years, such as those during the "La Niña" phenomenon, the spot price is generally set by hydroelectric generation based on the daily bid offers.

Given our location, historically, hydrological conditions at our reservoir have often been countercyclical to the rest of the Colombian system. This means that when Colombia as a whole experienced drier than average hydrological conditions, our reservoir experienced conditions close to normal. In parallel, when the rest of Colombia experienced wet hydrological conditions, the water inflows to our reservoir have historically been lower than normal. In such cases, when the Colombian system as a whole experiences drier than normal conditions, we are able to sell our generation at higher than average contract and spot prices (as was the case during the fourth quarter of 2014). Similarly, when the Colombian system as a whole experiences wet conditions, we sell our generation at lower than average historical spot prices, while at the same time increasing our contract levels in order to sell our generation at prices above spot market prices, partially compensating the effect on our results of operation.

Argentina

In Argentina, industrial customers are required to purchase their energy requirements under contracts negotiated in direct bilateral negotiations under the Energía Plus Program, which are denominated in U.S. dollars and include capacity and energy payments. While prices are set in U.S. dollars, monthly payments are made in Argentine pesos at the exchange rate established in the invoice (which is the official exchange rate as established by the Argentine Central Bank). Although these industrial customers are subject to a fine if they purchase their energy in the spot market instead, given the recent devaluation of the Argentine peso against the U.S. Dollar, the price of purchasing energy in the spot market in Argentine pesos, plus the applicable fine, was lower than the dollarized price of purchasing energy under the Energía Plus Program. Thus, in order to incentivize the purchases of energy under the Energía Plus Program, on March 13, 2015, the Argentine Secretariat of Energy issued a resolution increasing the amount of the fines applicable to industrial customers when buying the energy from the spot market.

Generation sold in the spot market is sold at the spot price, which has been capped at AR$120/MWh since 2003. However, as the real variable cost of production is greater than AR$120/MWh, new variables have been included in energy payments in order to better reflect variable costs and guarantee a minimum margin of AR$5/MWh.

PPAs sales are collected 30 days from the supply month while spot sales are collected around 100 days from the supply month.

Hydrology

SIC

In the SIC, where hydroelectric plants represent approximately 42.0% of the system's installed capacity, hydrological conditions largely influence plant dispatch and therefore, spot market prices. Given their location, our run-of-river hydroelectric facilities generally exhibit more stable generation during extreme hydrological conditions as compared to our competitors' reservoir-based hydroelectric plants which are located in south-central Chile. At present, given the balance between our cost-efficient generation and our contractual commitments, under normal and dry hydrological conditions, we can be expected to generate with our efficient, base load facilities, utilizing generation from these plants to meet our contracts. Our contract strategy also protects us from severe hydrological conditions, under which our earnings improve. We become a spot purchaser of electricity from other generation companies during wet hydrological conditions, when spot market prices are at their lowest, and our spot sales of electricity generated by our back-up facilities increase in periods of low water conditions, when spot market prices are at their highest.

SIN

Hydrological conditions largely influence our generation and the spot prices at which we sell our non-contracted generation in Colombia. Our physical sales are typically lower during adverse hydrological conditions as a result of reduced hydroelectric generation capacity. Additionally, our spot market sales are typically lower during adverse hydrological conditions because the excess of our production over our contracted sales decreases and we are no longer able to sell that excess generation in the spot market. Our commercial risk management and contracting strategy flexibly determines the desired level of contracts based on projected hydrological conditions in order to maximize our commercial margin and minimize volatility, increasing contractual commitments in wet periods to compensate for spot price reductions and decreasing contracts in dry periods in order to reduce spot price purchase exposure.

Given our geographic location in Colombia, our basin's hydrology consists of one rainy season from May to November, during which our reservoir is filled, and one dry season from December to April, during which our energy generation rate exceeds the water inflow rate, and thus our reservoir is drained. This differs from the hydrology of the Andean region, where most of our hydroelectric competitors are located, which hydrology consists of two rainy seasons and two dry seasons. In addition, our rainfall levels have historically fluctuated less than the overall Colombian system, even during extreme hydrological phenomena. The result of our hydrological pattern is that, although we share one dry season with the entire country, we benefit from part of our rainy season occurring during the second dry season of the Andean region.

Hydrology in Colombia is significantly influenced by the temperatures of the equatorial Pacific Ocean. When the Pacific experiences neutral El Niño-Southern Oscillation (ENSO) conditions (absence of "El Niño" or "La Niña"), the parameters that govern the climate are smaller-scale variables such as (i) the inter-tropical convergence zone, (ii) tropical cyclones in the Atlantic Ocean, and (iii) other factors such as the Madden and Julian Oscillation (or MJO), an intraseasonal oscillation pattern of tropical precipitation in lower latitudes, which can eventually change weather patterns in a very short time scale, especially in our basin; making hydrology very variable. However, under appropriate conditions of weather monitoring and data from national and international climate agencies, an acceptable probability of hydrological forecasts can be obtained.

Argentina

There are several basins in Argentina with different conditions and hydrological behavior. In some basins the hydrological conditions depend on rain, others on snowmelt and rain, and still others exclusively on snowmelt during spring and summer.

Given the lack of new installed capacity in recent years and the increase in demand, Argentine electric systems require the utilization of thermal capacity throughout the year.

Costs

In determining the prices of our long-term power supply contracts, one of the most important variables is the projected cost of supplying the contract. Under our commercial strategy, we typically commit to providing power generation from our hydroelectric plants and our lower-cost thermoelectric plants, specifically our coal plants. Given that generation from our back-up facilities is typically sold on the spot market, the spot market price, which is determined based on the last unit dispatched, provides sufficient compensation to cover the costs of these facilities. Our main costs of sales of electricity generation are the following:

- fuel to supply our thermoelectric plants, including coal, liquefied natural gas and diesel;
- purchase of energy in the spot market;
- transmission tolls;
- fuel transportation, including natural gas, coal and diesel;
- depreciation; and
- operating and maintenance expenditures.

Other cost of sales includes the cost of sales related to the sale of coal by us to third parties, including our subsidiaries. Our main administrative and selling expenses are wages, salaries, taxes other than income taxes, such as the equity tax in Colombia, and other expenses.

Fuel purchases used to generate, including coal, diesel, natural gas and LNG, are our most significant cost of operations. Fuel costs, primarily coal, represented 40.9% and 36.4% of our total costs of sale in 2014 and 2013, respectively. Coal is purchased both locally and internationally as the primary fuel for several of our plants, including our equity-method investee Eléctrica Guacolda. Our back-up plants utilize petroleum-based fuels, with subsidiary Eléctrica Santiago capable of alternating among natural gas, LNG or diesel. Our coal-fired facilities are efficient facilities and as such, we contract a significant portion of their production over the long-term. The generation from our petroleum-based plants, including Eléctrica Santiago, is not contracted and instead is sold on the spot market.

Our coal supplies are sourced from international and local distributors through short- and medium-term contracts specifying the volume required. The inability of our suppliers to comply with the contracts could negatively affect our business. Although we do not rely on a single supplier of coal, if a significant portion of our suppliers experience production disruptions or are unable to meet their obligations under present or future supply agreements, we may be forced to pay higher prices to obtain the same fuel or may be forced to meet our contractual obligations with more expensive generation or through purchases in the spot market. In Chile, diesel and LNG are purchased from local suppliers under short-term bilateral agreements, based on the international price of diesel or LNG, respectively. Argentine natural gas is purchased under contracts for TermoAndes' combined-cycle plant.

The current pricing system for regulated and unregulated contracts, which includes indexation formulae to adjust for selected cost variations, effectively hedges our contract margin. In the past, up until the end of 2010, our regulated contracts in the SIC were based on the node price and as a result cost variations were not directly reflected in prices. Under the current regulated contract scenario, prices are indexed every six months using the variables selected by generators in the bid process awards. Additionally, if a variation in a selected indexation factor would result in a change of more than 10%, the regulated prices are immediately adjusted. Unregulated contracts contain indexation mechanisms bilaterally negotiated by the parties, which in most cases results in monthly price adjustments.

Exchange Rate Fluctuations

The Chilean peso floats freely and has been subject to significant fluctuations in the past. In the year ended December 31, 2014, the value of the Chilean peso relative to the U.S. dollar has fluctuated between a low of Ch$466.5 to U.S.$1.00 and a high of Ch$621.4 to U.S.$1.00, based on U.S.$ Observed Exchange rates. During the three-month period ended March 31, 2015, the value of the Chilean peso relative to the U.S. dollar depreciated approximately 3.2% in nominal terms from Ch$607.4 to U.S.$1.0 as of December 31, 2014, based on U.S.$ Observed Exchange rates of Ch$626.9 to U.S.$1.0. See "Exchange Rates."

Our functional currency is the U.S. dollar, given that our revenues, costs and investments in equipment are principally denominated in U.S. dollars. Additionally, we and our Chilean subsidiaries have been authorized to file and pay income taxes in U.S. dollars. Exchange rate risk is associated with revenue, costs, investments and debt denominated in currencies other than the U.S. dollar, primarily the Chilean peso. The principal components denominated in Chilean pesos include the accumulated accounts receivable (partly offset by foreign exchange forward contracts), short term investments in Chilean pesos, in addition to tax credits, primarily VAT associated with our construction projects and local salaries. As of March 31, 2015, we maintained several foreign exchange forward contracts in order to reduce our exposure to the Chilean peso associated with variations in the U.S. to Chilean peso exchange rate during each six-month regulated price period, since long-term node energy and capacity node prices determined in distribution company bid processes are paid in Chilean pesos at the exchange rate published in the node price report by the CNE. As of March 31, 2015, the impact of a variation of 10% in the Chilean peso to the U.S. dollar exchange rate would have resulted in a variation of approximately U.S.$11.7 million in our net income. During the first three months of 2015, approximately 87.8% of our revenue and 85.8% of our costs were denominated in U.S. dollars.

The functional currency for AES Chivor is the Colombian peso since its revenue, specifically contract sales, and its cost of sales are primarily in Colombian pesos. In the three-month period ended March 31, 2015, approximately 10.3% of our consolidated revenues were contract sales denominated in Colombian pesos. Additionally, AES Chivor's dividends are denominated in Colombian pesos, although financial coverage mechanisms are utilized to fix the amounts in U.S. dollars.

Spot prices in the Argentine market are denominated in Argentine pesos and Energía Plus Program sales are denominated in U.S. dollars but paid in Argentine pesos. SADI spot sales represented just 2.0% of our consolidated revenues in the three-month period ended March 31, 2015. See "Exchange Rates."

Investments in new plants and maintenance equipment are principally in U.S. dollars. Short-term investments are also mostly held in U.S. dollars. As of March 31, 2015, 71.7% of AES Gener's short-term investments and bank account balances were denominated in U.S. dollars, 5.8% in Argentine pesos, 6.0% in Chilean pesos and 16.4% in Colombian pesos. Cash balances in Argentine pesos are subject to foreign exchange restrictions and exchange rate volatility inherent to the Argentine market.

We entered into a cross currency swap to mitigate the foreign currency risk associated with our UF-denominated bonds issued in 2007 for approximately U.S. $219.5 million which extends through the duration of the debt. As of March 31, 2015, 97.5% of our consolidated debt was denominated in U.S. dollars, including the local bonds mentioned above.

Results of Operations

Operating Segments

Our operating segments include the SIC, SING, SIN and SADI. Our SIC segment includes the operations of our hydroelectric and thermoelectric plants and the operations of our operating subsidiaries in the SIC, Eléctrica Santiago, Eléctrica Ventanas and Eléctrica Campiche. The SING segment includes the operations of our subsidiaries Norgener and Eléctrica Angamos. The SADI segment relates to the operations of TermoAndes in Argentina. The SIN segment relates exclusively to the operations of our subsidiary AES Chivor in Colombia.

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

Operating revenue

The following table presents our operating revenue for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Operating Revenue – SIC	322.6	338.6	(16.0)	(5%)
Operating Revenue - SING	147.8	134.9	12.9	10%
Operating Revenue – SADI	28.3	37.5	(9.2)	(25%)
Operating Revenue – SIN	96.1	106.8	(10.6)	(10%)
Consolidation Adjustments	(62.3)	(58.8)	(3.5)	6%
Total Operating Revenue	**532.6**	**559.0**	**(26.6)**	(5%)

Operating revenue decreased by U.S.$26.6 million, or 5%, for the three-month period ended March 31, 2015 as compared to the same period in 2014, primarily driven by lower spot market sales in the four systems in which we operate. These lower spot sales were mainly a result of lower spot prices, which in turn primarily reflects a general decrease in commodity prices. This decrease was partially offset by an increase in sales of energy to unregulated customers in the SING.

SIC

The following table presents our operating revenue and physical energy sales in the SIC for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Operating Revenue				
Contract Energy and Capacity Sales – Regulated Customers	123.9	127.1	(3.2)	(3%)
Contract Energy and Capacity Sales – Unregulated Customers	70.9	65.1	5.8	9%
Spot Energy and Capacity Sales	41.0	61.4	(20.4)	(33%)
Other Operating Revenue	86.8	85.0	1.8	2%
Total Operating Revenue	**322.6**	**338.6**	**(16.0)**	(5)%
Physical Data (in GWh)				
Sales of Energy to Regulated Customers	1,310	1,413	(103)	(7%)
Sales of Energy to Unregulated Customers	570	629	(59)	(9%)
Sales of Energy to Spot Market	335	418	(83)	(20%)
Total Energy Sales	**2,215**	**2,460**	**(245)**	(10%)

In the SIC, operating revenue decreased by U.S.$16.0 million, or 5%, for the three-month period ended March 31, 2015 compared to the same period in 2014.

Contract energy and capacity sales to regulated customers decreased by U.S.$3.2 million, or 3%, primarily due to the 7% decrease in our physical energy sales to regulated customers, which primarily reflects the termination of our contract with CGE in December 2014. This decrease was partially offset by the 5% increase in the average monomic price applicable to these sales, primarily due to price indexation formulae in the contracts that decreased in line with the coal price decrease.

Contract energy and capacity sales to unregulated customers increased by U.S.$5.8 million, or 9%, primarily due to the U.S.$13.1 million in revenues we received from the lease of our Nueva Renca plant to ENDESA. This increase was partially offset by the 9% decrease in our physical energy sales to unregulated customers, which primarily reflects maintenance works and decreased consumption by one of our customers.

Spot energy and capacity sales decreased by U.S.$20.4 million, or 33%, primarily due to lower spot prices which decreased to an average of U.S.$131.6 /MWh (at the Quillota 220 kV substation) from an average of U.S.$ 159.5/MWh. The decrease in spot prices is mainly attributable to a decrease in commodity prices. Our spot energy and capacity sales were also negatively affected by the 20% decrease in our physical sales of energy on the spot market, which primarily reflects a lower dispatch of our diesel plants.

The 2% increase in other operating revenue is mainly driven by the U.S.$4.7 million increase in transmission revenues, partially offset by lower coal sales.

SING

The following table presents our operating revenue and physical energy sales in the SING for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Operating Revenue				
Contract Energy and Capacity Sales – Unregulated Customer	135.1	114.7	20.4	18%
Spot Energy and Capacity Sales	10.6	13.2	(2.6)	(20%)
Other Operating Revenue	2.1	7.0	(4.9)	(70%)
Total Operating Revenue	**147.8**	**134.9**	**12.9**	10%
Physical Data (in GWh)				
Sales of Energy to Unregulated Customers	1,446	1,163	283	24%
Sales of Energy to Spot Market	287	327	(40)	(12%)
Total Energy Sales	**1,733**	**1,490**	**243**	16%
Average Monomic Price SING (U.S.$/MWh)	**84.1**	**85.8**	**(1.8)**	(2)%

In the SING, operating revenue increased by U.S.$12.9 million, or 10%, for the three-month period ended March 31, 2015, compared to the same period in 2014.

Contract energy and capacity sales to unregulated customers increased by U.S.$20.4 million, or 18%, primarily due to the 24% increase in our physical sales of energy to unregulated customers, which was driven by an increase in demand from our Norgener contracted customers. This increase was partially offset by the 5% decrease in the average monomic price applicable to these sales primarily due to price indexation formulae in the contracts that decreased in line with the coal price decrease.

Spot energy and capacity sales decreased by U.S.$2.6 million, or 20%, in line with the 12% decrease in physical sales due to higher demand from our contracted customers, which decreased our generation capacity available for sale in the spot market, as well as lower spot prices, which decreased to an average of U.S.$49.4/MWh in the three-month period ended March 31, 2015 from an average of U.S.$88.0/MWh in the same period of 2014. The decrease in the spot prices is primarily the result of lower fuel prices.

The U.S.$4.9 million decrease in other operating revenue was primarily due to our decreased coal sales to third parties.

SADI

The following table presents our operating revenue and physical energy sales in the SADI for the periods indicated:

	For the nine months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Operating Revenue				
Contract Energy and Capacity Sales	17.9	20.3	(2.4)	(12%)
Spot Energy and Capacity Sales	10.4	17.1	(6.7)	(39%)
Total Operating Revenue	**28.3**	**37.4**	**(9.1)**	(24)%
Physical Data (in GWh)				
Contract Sales	249	321	(72)	(22%)
Sales of Energy to Spot Market	368	744	(376)	(51%)
Total Energy Sales	**617**	**1,065**	**(448)**	(42%)
Average Monomic Price SADI (U.S.$/MWh)	**45.9**	**35.1**	**10.7**	31%

In the SADI, operating revenue decreased by U.S.$9.1 million, or 24% for the three-month period ended March 31, 2015, compared to the same period in 2014.

Contract energy and capacity sales decreased by U.S.$2.4 million, or 12%, primarily due to the 22% decrease in physical contract sales, which in turn resulted from a decrease in industrial demand under the Energía Plus Program.

Spot energy and capacity sales decreased by U.S.$6.7 million, or 39%, primarily as a result of (i) the 51% decrease in physical sales of energy in the spot market, which was driven by a decrease in the generation of our TermoAndes plant due to major maintenance works in two of its units and (ii) lower spot prices in U.S. Dollars associated with the exchange rate devaluation of the Argentine peso against the U.S. Dollar. While the spot price in Argentine pesos remained stable at AR$120/MWh, in U.S. Dollars it dropped to an average of U.S.$13.8/MWh from an average of U.S.$15.8/MWh.

SIN

The following table presents our operating revenue and physical energy sales in the SIN for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Operating Revenue				
Contract Energy and Capacity Sales	54.8	48.6	6.2	13%
Spot Energy and Capacity Sales	39.3	58.2	(18.9)	(32%)
Other Operating Revenue	2.0	0.0	2.0	N/A
Total Operating Revenue	**96.1**	**106.8**	**(10.7)**	(10%)
Physical Data (in GWh)				
Contract Energy and Capacity Sales	760	693	67	10%
Spot Energy and Capacity Sales	427	620	(193)	(31)%
Total Energy Sales	**1,187**	**1,313**	**(126)**	(10)%
Average Monomic Price SIN (U.S.$/MWh)	**79.3**	**81.3**	**(2.1)**	(3%)

In the SIN, operating revenue decreased by U.S.$10.7 million, or 10%, for the three-month period ended March 31, 2015, compared to the same period in 2014.

Contract energy and capacity sales increased by U.S.$6.2 million, or 13%, primarily due to the 10% increase in physical contract sales, which was driven by an increase in contracted volume to align our generation expectations to hydrological conditions in Colombia. Additionally, average contract prices increased to an average of U.S.$72.1/MWh from U.S.$70.1/MWh.

Spot energy and capacity sales decreased by U.S.$18.9 million, or 32%, primarily due to (i) the 10% decrease in our physical sales of energy in the spot market, driven by drier hydrological conditions in Colombia and (ii) lower average spot prices, which fell to an average of U.S.$76.1/MWh from U.S.$83.4/MWh, as a result of the higher devaluation of the Colombian peso against the U.S. Dollar during the first three months of 2015 as compared to the first three months of 2014.

The U.S.$2.0 million increase in other operating revenue was primarily due to an increase in our transmission services to unregulated customers.

Cost of Sales

The following table presents our cost of sales for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Cost of Sales- SIC	(244.1)	(308.2)	(64.1)	(21%)
Cost of Sales- SING	(122.3)	(122.7)	(0.4)	-
Cost of Sales- SADI	(34.6)	(34.8)	(0.2)	(1%)
Cost of Sales- SIN	(62.6)	(56.8)	5.8	10%
Consolidation Adjustments	62.3	58.8	3.5	6%
Total Cost of Sales	**(401.4)**	**(463.7)**	**(62.3)**	(13)%

Cost of sales decreased by U.S.$62.3 million, or 13%, for the three-month period ended March 31, 2015 as compared to the same period in 2014, mainly due to a decrease in the cost of sales in the SIC, which was driven by lower fuel consumption given that our diesel generation decreased following the temporary lease of our Nueva Renca plant to ENDESA. In addition, lower fuel prices generally decreased our cost of sales.

SIC

The following table presents our cost of sales and generation in the SIC for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Cost of Sales				
Fuel Consumption	(77.0)	(139.9)	(62.9)	(45%)
Energy and Capacity Purchases	(28.3)	(29.0)	(0.7)	(2%)
Transmission Tolls	(26.0)	(20.3)	5.7	28%
Fuel Cost of Sales	(56.6)	(57.2)	(0.6)	(1%)
Depreciation and Amortization Expense	(27.9)	(26.1)	1.8	7%
Other Cost of Sales	(28.3)	(35.7)	(7.4)	(21%)
Total Cost of Sales	**(244.1)**	**(308.2)**	**(64.1)**	(21)%
Physical data (in GWh)				
Coal Generation	1,391	1,270	121	10%
Diesel Generation	121	433	(312)	(72%)
Gas Generation	71	60	11	18%
Biomass Generation	11	11	-	-
Hydro Generation	442	429	13	3%
Total Generation	**2,036**	**2,203**	**(167)**	(8)%

In the SIC, cost of sales decreased by U.S.$64.1 million, or 21%, for the three-month period ended March 31, 2015 as compared to the period ended March 31, 2014, primarily due to lower fuel consumption. This effect was partially offset by higher transmission tolls.

Fuel consumption decreased by U.S.$62.9 million, or 45%, mainly as a result of (i) lower fuel prices and (ii) lower diesel generation of 121 GWh from 433 GWh, mostly due to the lease of our Nueva Renca plant to

ENDESA, that is not considered part of our gas and diesel generation. This effect was partially offset by higher coal generation of 1,391 GWh from 1,270, due to increased activity levels, mostly at our Ventanas IV plant.

Energy and capacity purchases, including spot market purchases, purchases from our equity-method investee and purchases from other third parties under contract, principally qualified NCREs suppliers, decreased by U.S.$0.7 million, or 2%, principally due to a decrease in physical purchases from third parties, which totaled 198 GWh in the three-month period ended March 31, 2015 as compared to 257 GWh for the same period in 2014. This decrease was in turn driven by lower physical energy purchases from Eléctrica Guacolda during the period. However, we expect to make up the purchases during the year in order to reach the contracted levels.

Transmission tolls increased by U.S.$5.7 million, or 28%, mainly due to a higher level of provisioning related to our estimation of sub-transmission costs for the period.

Other cost of sales decreased by U.S.$7.4 million, or 21%, principally driven by lower maintenance costs and more efficient fuel management.

Additionally, depreciation and amortization expense increased by U.S.$1.8 million, or 7%, mainly due to larger investments made in emission control equipment at our Ventanas complex.

SING

The following table presents our cost of sales and generation in the SING for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Cost of Sales				
Fuel Consumption	(50.1)	(54.2)	(4.1)	(8%)
Energy and Capacity Purchases	(32.5)	(24.1)	8.4	35%
Transmission tolls	(1.3)	(1.0)	0.3	30%
Fuel Cost of Sales	0.0	(6.4)	(6.4)	(100%)
Depreciation and Amortization Expense	(18.5)	(18.2)	0.3	2%
Other Cost of Sales	(19.9)	(18.8)	1.1	6%
Total Cost of Sales	**(122.3)**	**(122.7)**	**0.4**	-
Physical data (in GWh)				
Coal Generation	1,318	1,352	(34)	(3%)
Gas Generation (CTM3)	65	29	36	124%
Total Generation	**1,383**	**1,381**	**2**	0%

In the SING, cost of sales decreased slightly by U.S.$ 0.4 million, for the three-month period ended March 31, 2015 as compared to the same period in 2014 due to a decrease in both our fuel consumption and fuel cost of sale, partially offset by higher energy and capacity purchases.

Fuel consumption decreased by U.S.$ 4.1 million, or 8%, as a result of (i) lower average coal prices and (ii) a decrease in our coal generation to 1,318 GWh from 1,352 GWh, which in turn primarily reflects a lower dispatch at our Eléctrica Angamos plant. This decrease was partially offset by an increase in our gas generation which primarily resulted from our leasing of certain gas units. We leased these units in order to increase the efficiency of the electricity system as a whole, therefore mitigating the impact on us from the higher costs that all system generators must share due to the operation of the more expensive units at their technical minimum mode, in accordance with the provisions of DS 130. See "Regulatory Overview-Fines and Compensation."

Energy and capacity purchases increased by U.S.$8.4 million, or 35%, mainly driven by an increase in volumes purchased, mainly related to the operations of our Norgener plant, which experienced a period of increased customer demand coupled with decreased availability of its generation units due to increased maintenance.

Fuel costs of sale decreased by U.S.$6.4 million because we sold fuel in the first quarter of 2014, while no sales of this kind were made in the same period of 2015.

Other cost of sales increased by U.S.$1.1 million, mainly related to costs associated with our leased gas units (as explained above).

SADI

The following table presents our cost of sales and generation in the SADI for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Cost of Sales				
Fuel Consumption	(21.9)	(24.0)	(2.1)	(9%)
Energy and Capacity Purchases	(0.2)	0.0	0.2	-
Transmission tolls	0.0	(0.1)	(0.1)	(100%)
Depreciation and Amortization Expense	(6.4)	(7.6)	(1.2)	(16%)
Other Cost of Sales	(6.1)	(3.1)	3.0	97%
Total Cost of Sales	**(34.6)**	**(34.8)**	**(0.2)**	(1%)
Physical Data (in GWh)				
Gas Generation	617	1,066	(448)	(42%)
Total Generation	**617**	**1,066**	**(448)**	(42%)

In the SADI, cost of sales decreased by U.S.$0.2 million, or 1%, for the three-month period ended March 31, 2015 as compared to the same period in 2014, primarily due to a decrease in our fuel consumption.

Fuel consumption decreased by U.S.$2.1 million, or 9%, primarily as a result of the 42% decrease in our total generation. This decrease in our gas generation was a result of maintenance at one of our TermoAndes units.

Other cost of sales increased by U.S.$3.0 million, or 97%, driven by higher maintenance costs.

Depreciation and amortization expense decreased by U.S.$1.2 million, or 16%, due to the depreciation schedule of our old and new turbine blades.

SIN

The following table presents our cost of sales and generation in the SIN for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Cost of Sales				
Energy and Capacity Purchases	(45.3)	(43.5)	1.8	4%
Depreciation and Amortization Expense	(3.1)	(3.8)	(0.7)	(18%)
Other Cost of Sales	(14.2)	(9.5)	4.7	49%
Total Cost of Sales	**(62.6)**	**(56.8)**	**5.8**	10%
Physical data (in GWh)				
Hydro Generation	621	808	(187)	(23)%
Total Generation	**621**	**808**	**(187)**	(23)%

In the SIN, cost of sales increased by U.S.$5.8 million, or 10%, for the three-month period ended March 31, 2015 as compared to the same period in 2014, primarily as a result of a significant 49% increase in our other cost of sales, which was driven by higher maintenance costs at our AES Chivor plant. Additionally, our energy and capacity purchases increased by U.S.$1.8 million, or 4%, due to an increase in our physical purchases in the spot market to 555 GWh from 498 GWh. Our increased energy purchases on the spot market are primarily the result of the 23% decrease in our own hydro-generation.

Gross Profit

The following table presents our gross profit for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Gross Profit - SIC	78.5	30.5	48.0	157.4%
Gross Profit - SING	25.4	12.3	13.1	106.5%
Gross Profit - SADI	(6.3)	2.6	(8.9)	(342.3%)
Gross Profit - SIN	33.6	50.0	(16.4)	(32.8%)
Total Gross Profit	**131.2**	**95.4**	**35.8**	37.5%

Total Adjusted Operating Income

The following table presents our total adjusted operating income for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Total Adjusted Operating Income(1)				
Operating Revenue	594.8	617.8	(23.0)	(4)%

Consolidation Adjustments	(62.3)	(58.8)	(3.5)	6%
Total Operating Revenue	**532.5**	**559.0**	**(26.5)**	(5)%
Cost of Sales	(463.7)	(522.5)	58.8	(11)%
Consolidation Adjustments	62.3	58.8	3.5	6%
Total Cost of Sales	**(401.4)**	**(463.7)**	**62.3**	(13)%
Gross Profit	**131.1**	**95.3**	**35.8**	38%
Administrative Expenses and Other Operating Income	(28.9)	(23.8)	(5.1)	21%
Total Adjusted Operating Income	**102.2**	**71.5**	**30.6**	43%

(1) For the convenience of the reader, we have included "total adjusted operating income" which is not an IFRS financial statement line item. Total Adjusted Operating Income is the sum of the following financial statement line items: gross profit plus (less) other operating income (expense) and less administrative expenses. Total Adjusted Operating Income is a non-GAAP measure.

As a result of the above mentioned factors, total adjusted operating income increased by 43%, or U.S.$30.6 million, for the period ended March 31, 2015 compared to the same period in 2014.

Administrative expenses and other operating income increased by 21%, to U.S.$ 28.9 from U.S.$23.8 million. The increase was primarily driven by the wealth tax expense incurred by our AES Chivor subsidiary in the amount of U.S.$3.3 million.

Other Operating Income (Losses)

The following table presents our other operating income for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Other Operating Income (Losses)				
Finance Income	2.8	2.8	-	-
Finance Expense	(32.4)	(38.0)	(5.6)	(15%)
Other Gains / (Losses)	0.3	(0.3)	(0.6)	(200%)
Foreign Currency Exchange Differences	(7.8)	(25.6)	(17.8)	(70%)
Equity Participation in Net Income of Associates	8.0	22.5	14.5	(64%)
Total Other Operating Income (Losses)	**(29.1)**	**(38.6)**	**(9.5)**	(25%)

Finance expense decreased by U.S.$5.6 million, or 15%, for the three-month period ended March 31, 2015 as compared to the same period in 2014, primarily as a result of the decrease in our debt obligations due to the repayment of AES Chivor's bonds in the aggregate amount of U.S.$170 million in December 2014 and the early redemption of its Series O of local bonds in the aggregate amount of U.S.$47 million in July 2014. This decrease was partially offset by the issuance of new indebtedness at lower fixed rates, such the Eléctrica Angamos' international bond issuance in November 2014 in the aggregate amount of U.S$800 million.

Other gains (losses) increased by U.S.$0.6 million, for the three-month period ended March 31, 2015 as compared to the same period in 2014, because in the first three months of 2014 we incurred refinancing costs related to our prepayment of our senior bonds due March 2014 in the amount of U.S.$147.1 million.

A U.S.$17.8 million negative variation in our foreign currency exchange differences was recorded for the three-month period ended March 31, 2015 as compared to the same period in 2014, due to lower devaluation of the Argentine peso in the first quarter 2015. The Argentine peso depreciated approximately 3% in the first quarter of 2015. Whereas, the devaluation of the Argentine peso against the U.S. Dollar in the same period of 2014 was approximately by 23%, which affected the value of our net fiscal loans, cash and cash equivalent instruments denominated in Argentine pesos.

The decrease in our share of income from associates of U.S.$14.5 million for the three-month period ended March 31, 2015 as compared to the same period in 2014, was principally due to non-recurring earnings from our equity-method investee Guacolda of U.S.$32.1 million which resulted from the sale of the 2x220 kV 330 km transmission line Maintencillo – Cardones to Transelec S.A. for a total of U.S.$54.7 million in the first quarter of 2014.

Income Tax Expense

Income tax expense increased by U.S.$12.8 million principally driven by our higher taxable income, as well as higher deferred tax expenses related to the increase in the tax rate applicable to us from 20% to 22.5% as a result of the Tax Reform enacted in September 2014.

Net Income

The following table presents our income tax expense and net income for the periods indicated:

	For the three months ended March 31,			
	2015	2014	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Net Income				
Income before Income Taxes and Non-Controlling Interest	73.2	33.1	40.1	121%
Income Tax Expense	(25.0)	(12.2)	12.7	104%
Non-Controlling Interest	3.1	2.4	0.7	29%
Net Income Attributable to Shareholders of the Parent	**51.3**	**23.3**	**28.0**	120%

As a result of the factors discussed above, net income increased by U.S.$28.0 million to U.S.$51.3 million in the period ended March 31, 2015 from U.S.$23.3 million in the period ended March 31, 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating Revenue

The following table presents our operating revenue for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue SIC	1,289.1	55%	1,308.3	58%	(19.2)	(1%)
Operating Revenue – SING	569.6	24%	525.5	24%	44.1	8%
Operating Revenue – SADI	155.6	7%	173.5	8%	(18.0)	(10%)
Operating Revenue - SIN	551.1	24%	522.3	23%	28.8	6%
Consolidation Adjustments	(236.9)	(10%)	(284.8)	(13%)	(47.9)	(17%)

	For the year ended December 31,					
	2014		2013		Variation	
Total Operating Revenue	**2,328.4**	100%	**2,244.8**	100%	**83.6**	4%

Operating revenue increased by U.S.$83.6 million, or 4%, for the year ended December 31, 2014 as compared to the same period in 2013, primarily due to increases of U.S.$44.1 million and U.S.$28.8 million in operating revenue in the SING and the SIN, respectively. These effects were partially offset by decreases of U.S.$19.2 million and U.S.$18.0 million in operating revenue in the SIC and the SADI, respectively.

SIC

The following table presents our operating revenue and physical energy sales in the SIC for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating revenue						
Contract Energy and Capacity Sales – Regulated Customer	530.2	41%	531.0	41%	(0.8)	(%)
Contract Energy and Capacity Sales – Unregulated Customer	251.6	19%	267.2	20%	(15.6)	(6%)
Spot Energy and Capacity Sales	150.4	12%	115.1	9%	35.3	31%
Other Operating Revenue	356.9	28%	395.0	30%	(38.1)	(10%)
Total Operating Revenue	**1,289.1**	100%	**1,308.3**	100%	**(19.2)**	(1%)
Physical Data (in GWh)						
Sales of Energy To Regulated Customers	5,525	62%	5,606	63%	(81)	(1%)
Sales of Energy To Unregulated Customers	2,507	28%	2,537	29%	(30)	(1%)
Sales of Energy To Spot Market	852	10%	725	8%	127	18%
Total Energy Sales	**8,884**	100%	**8,868**	100%	**16**	-
Average Monomic Price SIC (U.S.$/MWh)	**104.9**		**103.0**		**1.9**	2%

In the SIC, operating revenue decreased by U.S.$19.2 million, or 1%, for the year ended December 31, 2014 as compared to the same period in 2013, primarily due to: (i) a decrease of U.S.$38.1 million, or 10%, in other operating revenue, which in turn reflects a decrease in our revenues from coal sales as a consequence of lower coal prices and (ii) a decrease of U.S.$15.6 million, or 6%, in contract energy and capacity sales to unregulated customer, due to lower average contract prices. These prices decreased as a result of price indexation formulae in the contracts that decreased in line with the coal price decrease.

This decrease was partially offset by an increase of U.S.$35.3 million, or 31%, in our spot energy and capacity sales, primarily as a result of the 18% increase in our physical sales of energy on the spot market. This increase in sale volume was driven by higher availability of our Nueva Renca plant as compared to 2013, when Nueva Renca was unavailable from May to September due to maintenance. The increase in physical sales of energy to the spot market was partially offset by lower average spot prices, to U.S.$131.1/MWh in 2014 from U.S.$148.8/MWh in 2013.

Our contract energy and capacity sales to regulated customer remained stable.

The 10% decrease in other operating revenue was primarily due to a decrease in our sale of coal to our subsidiaries in the SING.

SING

The following table presents our operating revenue and physical energy sales in the SING for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales – Unregulated Customer	491.8	86%	455.1	87%	36.7	8%
Spot Energy and Capacity	52.6	9%	57.8	11%	(5.2)	(9%)
Other Operating Revenue	25.0	5%	12.6	2%	12.4	98%
Total Operating Revenue	**569.4**	100%	**525.5**	100%	**43.9**	8%
Physical Data (in GWh)						
Sales of Energy to Unregulated Customers –	4,965	77%	4,256	79%	709	17%
Sales of Energy to Spot Market	1,472	23%	1,159	21%	313	27%
Total Energy Sales	**6,437**	100%	**5,415**	100%	**1,022**	19%
Average Monomic Price (U.S.$/MWh)	**84.6**		**94.7**		**(10.1)**	(11)%

In the SING, operating revenue increased by U.S.$43.9 million, or 8%, for the year ended December 31, 2014 as compared to the same period in 2013.

Contract energy and capacity sales to unregulated customer increased by U.S.$36.7 million, or 8%, principally due to the 17% increase in our physical sales, given an increase in demand from our unregulated customers. This increase was partially offset by the 7% decrease in the average monomic price applicable to our unregulated customers, which was driven primarily by a decrease in prices associated with our Norgener contracts. These prices decreased because of contract price indexation formulas whereby the contract prices fell in line with the drop in coal prices.

Spot energy and capacity sales decreased by U.S.$5.2 million, or 9%, primarily due to lower average spot prices, principally during the fourth quarter of 2014, associated with lower fuel prices. On average, spot prices decreased to U.S.$75.6/MWh (at the Crucero Substation) from U.S.$80.3/MWh. This decrease was partially offset by the 313GWh, or 27%, increase in our physical energy sales on spot market as a result of the increase in the generation of our Eléctrica Angamos plant driven by its higher availability and dispatch capacity.

The U.S.$12.4 million, or 98%, increase in other operating revenue was primarily due to increased coal sales to third parties.

SADI

The following table presents our operating revenue and physical energy sales in the SADI for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales	80.9	52%	99.5	57%	(18.6)	(19%)
Spot Energy and Capacity Sales	74.7	48%	74.0	43%	0.7	1%
Total Operating Revenue	**155.6**	100%	**173.5**	100%	**(17.9)**	(10%)
Physical Data (in GWh)						
Contract Sales	1,290	29%	1,473	35%	(183)	(12%)
Sales of Energy to Spot Market.................	3,154	71%	2,713	65%	441	16%
Total Energy Sales	**4,444**	100%	**4,186**	100%	**258**	6%
Average Monomic Price SADI (U.S.$/MWh)	**35.0**		**41.4**		**(6.4)**	(16%)

In the SADI, operating revenue decreased by U.S.$17.9 million, or 10%, for the year ended December 31, 2014, as compared to the same period in 2013.

Contract energy and capacity sales decreased by U.S.$18.6 million, or 19%, primarily due to the 183GWh, or 12% , decrease in our physical sales driven by a drop in industrial demand under the Energía Plus Program. In addition, our average contract prices decreased 7% in order to incentivize our customers to buy generation under the Energía Plus Program rather than on the spot market.

Spot energy and capacity sales increased by U.S.$ 0.7 million, or 1%, primarily due to the 16% increase in our physical sales driven by more availability given that our generation increased by 7% but our contracted demand decreased. This increase was partially offset by lower spot prices in U.S. Dollars associated with the exchange rate devaluation of the Argentine peso against the U.S. Dollar. While the spot price in Argentine pesos remained stable at AR$120/MWh, in U.S. Dollars it dropped to an average of U.S.$14.8/MWh from U.S.$22.0/MWh.

SIN

The following table presents our operating revenue and physical energy sales in the SIN for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales	254.2	46%	257.6	49%	(3.4)	(1%)
Spot Energy and Capacity Sales	296.8	54%	264.6	51%	32.2	12%
Other Operating Revenue............................	0.1	-	0.1	-	-	-

Total Operating Revenue	**551.1**	100%	**522.3**	100%	**28.8**	6%
Physical Data (in GWh)						
Contract Energy and Capacity Sales	3,509	58%	3,517	57%	(8)	-
Spot Energy and Capacity Sales	2,583	42%	2,662	43%	(79)	(3)%
Total Energy Sales	**6,092**	100%	**6,179**	100%	**(87)**	(1)%
Average Monomic Price Colombia (U.S.$/MWh)	**90.4**		**84.5**		**5.9**	7%

In the SIN, operating revenue increased by U.S.$ 28.8 million, or 6%, for the year ended December 31, 2014 as compared to the same period in 2013.

Contract energy and capacity sales decreased by U.S.$ 3.4 million, or 1%, primarily due to lower average contract prices in U.S. Dollars, to U.S.$71.6/MWh from an average of U.S.$73.4/MWh, as a result of the devaluation of the Colombian peso. Additionally, physical contract sales decreased slightly by 8 GWh.

Spot energy and capacity sales increased by U.S.$ 32.2 million, or 12%, primarily due to higher average spot prices, which rose to U.S.$114.1/MWh from U.S.$96.1/MWh. This increase was partially offset by the 3% decrease in physical sales due to a decrease in contracted volumes to align our generation expectation to hydrological conditions in Colombia.

Cost of Sales

The following table presents our cost of sales for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Cost of Sales- SIC	(1,087.2)	61%	(1,141.0)	66%	(53.8)	(5%)
Cost of Sales- SING	(504.4)	28%	(426.3)	24%	78.1	18%
Cost of Sales- SADI	(149.1)	8%	(138.4)	8%	10.3	7%
Cost of Sales- SIN	(288.2)	16%	(313.8)	18%	(25.6)	(8%)
Consolidation Adjustments	236.9	(13%)	284.8	(16%)	(47.9)	(17%)
Total Cost of Sales	**(1,792.0)**	100%	**(1,734.7)**	100%	**57.3**	3%

In 2014, cost of sales increased by U.S.$57.3 million, or 3%, for the year ended December 31, 2014, as compared to the same period in 2013, primarily due to the increase in cost of sales of U.S.$78.1 million and U.S.$10.3 million in the SING and the SADI, respectively, partially offset by decreases of U.S.$53.8 million and U.S.$25.6 million in cost of sales in the SIC and the SIN, respectively.

SIC

The following table presents our cost of sales and generation in the SIC for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(383.2)	35%	(351.7)	31%	31.5	9%
Energy and Capacity Purchases	(129.3)	12%	(183.7)	16%	(54.4)	(30%)
Transmission Tolls	(83.0)	8%	(92.3)	8%	(9.3)	(10%)
Fuel Cost of Sales	(241.5)	22%	(271.7)	24%	(30.2)	(11%)
Depreciation and Amortization Expense	(109.3)	10%	(104.2)	9%	5.1	5%
Other Cost Of Sales	(140.9)	13%	(137.4)	12%	3.5	3%
Total Cost of Sales	**(1,087.2)**	100%	**(1,141.0)**	100%	**(53.8)**	(5%)
Physical data (in GWh)						
Coal Generation	5,685	72%	5,513	73%	172	3%
Diesel Generation	577	7%	190	3%	387	204%
Gas Generation	352	5%	565	7%	(213)	(38%)
Biomass Generation	32	1%	39	1%	(8)	(18%)
Hydroelectric Generation	1,200	15%	1,237	16%	(37)	(3%)
Total Generation	**7,846**	100%	**7,544**	100%	**302**	4%

In the SIC, cost of sales decreased by U.S.$53.8 million, or 5%, for the year ended December 31, 2014 as compared to the same period in 2013, primarily due to the 30% decrease in our energy and capacity purchases (including spot market purchases and contract purchases from our equity-method investee Guacolda and other generators, principally qualified NCREs suppliers). The decrease in our energy and capacity purchases was primarily due to the 302 GWh, or 4%, increase in our own total generation, particularly our coal and diesel plants. Additionally, the marginal cost or spot price decreased to an average of U.S.$131.1/MWh from U.S.$148.8/MWh (at the Quillota 220 kV substation).

Fuel consumption increased by U.S.$31.5 million, or 9%, principally due to higher diesel generation by our subsidiary Eléctrica Santiago and higher coal generation by our Ventanas IV plant, which came online in March 2013. In physical terms, diesel and coal generation increased by 387 GWh and 172 GWh, respectively, while gas generation and hydroelectric generation decreased by 213 GWh and 37 GWh, respectively.

Fuel cost of sales decreased by U.S.$30.2 million, or 11%, primarily due to the decrease in our lower coal sales to our subsidiaries in the SING.

SING

The following table presents our cost of sales and generation in the SING for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption......................	(247.0)	49%	(192.5)	45%	54.5	28%
Energy and Capacity Purchases	(77.3)	15%	(73.0)	17%	4.3	6%
Transmission Tolls.....................	(5.2)	1%	(3.0)	1%	2.2	73%
Fuel Cost of Sales	(17.4)	4%	(6.9)	2%	10.5	152%
Depreciation and Amortization Expense......................................	(71.2)	14%	(70.4)	16%	0.8	1%
Other Cost of Sales	(86.3)	17%	(80.5)	19%	5.8	7%
Total Cost of Sales.....................	**(504.4)**	100%	**(426.3)**	100%	**78.1**	18%
Physical Data (in GWh)						
Coal Generation.........................	5,492	95%	5,164	100%	328	6%
Gas Generation	316	5%	0	-	316	N/A
Total Generation......................	**5,808**	100%	**5,164**	100%	**644**	12%

In the SING, cost of sales increased by U.S.$78.1 million, or 18%, for the year ended December 31, 2014 as compared to the same period in 2013, primarily as a result of the 28% increase in our fuel consumption. We consumed significantly more fuel due to the 6% increase in our coal generation, which in turn resulted from increased activity at our Eléctrica Angamos plant, as well as our leasing of a gas generation plant whereas in 2013 we did not generate any gas generation. This increase in our cost of sales was partially offset by lower coal prices.

Energy and capacity purchases increased by U.S.$4.3 million, or 6%, due to higher withdrawal costs as some of our expensive units in the SING operate at technical minimum mode pursuant to DS 130.

Other cost of sales increased by U.S.$5.8 million, or 7%, mainly related to a non-recurring reimbursement we received in the first quarter of 2013 under insurance claims, which had the effect of lowering our other cost of sales in that period.

SADI

The following table presents our cost of sales and generation in the SADI for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption................................	(103.0)	69%	(91.7)	66%	11.3	12%
Energy and Capacity Purchases	-	-	-	-	-	
Transmission tolls................................	(0.3)	-	(0.4)	1%	(0.1)	(25%)
Depreciation and Amortization Expense..	(27.9)	19%	(34.9)	25%	(7.0)	(20%)
Other Cost of Sales	(17.9)	12%	(11.4)	8%	6.5	57%

Total Cost of Sales	**(149.1)**	100%	**(138.4)**	100%	**10.7**	8%
Physical Data (in GWh)						
Gas Generation	4,456		4,183		273	7%
Total Generation	**4,456**		**4,183**		**273**	7%

In the SADI, cost of sales increased by U.S.$ 10.7 million, or 8%, for the year ended December 31, 2014 as compared to the same period in 2013, primarily due to higher fuel consumption driven by higher gas generation. This increase in our cost of sales was partially offset by a U.S.$7.0 million decrease in depreciation and amortization expense mainly related to the termination of our blades depreciation in June 2014.

SIN

The following table presents our cost of sales and generation in the SIN for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Energy and Capacity Purchases	(228.1)	79%	(261.8)	83%	(33.7)	(13%)
Depreciation and Amortization Expense	(15.4)	5%	(16.3)	5%	(0.9)	(6%)
Other Cost Of Sales	(44.7)	16%	(35.7)	12%	9.0	25%
Total Cost of Sales	**(288.2)**	100%	**(313.8)**	100%	**(25.6)**	(8%)
Physical Data (in GWh)						
Hydro Generation	3,982	100%	3,373	100%	610	18%
Total Generation	**3,982**	100%	**3,373**	100%	**610**	18%

In the SIN, cost of sales decreased by U.S.$25.6 million, or 8%, for the year ended December 31, 2014 as compared to the same period in 2013, mainly as a result of the 13% decrease in our energy and capacity purchases, which in turn was directly correlated with the 610GWh, or 18%, increase in our total generation.

Gross Profit

The following table presents our gross profit for the periods indicated:

	For the year ended December 31,					
	2014		2013		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Gross Profit – SIC	201.9	38%	167.4	33%	34.5	20.6%
Gross Profit – SING	65.2	12%	99.3	19%	(34.1)	(34.3%)
Gross Profit – SADI	6.5	1%	34.8	7%	(28.3)	(81.3%)
Gross Profit – SIN	262.8	49%	208.6	41%	54.2	26.0%

Total Gross Profit	**536.4**	100%	**510.1**	100%	**26.3**	5.2%

Total Adjusted Operating Income

The following table presents our total adjusted operating income for the periods indicated:

	For the year ended December 31,			
	2014	**2013**	**Variation**	
	(in U.S.$ millions, except for percentages)			
Total Adjusted Operating Income[1]				
Operating Revenue	2,565.3	2,529.6	35.7	1%
Consolidation Adjustments	(236.9)	(284.8)	47.9	(17%)
Total Operating Revenue	**2,328.4**	**2,244.8**	**83.6**	4%
Total Cost of Sales	(2,028.9)	(2,019.5)	(9.4)	0%
Consolidation Adjustments	236.9	284.8	(47.9)	(17%)
Total Cost of Sales	**(1,792.0)**	**(1,734.8)**	**(57.3)**	3%
Gross Profit	**536.4**	**510.1**	**26.3**	**5%**
Administrative Expenses and Other Operating Income (Expense)	(93.1)	(117.0)	23.9	(20%)
Total Adjusted Operating Income	**443.3**	**393.1**	**50.2**	13%

(1) For the convenience of the reader, we have included "total adjusted operating income" which is not an IFRS financial statement line item. Total Adjusted Operating Income is the sum of the following financial statement line items: gross profit plus (less) other operating income (expense) and less administrative expenses. Total Adjusted Operating Income is a non-GAAP measure.

Total adjusted operating income increased by U.S.$50.2 million, or 13%, for the year ended December 31, 2014 as compared to the same period in 2013 due to a U.S.$ 26.3 million increase in gross profit primarily resulting from the increase in our gross profit in the SIN and the SIC of U.S.$54.3 million and U.S.$34.5 million, respectively, partially offset by decreases in our gross profit in the SING and the SADI of U.S.$34.2 million and U.S.$28.3 million, respectively.

Administrative expenses and other operating income decreased by U.S.$ 23.9 million, or 20%, for the year ended December 31, 2014 as compared to the same period in 2013, principally due to lower personnel costs, employee compensation and benefits. These decreases were primarily driven by a productivity improvement plan implemented by us, as well as differences produced by foreign exchange variations.

Other Operating Income (Losses)

The following table presents our other operating income (losses) for the periods indicated:

	For the year ended December 31,			
	2014	2013	Variation	
	(in U.S.$ millions, except for percentages)			
Other Operating Income (Losses)				
Finance Income................................	10.5	9.0	1.5	17%
Finance Expense..............................	(151.5)	(123.9)	27.6	22%
Other Gains / (Losses)	(20.2)	5.2	(25.4)	(488%)
Foreign Currency Exchange Differences	(66.4)	(38.9)	27.5	71%
Equity in Earnings of Associates Participation in Net Income of Associates	19.3	38.5	(19.2)	(50%)
Total Other Operating Income (Losses).....................................	**(208.3)**	**(110.1)**	**98.2**	89%

Finance expenses increased by U.S.$27.6 million for the year ended December 31, 2014 as compared to the same period in 2013, primarily due to the issuance of our junior subordinated bond of U.S.$450 million in December 2013, which bear interests at an annual average rate of 8.375%, partially offset by the repayment of our senior bonds due 2014 in the aggregate amount of U.S.$147.1 million and the early redemption of our local bonds Series O in the aggregate amount of U.S.$47.0 million.

Other gains (losses) decreased by U.S.$25.4 million for the year ended December 31, 2014 as compared to the same period in 2013, primarily due to the non-recurring amortization of deferred expenses we recorded in 2014 in connection with the issuance by our subsidiary Eléctrica Angamos of senior secured notes due 2029 in an aggregate amount of U.S.$800 million, the financial cost associated with our equity-method investment transaction in Guacolda, and the reversal in 2013 of an equity tax provision taken in 2005 and 2006 by our subsidiary AES Chivor.

Net foreign currency exchange differences losses increased by U.S.$27.5 million for the year ended December 31, 2014 as compared to the same period in 2013, due to (i) the negative variation in TermoAndes' results associated to the devaluation of the Argentine peso against the U.S. Dollar by approximately 31% in 2014, which affected primarily the net tax credits of TermoAndes and its cash and cash equivalents denominated in Argentine pesos, and (ii) the net asset position in Chilean pesos associated with certain unrealized medium and long-term receivables. The exchange rate loss in 2014 was partially offset by a positive variation associated with existing hedging instruments (including the maintenance of Argentine sovereign bonds with U.S. Dollar payments in the aggregate amount of U.S.$35.6 million) to mitigate the exchange rate effect on our regulated customer prices.

The decrease of U.S.$19.2 million, or 50%, in our share of income from associates for the year ended December 31, 2014 as compared to the same period in 2013, is due to an increase in deferred income taxes as a result of the change in the corporate tax rate applicable to us after the Tax Reform enacted in September 2014 in Chile, which began to increase gradually from 17% to 21% for the fiscal year 2014, and to 22.5% for the year 2015, 24% for 2016 and finally 27% from 2017 onwards.

Income Tax Expense

Income tax expense increased by U.S.$106.3 million, to a tax expense of U.S.$190.8 million for the year ended December 31, 2014 from a tax expense of U.S.$ 84.5 million for the same period in 2013. As a result of the Tax Reform enacted in September 2014 in Chile, the corporate tax rate applicable to us began to increase gradually from 17% to 21% for the fiscal year 2014, and to 22.5% for the year 2015, 24% for 2016 and finally 27% from 2017 onwards, which caused a one-time increase in our net deferred tax liability, resulting in a negative, one-time, non-cash impact of U.S.$111.3 million in our statement of income for the year ended December 31, 2014. See "Presentation of certain financial and other information."

Net Income

The following table presents our tax expense and net income for the periods indicated:

	For the year ended December 31,			
	2014	2013	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Net Income				
Income Before Income Taxes and Non-Controlling Interest	235.0	283.0	(48.0)	(17%)
Income Tax Expense	(190.8)	(84.5)	106.3	126%
Non-Controlling Interest	8.8	2.8	6.0	212%
Net Income Attributable to Shareholders of the Parent	**53.0**	**201.3**	**(148.3)**	(74%)

As a result of the factors discussed above, net income decreased U.S.$148.3 million, or 74%, to U.S.$53 million in the year ended December 31, 2014 from U.S.$201.3 million in the same period in 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

The following table presents our operating revenue for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Operating Revenue - SIC	1,308.2	58%	1,396.2	60%	(88.0)	(6%)
Operating Revenue - SING	525.5	24%	539.5	23%	(14.0)	(3%)
Operating Revenue - SADI	173.5	8%	167.7	7%	5.8	3%
Operating Revenue - SIN	522.3	23%	453.1	20%	69.2	15%
Consolidation Adjustments	(248.8)	(13%)	(228.8)	(10%)	56.0	24%
Total Operating Revenue	**2,244.8**	100%	**2,327.7**	100%	**(82.9)**	**(4%)**

Operating revenue decreased by U.S.$82.9 million, or 4%, for the year ended December 31, 2013 as compared the same period in 2012 driven by decreases of U.S.$88.0 million and U.S.$14.0 million in the SIC and SING revenues, respectively. Additionally, operating revenue increased by U.S.$69.2 million and U.S.$5.8 million in the SIN and the SADI, due to a higher spot sales and higher contract sales under the Energía Plus Program, respectively.

SIC

The following table presents our operating revenue and physical energy sales in the SIC for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales – Regulated Customer..........................	531.0	41%	544.7	39%	(13.7)	(3%)
Contract Energy and Capacity Sales – Unregulated Customer......................	267.2	20%	254.9	18%	12.3	5%
Spot Energy and Capacity Sales..............	115.1	9%	222.6	16%	(107.5)	(48%)
Other Operating Revenue........................	394.9	30%	374.0	27%	20.9	6%
Total Operating Revenue......................	**1,308.2**	100%	**1,396.2**	100%	**(88.0)**	(6%)
Physical data (in GWh)						
Sales of Energy To Regulated Customers	5,606	63%	5,406	64%	200	4%
Sales of Energy To Unregulated Customers	2,537	29%	1,944	23%	593	31%
Sales of Energy To Spot Market..............	725	8%	1,146	13%	(421)	(37%)
Total Energy Sales................................	**8,868**	100%	**8,496**	100%	**372**	4%
Average Monomic Price SIC (U.S.$/MWh)	103.0		120.3		(17.3)	(14%)

In the SIC, operating revenue decreased by U.S.$88.0 million, or 6%, for the year ended December 31, 2013 compared to the same period 2012.

Contract energy and capacity sales to regulated customer decreased by U.S.$13.7 million, or 3%, despite an increase of 200GWh, or 4%, in physical energy sales, driven by lower contract prices due to price indexation associated with the reduction in coal prices.

Contract energy and capacity sales to unregulated customer increased by U.S.$12.3 million, or 5%, primarily due to an increase in physical sales of energy sales to unregulated customers of 593 GWh, or 31%, driven by the initiation of three new unregulated contracts in May and July 2012, and in May 2013.

Spot energy and capacity sales decreased by U.S.$107.5 million, or 48% due to a 421GWh, or 37%, decrease in physical energy sales to the spot market. This decrease was primarily due to lower dispatch at our Nueva Renca back-up plant in the first five months of 2013 driven by higher availability of efficient generation (hydro and coal) and maintenance of this plant between May and September 2013. Additionally, lower spot prices were recorded, decreasing to an average of U.S.$148.3/MWh (at the Quillota 220 kV substation) from an average of U.S.$189.8/MWh.

The 6% increase in other operating revenue is mainly driven by the increase in our related party coal sales in the SING.

SING

The following table presents our operating revenue and physical energy sales in the SING for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales to Unregulated Customer	455.1	87%	421.3	78%	33.8	8%
Spot Energy and Capacity Sales	57.8	11%	107.3	20%	(49.5)	(46%)
Other Operating Revenue	12.6	2%	10.9	2%	1.7	16%
Total Operating Revenue	**525.5**	100%	**539.5**	100%	**(14.0)**	(3%)
Physical Data (in GWh)						
Sales of Energy to Unregulated Customers	4,256	79%	3,908	76%	348	9%
Sales of Energy to Spot Market	1,159	21%	1,242	24%	(83)	(7%)
Total Energy Sales	**5,415**	100%	**5,150**	100%	**265**	5%
Average Monomic Price SING (U.S.$/MWh)	**94.7**		**102.6**		**(7.9)**	(8%)

In the SING, operating revenue decreased by U.S.$14.0 million, or 3%, for the year ended December 31, 2013 as compared to the same period in 2012.

Contract energy and capacity sales to unregulated customers sales increased by U.S.$33.8 million, or 8%, primarily due to the 348 GWh, or 9%, increase in physical energy sales. This increase was driven by the step-up in long-term contract volumes supplied by Eléctrica Angamos in June 2012 in accordance with the terms of its existing supply contracts.

Spot energy and capacity sales decreased by U.S.$49.5 million, in line with a decrease of 83GWh, or 7%, in physical sales, at lower spot prices, which decreased to an average of U.S.$79.1/MWh from an average of U.S.$103.0/MWh primarily the result of the new calculation methodology established by DS 130 that became effective on December 31, 2012. This decree requires that system marginal costs be determined without regard to the simulation of plants operating at minimum technical load, thereby modifying Ministerial Resolution No. 39.

SADI

The following table presents our operating revenue and physical energy sales in the SADI for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales	99.5	57%	84.9	51%	14.6	17%
Spot Energy and Capacity Sales	74.0	43%	82.8	49%	(8.8)	(11%)
Total Operating Revenue...........................	**173.5**	100%	**167.7**	100%	**5.8**	3%
Physical Data (in GWh)						
Contract Sales	1,473	35%	1,362	33%	111	8%
Sales of Energy to Spot Market....................	2,713	65%	2,776	67%	(63)	(2%)
Total Energy Sales.....................................	**4,185**	100%	**4,138**	100%	**48**	1%
Average Monomic Price SADI (U.S.$/MWh)	**41.5**		**40.5**		**0.9**	2%

In the SADI, operating revenue increased by U.S.$5.8 million, or 3%, for the year ended December 31, 2013 as compared to the same period in 2012.

Contract energy and capacity sales increased by U.S.$14.6 million, or 17%, primarily due to an increase of 111GWh, or 8%, in physical contracted energy sales driven by higher contracted capacity under the Energía Plus Program.

Spot energy and capacity sales decreased by U.S.$8.8 million, or 11%, primarily due to lower spot prices, which fell to an average of U.S.$22.0/MWh from an average of U.S.$26.4/MWh, in addition to a 63GWh, or 2%, decrease in physical sales of energy in the spot market.

SIN

The following table presents our operating revenue and physical energy sales in the SIN for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenue						
Contract Energy and Capacity Sales	257.6	49%	248.9	55%	8.7	3%
Spot Energy and Capacity Sales.....................	264.6	51%	204.2	45%	60.4	30%
Other Operating Revenue...............................	0.1	-	0.0	-	0.1	N/A.
Total Operating Revenue............................	**522.3**	**100%**	**453.1**	**100%**	**69.2**	**15%**

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Physical Data (in GWh)						
Contract Energy and Capacity Sales	3,517	57%	3,389	50%	128	4%
Spot Energy and Capacity Sales.....................	2,662	43%	3,422	50%	(760)	(22%)
Total Energy Sales.......................................	**6,179**	100%	**6,811**	100%	**(632)**	(9%)
Average Monomic Price Colombia (U.S.$/MWh)	84.5		66.5		18.0	27%

In the SIN, operating revenue increased by U.S.$69.2 million, or 15%, for the year ended December 31, 2013 as compared to the same period in 2012.

Contract energy and capacity sales increased by U.S.$8.7 million, or 3%, primarily due to an increase of 128GWh, or 4%, in physical sales. Additionally, contract prices slightly decreased to an average of U.S.$73.4/MWh, 2013 from an average of U.S.$73.6 MWh.

Spot energy and capacity sales increased by U.S.$60.4 million, or 30%, primarily due to an increase in spot prices, to an average of U.S.$96.1/MWh from an average of U.S.$63.4/MWh, as a result of drier hydrological conditions in Colombia.

Cost of Sales

The following table presents our cost of sales for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of costs	Amount	% of costs	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales SIC..........................	(1,141.0)	66%	(1,211.3)	69%	(70.4)	(6%)
Cost of Sales SING	(426.3)	25%	(413.8)	24%	12.6	3%
Cost of Sales SADI.......................	(138.7)	8%	(136.1)	8%	2.6	2%
Cost of Sales SIN	(313.8)	18%	(205.4)	12%	108.4	53%
Consolidation Adjustments...........	284.8	(16%)	228.8	(13%)	56.0	24%
Total Cost of Sales	**(1,734.7)**	100%	**(1,737.8)**	100%	**3.0**	**0.2%**

Cost of sales decreased slightly by U.S.$3.0 million, or 0.2%, for the year ended December 31, 2013, primarily due to the decrease of U.S.$70.4 million in cost of sales in the SIC associated principally to lower gas generation at Eléctrica Santiago, partially offset by increases of U.S.$108.4 million, U.S.$12.6 million and U.S.$2.6 million in cost of sales in the SIN, the SING and the SADI, respectively.

SIC

The following table presents our cost of sales and generation in the SIC for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(351.7)	31%	(539.8)	45%	(188.1)	(35%)
Energy and Capacity Purchases	(183.7)	16%	(156.5)	13%	27.2	17%
Transmission Tolls	(92.3)	8%	(93.6)	8%	(1.3)	(1%)
Fuel Cost of Sales	(271.7)	24%	(238.6)	20%	33.1	14%
Depreciation and Amortization Expense	(104.2)	9%	(86.9)	7%	17.3	20%
Other Cost Of Sales	(137.4)	12%	(95.9)	8%	41.5	43%
Total Cost of Sales	**(1,141.0)**	100%	**(1,211.3)**	100%	**70.3**	**(6%)**
Physical Data (in GWh)						
Coal Generation	5,513.1	73%	4,195	57%	1,318	31%
Diesel Generation	190.1	3%	427	6%	(237)	(56%)
Gas Generation	565.0	7%	1,483	20%	(918)	(62%)
Biomass Generation	39.5	1%	71	1%	(32)	(45%)
Hydroelectric Generation	1,236.6	16%	1,206	16%	31	3%
Total Generation	**7,544**	100%	**7,381**	100%	**162**	2%

In the SIC, cost of sales decreased by U.S.$70.3 million, or 6%, for the year ended December 31, 2013 as compared to the same period in 2012, primarily due to a U.S.$188.1 million decrease in fuel consumption as a result of lower gas generation from our Nueva Renca back-up plant, utilizing LNG, and the initiation of its programmed major maintenance in mid-May 2013 which was extended until the third week of December. This effect was partially offset by higher coal generation principally related to the start-up of commercial operation of Ventanas IV in March 2013.

Energy and capacity purchases, including spot market purchases, purchases from our equity-method investee Guacolda and purchases from other third parties under contract, principally qualified NCREs suppliers, increased by U.S.$27.2 million, or 17%, primarily due to an increase in physical energy purchases to 1,191 GWh in the year ended December 31, 2013 from 1,004 GWh in 2012. This increase was driven by lower availability of our efficient plants, particularly in the third quarter of 2013, as a result of planned maintenance at the Nueva Ventanas plant and outages at Unit 2 of Ventanas complex, which have since been repaired. Additionally, energy purchases of 138 GWh in the spot market to Eléctrica Campiche were recorded during the plant's commissioning period.

The fuel cost of sales increased by U.S.$33.1 million, or 14%, as a result of increased coal sales, principally to our related parties in the SING.

Depreciation and amortization expense increased by U.S.$17.3 million, or 20%, primarily due to the start-up of commercial operations at Unit IV of the Ventanas complex in March 2013.

Additionally, other cost of sales increased by U.S.$41.5 million, or 43%, primarily due to a modification in the internal accounting chart of accounts and classification criteria which resulted in the movement of certain expenses previously classified as administrative expense to costs of production. Assuming the same expense classification criteria as in the previous year, there is no significant variation in other cost of sales.

SING

The following table presents our cost of sales and generation in the SING for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(192.5)	45%	(232.0)	56%	(39.5)	(17%)
Energy and Capacity Purchases	(73.0)	17%	(38.4)	9%	34.6	90%
Transmission tolls	(3.0)	1%	(3.0)	1%	-	-
Fuel Cost of Sales	(6.9)	2%	(3.9)	1%	3.0	77%
Depreciation and Amortization Expense	(70.4)	16%	(69.4)	17%	1.0	1%
Other Cost of Sales	(80.5)	19%	(67.1)	16%	13.4	20%
Total Cost of Sales	**(426.3)**	**100%**	**(413.8)**	**100%**	**12.5**	**3%**
Physical data (in GWh)						
Coal Generation	5,164		4,986		178	4%
Total Generation	**5,164**		**4,986**		**178**	4%

In the SING, cost of sales increased by U.S.$12.5 million, or 3%, for the year ended December 31, 2013 as compared to the same period in 2012, mainly due to a U.S.$34.6 million increase in energy and capacity purchases, principally driven by higher withdrawal costs associated with Decree No. 130 and maintenance of our Norgener Unit 2 in July 2013.

Fuel consumption decreased by U.S.$39.5 million, or 17%, despite higher coal generation by the Angamos and Norgener plants of 206 GWh and 36 GWh, respectively, as a result of lower coal prices. The increase in generation was largely due to higher availability of the plants during the second quarter of 2013.

The fuel cost of sales increased by U.S.$3.0 million, or 77%. Additionally, the other cost of sales increased by U.S.$13.4 million, or 20%, mainly related to higher maintenance costs and higher depreciation of U.S.$1.0 million, principally at Eléctrica Angamos.

SADI

The following table presents our cost of sales and generation in the SADI for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(91.7)	66%	(84.7)	62%	7.0	8%
Transmission tolls	(0.4)	-	(0.6)	-	(0.2)	(33%)
Depreciation and Amortization Expense	(34.9)	25%	(38.9)	29%	(4.0)	(10%)
Other Cost of Sales	(11.4)	9%	(11.9)	9%	(0.5)	(4%)

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Total Cost of Sales	**(138.7)**	100%	**(136.1)**	100%	**2.6**	2%
Physical Data (in GWh)						
Gas Generation	4,183		4,137		46	1%
Total Generation	**4,183**		**4,137**		**46**	1%

In the SADI, cost of sales increased by U.S.$2.6 million, or 2%, for the year ended December 31, 2013 as compared to the same period in 2012, primarily due to a U.S.$7.0 million increase in fuel consumption as a result of additional natural gas consumption at TermoAndes, driven by an increase of 46GWh, or 1%, in gas generation.

SIN

The following table presents our cost of sales and generation in the SIN for the periods indicated:

	For the year ended December 31,					
	2013		2012		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Energy and Capacity Purchases	(261.8)	83%	(145.7)	71%	116.1	80%
Depreciation and Amortization Expense	(16.3)	5%	(18.8)	9%	(2.5)	(13%)
Other Cost Of Sales	(35.7)	12%	(40.9)	20%	(5.2)	(13%)
Total Cost of Sales	**(313.8)**	100%	**(205.4)**	100%	**108.4**	**53%**
Physical Data (in GWh)						
Hydro Generation	3,373	100%	4,664	100%	(1,291)	(28%)
Total Generation	3,373	100%	4,664	100%	(1,291)	(28%)

In the SIN, cost of sales increased by U.S.$108.4 million, or 53%, for the year ended December 31, 2013 as compared to the same period in 2012, primarily due to higher energy purchases of U.S.$116.1 million due to an increase in spot energy prices to an average of U.S.$ 96.1/MWh from an average of U.S.$63.4/MWh, driven by drier hydrological conditions. Additionally, physical spot purchases increased to 2,780 GWh from 2,117 GWh.

Gross Profit

The following table presents our gross profit for the periods indicated:

	For the year ended December 31,			
	2013	2012	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages and volumes)			
Gross Profit - SIC	167.4	184.9	17.5	10%
Gross Profit - SING	99.3	125.8	(26.5)	(21%)

Gross Profit - SADI	34.8	31.5	3.3	10%
Gross Profit - SIN	208.6	247.7	(39.1)	(16%)
Total Gross Profit	**510.1**	**589.9**	**(79.8)**	(14%)

Total Adjusted Operating Income

The following table presents our total adjusted operating income for the periods indicated:

	For the year ended December 31,			
	2013	2012	Variation	
	(in U.S.$ millions, except for percentages)			
Total Adjusted Operating Income(1)				
Operating Revenue	2,529.6	2,556.5	(26.9)	(1%)
Consolidation Adjustments	(284.8)	(228.8)	56.0	24%
Total Operating revenue	**2,244.8**	**2,327.8**	**(82.9)**	(4%)
Total Cost of Sales	(2,019.5)	(1,966.6)	52.9	3%
Consolidation Adjustments	284.8	228.8	56.0	24%
Total Cost of Sales	**(1,734.7)**	**(1,737.8)**	**3.1**	0%
Gross Profit	**510.1**	**589.9**	**(79.8)**	(14%)
Administrative Expenses and Other Operating Income	(117.0)	(146.1)	(29.1)	(20)%
Total Adjusted Operating Income	**393.1**	**443.8**	**(50.7)**	**(11%)**

(1) For the convenience of the reader, we have included "total adjusted operating income" which is not an IFRS financial statement line item. Total Adjusted Operating Income is the sum of the following financial statement line items: gross profit plus (less) other operating income (expense) and less administrative expenses. Total Adjusted Operating Income is a non-GAAP measure.

As a result of the above mentioned factors, total adjusted operating income decreased by 11%, or U.S.$50.7 million, for the year ended December 31, 2013 compared to the same period in 2012.

Administrative expenses and other expenses decreased by U.S.$29.1 million, or 20%, primarily driven by a modification in the internal accounting chart of accounts and classification criteria which resulted in the movement of certain expenses previously classified as administrative expenses to cost of production. Assuming the same expense classification criteria as in the previous year, there is no significant variation in administrative expense.

Other Operating Income (Losses)

The following table presents our other operating income (loss) for the periods indicated:

	For the year ended December 31,			
	2013	2012	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Other Operating Income (Losses)				
Finance Income	9.0	8.4	0.6	7%
Finance Expense	(123.9)	(115.5)	8.4	7%

	For the year ended December 31,			
	2013	2012	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Other Gains / (Losses)	5.2	7.4	(2.2)	(30%)
Foreign Current Exchange Differences	(38.9)	(3.6)	35.3	981%
Equity Participation in Net Income of Associates	38.5	9.2	29.3	318%
Total Other Operating Income (Losses)	**(110.1)**	**(94.1)**	**16.0**	17%

Finance expense increased by U.S.$8.4 million, or 7%, for the year ended December 31, 2013 as compared to the same period in 2012, primarily associated with lower capitalized interest expenses.

Other gains (losses) decreased by U.S.$2.2 million, or 30%, primarily due to the negative variation of U.S.$8.5 million in fixed and intangible assets sales, in addition to lower dividends received from GasAndes of U.S.$2.1 million. These effects were partially offset by an increase in other income from AES Chivor associated with the reversal of an equity tax provision made in 2005 and 2006. The agreement with the tax authority, or DIAN (*Dirección de Impuestos y Aduanas Nacionales de Colombia*), permitted us to pay the disputed taxes without applicable penalties and interest.

Foreign currency exchange differences decreased by U.S.$35.3 million primarily due to the depreciation of the Chilean peso and the increase in the net monetary position in Chilean pesos, mainly driven by receivables in Chilean pesos. Additionally, the depreciation in the Colombian peso and lower U.S. Dollar bank account balances held by AES Chivor between the two reporting periods added to the negative variation. Between December 31, 2012 and December 31, 2013 the Chilean peso exchange rate depreciated by 9%, to $524.6 from $479.9, respectively, while the exchange rate appreciated by 8% to $479.9 from $519.2 between December 31, 2011 and December 31, 2012. The Colombian peso exchange rate depreciated by 9% to Col$1,925.5 from Col$1,767.0 between December 31, 2012 and December 31, 2013, while the exchange rate appreciated by 9% to Col$1,767.0 from Col$1,938.5 between December 31, 2011 and December 31, 2012.

The increase in our share of income from associates of U.S.$29.3 million was principally due to higher net income from our equity-method investee Guacolda, explained by lower energy purchases associated with higher generation of Units 1 and 2.

Income Tax Expense

Income tax expense decreased by U.S.$62.3 million, or 42%, primarily due to lower deferred taxes and income tax expense in Chile. Deferred tax expense decreased by U.S.$51.3 million, which was in turn related to an increase in our net tax operating losses that can be carried forward generating a deferred tax asset. In addition, the deferred tax liability associated with the accelerated depreciation of fixed assets at our subsidiary Eléctrica Santiago decreased during the year.

Additionally, current income tax expense decreased by U.S.$10.9 million principally explained by AES Chivor's lower net income before tax.

Net Income

The following table presents our tax expense and net income for the periods indicated:

	For the year ended December 31,			
	2013	2012	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Net Income				
Income Before Income Taxes And	283.0	349.7	(66.7)	(19%)

Non-Controlling Interest.....................................				
Income Tax Expense	(84.5)	(146.8)	(62.3)	(42%)
Non-Controlling Interest.....................................	2.8	-	2.8	N/A
Net Income Attributable to Shareholder of Parent	**201.3**	**202.9**	**(1.6)**	(1%)

As a result of the factors discussed above, net income slightly decreased by U.S.$1.6 million to U.S.$201.3 million in the year ended December 31, 2013 from U.S.$202.9 million in the year ended December 31, 2012.

Liquidity and Capital Resources

Cash generated by operations is our primary source of liquidity, supplemented by issuance of foreign and local bonds, borrowings from foreign and Chilean banks by way of corporate loans and project finance loans, and proceeds from capital increases. Our principal cash outflows are related to cost of sales, principally fuel and energy purchases, capital expenditures, dividend payments and financing costs, including interest payments and debt amortizations.

The following table presents our cash flows by category for the periods indicated:

	For the three months ended March 31,		**For the year ended December 31,**	
Cash Flow	**2015**	**2014**	**2014**	**2013**
	(in U.S.$ millions)			
Cash Flows Provided by (Used in) Operating Activities	80.5	68.8	257.6	140.4
Cash Flows Provided by (Used in) Investing Activities	(376.3)	(172.3)	(871.8)	(536,4)
Cash Flows Provided by (Used in) Financing Activities	357.2	(79.4)	162.8	730.2
Total Cash Flows	**61.4**	**(182.9)**	**(451.3)**	**334.1**
Effects of Foreign Exchange Variations	(4.3)	(1.8)	(27.5)	(23.8)
Total Cash at the End of the Period	**285.8**	522.8	**228.7**	**707.5**

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities was U.S.$80.5 million for the three-month period ended March 31, 2015, which represents an increase of U.S.$11.7 million compared to the same period in 2014, primarily the result of an improvement in our operating results. In addition, we paid lower income taxes, had lower interest expenses and made lower payments to suppliers.

Cash flows provided by operating activities increased by U.S.$117.2 million in the year ended December 31, 2014, compared to the same period in 2013. This increase is principally the result of the operational improvements in the three main markets in which we operate. In addition, our subsidiaries AES Chivor, Eléctrica Santiago and Gener Argentina S.A. ("Gener Argentina") paid lower income taxes. This increase was partially offset by VAT payments by Eléctrica Santiago, Eléctrica Campiche and Eléctrica Ventanas, and an increase in our interest expenses.

Cash Flows Used in Investing Activities

Cash flows used in investing activities were equal to a net outflow of U.S.$376.3 million for the period ended March 31, 2015, which represents an increase of U.S.$203.9 million compared to the same period in 2014. This increase is principally the result of an increase in our purchases of property, plant and equipment, which totaled U.S.$236.3 million and related mainly to construction projects at Eléctrica Cochrane and Alto Maipo and investments in emission control equipment for our oldest coal-fired units. This increase was partially offset by the receipt by us of U.S.$32.5 million from a VAT recovery due on Eléctrica Cochrane's fixed assets.

Cash flows used in investing activities increased by U.S.$335.4 million in the year ended December 31, 2014, compared to the same period in 2013, principally due to an increase in our purchases of property, plant and equipment, which totaled U.S.$297.9 million and related mainly to construction projects at Electrica Cochrane and Alto Maipo. Additionally, our subsidiary TermoAndes invested U.S.$73.3 million in Argentine sovereign bonds. This increase was partially offset by proceeds received by TermoAndes from the sale of Argentine sovereign bonds in the amount of U.S.$26.0 million.

Cash Flows Provided by (Used in) Financing Activities

Cash flows provided by financing activities were equal to a net inflow of U.S.$357.2 million for the period ended March 31, 2015, which represents an increase of U.S.$436.5 million compared to the same period in 2014.

During the period ended March 31, 2015, our principal financing activities were as follows:

- Disbursements totaling U.S.$75.0 million received by us under a three-year syndicated credit facility to finance capital requirements.
- Disbursements totaling U.S.$198.0 million received by our subsidiary Eléctrica Cochrane under their project finance credit facility.
- Disbursements totaling U.S.$24.1 million received by our subsidiary Alto Maipo under their project finance credit facility.
- U.S.$65.2 million in equity contributions made by our partners in the Eléctrica Cochrane and Alto Maipo projects.

Cash flows provided by financing activities were equal to a net inflow of U.S.$162.8 million for the year ended December 31, 2014, which represents a decrease of U.S.$567.4 million compared to the year ended December 31, 2013.

During the year ended December 31, 2014, our principal financing activities were as follows:

- The issuance by our subsidiary Eléctrica Angamos in the international capital markets of U.S.$800 million of 4.875% bond due 2029. The proceeds of which were used to fully repay debt totaling U.S.$774.4 million, plus payments related to the termination of the associated interest rate swaps.
- Payment at maturity by our subsidiary AES Chivor of its senior bonds due 2014 in the amount of U.S.$170.0 million.
- Prepayment by us of our senior bonds due March 2014 in the amount of U.S.$147.1 million.
- Prepayment by us of our local bond Series O due June 2015 in the amount of U.S.$47.0 million.
- Disbursements totaling U.S.$305.1 million received by our subsidiary Eléctrica Cochrane under its project finance credit facility.
- Disbursements totaling U.S.$23.7 million received by our subsidiary Alto Maipo under its project finance credit facility.
- U.S.$34.5 million in equity contributions made by our partners in the Eléctrica Cochrane and Alto Maipo projects.
- U.S.$150.4 million received from a capital increase completed by us in April 2014.

Cash flows provided by financing activities were equal to a net inflow of U.S.$730.2 million for the year ended December 31, 2013, which represents a decrease of U.S.$768.9 million compared to the year ended December 31, 2012.

During the year ended December 31, 2013, our principal financing activities were as follows:

- The issuance by us in the international capital markets of U.S.$450.0 million of 8.375% Junior Subordinated Capital Notes due 2073.
- U.S.$108.7 million in equity contributions made by our partners in the Eléctrica Cochrane and Alto Maipo projects.
- Disbursements totaling U.S.$209.6 million received by our subsidiary Eléctrica Cochrane under its project finance credit facility.

Cash flows provided by financing activities were equal to a net outflow of U.S.$ 38.7 million for the year ended December 31, 2012, which represents a decrease of U.S.$156.2 million compared to the year ended December 31, 2011.

During the year ended December 31, 2012, our principal financing activities were as follows:

- Eléctrica Angamos paid U.S.$21.0 million associated with capital amortization payments under its project finance loan agreement. As a result, the total outstanding amount of capital under this credit agreement equaled U.S.$816.2 million as of December 31, 2012, as compared to the outstanding amount of capital of U.S.$837.2 million as of December 31, 2011.
- Eléctrica Ventanas paid U.S.$21.1 million associated with capital amortization payments under its project finance loan agreement. As a result, the total outstanding amount of capital under this credit agreement equaled U.S.$355.5 million as of December 31, 2012, as compared to the outstanding amount of capital of U.S.$376.6 million as of December 31, 2011.

Debt Maturity Schedule

The following table sets forth our debt maturity schedule related to interest bearings liabilities, including financial lease obligations. This table shows the nominal amount of our debt balances as of March 31, 2015:

	Debt Maturity Schedule Amortizations due by year, as of March 31, 2015					
	Total	**2015**	**2016**	**2017**	**2018**	**2019 and beyond**
	(in U.S.$ millions)					
Bond Debt	1,963.6	1.0	1.1	1.2	86.5	1,873.8
Bank Debt	1,143.0	25.9	30.4	137.3	79.8	869.7
Total Interest Bearing Liabilities	**3,106.6**	**26.9**	**31.5**	**138.5**	**166.3**	**2,743.5**
Financial Lease Obligations	46.7	-	0.1	0.1	2.2	44.4

The credit agreements executed by us with financial institutions and the indentures governing our local and international bonds impose certain financial covenants during the term of these agreements which are usual for these types of agreements. As of March 31, 2015, we were in compliance with all restrictions and covenants related to our obligations in our credit agreements and bond indentures. See note 32 to our consolidated financial statements.

In the table above, bank debt principally includes outstanding debt under the project finance credit facilities executed by our subsidiary Eléctrica Ventanas, which we intend to prepay with the proceeds from the notes, drawings under the project finance credit facility executed by our subsidiary Eléctrica Cochrane for the construction of the Cochrane coal-fired facility, and drawings under the project finance credit facility executed by our subsidiary Alto Maipo for the construction of the Alto Maipo run-of-river plant. Additionally, bank debt includes the financial lease obligation associated with AES Chivor for the construction of its Tunjita hydro run-of-river plant.

As of March 31, 2015, the outstanding principal due under project finance facilities, totaled U.S.$ 1,868.0 million on a nominal basis as detailed below:

- On June 13, 2007, Eléctrica Ventanas executed a project finance facility for the construction of the Nueva Ventanas thermoelectric power plant for up to U.S.$415.0 million in a senior secured construction loan converting to a term loan and a U.S.$25.0 million debt service reserve letter of credit. The loan has a 15-year maturity including a three-year construction period and is secured with the assets, shares and cash flows from the project. As of March 31, 2015, the outstanding debt under this credit agreement was U.S.$307.5 million.

- On March 27, 2013, Eléctrica Cochrane executed a project finance facility for the construction of the Cochrane thermoelectric power plant for up to U.S.$1,000.0 million in a senior secured construction loan converting to a term loan and up to U.S.$55.0 million letter of credit. The financing was granted by a syndicate of international financial institutions made up of export credit agencies from Japanese, Korean and other Asian commercial banks. The loan has an 18-year maturity including a three and a half year construction period and is secured with the assets, shares and cash flows from the project. As of March 31, 2015, the amount disbursed and outstanding under this credit agreement was U.S.$712.7 million.

- On December 10, 2013, Alto Maipo executed a project finance facility for the construction of the Alto Maipo 531 MW run-of-the-river power plant for up to U.S.$1,216.0 million. The financing was provided by a syndicate of Chilean and international multilateral and commercial banks. The loan has a 20 year maturity including a five-year construction period and is secured with the assets, shares and cash flows from the project. As of March 31, 2015, the amount disbursed and outstanding under this credit agreement was U.S.$47.8 million.

- In November 2014, our subsidiary Eléctrica Angamos completed a refinancing process of its outstanding indebtedness, including the repayment of its project finance facilities and the termination of the associated swaps, through the issuance of U.S.$800 million 4.875 % Senior Secured Notes due 2029 pursuant to a private placement under Rule 144A and Regulation S under the Securities Act. As of March 31, 2015, the outstanding debt under the 2029 Senior Notes was U.S.$800 million.

The remaining outstanding debt (on a nominal basis) in the table above relates to the following:

- In 1999, our subsidiary Eléctrica Santiago issued bonds in the Chilean market with outstanding principal, as of March 31, 2015 of UF 954,051.0 (U.S$37.5 million as of March 31, 2015). These bonds are registered with the SVS under number 214. As of December 31, 2014 and March 31, 2015, Eléctrica Santiago was in compliance with all financial covenants.

- In December 2007, we issued our UF 4,400,000 Series N bonds at 4.30% due 2028. Our Series N Notes are registered with the SVS under number 517. As of March 31, 2015, the outstanding principal amount was U.S.$172.3 million based on the amount of debt hedged under a cross currency swap executed on December 19, 2007 and December 20, 2007. Under the current terms of the Series N bonds we are subject to the following financial covenants: (i) our debt to equity coverage ratio must not exceed 1.2 times; and (ii) our EBITDA to interest coverage ratio must be higher than 2.5 times. As of the date of these listing particulars we are in compliance with these financial covenants. On July 1, 2015, we sucessfully received required consents from the holders of these bonds, so that the debt of our project finance subsidiaries is not included in the calculations.

- In April 2009, we issued our Series Q Notes for U.S.$196.0 million at 8.0% due in 2019. Our Series Q Notes are registered with the SVS under number 517. In August 2011, the Series Q Notes were part of a refinancing process detailed below. As of March 31, 2015, the outstanding principal amount was U.S.$ 102.2 million. Under the terms of the Series Q Notes we are subject to the following financial covenants: (i) our debt to equity coverage ratio must not exceed 1.2 times; and (ii) our EBITDA to interest coverage ratio must be higher than 2.5 times. As of the date of these listing particulars we are in compliance with these financial covenants. On July 1, 2015, we sucessfully received required consents from the holders of these notes, so that the debt of our project finance subsidiaries is not included in the calculations.

- In August 2011, we completed a refinancing process which included the exchange and voluntary tender of approximately 63% of the U.S.$400.0 million 7.5% Senior notes due 2014, the voluntary tender of approximately 48% of the 8.0% Series Q notes due 2019, and the issuance of new Senior notes for a total of U.S.$401.7 million due 2021 at an interest rate of 5.25%. Upon conclusion of the transaction, the outstanding amount under the 2014 Senior notes totaled U.S.$147.1 million and the outstanding amount under the 2019 Series Q notes totaled U.S.$102.2 million. As part of the refinancing process, the covenants under the 2014 Senior notes were modified and the indebtedness and restricted payments covenants were eliminated. As of March 31, 2015, the outstanding debt under the 2021 Senior notes was U.S.$ 401.7 million.

- In July 2012, AES Chivor executed a financial lease with a Colombian bank for up to approximately U.S.$62.5 million. The loan has a 14-year maturity including a two-year construction period. As of March 31, 2015 the amount disbursed and outstanding under this financial lease was U.S.$ 42.9 million.

- In December 2013, we issued U.S.$450 million 8.375% Junior Subordinated Capital Notes due 2073 in the U.S. pursuant to a private placement under Rule 144A and Regulation S under the Securities Act. As of March 31, 2015, the outstanding debt under the 2073 Junior Subordinated Capital Notes was U.S.$450 million.

- In December 2014, we executed a loan with certain international banks for up to U.S.$100 million. The loan has a 3-year maturity. As of March 31, 2015, the amount disbursed and outstanding under this facility was U.S.$75.0 million.

In addition, in April 2015, our equity-method investee Guacolda completed a refinancing process of its outstanding indebtedness, including the repayment of its project finance facilities and the termination of certain swaps, through the issuance of U.S.$500 million 4.560% Senior notes due 2025 in the U.S. pursuant to a private placement under Rule 144A and Regulation S under the Securities Act, and the entry into a five-year unsecured syndicated loan facility with various financial institutions for a total amount of U.S.$330 million. As of March 31, 2015, the outstanding debt under the 4.560% Senior notes was U.S.$500 million and under the syndicated loan facility was U.S.$330 million.

We intend to use the net proceeds from the offering to fully prepay the credit facility entered into on June 13, 2007 by and among our wholly owned subsidiary Eléctrica Ventanas described above, which totaled U.S.$307.5 million on a nominal basis at March 31, 2015. As of March 31, 2015, other debt included a U.S.$39.6 million mark-to-market provision on interest-rate swaps taken by us to hedge our exposure to floating interest rates in connection with this credit facility. In connection with our repayment of the project financing facility of Eléctrica Ventanas with the net proceeds of this offering, we also expect to satisfy all amounts owed by us under these interest-rate swaps, as well as other related transaction costs. In addition, we intend to use the net proceeds from this offering to purchase any and all of our existing Series Q Notes described above, tendered, not withdrawn and accepted for purchase pursuant the Gener Series Q Tender, of which U.S.$102.2 million was outstanding on a nominal basis at March 31, 2015, and pay transaction costs related to the Gener Series Q Tender, including premium, stamp tax and other taxes, and fees.

Capital Expenditures

Our long-term strategy is to remain an important and profitable participant in the electricity generation business in our main markets. To address rising demand from regulated and unregulated customers, we have invested in several projects and plan to continue to grow organically by constructing new electricity generation plants and to ensure diversification in terms of fuel sources and compliance with environmental regulations. We have been actively adding electricity generation capacity in recent years. Between January 2011 and March 31, 2015, we have added the following power plants: the 545 MW Angamos coal-fired plant, which initiated commercial operations in April 2011, for the first unit, and October 2011, for the second unit; and the 272 MW Ventanas IV coal-fired plant, which initiated commercial operations in March 2013.

Our most significant investing activities in the past three years have been related to the Ventanas IV, Tunjita, Cochrane and Alto Maipo projects. We have also made capital expenditures related to the overhaul of our power plants, equipment maintenance and refurbishing, and environmental improvements, among others. The projects that we are currently constructing include our first greenfield project in Colombia, a 20 MW run-of river hydroelectric power plant, Tunjita, our 532 MW coal fired power plant, Cochrane, and our 531 MW hydroelectric run-of-river power plant Alto Maipo, with estimated dates of completion during 2016 for Tunjita and Cochrane, and 2018 for Alto Maipo. We also initiated investments for emission control equipment for our older coal plants, Ventanas, units 1 and 2 and Norgener, units 1 and 2, which were initiated during the last quarter of 2012. In addition, we are currently developing a 21 MW solar plant, Los Andes, and a water desalinization plant with an initial capacity of 4,800m^3/day to supply our Angamos complex and allow us to start selling water to industrial clients.

Our capital expenditures from January 1, 2012 through March 31, 2015 totaled U.S.$2,187.4 million. Our principal capital expenditures from January 1, 2012 through March 31, 2015 include the following:

- our Ventanas IV coal-fired plant, which initiated commercial operations in March 2013;
- overhaul or major maintenance of our power plants, including equipment maintenance and refurbishing;
- investment and installation of new emission control equipment ("retrofits") at Ventanas, units 1 and 2 and Norgener, units 1 and 2. Total investment is expected to be completed by 2015;
- our Tunjita hydroelectric power plant, scheduled for completion in 2016;
- our Los Andes solar project, scheduled for completion in the second half of 2015;
- our Cochrane coal-fired plant, scheduled for completion of units 1 and 2 in the second and third quarter of 2016, respectively;
- our water desalinization plant for the Angamos complex, scheduled for completion in the second half of 2015; and
- our Alto Maipo run-of-river plant, currently under construction, scheduled for completion in 2018.

The following table presents our capital expenditures by principal category for the periods indicated:

Capital Expenditures	For the three months ended March 31, 2015	For the year ended December 31, 2014	2013
		(in U.S.$ millions)	
Construction			
Ventanas IV Coal Fired Plant	0.2	1.8	17.6
Cochrane Coal Fired Plant	290.7	367.0	195.0
Alto Maipo Hydro Plant	57.6	254.1	94.6
Tunjita	6.7	18.1	27.1
Angamos Desalinization Plant	5.9	2.5	1.3
Los Andes Solar Project	8.4	12.3	0.3

Capital Expenditures	For the three months ended March 31, 2015	For the year ended December 31, 2014	2013
		(in U.S.$ millions)	
Environmental Retrofits	10.0	47.1	113.4
Major Maintenance & Other			
Major Maintenance	7.8	57.5	49.5
Other	19.7	69.2	32.8
Total Capital Expenditures	**407.1**	**829.5**	**531.6**

To achieve the scheduled completion of our Cochrane project in 2016, we estimate remaining investments to be made into the project (in addition to the project finance debt and capital expenditure reported as of March 31, 2015) to be approximately U.S.$350.0 million.

We have initiated construction on the 531 MW run-of-river hydroelectric Alto Maipo power plant in the SIC and executed the principal engineering and construction contracts and PPAs for a portion of its expected generation. The project also incorporated Antofagasta Minerals, a mining company, as a partner with a 40% ownership interest. As of March 31, 2015, the total amount invested in this project, including deferred financing costs, commitment fees and unpaid milestones from the construction agreements, amounted to U.S.$648.0 million.

Other development projects that have obtained environmental approvals include the 220 MW solar project Andes in the SING. The possible future construction of these plants depends on the execution of required project documentation and agreements including, engineering and construction contracts, PPAs and financing arrangements, among others.

We have initiated construction of a 21 MW solar project in the SING. As of March 31, 2015, our capital expenditures related to this project amounted to U.S.$29.2 million, from an estimated total of approximately U.S.$45.0 million. In addition, we hold permits for the construction of additional solar plants on the same site for up to 220 MW, which could be added in the coming years.

We have initiated construction works for the installation of new emission control equipment in our facilities to meet new emissions standards and to undertake remediation efforts in connection with more stringent environmental regulations in Chile. As of March 31, 2015, we have invested U.S.$212.0 million in connection with our remediation efforts.

Similarly, our equity-method investee Eléctrica Guacolda started environmental investments. As of March 31, 2015, Eléctrica Guacolda has invested U.S.$164.5 million for the installation of new emission control equipment. Our new coal-fired plants, including those which recently initiated operations as well as those currently in construction, such as Angamos in the SING and Ventanas IV in the SIC, are not expected to require additional environmental remediation investments.

In addition to the development projects mentioned above, we are also developing additional run-of-river hydroelectric projects with our existing water rights in Chile, as well as monitoring and developing suitable sites for the installation of other solar energy projects in Chile and monitoring opportunities in Chile and Colombia.

Dividend Policy

Chilean law requires the distribution of at least 30% of our net income in each fiscal year in the form of an obligatory minimum dividend payment, unless the regular annual shareholders' meeting unanimously votes against such distribution, or approves a lower amount, or in the case that we have unabsorbed losses from prior years. Our dividend payment policy is set by our shareholders on an annual basis, with the dividend payment for each year being based on the financial performance for the year, our available cash balance, projected financing requirements for capital expenditures and investments for the following years. The dividend payment is determined by our board of directors and subsequently submitted for approval at the regular annual shareholders' meeting as established by Chilean law.

In April 2015, our shareholders approved a total annual dividend payment equivalent to 94.1% of our 2014 net income, which was divided into two payments, including the obligatory minimum payment required by law of at least 30% of our net income included in the interim dividend paid out in December 2014, which was equal to 59.5% of our 2014 net income. The remaining portion was paid in an additional dividend payment in May 2015. In April 2014, our shareholders approved an annual dividend payment equal to 100% of our 2013 net income, which was divided into three payments, including the interim dividend payment paid in December 2013 and two additional dividends payments in May and August 2014.

The dividends paid during the three-month period ended March 31, 2015 and during the years ended December 31, 2014 and 2013 are shown in the following table:

Dividends paid by AES Gener

Payment Date	Dividend Type	Amount U.S.$	U.S.$ per share
May 22, 2013	Final	62,829,870	0.0077859
August 27, 2013	Additional	69,101,640	0.0085631
December 17, 2013	Interim	78,000,097	0.0096658
May 22, 2014	Final	62,829,870	0.0074795
August 27, 2014	Final	60,490,818	0.0072010
December 15, 2014	Interim	109,300,749	0.0130115
May 28, 2015	Final	63,499,691	0.0075592

In addition, in April 2015, our shareholders also set our dividend policy for 2015, which will be to distribute up to 100% of our net income generated during the fiscal year, including interim dividends, subject to the factors described above.

Hedging Policy

Our hedging policy covers the following risks to which we are exposed:

Business Risk and Commodity Hedging

The fuels used by us, which are primarily coal, diesel, natural gas and LNG, are commodities with international prices set by external market factors. Fuel price risk is associated with fluctuations in these prices. The price of fuel is a key factor for dispatch and spot prices both in Chile and Colombia. Variations in the price of fuels, such as coal, diesel and natural gas, can modify our cost composition through changes in the marginal cost of energy. Since a significant portion of our generation is thermoelectric, fuel costs represent a significant portion of our cost of sales.

Coal is purchased both locally and internationally as the primary fuel for several of our plants, including our equity-method investee Eléctrica Guacolda. Given the technology of our coal plants, we are able to burn a variety of different types of coal, providing us with substantial supply sources. Coal is primarily purchased in an international annual bidding process through which we acquire coal on a portfolio basis for our plants. Through this bidding process, we execute contracts with terms of between one to three years. In terms of pricing, we select different mechanisms in order to align sale price indexation formula with our cost of sales.

Our Nueva Renca and TermoAndes CCGTs are fueled alternatively by gas or diesel. Argentine natural gas exports to Chile were essentially suspended in 2007 and at present our Nueva Renca gas-fired facility in the SIC utilizes diesel or LNG which is purchased from local suppliers under bilateral agreements, based on the international price of diesel. Our TermoAndes' facility located in Argentina, continues to receive gas supplies purchased under contracts with Argentine producers at a fixed price under a medium-term contract. TermoAndes currently sells electricity exclusively in the SADI, although is also connected to the SING via a transmission line owned by us. From 2007 to 2011, gas supply restrictions in Argentina, particularly in the southern cone winter season, periodically reduced generation by TermoAndes, which resulted in the suspension of exports to Chile since the end of 2011. The export permit to deliver energy to the SING in Chile expired on January 31, 2013. TermoAndes currently generates at its maximum capacity, delivering its energy to the SADI.

Our back-up plants, including the CCGTs mentioned above and our gas turbines, utilize diesel. In Chile, diesel is purchased from local suppliers under bilateral agreements based on international oil prices derived from the Ultra Low Sulfur Diesel ("ULSD") index of the U.S. Gulf. Since the energy produced by diesel plants is sold in the spot market, diesel is purchased as necessary to meet dispatch requirements. Plants that use diesel as their main fuel are described in "Business—Generation Assets."

In order to align our generation costs with energy sales contract revenues, the majority of our PPAs currently include indexation mechanisms that adjust prices based on the variation in coal prices in accordance with the indices and adjustment periods specified under each contract. In addition, we maintain a structured coal acquisition strategy, purchasing both at fixed and variable prices, in order to align generation costs with contract revenues. Although no financial hedges for fuel were executed in 2013, 2014 or the first quarter of 2015, we actively analyze the execution of fuel price hedging mechanisms to stabilize our operating margin.

We do not hedge the price of diesel or LNG given the nature of our back-up generation utilizing these fuels. Based on our policy to utilize our efficient generation to supply our contracts during normal market conditions, our back-up facilities, specifically our plants which burn diesel and/or LNG, are expected to operate only in conditions of scarcity, such as drier than normal hydrological conditions in the SIC. During such conditions, our back-up facilities will sell energy on the spot market at the price of the last plant dispatched. As a result, the spot price will fully compensate for the back-up units' cost of fuel. Our only plant in Chile that is capable of alternatively utilizing diesel or LNG is Eléctrica Santiago's Nueva Renca plant. In the SADI, our TermoAndes plant sells in the spot market and under short-term, one-year contracts.

Based on our hedging policy and the fact that our Nueva Renca plant effectively generated with LNG during the first quarter of 2015, we estimate that an increase of 10.0% in the cost of diesel during the period ended March 31, 2015 would have resulted in a negative variation of approximately U.S.$6.0 million in our gross profit.

Currency Hedging

With the exception of operations in Colombia, our functional currency is the U.S. dollar given that our revenues, costs and investments in equipment are principally determined in that currency. We hold our short-term cash investments mostly in U.S. dollars. As of March 31, 2015, 71.7% of AES Gener's short-term cash investments were denominated in U.S. dollars, 5.8% in Argentine pesos, 6.0% in Chilean pesos and 16.4% in Colombian pesos. The impact of a variation of 10.0% in the Chilean peso to U.S. dollar exchange rate would have resulted in a negative variation of approximately U.S.$11.7 million in net income given our net asset position in Chilean pesos, as of March 31, 2015.

AES Chivor' s functional currency is the Colombian peso since most of its revenue, specifically contract sales, and its operating costs are linked primarily to the Colombian peso. For the three-month period ended March 31, 2015, sales in Colombian pesos represented 10.3% of consolidated revenue, while these sales represented 8.7% of consolidated revenue for the three-month period ended March 31, 2014.

In Argentina, spot prices are set in Argentine pesos and these sales represented 2.0% of consolidated revenue for the three-month period ended March 31, 2015, while they represented 3.1% of consolidated revenue for the three-month period ended March 31, 2014. The impact of a variation of 10.0% in the Argentine peso to U.S. dollar exchange rate would have resulted in a variation of approximately U.S.$ 1.9 million in net income.

With regard to debt denominated in currencies other than the U.S. dollar, we have executed coverage in the form of cross currency swaps to eliminate the majority of exchange rate risk. We executed a cross currency swap for the UF-denominated bonds issued in 2007 for approximately U.S.$ 219.5 million, which extends throughout the duration of the debt. Series O of such bonds due in 2015 was prepaid in June 2014 and Series N matures in 2028 for U.S.$172.3 million. As of March 31, 2015, 97.5% of our and our subsidiaries' debt was denominated in U.S. dollars, including the local bonds for which we executed a cross-currency hedge as mentioned above.

Credit Risk

Credit risk relates to the credit quality of counterparties with which we and our subsidiaries establish relationships. These risks are reflected primarily in accounts receivable, financial assets and derivatives. With regard to accounts receivable, our counterparties in Chile are contract customers and spot market purchasers. In Chile, our contract customers are principally highly solvent distribution companies and industrial customers, the majority of which or their parent companies have local and/or international investment grade credit ratings. Our spot market customers in Chile are obligatorily other CDEC generator participants which have registered energy deficits in accordance with the CDEC's monthly economic dispatch report.

In September 2011, one generator participant of the CDEC was declared bankrupt as a result of the financial losses caused by the low hydrological conditions experienced in the SIC. In the proceeding, AES Gener and Eléctrica Santiago presented evidence of the outstanding debt owed by such generator, equal to U.S.$3.0 million plus applicable interest, of which we have received U.S.$1.4 million. Additional payments are not expected to be received and a respective provision has been recorded.

In Colombia, AES Chivor performs counterparty risk assessments based on an internal credit quality evaluation, which in some cases may include guarantees such as letters of credit and prepayment conditions. In 2010, also in low hydrological conditions, AES Chivor experienced collection problems with an energy trader and eventually recorded a loss of U.S.$1.3 million. In this case, the trader was suspended from participating in the Bolsa or spot market and AES Chivor initiated actions to recover the outstanding amount.

In Argentina, TermoAndes' principal counterparties are CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) and large and diversified unregulated consumers with contracts under the Energía Plus Program. On March 26, 2013, Resolution 95/2013 was issued. This resolution amended the current regulatory framework and will be applied to electric generation companies with certain exceptions. In accordance with this regulation, a new remuneration system was established which is based on compensating fixed costs, variable non-fuel costs and an additional margin. Based on Note 2053, sent by the Ministry of Energy in March 2013, it is understood that TermoAndes units are not affected by the resolution. In addition, in May 2014, the Secretary of Energy released Resolution 529/2014, which updates the prices set forth in Resolution 95/2013 and maintains that TermoAndes' units will not be affected. As a result, we do not expect these regulations to have an impact on TermoAndes' operations.

Our financing and investment agreements are executed with high-quality local and foreign financial institutions, which have national and/or international credit ratings greater than or equal to "A" under the S&P and Fitch scales and "A2" under the Moody's scale. Similarly, derivatives for financial debt are executed with highly rated international entities. Cash, investment and treasury policies direct the management of our cash portfolio, focusing principally on minimizing credit risk.

Off-Balance Sheet Agreements

Our principal off-balance sheet agreements in the form of letters of credit include the following:

- We provided a stand-by letter of credit for the amount of U.F.$33,679 (U.S.$0.6 million) due on October 30, 2015, in favor of Luis Gardeweg Baltra to guarantee obligations under a purchase agreement
- Eléctrica Angamos provided a stand-by letter of credit for the amount of U.S.$6.6 million due on October 22, 2015, in favor of Minera Escondida to guarantee power purchase agreement associated with Angamos power plant.
- Eléctrica Angamos provided a stand-by letter of credit for the amount of U.S.$1.8 million due on October 22, 2015, in favor of Minera Spence to guarantee power purchase agreement associated with Angamos power plant.
- Eléctrica Angamos provided two stand-by letters of credit for U.S.$8.8 million and U.S.$6.0 million, respectively, due on October 22, 2015, in favor of Terminal Graneles del Norte S.A. to guarantee port services agreement associated with Angamos power plant.

- We provided a debt service reserve letter of credit, on behalf of Empresa Eléctrica Ventanas S.A., for the total amount of U.S.$25.0 million due on June 30, 2016, associated with the project finance loan executed for the project in June 2007.

- We provided a standby letter of credit for the amount of U.S.$98.9 million in favor of HSBC Bank as Collateral Agent of the Cochrane Project lenders to guarantee its equity contributions to the project.

- Eléctrica Cochrane provided two letters of credit for U.S.$17.1 million and U.S.$8.0 million, respectively, due on March 15, 2017, in favor of Sierra Gorda to guarantee a power purchase agreement associated with the Cochrane power plant.

- Eléctrica Cochrane provided a letter of credit for U.S.$10.1 million due on March 15, 2017, in favor of Quebrada Blanca to guarantee a power purchase agreement associated with the Cochrane power plant.

- Alto Maipo provided a letter of credit to the Water Agency (*Dirección General de Aguas)* of the Ministry of Public Works, for an amount of UF180,859 (U.S.$7.1 million) with an expiration date of December 9, 2021, to guarantee hydraulic works related to the Alto Maipo project.

- Alto Maipo provided a letter of credit to Francisco Fernandez Valdez, for an amount of UF12,865 (U.S.$0.5 million) with an expiration date of May 2, 2015, to guarantee the payment associated with the payment of the price agreed for an easement.

- We provided three stand-by letters of credit for the amount of U.S.$5.0 million, U.S.$5.0 million, and U.S.$15.0 million to Credit Suisse International, with an expiration date of September 1, 2015, September 8, 2015, and December 7, 2015, respectively, to serve as collateral as per the thresholds established in the cross currency swap agreement.

Our principal off-balance sheet agreements in the form of corporate guarantees include the following:

- On December 19, 2007, we entered into a cross currency swap with Credit Suisse International in order to swap the Chilean inflation indexed *unidad de fomento* (UF) bond issued in December 2007 into US dollars. On September 16, 2009, this cross currency swap agreement was amended and a portion was novated to Deutsche Bank Securities. Both swap contracts include provisions which require AES Gener to provide credit support in terms of collateral when the mark-to-market value of the swap exceeds the thresholds established in the agreements. As of March 31, 2015, credit support was required and provided by us in the form of three stand-by letters of credit for an aggregate amount of U.S.$25 million.

Please refer to notes 32 and 33 to our consolidated financial statements for further details

Quantitative and Qualitative Disclosures about Interest Rate and Foreign Exchange Risk

We are exposed to risks arising from changes in interest rates and currency exchange rates. Periodically, we assess our exposure and monitor opportunities to manage these risks, including entering into derivative contracts. In the normal course of business we also face risks that are either non-financial or non-quantifiable. Such risks primarily include country risk, credit risk and legal risk, and are not represented in the information included below. The following discussion about our risk management activities includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those projected in such forward-looking statements.

Interest Rate Risk

Interest rate risk exists principally with respect to our indebtedness that bears interest at floating rates. As of March 31, 2015, we had an outstanding principal amount of interest-bearing indebtedness of U.S.$3,153.3 million, of which U.S.$3,126.5 million had maturities beyond 2015.

The following table presents the outstanding principal amount for our interest-bearing indebtedness for the periods indicated:

	As of March 31, 2015					
		Expected contractual maturity date				
	Average interest rate	2015	2016	2017	2018	2019 and beyond
		(in U.S.$ millions)				
Fixed Rate						
(UF Swapped to U.S.$)	7.34%	-	-	-	15.7	156.6
(U.S.$)	5.25%	-	-	-	-	401.7
(U.S.$)	8.00%	-	-	-	-	102.2
(U.S.$)	8.38%	-	-	-	-	450.0
(U.S.$)	4.88%	-	-	-	69.6	730.4
(U.S.$)	8.61%	-	0.1	0.1	0.1	3.6
(UF)	7.50%	1.0	1.1	1.2	1.3	33.0
Variable Rate						
(U.S.$)	LIBOR + Spread	-	-	75.0	-	-
(U.S.$)	LIBOR + Spread	25.9	30.4	33.5	38.3	179.5
(U.S.$)	LIBOR + Spread	-	-	28.8	41.5	642.4
(U.S.$)	LIBOR + Spread	-	-	-	-	47.8
(Col$)	DTF[(1)] + Spread	-	-	-	2.1	40.8
Total		**26.9**	**31.6**	**138.6**	**168.6**	**2,788.0**

(1) Colombia interest rate for fixed term deposits (*depósitos a término fijo*).

A portion of the debt associated with the Eléctrica Ventanas, Eléctrica Cochrane and Alto Maipo project finance debt has been swapped to cover the risk of variations in the LIBOR rate. Accordingly, 82.9%, 80.0% and 80.0% of the total variable rate debt, equal to U.S.$863.4 million, has effectively been swapped to fixed rate debt as of March 31, 2015. As a result of these interest rate swaps, as of March 31, 2015, fixed rate debt, including swapped debt, represents U.S.$2,817.4 million, or 89.4% of the total principal of our outstanding debt.

Foreign Currency Risk

Our principal exchange rate risk involves changes in the value of the Chilean peso relative to the U.S. dollar. In year ended December 31, 2014 and in three-month period ended March 31, 2015, the majority of our consolidated net sales, revenues, costs and expenses were denominated in or indexed to the U.S. dollar. As of and for the three-month period ended March 31, 2015:

- approximately 87.8% of our sales are denominated in or indexed to U.S. dollars or are associated with currency hedging;
- approximately 88.2% of our costs are denominated in or indexed to U.S. dollars; and
- approximately 97.5% of our indebtedness is denominated in U.S. dollars or is associated with currency hedging.

Accordingly, variations in the value of the Chilean peso relative to the U.S. dollar will not have a significant effect in the cost in U.S. dollars of our foreign debt service obligations. See "—Hedging Policy."

The functional currency for AES Chivor is the Colombian peso since most of its revenue, specifically contract sales, and cost of sales are primarily in Colombian pesos. For the three-month period ended March 31, 2015, sales in Colombian pesos represented 10.3% of our consolidated revenue. Additionally, Chivor' s dividends are determined in Colombian pesos, although financial coverage mechanisms are utilized to fix the amounts in U.S. dollars distributed to us. Furthermore, in the SADI, spot prices are denominated in Argentine pesos and Energía Plus Program contract prices are determined in U.S. dollars but paid in Argentine pesos. SADI sales represented 5.7% of our consolidated revenue in the three month period ended March 31, 2015.

Critical Accounting Policies and Estimates

In the preparation of our financial statements, we have identified key accounting policies which are fundamental to our consolidated statement of financial position and consolidated comprehensive income. These key accounting policies, including disclosures, often involve complex quantitative analyses or are based on subjective judgments or decisions. We continually evaluate these estimates, including those related to revenue recognition, useful lives of property, plant and equipment, post-employment benefit plans, income taxes and the fair value of financial instruments, including derivatives. We base our estimates on historical experience and other assumptions which we believe to be reasonable under the circumstances.

We have identified the following accounting policies that we believe are most critical to our financial statements. For a full description of our accounting policies, see Note 4 to our unaudited consolidated financial statements included in these listing particulars.

Revenue Recognition

We recognize revenues when the amount can be reliably measured, it is probable that the future economic benefits flow to the entity and specific conditions have been met for each of our activities as described below.

The amount of revenue is not considered to be reliably measured until all contingencies related to the sale have been resolved. We base our estimates on historical data, taking into account the type of customer, type of transaction and the concrete terms of each agreement.

Operating revenue includes the fair value of considerations received or to be received for the sale of goods and services in the ordinary course of our activities. Operating revenue is presented net of VAT, returns, rebates and discounts and after eliminating intra-Company sales.

Sales Revenues

Revenues from energy and capacity sales are recognized once the energy or capacity has been physically delivered at prices established in the respective contracts or at prevailing electricity market prices in accordance with current regulations. Operating income includes un-invoiced income from energy and capacity supplied but not billed at each period end, which is accounted for at the contractual rates existing at each respective period end. These amounts are included in current assets as trade accounts receivable. The related cost of this energy has been included in operating costs. The Company recognizes revenues from sales of inventory such as coal and gas upon delivery and revenues from shipping and engineering services upon performance of such services.

Property, Plant and Equipment

Property, plant and equipment include the following items: construction in progress, land, buildings, plants and equipment, IT equipment, furniture, motor vehicles, and other property, plant and equipment.

Construction in progress includes labor, materials, interest, and allocation of some general and overhead costs. Interest expenses directly attributable to the construction, both specific and generic in nature, are accrued only during the construction period. Also included in the capitalization of construction in progress are expenses directly related to personnel and other expenses of an operating nature attributable to the project. Upon completion, construction in progress is transferred to the appropriate class of property, plant and equipment once the testing period is finalized and the assets are available for use.

Maintenance and repairs, including replacement of minor items, are recorded to earnings as incurred. Costs associated with major inspections or replacements are recognized as part of the carrying amount of the asset or as a separate asset if they meet the recognition criteria of a component as detailed in IAS 16 "Property, Plant and Equipment."

Depreciation is determined using the straight-line method considering their cost less residual values over their estimated economic useful lives. A change in the estimate of useful lives could impact the level of annual depreciation expense recognized during the period. In estimating the useful lives and expected residual value, we rely primarily on actual experience with similar assets and technical recommendations from engineers and manufacturers. The estimates are reviewed on an annual basis for any changes. When depreciable property components are retired, the original cost and decommissioning charges, less residual value, are charged to accumulated depreciation.

In accordance with IAS 36, "Impairment of Assets," we assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, we estimate the recoverable amount of the asset. An asset is impaired when its carrying value exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset's or cash generation unit's fair value less costs to sell and its value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset and from its ultimate disposal.

Post-Employment Benefits

Our employees participate in defined benefit pension plans. The value of our pension and post-employment benefits is based on actuarial valuations. Inherent in these valuations are key assumptions provided by us to our actuaries, such as the discount rate, mortality and rotation rates. Material changes in our pension and post-employment benefit costs may occur in the future arising from changes in these assumptions, such as changes in the number of plan participants or amount of benefits provided.

Included in this concept are also staff severance indemnities. Our obligation for staff severance indemnities is measured and recorded at the present value of the total obligation using the projected benefit cost method. This model uses a discount rate based on UF-denominated sovereign bonds from the Chilean Central Bank and average long-term inflation. Assumptions considered in the calculation include the probability of such payments or benefits based on mortality, employment rotation, future costs, level of benefits and the discount rate.

Derivative Instruments

We have entered into various types of derivative instruments, such as interest rate swaps, cross currency swaps and currency forwards to hedge our risks associated with interest and exchange rate fluctuations. Derivatives are initially recognized at fair value on the date on which the derivative contract is executed and are subsequently remeasured at their fair value. Changes in the fair values of the derivatives are recognized in earnings unless they have been designated and qualify as hedging instruments in a fair value hedge or in a cash flows hedge.

We have not used fair value hedges in the reporting periods covered by our consolidated financial statements included in these listing particulars.

The changes in fair value in a cash flows hedge are recognized in other comprehensive income to the extent that the instrument is effective. Any gain or loss related to the ineffective portion is recognized immediately into earnings. Once the instrument matures, is sold or no longer meets the heading requirements as per IAS 39 "Financial Instruments: Recognition and Measurement," any cumulative gain or loss in other comprehensive income remains in equity and is recognized when the forecasted transaction affects earnings. When the forecasted transaction is not expected to occur, any accumulated gain or loss in other comprehensive income is immediately recognized in earnings.

Derivatives not designated as hedging instruments are recognized at fair value through profit and loss. Changes in fair value of these derivatives are recognized immediately in earnings.

We perform an evaluation of embedded derivatives in financial and non-financial instrument contracts to determine if their characteristics and risks are closely related to the host contract. If not closely related, they are separated from the host instrument and the variations in their fair values are recognized in earnings.

Estimates of fair values for which an active market, quoted prices or a secondary market do not exist are calculated using forward-pricing models, presenting value of estimated future cash flows and other modeling techniques. The Company uses the Reval Hedge Rx system to calculate the fair value of interest rate, cross currency swaps and foreign currency forwards. The following assumptions are used in the valuation models for derivative instruments: historic and spot prices, price projections, credit risk and observable rates, risk-free discount rates, local and counterparty spreads, price volatility, correlations and regression formulae. Changes in conditions or the occurrence of unforeseen events could affect the timing for the recognition of unrealized gain and losses into earnings.

Accounting for Income Taxes

In accordance with Chilean tax law, income taxes are computed and paid on a per legal entity basis. As part of the process of preparing our financial statements, we are required to calculate our income tax expense based on rates in effect at the time of the calculation (which are subject to change by enactment of a new tax rate).

According to IAS 12 "Income Taxes," deferred tax assets and liabilities represent the difference between financial statement carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences and carry forwards of unused tax losses, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused losses can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

The income tax rates used to calculate deferred taxes are the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. Such rates may differ from the tax rate used to calculate current income tax expense. A change in the income tax rate can affect the book value of deferred taxes, which may result in an impact in earnings.

BUSINESS

General

We are the largest electricity generation company in Chile in terms of gross generation with a market share of 27.4%, and the second largest in terms of installed capacity with a market share of 17.7%, both as of March 31, 2015. We have a significant presence in both the SIC and the SING. We also have a presence in the SIN in Colombia and the SADI in Argentina. As of March 31, 2015, our installed capacity in Chile totaled 3,438 MW, comprised of 2,616 MW in the SIC and 822 MW in the SING, excluding TermoAndes. In Chile, we currently have under construction two coal-fired projects with gross capacity of 684 MW, a 531 MW run-of-river power plant, a 21 MW solar power plant and a 20 MW BESS. We are also currently constructing a run-of-river hydroelectric project with a gross capacity of 20 MW in Colombia and developing a water desalinization plant with an initial capacity of 4,800m^3/day to supply our Angamos complex and allow us to start selling water to industrial clients.

In the SIC, which covers over 92.2% of Chile's population, including the densely populated Santiago Metropolitan Region, our market share totaled 17.2% and in the SING, where mining companies dominate energy consumption, our market share totaled 19.8%, excluding TermoAndes, both in terms of installed capacity as of March 31, 2015. In Colombia, we own the third-largest hydroelectric facility, and as of March 31, 2015, we have a 6.4% market share based on installed capacity, making us the sixth-largest generation company in the country, and a 3.9% market share based on net generation.

In Chile, we have a diversified generation portfolio in terms of geography, technology, customers and fuel source. Our installed capacity is located near the principal electricity consumption centers, including Santiago, Valparaiso and Antofagasta, extending from Tocopilla in the north to Los Angeles in south-central Chile. Our diverse generation portfolio, composed of hydroelectric, coal, gas, diesel and biomass facilities, allows us to flexibly and reliably operate under a variety of market and hydrological conditions, efficiently managing our contractual obligations with regulated and unregulated customers and, as required, providing back-up spot market energy to the SIC and SING.

In Colombia, our dam-based hydroelectric plant, located approximately 160 km east of Bogota, has total nominal capacity of 1,000 MW. We actively manage the reservoir level by contracting a significant portion of the plant's generation and selling the remaining generation on the spot market.

Our 643 MW combined cycle facility in Salta, Argentina represented 2.0% of the SADI's installed capacity and net generation, as of March 31, 2015. At present, TermoAndes sells energy exclusively in Argentina; a portion of its generation is sold to unregulated customers under short-term contracts under the Energía Plus Program and the remainder is sold on the spot market. This plant is also connected to the SING.

Competitive Strengths

We believe our key competitive strengths are:

- *High-quality and diversified generation assets*. We have a portfolio of high-quality generation assets, diversified in terms of geographic location, technology, customer and energy source. We operate in four independent markets, the SIC and the SING, both in Chile, the SIN in Colombia, and the SADI in Argentina, which provides us with a competitive advantage due to the diversification of our revenues from each market. In the year ended December 31, 2014, the Adjusted EBITDA contribution from the SIC, SING, SIN, and SADI was 37.8%, 18.3%, 39.2% and 4.7%, respectively. As of March 31, 2015, we are the largest generation company in Chile in terms of generation. In terms of installed capacity, we have a significant presence in both major electric systems in Chile, with participation of 17.2% in the SIC and 19.8% in the SING. Size is a competitive advantage given the capital intensive nature of our industry. We are both geographically and technologically diverse, with generation assets located throughout northern and central Chile, situated close to the major consumption centers, including Santiago, Valparaiso and Antofagasta, thus reducing transmission costs. Our generation facilities in Chile include coal, run-of-river hydroelectric, alternative-fueled gas or diesel, diesel and biomass plants. Our diversified plant portfolio in terms of technology, customers and energy sources is a competitive advantage as it provides flexibility to reliably meet contractual obligations and sell excess energy on the spot market when market conditions create scarcity, such as dry hydrology or plant outages. Our dam-based plant in Colombia has hydrology which is counter-cyclical to that of most of the principal Colombian generators, providing us with a competitive advantage to strategically manage our operations. TermoAndes is considered one of the most efficient thermoelectric plants in Argentina and is currently the leader in the Energía Plus Program market with 223.93 MW of contracted energy under this program as of March 31, 2015.

- *Established and robust presence in attractive markets with sound and stable regulatory frameworks.* Our principal businesses are in the Chilean and Colombian markets. We have been supplying electricity to the Chilean market since 1981, and to the Colombian market since 1996, with the acquisition of our AES Chivor plant. Chile and Colombia are two of the most attractive and stable economies in South America, both with investment grade sovereign debt credit ratings, sustainable pro-business policies and developed and liquid capital markets. The regulatory framework for the electricity sector is transparent and market-oriented in both countries, dating back to 1982 in Chile and 1994 in Colombia, during which periods both countries have faced critical electricity supply conditions related to natural disasters, such as floods, droughts and earthquakes. In Chile, regulatory amendments in 2004, 2005 and 2015, improved the allocation of transmission costs and replaced regulated tariffs charged to regulated customers with indexed prices determined by public bids. In Colombia, the regulatory framework was revised in 2006, establishing a new firm energy scheme for Colombian generation companies and thereby increasing reliability charges. We believe that both Chile and Colombia have attractive growth potential. Demand for electricity in Chile's two major power grids, based on energy sales, grew at a compound annual growth rate of 3.5% in the SIC and 3.4% in the SING for the 10-year period from 2004 to 2014. The CNE projects electricity consumption to grow at a compound annual growth rate of 4.3% in the SIC and 5.4% in the SING in the next ten years. Demand for electricity in Colombia, based on energy sales, grew at a compound annual growth rate of 2.8% from 2004 to 2014 and the UPME projects a compound annual growth rate of 2.8% in the next ten years.

- *Commercial policy based on contracts with high-quality and reliable customers providing stable and predictable cash flows*. Our commercial strategy, which focuses on executing long-term contracts for our expected base load generation, has enabled us to maintain stable cash flows generation. Additionally, the majority of our power purchase agreements are denominated in U.S. dollars, which aligns our functional currency with our revenue and cost structure. In Chile, we align our contracts with our generation capacity, contracting a significant portion of our efficient capacity, currently coal and hydroelectric capacity, under long-term, price-indexed contracts with regulated and unregulated customers. As of March 31, 2015, we have long-term contracts with high-quality distribution companies as well as mining and industrial companies for a total of 3,395 MW in Chile. Our principal customers include the distribution companies Chilectra, Chilquinta, and EMEL and mining companies such as Minera Escondida, Minera Spence, Codelco, SQM, Sierra Gorda, Quebrada Blanca, Pelambres, Candelaria, and Angloamerican. Long-term contracts with distribution companies present stable demand since supply for residential consumption has historically been stable and increasing. In addition, long-term contracts with mining companies include both fixed and variable payments along with indexation mechanisms which periodically adjust prices related to the U.S. CPI and the international price of coal, even in some cases with clauses related to changes in law and regulatory costs. Our policy also involves contracting a portion of our projects' capacity before the start of construction. We have signed long-term, price-indexed contracts for substantially all of the installed capacity of the Cochrane project, which is currently under construction, with unregulated customers in the SING (Sierra Gorda, SQM and Quebrada Blanca). Similarly, for the Alto Maipo project we have executed a long-term contract with an unregulated customer (Pelambres). In Colombia, we maximize cash flows and operating margin by applying an integrated business risk management strategy to optimize the use of the La Esmeralda reservoir, determining the desired level of contracts based on projected hydrological conditions and the plant's generation profile. In the year ended December 31, 2014, approximately 41% of our generation in the SIN was sold under contracts with distribution companies, which in some cases were backed by guarantees such as letters of credit or prepayments, as determined by our comprehensive counterparty risk assessment methodology. These contracts, with terms of one to four years, include indexation mechanisms to adjust for movements in the Colombian PPI. In Argentina, 306 MW of our TermoAndes' installed capacity were authorized to be sold under the Energía Plus Program with industrial customers. TermoAndes' strategy is to maximize the electricity sold under the Energía Plus Program. These contracts allow TermoAndes to sell electricity at higher prices compared to spot prices.

- *Strong Financial Position*. We maintain a strong financial position with solid liquidity, stable cash flows and broad access to local and international capital markets. We hold, and aim to maintain, international investment grade ratings with the principal international rating agencies, namely Moody's, Fitch and S&P. As of March 31, 2015, our total consolidated balance of cash and cash equivalents, including short term time deposits, was equal to U.S.$285.8 million and we had unused long-term committed credit lines of approximately U.S.$235.7 million that we may draw on in our sole discretion.

- *Successful project development and construction and attractive development portfolio*. Since 2007, we have constructed and initiated commercial operations of 1,664 MW of new capacity, representing a significant portion of the increase in installed capacity and investment in the SIC and SING during the same period. Our successful project development and demonstrated construction skills, evidenced by our ability to complete these projects on time and on budget, represent an important competitive advantage. Additionally, in Chile, we currently have under construction two coal-fired projects with gross capacity of 684 MW, 152 MW of which is represented by the fifth unit of Guacolda in the northern part of the SIC, scheduled to begin operations in the last quarter of 2015, with the remaining 532 MW represented by our Cochrane project in the SING, expected to commence commercial operation of units 1 and 2 in the second and third quarter of 2016, respectively. Our Cochrane project includes a 20 MW battery energy storage project which is also scheduled to initiate operations in 2016. Additionally, the 531 MW two unit run-of-river hydroelectric Alto Maipo project in the SIC, and the 21 MW Los Andes solar power plant project in the SING, are also currently under construction. In Colombia, we are currently constructing our 20 MW Tunjita run-of-river hydroelectric project, which is scheduled to start operations in the second half of 2016. Our development strategy focuses on obtaining environmental permits, solid construction contracts, power purchase agreements and structured financing prior to the initiation of new investment. In addition, we possess significant water rights which can be used to develop new hydroelectric projects in Chile and are evaluating projects in other areas such as the development of water desalinization plants. For example, we are currently developing a water desalinization plant for our Angamos complex.

- *Experienced management*. Our management team has extensive industry experience and proven expertise in business strategy, operations, engineering, project management, construction, fuel and equipment purchasing and risk management. This experience in project development and construction has recently been demonstrated with the successful completion of new generation projects totaling 1,664 MW since 2007 in the SING and the SIC.

Business Strategy and Objectives

Our goal is to provide reliable and sustainable electricity in the markets in which we operate by leveraging our operational, commercial and financial excellence.

Our strategy is based on the following:

- *Operational excellence.* We focus on comprehensive operational excellence, which includes safety, operational efficiency, community cooperation and environmental management, in order to achieve sustainable long-term electricity generation. Safety is our top corporate value. To this end, a world-class safety program has been implemented to safeguard our employees, our contractors and the communities where our operations are located. Operational efficiency focuses on guaranteeing long-term commercial availability of our generation assets through deploying our extensive operating expertise and continuous maintenance and operational enhancements. We interact with the communities where our assets are located, striving to establish permanent relationships through the creation of social responsibility initiatives and development programs. We also apply integrated environmental management in order to assure full compliance with regulatory requirements and identify environmental improvements.

- *Commercial excellence.* Our commercial policy seeks to optimize the balance of contract and spot sales in order to minimize cash flows volatility and reduce uncertainty from the electricity business, managing and mitigating risks related to market and industry conditions. In Chile, we align our contracts with our generation capacity, contracting our efficient capacity (currently coal and hydroelectric capacity) under long-term indexed price contracts with regulated and unregulated customers. We reserve our higher variable cost units, such as our diesel and gas fired units in Chile, as back-up facilities for sales to the spot market during scarce system supply conditions, such as dry hydrological conditions and plant outages. In Colombia, we also seek to maximize cash flows and operating margin by applying an integrated business risk management strategy to optimize the use of the reservoir, determining the desired level of contracts based on projected hydrological conditions and the plant's generation profile. Contract revenues are complemented with revenues from the sale of excess non-contracted electricity in the spot market. In Argentina, we seek to maximize cash flows and operating margin by maximizing the capacity authorized by the Ministry of Planning to be sold under the Energía Plus Program.

- *Financial excellence*. Our financial policy focuses on profitability, stability and liquidity in order to maintain and develop our business. Our principal financial objectives include balancing our capital structure, maintaining adequate minimum liquidity, managing our debt amortization schedule and actively mitigating risks to prevent cash flows and earnings volatility. We have funded our recent construction projects with a mix of equity and non-recourse project and corporate debt to match the tenor of these new investments and, in the future, we plan to continue to balance our capital structure in the same manner, maintaining broad and balanced access to both local and international capital markets. Specifically, with the execution of non-recourse project finance debt, we isolate a significant portion of the development risks. As of March 31, 2015, our consolidated outstanding indebtedness was equal to U.S.$3,153.3 million on a nominal basis and we had unused committed credit facilities under our UF6 million revolver credit facility with certain local banks (approximately U.S.$235.7 million as of March 31, 2015). We actively manage risks to achieve predictable and stable earnings and cash flows. Our financial risk management activities include hedging strategies to mitigate foreign exchange, interest rate and commodity exposure.

AES Gener and our Subsidiaries

AES Gener S.A. was founded on June 19, 1981 under the original name Compañía Chilena de Generación Eléctrica S.A. ("Chilectra Generación S.A."). Our by-laws were approved by the Chilean Securities and Insurance Authority in resolution 410-S of July 17, 1981 and were published in Official Gazette No. 31,023 on July 23 of the same year. We are registered in the Business Registry of the Santiago Property Registrar on pages 13,107 No. 7,274 of 1981.

Our origins date back to 1889 when the Chilean Electric Tramway and Light Company was founded in Santiago. The assets were merged in 1921 with those of the Compañía Nacional de Fuerza Eléctrica to form the Compañía Chilena de Electricidad. Compañía Chilena de Electricidad was a privately owned company until 1970, when it was nationalized and taken over by the Corporation for the Development of Production ("CORFO"). In June 1981, it was restructured into a holding company, Chilectra S.A., with three subsidiaries: Chilectra Metropolitana S.A., a distribution company serving the Santiago Metropolitan Area; Chilectra Quinta Región S.A., a distribution company serving Valparaiso and the Aconcagua Valley; and Chilectra Generación S.A., an electricity generation company and owner of the former Chilectra's Transmission Assets.

Chilectra Generación S.A. began operating as an independent company on August 1, 1981. In 1986, CORFO began privatizing the Company, and by January 1988, 100% of its ownership had been transferred to the private sector. At the annual shareholders' meeting in September 1989, it was decided to change Chilectra Generación S.A.'s name to Chilgener S.A ("Chilgener"). At that time Chilgener had installed capacity of 579 MW distributed throughout Chile's Metropolitan and V Regions.

During the 1990s, the Company expanded significantly in Chile and entered other Latin American countries including Colombia, Argentina, Perú and the Dominican Republic. During this decade, in addition to participating in the electricity generation business, AES Gener was also engaged in other non-generation activities.

In the 1990s, the Company added significant new installed capacity in Chile, including its Alfalfal hydroelectric plant (178 MW), subsidiary Energía Verde's two biomass plants (18 MW), subsidiary Norgener's two coal-fired units (277 MW), subsidiary Eléctrica Santiago's CCGT (379 MW) and equity-method investee Guacolda's two coal-fired units (304 MW). In Argentina, our investments in this period included acquisitions of several electric generation assets, which were subsequently sold in 2001, and construction of our TermoAndes

CCGT (643 MW). During this period we also acquired minority stakes in generation companies in Peru and the Dominican Republic which were sold in 1999 and 2008, respectively. In March of 1998, Chilgener's shareholders agreed once again to change our name, this time to AES Gener S.A ("Gener"), principally to reflect Gener's new international standing as it expanded its operations to new markets and businesses both in Chile and abroad.

In April 2000, AES Gener began searching for a strategic partner that would enable it to continue growing within the industry's new structure. This decision was based on the growth and development restrictions imposed on the Company by its smaller size and debt capacity, compared to its large international competitors. At the end of this process, The AES Corporation, through its subsidiary Inversiones Cachagua Limitada, currently Inversiones Cachagua SpA ("Inversiones Cachagua"), launched a tender offer for a controlling percentage of AES Gener. Additionally, The AES Corporation entered into an agreement with the French company TotalFinaElf under which the latter agreed to purchase AES Gener's electricity assets in Argentina if the tender offer was successful.

On December 28, 2000, the Santiago Stock Exchange auctioned AES Gener shares, and Inversiones Cachagua purchased 61.1% of AES Gener's capital stock. On the following day in the United States, AES Gener's ADRs, representing a 34.6% stake in AES Gener, were exchanged for The AES Corporation shares. After taking control of AES Gener, Inversiones Cachagua held a second public offering in Chile in February 2001, acquiring an additional 2.9% of AES Gener's stock. At that point, Inversiones Cachagua's ownership equaled 98.5% and would later increase to 98.7% through other minor purchases on the stock market.

As part of the AES Group, AES Gener changed its name to AES Gener S.A. in 2001 and began to sell assets in order to concentrate its business activities in power generation, primarily in Chile and Colombia. In 2004, through a capital increase, Inversiones Cachagua's stake in AES Gener increased to 98.8%. In April 2006, Inversiones Cachagua sold 7.6% of its shares in AES Gener to other investors. In May 2007, Inversiones Cachagua sold 0.9%, and in October it sold an additional 10.2%, which left it with participation of 80.1% in AES Gener.

In June 2008, AES Gener concluded the preemptive rights period of a capital increase process for approximately U.S.$269.8 million. Inversiones Cachagua took part in the process and increased its ownership to 80.2% by the end of the preemptive rights period. Later, in November 2008, Inversiones Cachagua sold 9.6% of AES Gener on the market, reducing its participation to 70.6%. In February 2009, AES Gener concluded the preemptive right period of a capital increase process for U.S.$245.8 million. Inversiones Cachagua took part in the process and increased its participation slightly. In April 2014, AES Gener concluded the preemptive rights offering for U.S.$150.4 million. Inversiones Cachagua took part in the process through the subscription of its proportional shares and increased its participation slightly. As of March 31, 2015, Inversiones Cachagua's stake in AES Gener was 70.7%.

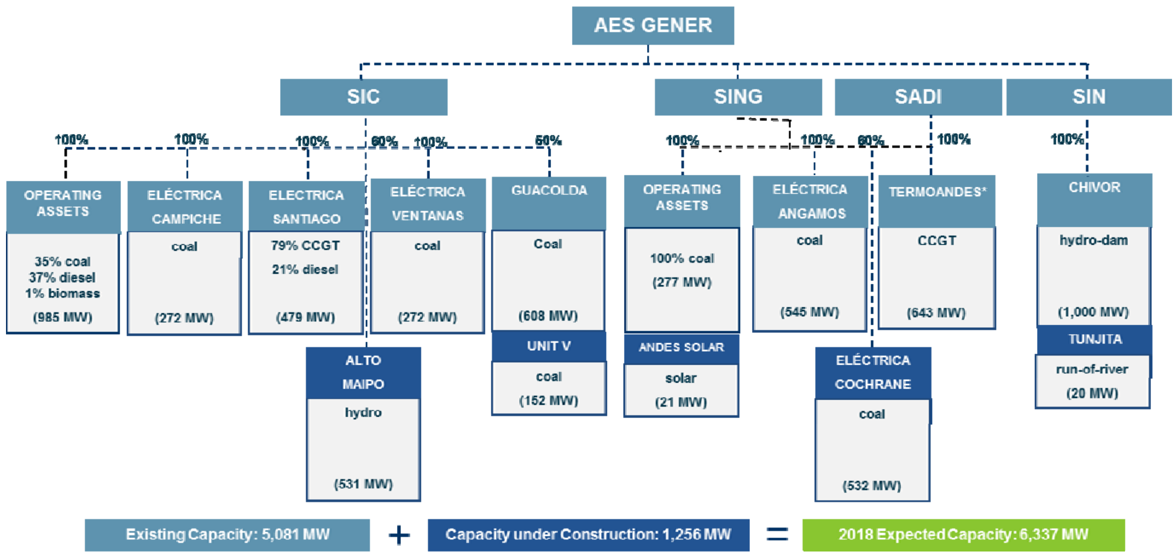
In 2007, we started our first phase of plan of expansion which involved the construction and start-up of 1,664 MW, representing a significant portion of the increase in installed capacity and an investment of approximately U.S.$3.0 billion. Our new cost-efficient generation assets include: subsidiary Eléctrica Ventanas' Nueva Ventanas plant (272 MW), subsidiary Eléctrica Angamos' two Units (545 MW), subsidiary Eléctrica Campiche' Ventanas IV plant (272 MW) and equity-method investee Guacolda's two coal-fired units (304 MW). Our new back-up capacity in operation includes two diesel-fired turbines, Los Vientos (132 MW) and Santa Lidia (139 MW). We also completed construction of two battery energy storage facilities in Chile, Norgener BESS (12 MW), and Angamos BESS (20 MW), in November 2009 and December 2011, respectively. During mid-March 2013, with the fourth Ventanas unit, Ventanas IV, which started commercial operations to the SIC, we completed the first phase of this expansion plan, which has enabled the Company to continue to be a key contributor in satisfying the growing demand for energy in the Chilean grid.

The second phase of expansion began in 2012 with the start of construction of both the Tunjita (20 MW) hydroelectric project in Colombia and the fifth unit (152 MW) of the Guacolda complex in the SIC in July 2012 and October 2012, respectively. In late March 2013, we initiated construction of the Cochrane project, a 532 MW coal facility in the SING, with Mitsubishi Corporation as a minority partner, with a 40% ownership interest. In December 2013, we also began construction of the Alto Maipo project and added Pelambres, a subsidiary of Antofagasta Minerals S.A., as a minority partner, with a 40% participation in the project. This new phase of expansion involves an investment of approximately U.S.$4 billion and will increase installed capacity by 24.7%, or 1,256 MW. Additionally, in the last quarter of 2012, we initiated an investments in emission control equipment for a total investment of U.S.$251 million.

On March 28, 2014, we entered into an agreement to acquire the remaining 50% equity stake of Eléctrica Guacolda from Copec and Inversiones Ultraterra for U.S.$ 728 million. Subsequent to this purchase, on April 11, 2014, we sold 50% minus one share of Eléctrica Guacolda to Global Infrastructure Partners (GIP) on essentially the same terms and conditions. We do not consolidate our equity-method investee Eléctrica Guacolda in our financial statements.

Organizational Structure

We are an operating company and conduct a substantial portion of our business through subsidiaries and an equity-method investee. The following chart presents, as of March 31, 2015, a simplified diagram of our corporate business structure and the approximate direct and indirect percentage equity ownership interest that we hold in our principal operating subsidiaries and equity-method investee.



Our Subsidiaries and Related Companies

The following table summarizes the ownership, date of incorporation or acquisition, location and principal line of business for our significant subsidiaries and related companies.

Subsidiaries (in alphabetic order)

Company Name	Abbreviated Name	Ownership*	Date of Incorporation or Acquisition	Headquarters	Principal Business
AES Chivor & Cía SCA E.S.P.	AES Chivor	99.98%	1996	Colombia	Owns and operates a 1,000 MW hydroelectric plant in Colombia and 20 MW run-of-river hydroelectric plant under construction
Empresa Eléctrica Angamos S.A.	Eléctrica Angamos	100.00%	2008	Chile	Owns and operates a 545 MW coal-fired generation facility with two units in the SING and a water desalinization plant under construction

Empresa Eléctrica Campiche S.A.	Eléctrica Campiche	100.00%	2008	Chile	Owns and operates a 272 MW coal-fired generation facility in the SIC
Empresa Eléctrica Cochrane SpA	Eléctrica Cochrane	60.00%	2009	Chile	Owns a 532 MW coal-fired generation facility with two units under construction in the SING
Empresa Eléctrica Ventanas S.A.	Eléctrica Ventanas	100.00%	2006	Chile	Owns and operates a 272 MW coal-fired generation plant in the SIC
Alto Maipo SpA	Alto Maipo	60.00%	2009	Chile	Owns a 531 MW hydroelectric plant with two units currently under development in the SIC
Gener Argentina S.A.	Gener Argentina	100.00%	1993	Argentina	Owns 86.9% and 66.9% in InterAndes and TermoAndes, respectively
InterAndes S.A.	InterAndes	100.00%	1997	Argentina	Owns a 345 kV, 268 km transmission line connecting TermoAndes to the SING
Inversiones Nueva Ventanas SpA	Inversiones Nueva Ventanas	100.00%	2007	Chile	Owns 99.99% of Eléctrica Ventanas, Eléctrica Angamos, Eléctrica Campiche and 60% of Eléctrica Cochrane
Norgener SpA.	Norgener	100.00%	1993	Chile	Owns 99.99% of Inversiones Nueva Ventanas and 50.63% of AES Chivor
Sociedad Eléctrica Santiago S.A.	Eléctrica Santiago	100.00%	1994	Chile	Owns and operates a 100 MW diesel-fired plant and a 379 MW combined cycle plant in the SIC
TermoAndes S.A.	TermoAndes	100.00%	1996	Argentina	Owns and operates a 643 MW combined cycle plant in Argentina which is connected to the SADI and the SING

Related Companies

Company Name	**Short Name**	**Ownership**	**Acquisition / Creation**	**Headquarters**	**Description**
Empresa Eléctrica Guacolda S.A.	Guacolda	50.00% (plus one share)	1992	Chile	Owns and operates four coal-fired generating units with total capacity of 608 MW, a 152 MW coal-fired generation facility is under construction and a multipurpose mechanized port in the SIC
Gasoducto GasAndes S.A.	GasAndes	13.00%	1994	Chile	Owns and operates the 149 km. pipeline in Chile
Gasoducto GasAndes Argentina S.A.	GasAndes Argentina	13.00%	1995	Argentina	Owns and operates a 314 km. pipeline in Argentina

Generation Assets

As of March 31, 2015, our total gross installed capacity was 5,080.6 MW, of which 2,314.3 MW (45.6%) is coal-fired, 1,271 MW (25.0%) is hydroelectric, 1,021.8 MW (26.8%) is dual-fueled, capable of operating alternatively with gas or diesel, 460.8 MW (12.1%) is diesel-fired and 12.7 MW (0.3%) is biomass-fired.

In the SIC, our generating portfolio includes 1,492 MW in base load coal-fired plants located near Valparaíso and 271 MW in run-of-river hydroelectric plants located in the Santiago Metropolitan Area. We also own and operate 840 MW in back-up plants, which are available to sell on the spot market under scarce supply conditions in the system, such as dry hydrological conditions or plant outages. Additionally, we own 12.7 MW in biomass plants in southern SIC near Concepción. Currently, our 152 MW coal-fired plant from our equity method investee Guacolda is under construction and scheduled to initiate operations during the last quarter of 2015.

In the SING, our 822 MW generation portfolio is solely comprised by coal-fired plants. We also own a 32 MW of BESS facilities. Currently, our 532 MW Cochrane coal-fired facility is under construction and is scheduled to start commercial operations of units 1 and 2 during the second and third quarter of 2016, respectively.

In Argentina, through our subsidiary TermoAndes, we operate our 643 MW CCGT TermoAndes, which is connected to both the SING and SADI and can alternatively utilize gas and diesel.

In Colombia, through our subsidiary AES Chivor, we own the third-largest hydroelectric plant in the country with installed capacity of 1,000 MW, according to data provided by XM. Additionally, our 20 MW Tunjita run-of-river hydroelectric plant is currently under construction and is expected to start commercial operations in the second half of 2016.

The table below shows our generation assets by market as of March 31, 2015:

Generation Assets by Market

Generation Assets - SIC

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
AES Gener						
Ventanas	Ventanas, Region V	1964-1977	Coal-steam	Coal	2	340.0
Laguna Verde	Laguna Verde, Valparaíso, Region V	1939-1949	Diesel Plant	Diesel	2	47.0
Laguna Verde (TG)	Laguna Verde, Valparaíso, Region V	1990	Turbo Gas-diesel	Diesel	1	18.8
Los Vientos (TG)	Las Vegas, Llay-Llay, Region V	2007	Turbo Gas-diesel	Diesel	1	132.0
Santa Lidia (TG)	Cabrero, Region VIII	2009	Turbo Gas-diesel	Diesel	1	139.0
Maitenes	Los Maitenes, Cajón Río Colorado, R.M.	1923-1989(1)	Hydroelectric Run-of-River	Snow melt	5	31.0
Queltehues	Los Queltehues, Cajón Río Maipo, R.M	1948	Hydroelectric Run-of-River	Snow melt	3	49.0
Volcán	Cajón Río Maipo, R.M.	1949	Hydroelectric Run-of-River	Snow melt	1	13.0
Alfalfal	Cajón Río Colorado, R.M.	1991	Hydroelectric Run-of-River	Snow melt	2	178.0
Laja	Cabrero, Region VIII	1995	Biomass Cogeneration	Biomass	1	12.7
San Francisco de Mostazal(2)	San Francisco Mostazal, Region VI	2002	Turbo Gas-diesel	Diesel	1	24.0
Eléctrica Santiago						
Renca	Renca Municipality, Santiago, R.M.	1962	Diesel Plant	Diesel	2	100.0
Nueva Renca(3)	Renca Municipality, Santiago, R.M.	1997	Combined Cycle	Natural Gas / Diesel	1	379.0

Eléctrica Ventanas						
Nueva Ventanas	Ventanas, Region V	2010	Coal-steam	Coal	1	272.0
Eléctrica Campiche						
Ventanas IV	Ventanas, Region V	2013	Coal-steam	Coal	1	272.0
Guacolda						
Guacolda	Huasco, Region III	1995-1996 2009-2010	Coal-steam	Coal	4	608.0
Total Installed Capacity - SIC						**2,615.5**

Projects Under Construction – SIC

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
Guacolda						
Guacolda V[(4)]	Huasco, Region III	2015	Coal-steam	Coal	1	152.0
Alto Maipo						
Alto Maipo[(5)]	Santiago, RM	2018	Run of River Hydroelectric	Snow melt	2	531.0

Generation Assets - SING

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
AES Gener						
Norgener	Tocopilla, Region II	1995–1997	Coal-steam	Coal	2	277.3
Eléctrica Angamos						
Angamos	Mejillones, Region II	2011	Coal-steam	Coal	2	545.0
Total Installed Capacity - SING						**822.3**

Projects Under Construction – SING

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
Eléctrica Cochrane						
Cochrane[(6)]	Mejillones, Region II	2016	Coal-steam	Coal	2	532.0
Los Andes Solar project						
Los Andes	Calama, Region II	2015	Solar	Sun	1	21.0

Generation Assets - SIN

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
AES Chivor						
Chivor	Boyacá, Colombia	1977-1982	Hydroelectric - Dam	Water	8	1,000.0

Total Installed Capacity - SIN	**1,000.0**

Projects Under Construction – SIN

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
AES Chivor						
Tunjita(7)	Boyacá, Colombia	2016	Hydroelectric - Run of River	Water	1	20.0

Generation Assets - SADI

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
TermoAndes						
Salta	Salta, Argentina	1999	Combined Cycle	Natural Gas / Diesel	2 gas turbines, 1 steam turbine	642.8
Total Installed Capacity - SADI						**642.8**

(1) The Maitenes plant was rebuilt in November 1987 after the flood of the Colorado River; includes auxiliary plant Maitenes.
(2) We are currently in the process of entering into an agreement to sell our San Francisco de Mostazal plant in the O'Higgins Region in Chile, and expect the transfer of assets to be completed in the near future.
(3) The Nueva Renca plant has capacity of 355 MW when operating with diesel and 379 MW when operating with natural gas.
(4) Commercial operations are scheduled to commence during the second half of 2015. Gross capacity is based on technical specifications.
(5) Commercial operations are scheduled to commence during 2018. Gross capacity is based on technical specifications.
(6) Commercial operations of unit 1 and 2 are scheduled to commence during the second and third quarter of 2016, respectively. Gross capacity is based on technical specifications.
(7) Commercial operations are scheduled to commence during the second half of 2016. Gross capacity is based on technical specifications.

Market Structure and Competition

Chile

Chile has four power systems, largely owing to its geographic shape and size. The SIC is the largest of these systems, with an installed capacity of 15,123 MW as of December 31, 2014, which spans from Taltal in the north of Chile to the island of Chiloé in the south of Chile, a distance of approximately 2,100 km. The SIC serves approximately 92.2% of the Chilean population. Customers serviced by the SIC consume approximately 75.7% of the country's power. The SING is the second-largest power grid in Chile with an installed capacity of 4,081 MW, excluding our TermoAndes plant as reported by the CDEC-SING, as of December 31, 2014. The SING extends over 700 kilometers along the northern coast of Chile, from the port of Arica, close to the Peruvian border, to Coloso, a port located south of Antofagasta, and serves approximately 24.3% of Chile's power. The other two systems, Magallanes and Aysen, represent less than 1.0% of the Chilean's installed capacity.

The following table provides a breakdown by type of electric capacity in each system as of December 31, 2014:

Chile's Installed Capacity by Energy Source

	SIC	%	SING	%	SIC+SING	%
	in MW		in MW		in MW	
Hydroelectric	**6,392.8**	**42.3%**	**15.2**	**0.4%**	**6,408.0**	**33.4%**
Thermoelectric	**7,893.7**	**52.2%**	**3,951.1**	**96.8%**	**11,844.8**	**61.7%**
Coal	2,419.0	16.0%	2,099.7	51.4%	4,518.7	23.5%

Diesel	2,420.1	16.0%	365.0	8.9%	2,785.1	14.5%
Gas	2,601.9	17.2%	1,468.9	36.0%	4,070.8	21.2%
Others	452.7	3.0%	17.5	0.4%	470.2	2.4%
Wind/Solar	**836.7**	**15.5%**	**115.0**	**2.8%**	**951.7**	**5.0%**
Total	**15,123.1**	**100%**	**4,081.3**	**100%**	**19,204.4**	**100%**

Source: CNE

(1) CDEC-SING excludes TermoAndes.

We operate in both of the major electric systems, the SIC and SING. In terms of aggregate installed capacity, we are the second-largest generation operator in Chile with an installed capacity of 3,438 MW and market share of 17.7% as of March 31, 2015 based on installed capacity. In the SIC, we have installed capacity of 2,626 MW representing 17.2% of gross installed capacity in the system. Our main competitors in this system are Empresa Nacional de Electricidad S.A. ("ENDESA") with installed capacity of 5,387 MW and Colbún S.A. ("Colbún") with installed capacity of 3,302 MW. In the SING, we have installed capacity of 822 MW, excluding our TermoAndes plant, representing 20.1% of gross installed capacity in the system. Our main competitors in this system are E.CL, with installed capacity of 2,103 MW and Endesa with installed capacity of 1,052 MW.

The following table shows the installed capacity of the principal generation companies in Chile as of December 31, 2014:

Chile Installed Capacity (MW)		
	Installed Capacity	**%**
Endesa	6,439.1	33.5%
AES Gener(1)	3,438.6	17.9%
Colbún	3,301.8	17.2%
E-CL	2,103.5	11.0%
Others	3,921.4	20.4%
Total	**19,204.4**	**100.0%**

Source: CNE
(1) Excluding TermoAndes.

Currently, there is no interconnection between the SING and the SIC. The straight-line distance between both systems is 410 kilometers, measured from the Chacaya substation in Mejillones to the Diego de Almagro substation in the northern section of the SIC. The interconnection between the SING and the SIC has been recently approved and is expected to be fully implemented no later than 2020, led by E.CL S.A.'s subsidiary TEN. Specifically, TEN is currently developing an approximately 580 kilometer, 500 kV transmission line project connecting the electricity generation site of Mejillones in the SING to the northern section of the SIC where our Complex is located. On the one hand, we believe we will benefit from an increased customer base that has a similar profile to our current customers. Since we are one of the lowest cost thermal generators in Chile, we are well positioned to become a highly attractive option in both grids. However, we will face expanded competition for customers with electrical generators from both the SING and the SIC. In addition, the interconnection of the SING and the SIC may lead to increased costs for all participants, as a toll may be imposed for the utilization of the interconnected transmission lines. Also, there is currently uncertainty as to who will be responsible for financing costs associated with any such interconnection of the grids, whether generators, customers, or both. In case such costs are to be borne by generators, and we are not able to transfer such costs to our customers, our results of operations and our financial conditions could be adversely affected.

Colombia

Electricity supply in Colombia is concentrated in one main system, the SIN, and several isolated local systems in Non-Interconnected Zones ("ZNI"). The SIN encompasses one-third of Colombia's territory, providing coverage to 96.1% of the country's population. The ZNI, which covers the remaining two-thirds of the Colombia, serves only 3.9% of the population. In the SIN, hydrology has a significant impact on supply given that approximately 70% of the system's installed capacity comes from hydroelectric plants which are dependent upon rainfall. The SIN's installed capacity was 15,528 MW as of December 31, 2014, composed of 69.3% hydroelectric generation, 29.8% thermoelectric generation and 0.9% other plants.

The following table provides a breakdown of the type of electric capacity in the SIN as of December 31, 2014:

SIN Installed Capacity by Energy Source (MW)		
	SIN	**%**
Hydroelectric	10,757	69.3%
Thermoelectric	4,626	29.8%
Other	146	0.9%
Total	**15,528**	**100.0%**

Source: XM

We sell the electricity we generate in the SIN. The largest generating plants in the SIN are hydroelectric facilities. The three largest hydroelectric facilities in the SIN are San Carlos (1,240 MW), Guavio (1,200 MW) and our Chivor facility (1,000 MW). As of December 31, 2014 we were the sixth-largest generation company in the SIN and our installed capacity represents approximately 6.4% of system capacity. Our principal competitors include Endesa with installed capacity of 2,911 MW, Empresas Públicas de Medellín E.S.P ("EPM") with 3,298 MW, Isagen S.A. E.S.P. ("Isagen") with 3,001 MW, GECELCA S.A. E.S.P. ("Gecelca") with 1,220 MW and Celsia S.A.E.S.P ("Celsia") with 1,827 MW.

The following table shows the market share of the principal generation companies in the SIN as of December 31, 2014:

SIN Installed Capacity by Company (MW)		
	Installed Capacity	**%**
Endesa	2,911	18.7%
EPM	3,298	21.2%
Isagen	3,001	19.3%
Gecelca	1,220	7.9%
AES Chivor	1,000	6.4%
Celsia	1,827	11.8%
Other	2,270	14.6%
Total	**15,528**	**100.0%**

Source: XM

Argentina

The Argentine electric market is concentrated in one main system, the SADI. The SADI's installed capacity was 32,333 MW as of December 31, 2014, composed of 59.7% thermoelectric generation, 34.3% hydroelectric generation and 6% nuclear, renewable (including small hydros), cogeneration and self-generation plants. The large proportion of thermoelectric plants shows the system's high dependence on fossil fuels.

The following table provides details of the type of installed capacity by energy source in the SADI as of December 31, 2014:

SADI Installed Capacity by Energy Source		
	SADI	%
Thermoelectric	19,300	59.7%
Hydroelectric	11,108	34.3%
Other	1,925	6%
Total Generation	32,333	**100.0%**

The following table shows the market share in installed capacity of the principal generation companies in the SADI as of December 31, 2014:

SADI Installed Capacity by Company (MW)		
	Installed Capacity	**%**
Termoandes	643	2.0%
AES Argentina	2,926	9.0%
Endesa	4,553	14.1%
Sadesa	3,899	12.1%
Pampa	2,182	6.7%
Petrobras	1,224	3.8%
Albanesi	706	2.2%
Argentinian Government	10,237	31.7%
Foninvemem	1,697	5.2%
Other	4,266	13.2%
Total	**32,333**	**100.0%**

Source: CAMMESA

TermoAndes is the market leader in Energía Plus Program sales over its main competitors (Petrobras, Generación Mediterránea, Pampa Energía and Central Puerto) reaching a market share of 29.5% as of March 31, 2015.

System Operation and Production

Chile

The operation of electric generation units is coordinated centrally by each system's CDEC (the CDEC-SIC and the CDEC-SING) with the aim of ensuring that demand is supplied at minimum total operating cost. The minimum cost dispatch, as determined by each CDEC, ensures that generating units only operate when the system's marginal cost exceeds its variable cost of production. In this way, generating units with low per unit variable production cost receive revenues that cover their variable costs and provide additional revenue which, when combined with income for capacity, allow them to recover fixed costs and obtain a return on investment.

The SIC and the SING have had historically high growth rates for electricity demand, similar to GDP growth rates on average in the past 10 years. In the SIC, electricity demand during 2010 grew by 4.2%, despite the strong earthquake in Chile in February 2010. During 2011, the GDP growth rate reflected a better overall performance due to dynamic domestic demand, despite the global financial crisis, and electricity demand grew by 6.7%. The macroeconomic scenario that faced the Chilean economy did not show significant changes in 2012 and electricity demand grew by 5.5%. In the SING, demand growth depends principally on the development of new large mining projects. Between 2011 and 2014, demand growth was explained by improvement in operating conditions and the start-up of new productive mining facilities. The following table compares annual generation growth in the SIC and SING to the annual growth of the Chilean GDP:

Year	SIC Energy Sales Growth	SING Energy Sales Growth	Chile GDP Growth
2011	6.7%	3.3%	5.8%
2012	5.7%	3.4%	5.5%
2013	3.2%	3.5%	4.3%
2014	2.5%	2.1%	2.4%

Source: CNE and IMF

Based on demand projections prepared by the CDEC-SIC and CDEC-SING, energy growth over the next 10 years is expected to increase at a compound annual growth rate of approximately 4.3% per year in the SIC and 5.4% per year in the SING. Below is a summary of projected demand, broken down by regulated and unregulated expected energy consumption:

Chile Energy Sales Projections

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Projected Growth - SIC											
Unregulated customers GWh	18,799	19,901	21,060	22,240	23,441	24,658	25,872	27,102	28,313	29,513	30,653
Growth Rate	5.5%	5.9%	5.8%	5.6%	5.4%	5.2%	4.9%	4.8%	4.5%	4.2%	3.9%
Regulated customers GWh	32,275	33,511	34,867	36,281	37,740	39,237	40,761	42,267	43,773	45,326	46,929
Growth Rate	4.0%	3.8%	4.0%	4.1%	4.0%	4.0%	3.9%	3.7%	3.6%	3.5%	3.5%
Total SIC GWh	51,074	53,412	55,927	58,521	61,181	63,895	66,633	69,369	72,086	74,839	77,582
Growth Rate	4.5%	4.6%	4.7%	4.6%	4.5%	4.4%	4.3%	4.1%	3.9%	3.8%	3.7%
										CAGR	4.3%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Projected Growth – SING											
Unregulated customers GWh	14,903	15,769	16,690	17,636	18,633	19,693	20,799	21,956	23,177	24,453	25,773
Growth Rate	7.0%	5.8%	5.8%	5.7%	5.7%	5.7%	5.6%	5.6%	5.6%	5.5%	5.4%
Regulated customers GWh	1,872	1,944	2,020	2,097	2,176	2,256	2,338	2,419	2,506	2,595	2,686
Growth Rate	3.1%	3.8%	3.9%	3.8%	3.8%	3.7%	3.6%	3.5%	3.6%	3.6%	3.5%
Total SING GWh	16,775	17,713	18,710	19,733	20,809	21,949	23,137	24,375	25,683	27,048	28,459
Growth Rate	6.6%	5.6%	5.6%	5.5%	5.5%	5.5%	5.4%	5.4%	5.4%	5.3%	5.2%
										CAGR	5.4%

Source: CNE October 2014 Node Price Report for the SIC and CNE October 2014 Node Price Report for the SING.

SIC

Hydrology is a relevant factor for the SIC, given that river flow volumes and initial water levels in reservoirs largely determine the dispatch from the system's hydroelectric and thermoelectric generation plants. When rain is abundant, energy produced by hydroelectric plants can amount to more than 70.0% of total generation. On average, during the last three years, hydroelectric generation has represented 41.4% of total energy production, while the installed hydroelectric capacity of the system is 42.3%. Hydroelectric generation has decreased over the last three years driven by dry hydrological conditions. Thermoelectric generation represents on average 52.5% of the total generation, while its installed capacity represents 52.2% of total capacity. Thermoelectric generation is required to fulfill demand not satisfied by hydroelectric output. Given the hydrological volatility in the SIC, thermoelectric generation is necessary in order to guarantee a reliable and dependable supply under all market conditions.

The following is a summary of the energy produced, by type of facility, in the SIC during the years ended December 31, 2014, 2013, and 2012:

	SIC Total Generation (gross) by Energy Source					
	2014		2013		2012	
	GWh	%	GWh	%	GWh	%
Coal	14,817	28.4%	17,447	34.3%	12,958	26.6%
Diesel & Fuel Oil	1,632	3.1%	1,483	2.9%	3,409	7.0%
Gas	8,036	15.4%	9,649	19.0%	10,172	20.8%
Hydroelectric	23,442	44.9%	19,443	38.3%	20,046	41.1%
Other	4,284	8.2%	2,798	5.5%	2,211	4.5%
Total Generation	**52,210**	**100.0%**	**50,820**	**100.0%**	**48,796**	**100.0%**

Source: CNE

During 2014, our coal generation in the SIC decreased by approximately 1.7% and our hydroelectric generation decreased by 3.0% when compared to 2013.

The following table provides our electricity generation in the SIC by type of facility during the years ended December 31, 2014, 2013, and 2012:

	AES Gener Total Generation in the SIC[(1)]					
	2014		2013		2012	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric	1,200	9.6%	1,237	9.7%	1,206	10.1%
Coal	10,299	82.7%	10,472	81.9%	8,719	73.2%
Diesel	577	4.6%	427	3.3%	427	3.6%
Gas	352	2.8%	619	4.8%	1,483	12.5%
Biomass	32	0.3%	25	0.2%	71	0.6%
Total Generation	**12,460**	**100.0%**	**12,780**	**100.0%**	**11,905**	**100.0%**

[(1)] Total generation figures include power generation from Guacolda, our equity-method investee
Source: Company estimates

The dispatch of generation plants in the SIC is independent of the specific contracted capacity of each plant. Dispatch is coordinated in a centralized manner by the CDEC based on "merit order," which is determined by order of ascending variable cost, including fuel and non-fuel costs. For example, if a generator has a PPA with a mining company and its plant is out of order or can only generate at a cost that is above the cut-off point set by the CDEC-SIC, such generator will have to buy its energy on the spot market at marginal cost to meet its contractual obligations. On the contrary, a generator that has cost-efficient capacity available even after meeting its PPA obligations will be able to sell its power on the spot market at the marginal cost prevailing at the moment. Subject to the provisions set forth in RM 39 and DS 130, whereby plants operating at their technical minimum level do not set the marginal cost of the system, the marginal cost, which is the spot market price at any moment, is set by the unit which is able to provide the next KWh of energy at the lowest cost in order to minimize the system's energy costs. Currently, we have been dispatched given our efficient generation, and we expect that to continue in the future.

SING

The SING, which includes the extensive Atacama desert, is characterized as having very scarce water resources for electricity generation. As a result, 97.2% of the system's total installed capacity comes from thermoelectric generation. As of December 31, 2014, 79.6% of this generation was derived from coal, 11.3% from gas and 6.4% from diesel and fuel oil. In the SING, demand is generally driven by industrial activities, primarily mining. Approximately 88.5% of demand in the SING is derived from unregulated customers and the remaining 11.5% from regulated customers. Coal-fired generation in the SING has increased over the past three years by 1.3% replacing gas and diesel generation. This increase in coal generation is driven by the start-up of commercial operations in 2011 of our Eléctrica Angamos plant and the E.CL plant. Since mid-December 2011, as a result of electricity supply shortages in Argentina, gas contribution from TermoAndes is redirected exclusively to Argentina. Recently, renewable energy capacity and generation has increased significantly in the SING. Furthermore, given the new Chilean regulations, which require that 20% of the energy sold under new PPAs need to come from non-conventional renewable energy (NCRE, solar, wind, geothermal and mini hydro's) by 2025, there is an expectation that a significant number of these types of plants will be installed in the next couple of years. This development will potentially lead to a significant decrease in spot prices (i.e. near zero) at certain hours of the day as well as increased transmission constraints in the short-term.

The following table summarizes the energy produced in the SING by energy source facility during the years ended December 31, 2014, 2013, and 2012:

SING Total Generation (gross) by Energy Source

	2014		2013		2012	
	(GWh)	%	(GWh)	%	(GWh)	%
Coal	14,076	79.6%	14,101	81.8%	13,900	83.0%
Diesel & Fuel Oil	1,126	6.4%	1,324	7.7%	464	2.8%
Gas	1,992	11.3%	1,609	9.3%	2,284	13.6%
Hydroelectric	69	0.4%	71	0.4%	77	0.5%
Other	425	2.4%	125	0.7%	25	0.2%
Total Generation	**17,688**	**100.0%**	**17,230**	**100.0%**	**16,751**	**100.0%**

Source: CNE

During 2012, our coal generation grew by approximately 48.8% when compared to the same period in 2011, due to the start-up of commercial operations of Angamos units 1 and 2 in April and October 2011, respectively. Gas generation decreased to zero in 2012 as TermoAndes generated exclusively to the SADI from mid-December 2011.

The following table provides our electricity generation in the SING by energy source during the years ended December 2012, 2011, and 2010:

AES Gener Total Generation in the SING

	2014		2013		2012	
	(GWh)	%	(GWh)	%	(GWh)	%
Coal	5,492	94.6%	5,156	100.0%	4,986	100.0%
Diesel & Fuel Oil	-	-	-	-	-	-
Gas	316	5.4%	-	-	-	-
Hydroelectric	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Generation	**5,808**	**100.0%**	**5,156**	**100.0%**	**4,986**	**100.0%**

Source: CNE

Colombia

The operation of electricity generation units in the SIN is coordinated centrally by the CND, with the aim of ensuring that demand is supplied at a minimum total operating cost. Generation companies declare their energy availability and the price at which they are willing to sell. This electricity is centrally dispatched by the CND. Electricity resources to be dispatched at a particular time are selected based upon the lowest price offers. This mechanism is known as the optimal dispatch and attempts to ensure that national (and applicable international) demand will be satisfied by the lowest possible cost combination of available generating units. In this way, units with low per unit variable production costs receive revenues that cover their variable costs and provide additional revenue which, when combined with income from the reliability charge, allow them to recover fixed costs and obtain a return on investment.

Annual growth in energy demand in Colombia has historically been below GDP growth. The following table summarizes annual generation growth in the SIN as compared to the annual growth of the Colombian GDP:

Year	SIN Energy Growth	GDP Growth
2011	1.8%	6.6%
2012	3.6%	4.0%
2013	2.9%	4.9%
2014	4.4%	4.6%(1)

Source: XM and IMF.
(1) Preliminary information.

Energy growth in the next 10 years is expected to increase at a compound annual growth rate of approximately 2.8%, according to the UPME. Below is a summary of projected demand published by the UPME:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SIN										
Average Gross Generation (GWh)	65,356	68,253	71,072	73,904	75,747	78,348	80,505	82,510	84,275	86,030
Growth Rate	2.8%	4.4%	4.1%	4.0%	2.5%	3.4%	2.8%	2.5%	2.1%	2.1%
									CAGR	2.8%

Hydrology is an important factor in the SIN, as rainfall and reservoir water levels largely determine dispatch by the system's hydroelectric and thermoelectric generation plants. When the "El Niño" phenomenon is present, dry conditions are more pronounced because water inflows decrease and spot market prices significantly increase. Given our location, these effects on our production are not typically as pronounced and rainfall levels have historically remained close to normal even under "El Niño." The "El Niño" phenomenon, which is currently in course, has occurred previously in 2009-2010, 2004-2005, 2002-2003, 1997-1998 and 1991-1992. By contrast, the "La Niña" phenomenon, which usually follows "El Niño," usually causes higher rainfall levels in the Andean region. However, our region's hydrology is typically below average during "La Niña." The last "La Niña" seasons occurred in 2010, 2011 and 2012, although prior to these seasons the most recent "La Niña" seasons occurred in 2000 and 2001.

In 2009 and 2010, Colombia experienced extreme weather patterns. The year 2009 began with the "La Niña" phenomenon but by mid-May weather patterns changed, giving way to the "El Niño" phenomenon, which produced an extreme drought in Colombia and atypical conditions in our reservoir, resulting in the greatest impact on the Colombian climate in recent years. Conditions were such that the CREG established additional directives to preserve the reliability of the power grid and historically high spot prices were reached in the system. During the second half of 2010, "La Niña," or extremely rainy conditions began to develop rapidly and were among the most severe experienced in Colombia in 80 years. 2011 was the wettest year since 1978 for our basin. "La Niña" also affected Colombia until the first half of 2012 but hydrology changed abruptly to dry conditions at the end of 2012 with a weak but not yet completely developed "El Niño" phenomenon in Colombia.

The following is a summary of energy produced by energy source in the SIN during the years ended December 31, 2014, 2013, and 2012:

SIN Total Generation by Energy Source						
	2014		2013		2012	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric	44,742	69.6%	41,836	67.3%	44,923	74.9%
Coal	5,936	9.2%	5,526	8.9%	2,571	4.3%
Natural Gas	7,839	12.2%	11,037	17.7%	8,643	14.4%
Fuel Oil and Diesel Oil	3,209	5.0%	275	0.4%	292	0.5%
Other	2,602	4.0%	3,522	5.7%	2,559	5.9%
Total Generation	**64,328**	**100.0%**	**62,197**	**100.0%**	**59,988**	**100.0%**

Source: XM

The following table provides our electricity generation in the SIN during the years ended December 31, 2014, 2013 and 2012:

Chivor Total Generation						
	2014		2013		2012	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric Generation	3,982	6.2%	3,373	5.4%	4,664	7.8%
Total Generation	**64,328**	**100.0%**	**62,197**	**100.0%**	**59,988**	**100.0%**

Source: XM

Argentina

The operation of the Argentine system is coordinated by CAMMESA, a company with private and governmental stakeholders. The most important objective of CAMMESA is to ensure that electricity demand is supplied at minimum cost. Due to recent changes in regulation, fuels are supplied to generators by CAMMESA and plants are dispatched considering heat rate, price and availability of fuel for each generator. The only generators allowed to manage their own fuels are those included in Energía Plus Program, such as TermoAndes.

Revenues received by generators are determined by Argentine authorities in order to cover all costs associated with energy generation (O&M and fixed cost) plus a profit margin. Those selling under the Energía Plus Program obtain revenues from selling their production to industrial customers.

Energy demand growth is generally lower than GDP growth. Due to the increase in demand by industrial consumers energy demand is now more related to the GDP than ten years ago.

Year	SADI Energy Sales Growth	GDP Growth
2011	4.7%	8.4%
2012	3.8%	0.8%
2013	3.2%	2.9%
2014	1.1%	0.5%

Source: CAMMESA

Energy supply in Argentina is highly dependent on fossil fuels, primarily natural gas. Since 2004 availability of fuel has become an important issue in the SADI due to the reduction in natural gas production. In order to replace local natural gas production, the Argentine government has increased imported volumes of LNG, Oil No. 2 and Oil No. 6 with most of these imports occurring during the southern cone winter (May to August).

SADI Total Generation by Energy Source						
	2014		**2013**		**2012**	
	(GWh)	%	**(GWh)**	%	**(GWh)**	%
Thermoelectric	83,265	63.5%	82,953	63.9%	82,495	65.8%
Hydroelectric	40,663	31%	40,330	31.1%	36,626	29.2%
Nuclear	5,258	4%	5,732	4.4%	5,904	4.7%
Others	2,019	1.5%	804	0.6%	356	0.3%
Total Generation	**131,205**	**100.0%**	**129,819**	**100.0%**	**125,381**	**100.0%**

Source: CAMMESA

The following table provides TermoAndes´ generation during the years ended December 31, 2014, 2013 and 2012. The table shows how TermoAndes injected no energy to the SING and only to SADI over the periods presented below:

TermoAndes Total Generation (GWh)						
		SADI			**SING**	
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
Gas Generation	4,455	4,182	4,125	-	-	-
Total	**4,455**	**4,182**	**4,125**	**-**	**-**	**-**

Commercial Strategy and Customers

Chile

Our commercial policy seeks to minimize cash flows volatility, managing risks based on market and industry conditions by taking into account the proportion of unregulated and regulated customers in our client portfolio, contract levels and contract terms. In our commercial analysis, we estimate demand growth and project marginal costs and prices within each market. Based on this information, we determine the level of contractual sales that will allow us to stabilize cash flows and manage an acceptable level of risk. In general, our long-term contracts include both fixed and variable payments along with indexation mechanisms which periodically adjust prices based on our generation cost structure, in some cases with pass-through of full fuel and regulatory costs.

In accordance with Chilean law, we are allowed to sell electricity to three types of customers:

- *Regulated Customers*: Electricity is sold to regulated customers through long-term contracts at a regulated price. In the past, sales to regulated customers, which purchase large amounts of electricity for small residential customers, were subject to a regulated tariff called the node price. After introduction of the Short Law II, enacted in 2005, sales to regulated customers were set at a market-driven price determined by bidding processes that allow generators to include indexation formulae based on the U.S. CPI and fuel prices. These bidding processes have effectively been held since 2006 to award contracts for electricity supply to regulated customers starting in January 2010. As a result, regulated node prices are being gradually discontinued and prices are instead being established through long-term contracts between distribution companies and generation companies.

The following table provides an estimate of the annual average energy commitments (from 2015 onwards), as per contracts awarded by the principal distribution companies to generation companies in the SIC during the public bid processes held since 2006:

SIC – Energy Awarded by Distribution Companies (GWh per year)

Generation Companies	AES Gener	ENDESA	Colbún	Guacolda(1)	Others	Total
CGE	0	4,198	2,086	-	2,957.04	9,241
Chilectra	2,535	6,158	2,059	810.00	3,551.69	15,114
Chilquinta	1,270	1,638	-	-	865.68	3,774
EMEL	1,130	1,065.95	-	-	880.48	3,076
SAESA	0	1,969	1,500	-	2,092.55	5,561
CONAFE	0	644	132	1,228.00	816.70	2,821
Total	**4,936**	**15,673**	**5,776**	**2,038**	**11,164**	**39,587**
% of Total	12.47%	39.59%	14.59%	5.15%	28.20%	100.00%

Source: CNE and our internal estimates.

On May 29, 2015 the CNE launched a new bidding process to award power purchase agreements for regulated customers. Bids can be presented until April 2016 and will be awarded by May 2016. This process contemplates a new mechanism for submitting bids. Offers must be presented at present value, be discounted at 10% and consider indexation formulas for 10 years with proposed formulas and parameters. Under this new bidding process, the following energy blocks will be offered:

- Block 1, ranging from 2021 to 2040 will offer 5,500 GWh per year
- Block 2, ranging from 2021 to 2040 will offer 1,100 GWh per year
- Block 3, ranging from 2022 to 2040 will offer 7,150 GWh per year

In addition, on June 19, 2015, the CNE announced a new bidding process to complement the process commenced in May 2015. Under this process, bids can be submitted until September 23, 2015 and will be awarded by October 2015, and the following energy block will be offered:

- Block 1, ranging from 2017 to 2036 will offer 1,200 GWh per year

- *Unregulated Customers*: Electricity is sold to unregulated customers, such as industrial, mining or other large companies and other generation companies, through long-term or short-term bilateral contracts with prices negotiated directly between the parties. Certain of these contracts, particularly those executed in recent years, have provisions to pass through cost variations to customers. The majority of our unregulated customers are industrial companies, primarily mining companies.

- *Spot Market*: Spot market participants are other generation companies that purchase energy and capacity surpluses. Since the CDEC in each system controls dispatch, generation companies from time to time face surpluses and shortages due to differences between the level of production and the contracted customer consumption. As a result, other generation companies are able to purchase and sell electricity in the system to account for these surpluses and shortages. A generation company could face capacity surpluses or shortages depending on the demand, the level of production and the dispatch condition of its plants, which is determined by the CDEC.

In the SIC, we become a spot purchaser of electricity during relatively rainy hydrological conditions and low marginal costs, and inversely, we are generally a net seller during drier hydrological conditions and under high marginal costs. In the SING, our coal facilities are fully contracted. We could become a net spot purchaser in the event that one of our generating units has an outage and we could be a net seller if we experience a decrease in demand from one of our customers.

Colombia

In Colombia, AES Chivor's commercial strategy seeks to maximize business margin and reduce volatility, executing flexible reservoir management based on hydrological conditions and fuel prices. To develop this strategy, we perform an integral business risk management analysis to determine the desired level of bilateral contracts for each year depending on the plant's expected generation profile and its customer credit rating policy. Our strategy includes a continual focus on optimizing the use of the reservoir in view of hydrological fluctuations, making back-up sales of firm energy to cover planned maintenance of other generators and mitigating market exposure by managing an adequate level of contracts with creditworthy customers. Although the principal focus of our commercial strategy is to maximize margin and reduce volatility through the execution of contracts, we also occasionally engage in trading of energy on the spot market in order to regulate our reservoir level and reserve water during periods of low spot market prices and in order to cover our contracts and sell our own generation during periods with higher spot market prices.

In accordance with Colombian law, we are allowed to sell electricity to three types of customers:

- *Regulated Customers*: Regulated customers must purchase energy through public bids under medium-term contracts which normally last from one to four years. These contracts are negotiated with utilities or trading companies through closed envelope public bids in order to serve their regulated retail market.

- *Unregulated Customers*: Electricity is sold to unregulated customers through bilateral contracts with prices negotiated directly between the parties. Unregulated customers can negotiate freely with generation companies, distribution companies, or traders, and must have a minimum consumption of 100 kW or 55,000 kWh per month.

- *Spot Market*: Spot market participants are other generation companies or traders that purchase energy. The spot price is the price paid by the participant in the wholesale market for energy dispatched under the direction of the CND. The hourly spot price paid for energy reflects prices offered by generators in the wholesale market and the respective supply and demand conditions.

Argentina

In Argentina, TermoAndes is authorized to sell a portion of its energy generation to Energía Plus Program customers and the rest is sold on the spot market.

- *Energía Plus Program customers*: The Energía Plus Program was created to support the increase in demand of industrial customers with consumption greater than 300 kW. This service can be provided by generators that were not members of the MEM at the date of publication of the related resolution (at the end of 2006).

- TermoAndes'commercial strategy seeks to maximize revenue and increase business margins through performance of the following actions:

  - Increasing the average price and contracted capacity under the Energía Plus Program contracts, while maintaining TermoAndes position as the leader in Energía Plus Program sales in the SADI.

  - Maintaining gas supply availability and economics in order to back-up Energía Plus Program contracts.

Contract Level

Chile

Decisions regarding the amount of current and future production that should be committed under long-term contracts at either regulated or unregulated prices and the amount of production that should be left uncommitted to be sold at spot prices are important to our profitability. The optimal level of contractual commitments is one that permits us to take advantage of a low marginal cost environment while still maintaining profitability in a high-marginal cost environment. In order to determine the appropriate level of contractual commitments to maximize profits with limited risk, we estimate demand based on standard economic theory and system marginal costs using dynamic programming models. Historically, this strategy has led us to enter into long-term contracts for our efficient units, expected to be base load, and to reserve our less efficient or back-up units for sales in the spot market.

As we have increased our nominal generating capacity in both the SIC and SING in recent years, in parallel, we have also increased our long-term contractual commitments to supply electricity in line with our planned capacity expansions. In addition, we continue to reserve our diesel and gas-fired thermoelectric plants, which have higher operating costs, for sales to the spot market in periods of efficient generation scarcity such as plant outages and drier conditions in the SIC and/or high demand, when the system marginal cost generally exceeds the production cost of these back-up units. In terms of customers, we have executed and intend to continue to enter into new contracts with creditworthy companies that have historically demonstrated strong financial performance.

Regulated Sales in the SIC

We have historically sold electricity to regulated customers in the SIC through long-term contracts at regulated prices and, at present, our customer portfolio includes regulated customers only in the SIC. Long-term contracts with distribution companies present stable demand since supply for residential consumption has historically been stable and increasing. Our power supply agreements with generation companies are indexed to U.S. CPI and the international price of coal. Our existing contracts with regulated customers were awarded in public bid processes held by distribution companies. These contracts were executed, primarily with Chilectra, Chilquinta, Emel and CGE and were awarded in the 2006, 2007, 2008 and 2012 bid process auctions held by these companies.

The following table presents the main characteristics of our contracts with regulated customers as of June 30, 2015:

Contract	Customer Type	Contracted Energy (GWh per year)	Contracted Capacity (MW)	Energy Price Indexation Main Factors	Monomial Price as of May 31, 2015 (U.S.$/MWh)	Expiration Year
Chilectra	Distribution	300	53	44% Coal - 56% CPI	90,5	2020
Chilectra	Distribution	900	160	44% Coal - 56% CPI	90,0	2022
Chilectra	Distribution	1,800	340	100% CPI	90,2	2023
Chilquinta	Distribution	189	36	44% Coal - 56% CPI	89,8	2024
Chilquinta	Distribution	1,210	210	100% CPI	114,8	2023
EMEL	Distribution	360	78	100% Coal	105,3	2024
EMEL	Distribution	770	138	100% Coal	90,8	2024
Total		**5,529**	**1,014**			

Source: CNE

Unregulated Sales in the SIC and the SING

We sell electricity to unregulated customers through long-term contracts with prices negotiated directly between the parties. Certain of such contracts have provisions to pass through costs to customers through indexation formulae in order to manage potential cost increases. Our unregulated customers are industrial companies, primarily mining companies.

The following table shows the main characteristics of our contracts with unregulated customers as of March 31, 2015**:**

SIC

Customer	Customer Type	Contracted Energy (GWh per year)	Contracted Capacity (MW)	Expiration Year
Angloamerican - PDLB	Mining	1,132	154	2020
Angloamerican - El Soldado	Mining	313	37	2020
Angloamerican - Chagres	Mining	213	27	2020
AMSA – MLP	Mining	350	50	2037
AMSA - MLP	Mining	780	111	2038
Candelaria - Ojos del Salado	Mining	944	130	2022
Papeles BioBio (ex-Norske Skog)	Industrial	250	34	2020
Polpaico	Industrial	240	32	2024
Cristalerías Chile	Industrial	170	28	2021
Proacer	Industrial	120	14	2020
CCU	Industrial	123	25	2022
Fundición Talleres	Industrial	25	18	2021
Chilquinta - Lafarge	Industrial	57	7	2020
Puerto Ventanas	Industrial	7	4	2021
CMPC	Industrial	42	7	2023
Total		**4,766**	**677**	

SING

Customer	Customer Type	Contracted Energy (GWh per year)	Contracted Capacity (MW)	Expiration Year
Minera Escondida	Mining	462	62	2016
Minera Escondida	Mining	819	110	2016
Minera Escondida	Mining	596	80	2017
Minera Escondida	Mining	596	80	2016
Minera Escondida	Mining	2,532	340	2029
Minera Spence	Mining	727	90	2026
SQM	Mining	159	20	2017
Codelco	Mining	781	99	2028
Codelco	Mining	1,143	145	2028
Grace S.A.	Mining	123	10	2015
SQM	Mining	394	50	2030
SQM	Mining	473	60	2030
Sierra Gorda 1	Mining	1,498	171	2034
Sierra Gorda 2	Mining	701	80	2034
Quebrada Blanca 1	Mining	335	45	2016
Quebrada Blanca 2	Mining	333	38	2037
Quebrada Blanca	Mining	701	80	2037

Quebrada Blanca	Mining	1,069	122	2037
Quebrada Blanca Solar	Mining	184	21	2037
Total		**13,624**	**1,703**	

Colombia

We seek to enter into electricity supply contracts with creditworthy counterparties for medium-term durations. In general, we execute contracts for up to 70.0% to 85.0% of the plant's projected energy generation with prices directly negotiated between the parties or through bidding processes. The remaining generation is commercialized through spot and frequency regulation sales at daily bid prices.

The contract sales prices that we are able to obtain depend on many factors, including the type of customer, length of contract and the price of certain fuels, such as coal and natural gas, among others. An important price reference in the SIN is the spot price, which represents the marginal cost of the energy generated. These contracts are negotiated with utilities or trading companies through (i) closed envelope public bids in order to serve their regulated market (retail), or (ii) direct negotiations for supplying their non-regulated market (large consumers). Contracts generally have a fixed price for one to five years, are denominated in Colombian pesos and indexed to the Colombian PPI. AES Chivor's contracts are for a take-or-pay volume and do not vary based on the load variation of the customer. The commercial strategy is to allocate between the 75.0% and 90.0% of the annual expected output in the main distribution and trade companies in a diversified and low-risk portfolio.

The following table shows the main characteristics of our AES Chivor contracts as of March 31, 2015:

Customer	Customer Type	Contracted Energy (GWh per year)	Energy Price Indexation Main Factors	Price as of April 30, 2015 (U.S.$/MWh)	Expiration Year
Codensa	Distribution	383	Local PPI	56.6	2015
Electrificadora del Meta	Distribution	389	Local PPI	55.6	2015
Electrificadora del Caribe	Distribution	216	Local PPI	57.3	2015
Electrificadora del Caribe	Distribution	490	Local PPI	55.9	2015
Electrificadora del Caribe	Distribution	100	Local PPI	57.1	2015
Empresas Públicas de Medellín	Distribution	181	Local PPI	55.9	2015
Codensa	Distribution	400	Local PPI	55.6	2015
Electrificadora del Caribe	Distribution	323	Local PPI	55.6	2015
Electrificadora del Caribe	Distribution	129	Local PPI	59.6	2015
Electrificadora de Caquetá	Distribution	10	Local PPI	57.3	2015
Empresa de Energía de Pereira	Distribution	70	Local PPI	57.4	2015
Emcali	Distribution	144	Local PPI	59.4	2015
Electrificadora de Huila	Distribution	78	Local PPI	61	2015
Ruitoque	Distribution/Trader	20	Local PPI	58.7	2015
Cerromatoso	Mining Company	566	US CPI	74.5	2015
Metapetroleum	Oil Company	4	Local PPI	77.1	2015
Molino EL Lobo	Food Company	3	Local PI	71.6	2015
Electrificadora del Meta	Distribution	283	Local PPI	54.4	2016
Empresa de Energía del Pacífico	Distribution	150	Local PPI	50.8	2016
Electrificadora del Caribe	Distribution	585	Local PPI	54.6	2016
Empresa de Energía de Pereira	Distribution	70	Local PPI	57.4	2016
Emcali	Distribution	144	Local PPI	59.4	2016
Electrificadora del Huila	Distribution	144	Local PPI	5.9	2016
Electrificadora del Meta	Distribution	37	Local PPI	56.3	2016

Customer	Customer Type	Contracted Energy (GWh per year)	Energy Price Indexation Main Factors	Price as of April 30, 2015 (U.S.$/MWh)	Expiration Year
Ruitoque	Distribution	25	Local PPI	58.7	2016
Empresa de Energía de Arauca	Generation	40	Local PPI	58.1	2016
Empresas Públicas de Medellín	Distribution	300	Local PPI	58.1	2016
Centrales Eléctricas Norte de Santander	Distribution	200	Local PPI	56.8	2016
Empresa de Energía del Quindio	Distribution	80	Local PPI	57.6	2016
Electrificadora de Santander	Distribution	200	Local PPI	57.3	2016
Central Hidroeléctrica de Caldas	Distribution	50	Local PPI	58.2	2016
Electrificadora del Caribe	Distribution	200	Local PPI	57.5	2016
Electrificadora del Caribe	Distribution	200	Local PPI	58.9	2016
Emcali	Distribution	0	Local PPI	60.5	2016
Empresas Públicas de Medellín	Distribution	100	Local PPI	62.5	2016
Centrales Eléctricas Norte de Santander	Distribution	50	Local PPI	62.1	2016
Electrificadora de Santander	Distribution	50	Local PPI	62.8	2016
Codensa	Distribution	60	Local PPI	63.4	2016
Electrificadora de Caquetá	Distribution	23	Local PPI	61.1	2016
Compañía Energética del Tolima	Distribution	20	Local PPI	66.4	2016
Codensa	Distribution	140	Local PPI	68.5	2016
Codensa	Distribution	60	Local PPI	69.1	2016
Metapetroleum	Oil Company	8	Local PPI	86.1	2016
Empresas Públicas de Medellín	Distribution	30	Local PPI	68	2016
Emcali	Distribution	144	Local PPI	59.4	2017
Empresa de Energía de Arauca	Distribution	40	Local PPI	58.1	2017
Empresa de Energía del Pacífico	Distribution	70	Local PPI	53.3	2017
Emcali	Distribution	0	Local PPI	58.9	2017
Empresas Públicas de Medellín	Distribution	250	Local PPI	60.1	2017
Centrales Eléctricas Norte de Santander	Distribution	200	Local PPI	59.8	2017
Electrificadora de Santander	Distribution	150	Local PPI	60	2017
Electrificadora del Caribe	Distribution	200	Local PPI	59.2	2017
Electrificadora del Caribe	Distribution	200	Local PPI	59.6	2017
Codensa	Distribution	401	Local PPI	60.6	2017
Empresa de Energía de Pereira	Distribution	77	Local PPI	60.7	2017
Electrificadora del Meta	Distribution	58	Local PPI	62.8	2017
Emcali	Distribution	76	Local PPI	60.7	2017
Electrificadora del Caquetá	Distribution	60	Local PPI	62.2	2017
Empresa de Energía de Cundinamarca	Distribution	50	Local PPI	63.5	2017
Empresa de Energía de Pereira	Distribution	40	Local PPI	66.2	2017
Emcali	Distribution	50	Local PPI	67.1	2017
Compañía Energética del Tolima	Distribution	80	Local PPI	66.8	2017
Codensa	Distribution	150	Local PPI	69.3	2017
Codensa	Distribution	150	Local PPI	69.8	2017
Central Hidroeléctrica de Caldas	Distribution	58	Local PPI	70.7	2017
Empresa de Energía del Quindio	Distribution	33	Local PPI	71.6	2017
Empresas Públicas de Medellín	Distribution	181	Local PPI	70.8	2017

Customer	Customer Type	Contracted Energy (GWh per year)	Energy Price Indexation Main Factors	Price as of April 30, 2015 (U.S.$/MWh)	Expiration Year
Empresas Públicas de Medellín	Distribution	78	Local PPI	71.4	2017
Centrales Eléctricas Norte de Santander	Distribution	30	Local PPI	59.4	2018
Electrificadora del Caribe	Distribution	200	Local PPI	59.2	2018
Electrificadora del Caribe	Distribution	200	Local PPI	59.6	2018
Electrificadora del Caribe	Distribution	100	Local PPI	61.4	2018
Electrificadora del Caribe	Distribution	100	Local PPI	62	2018
Electrificadora del Caribe	Distribution	100	Local PPI	62.6	2018
Empresa de Energía de Pereira	Distribution	25	Local PPI	63	2018
Empresa de Energía de Pereira	Distribution	25	Local PPI	63.6	2018
Empresa de Energía del Pacífico	Distribution	150	Local PPI	62.4	2018
Codensa	Distribution	100	Local PPI	63.6	2018
Emcali	Distribution	70	Local PPI	64.3	2018
Electrificadora del Caribe	Distribution	100	Local PPI	60.8	2019
Electrificadora del Caribe	Distribution	100	Local PPI	61.6	2019
Codensa	Distribution	150	Local PPI	62.3	2019
Emcali	Distribution	100	Local PPI	63.3	2019
Electrificadora del Caribe	Distribution	75	Local PPI	71.8	2019
Emcali	Distribution	50	Local PPI	63.3	2020
Electrificadora del Caribe	Distribution	50	Local PPI	69.2	2020
Total		**11,278**			

Note: Prices calculated with Bloomberg average Colombian exchange rate during March 2015 equal to Col$2,591.4 = U.S.$1.0.

Transmission

Chile

We currently own 1,146 km of single and double circuit transmission lines and 23 substations to connect our power plants and those of some of our customers to the SIC and SING systems. Our equity method investee Guacolda owns a substation and one double circuit 220 kV transmission line of 34 km which connects the Guacolda substation to the Maitencillo substation. We also have several contracts with companies that use our transmission systems, including agreements with Chilquinta, CGE and GNL Quintero, among others. In addition, we have contracts with Chilquinta, Chilectra, and Transelec for the use of their transmission systems and facilities.

The following tables set forth information about our transmission lines and substations in the SIC and SING as of March 31, 2015:

Transmission Lines and Substations in the SIC	
Length of 220 kV Lines	45 km (1) and 30 km (4)
Length of 110 kV Lines	219 km (1)
Length of 66 kV Lines	14 km (1)
Directly-Owned Substations	Alfalfal (1), Maitenes (1), Queltehues (1), La Laja (1), Punta de Peuco (1), Pachacama (1), San Pedro (1), Ventanas 110kV (1), Ventanas 220kV (4), Autotransformer 220/110kV Ventanas (4), Torquemada (1) and Laguna Verde (1)
Connection to Other Companies' Substations	Los Almendros (1), Florida (1), Cerro Navia 110kV (1), Las Vegas (1), La Calera (1), Nogales (4), Quillota (1),

	Charrúa [1], Renca [5] and Miraflores [1]

Transmission Lines and Substations in the SING	
Length of 345 kV Lines:	140 km [1]
Length of 220 kV Single Circuit Lines:	117 km [2] and 85 km [1]
Length of 220 kV Double Circuit Lines:	141 km [3], 63 km [2] and 72 km [1]
Length of 110 kV Single Circuit Lines:	33 km [2]
Directly Owned Substations:	Norgener [2], Oeste [2], Minsal [2], La Cruz [2], Andes [1], Nueva Zaldívar [1], Laberinto [1], Barriles Paño [2], Angamos [3], Nueva Zaldívar Expansion [3], Laberinto Expansion[3].
Connection to Other Companies' Substations:	Mantos Blancos [1], Lomas Bayas [1], Crucero [2]

Transmission Lines Leased in the SING	
Length of Leased 220 kV Single Circuit Lines:	228 km [2]

(1) Facilities are owned by AES Gener.
(2) Facilities are owned by Norgener.
(3) Facilities are owned by Eléctrica Angamos.
(4) Facilities are owned by Eléctrica Ventanas.
(5) Facilities are owned by ESSA.

Argentina

Our subsidiary InterAndes owns the Salta substation and a 345 kV transmission line of 268 km in length which extends from our TermoAndes plant in Argentina to the Paso Sico on the Chilean border. In addition, we own a 140 km 345 kV transmission line that extends from Paso Sico to the Andes substation in the SING. These transmission lines, which we used until 2011 to export energy generated by our TermoAndes plant to the SING, are currently the only lines connecting both countries. During 2014, we successfully tested these lines with bilateral electrical transfers of up to 200 MW, achieving improvements in the SING's frequency regulation. In June 2015, the Chilean Ministry of Energy issued Decree No.7, pursuant to which we were authorized to export energy to the SADI. However, in order to avoid an impact in Chilean local prices and to ensure the operational reliability of both systems, we only expect to export SING energy generation surpluses.

Gas Transportation

In addition to our own activities in the electricity sectors in Chile, Colombia and Argentina, as of March 31, 2015, we had a 13% minority ownership in natural gas pipeline companies GasAndes Chile and GasAndes Argentina. These related companies own and operate a pipeline that extends from the Province of Mendoza in Argentina to the Santiago Metropolitan Region in Chile. The pipeline has a total length of 463 km, including 314 km in Argentina and 149 km in Chile, and was put into service between the two countries in August 1997.

Operation and Maintenance

The achievement of operational excellence is core to our overall business strategy. We strive to be a leader in the energy sector by providing safe, reliable and sustainable energy at a competitive cost to our customers and the market. In this regard, we have implemented an Asset Management Policy to consistently guide our operation and maintenance activities throughout the Company. Our Asset Management Policy outlines an integrated process of activities and coordinated practices which we use to manage the performance, risks and expenses of our fixed assets in order to ensure optimal and sustainable life of our assets.

Our Asset Management Policy is based on the following principles:

- *Systematic and Sustainable Vision*: Our power plants are a critical part of each business unit within the Company, and we strive to optimize our business as a whole by considering the financial, commercial, environmental, safety, legal, community and stakeholder interests and requirements related to our asset management activities in order to ensure long-term sustainability.

- *Complete Life Cycle Optimization*: We base our asset management activities on achieving full life-cycle optimization of our assets, including all stages from engineering and design, construction, testing, operations, maintenance and renewal to final disposition. Our goal is to optimize performance of our assets considering their complete life cycle.

- *Risk Assessment*: We prioritize asset management of our critical activities, identifying and administering risks associated with asset outages and associated production losses, safety risks and environmental risks. In such cases, our operating standards include defining operating limits and requiring special procedures for operating, monitoring or testing equipment. Our maintenance requirements specifically include predictive and preventive measures and contingency planning for failures, such as predefined work breakdown structures, holding of spare parts or other proactive actions to mitigate the impact of failures.

- *Continuous Improvement*: We utilize a performance excellence methodology developed by The AES Corporation, denominated "AES Performance Excellence" or "APEX," which is a comprehensive toolkit composed of continuous improvement, innovation and "best practices" sharing methodologies. With this toolkit, we establish the appropriate metrics for measuring, evaluating and comparing our business units' performance and adherence with our asset management policy.

Fuels

Our thermoelectric capacity, which totals 3,809.6 MW, is principally fueled with fossil fuels such as coal, diesel and natural gas or LNG. The following table shows the composition of our installed capacity by energy source:

AES Gener Thermoelectric Capacity (MW)		
	Installed Capacity	**%**
Coal(1)	2,314.3	60.7%
Gas/Diesel	1,021.8	12.1%
Diesel	460.8	26.8%
Biomass	12.7	0.3%
Total	**3,809.6**	**100.0%**

(1) Includes Guacolda complex and 684 MW under construction (Cochrane and Guacolda V projects)
Source: CNE

Coal is purchased both locally and internationally as the primary fuel for several of our plants, including our equity-method investee Eléctrica Guacolda. The technology at our coal plants enables us to burn different coal types, thus providing us with substantial and diverse supply sources. Coal is primarily purchased in an international tender process through which coal is secured on a portfolio basis. Through this bidding process, we execute contracts with durations between one to three years. Each contract's pricing mechanism is negotiated such that revenues are indexed to the Company's cost structure; thereby reducing the operating margin volatility. For 2014, we have acquired approximately 6.9 million metric tons of coal. By 2017, when Cochrane reaches a full year of commercial operation, we estimate that our annual coal consumption will reach approximately 8.5 million tons on a consolidated basis. Coal is purchased from several suppliers on a FOB basis and the suppliers are selected based on their credit worthiness and previous purchase history. The coal's origins range from various countries such as Colombia, U.S., Australia, Canada and Indonesia.

Our Nueva Renca and TermoAndes CCGTs are fueled alternatively by gas or diesel. Currently our Nueva Renca gas fired facility in the SIC utilizes diesel or LNG, purchased from local suppliers, under bilateral agreements and based on the international price of diesel. Our TermoAndes' facility is located in Argentina and is connected to the SING in Chile and SADI in Argentina. Argentine natural gas exports to Chile were essentially suspended in 2007, mainly to serve the increasing demand in the Argentine market.

Our back up plants, including the above mentioned CCGTs and our gas turbines utilize diesel. In Chile, diesel is purchased from local suppliers at market prices. This price is mainly based on international oil prices derived from the ULSD index of the U.S. Gulf. Since the energy produced by diesel plants is sold in the spot market, diesel is purchased when it is necessary to meet dispatch requirements. Plants that use diesel as their main fuel are listed in "Business Generation Assets."

Seasonality

In the SIC and Colombia, our operations are sensitive to seasonal cycles. During rainy hydrological conditions, hydroelectric output is significant and spot prices tend to be lower than prices during dry conditions, when thermoelectric output is higher. The impact of seasonality depends on our and the systems' generation sources and our contract terms.

In the SIC, approximately 42.0% of the installed capacity is hydroelectric, and spot prices are sensitive to changes in hydrological conditions. However, only 10.0% of our installed capacity, related to our run-of-river plants, is dependent on hydrological conditions. During rainy years, we therefore tend to purchase energy to fulfill our contracts in the spot market. During dry years, we produce energy to fulfill our contracts and eventually sell energy in the spot market with our back-up facilities. In the SING, there are no major effects of seasonality, as almost 100% of the installed capacity is thermoelectric.

In the Colombian SIN, 100% of our installed capacity is hydroelectric. As a result, our production levels depend significantly on hydrological conditions. In Colombia as a whole, when the "El Niño" weather phenomenon is present, dry conditions are more pronounced because water inflows decrease and spot market prices significantly increase. Given our location, these effects on our production are not typically as pronounced and rainfall levels have historically remained close to normal even under "El Niño." By contrast, the "La Niña" phenomenon, which usually follows "El Niño," typically causes higher rainfall levels in the Andean region, while rainfall at our reservoir is typically below average during "La Niña."

Capital Expenditure Program

In recent years, we have undertaken an ambitious expansion program in response to the electricity supply requirements and opportunities found in the Chilean market. Since 2007, we have completed a successful expansion plan in Chile by adding 1,664 MW of new installed capacity and we are continuing with the second phase of the expansion plan with 704 MW under construction. Our new cost-efficient generation plants include subsidiary Eléctrica Ventanas' Nueva Ventanas plant (272 MW), subsidiary Eléctrica Angamos' units 1 and 2 (545 MW) and equity-method investee Guacolda's two coal-fired units (304 MW). Our new back-up capacity in operation includes two diesel-fired turbines, Los Vientos (132 MW) and Santa Lidia (139 MW). We also completed construction of two battery energy storage facilities in Chile, Norgener BESS (12 MW) and Angamos BESS (20 MW) in 2009 and 2011, respectively. With this first phase of expansion, we reached a total installed capacity of 5,081 MW as of March 31, 2015. With the second phase of expansion, our installed capacity is expected to increase by 1,256 MW, including our run-of-river hydroelectric Alto Maipo project.

As part of our business strategy, we have also embarked on an expansion program in Colombia that involves technological improvements, retrofit and the construction of a 20 MW run-of-river plant (our AES Chivor's Tunjita hydroelectric project).

The following are our main projects under construction:

Guacolda V thermoelectric project (SIC-Chile): The Guacolda V thermoelectric project is the fifth unit at the Guacolda complex located in Huasco in the northern part of the SIC. The new 152 MW coal-fired unit will be similar to the four units of 152 MW each already in operation. It will use pulverized coal technology and will be fueled by bituminous and sub-bituminous coal. Guacolda V will include reduction systems to control SO_2, NO_x and particulate emissions. In October 2012, the notice to proceed was given to Mitsubishi Corporation to start with construction of the project under a turnkey arrangement. As of March 31, 2015 the project had reached a 95% level of completion and the start of commercial operations is expected for the last quarter of 2015. We estimate a total investment of approximately U.S.$455 million will be made for the Guacolda V thermoelectric project.

Cochrane thermoelectric project (SING-Chile): The Cochrane thermoelectric project involves the construction of two coal-fired thermoelectric plants, each with an expected installed capacity of 266 MW. The plants are located north of Antofagasta in the municipality of Mejillones in Region II. The project will be located next to the Angamos thermoelectric plants, and takes advantage of synergies in port services, coal stock, and other factors. Like Angamos, the project will use pulverized coal technology and will be fueled by bituminous and sub-bituminous coal. The plant will also include reduction systems to control SO_2, NO_x and particulate emissions. Environmental approval for the project was granted in September 2009 and environmental approval for the transmission system was granted in April 2009. The project has a lump sum turnkey contract for the engineering, procurement and construction ("EPC") of the plant with Posco E&C. In March 2013, the notice to proceed was given to Posco to start with construction of the project. As of March 31, 2015 the project had reached an 84% level of completion and is expected to start commercial operations of units 1 and 2 in the second and third quarter of 2016, respectively. The project also includes a 20 MW battery energy storage unit, the Cochrane BESS. We estimate a total investment of approximately U.S.$1.3 billion will be made for the Cochrane thermoelectric project.

Tunjita hydroelectric project (SIN-Colombia): The Tunjita hydroelectric project, which is being built by our subsidiary AES Chivor, involves the construction of a 20 MW run-of-river plant, which is scheduled to start operations in the second half of 2016. It will be located next to AES Chivor's Esmeralda Reservoir. This facility will make use of the water capacity generated by diverting the Tunjita River and will take advantage of the tunnel that channels the river's water to the reservoir. Construction on the Tunjita project was approved in 2012, and work began in the second half of 2012. As of March 31, 2015 the project had reached a 93% level of completion. We estimate a total investment of approximately U.S.$68 million will be made for the Tunjita hydroelectric project.

Environmental equipment (Retrofits): In the fourth quarter 2012, we started the installation of new emission control equipment (retrofits) in four of our older coal plants (Ventanas I and II and Norgener I and II, constructed between 1964 and 1997) as well as in the plants of our 50% equity-investee Guacolda. This project will allow us to reduce generation emissions and meet new emission standards in Chile for thermoelectric power plants which became effective in 2011. The new regulation on air emission standards provides for stringent limits on emission of particulate matter and gases produced by the combustion of solid and liquid fuels, particularly coal. For existing plants, including those currently under construction, the new limits for particulate matter emission will become effective by the end of 2013 and the new limits for SO2 (sulfur dioxide), NOx (nitrogen dioxide) and mercury emission will become effective in mid-2016, except for those plants operating in zones declared saturated or latent zones (areas at risk of or affected by excessive air pollution), where these emission limits became effective by June 2015. In order to comply with the new emissions standards, we estimate that AES Gener would have to invest approximately U.S.$251 million and our equity-method investee Guacolda would have to invest approximately U.S.$220 million. As of March 31, 2015, we have invested U.S.$213 million and our equity-method investee Guacolda has invested U.S.$166 million. These investments are expected to conclude during 2015 for us and by 2016 for our equity-method investee Guacolda.

Alto Maipo hydroelectric project (SIC-Chile): The Alto Maipo hydroelectric project consists of the construction of two run-of-river plants, called Alfalfal II and Las Lajas, in hydraulic series in the Maipo River basin, with a total installed capacity of 531 MW, which is scheduled to start operations in 2018. The Alto Maipo project does not have a reservoir or involve relocating residents, and the SIC will benefit from savings in power transmission as a result of Alto Maipo's proximity to the city of Santiago. The environmental permit for the project was obtained in March 2009, the environmental permit for the transmission system was obtained in 2010, and an indefinite electricity concession was granted in December 2012. The project initiated construction in December 2013, and as of March 31, 2015 has a 16% level of completion. AES Gener maintains 60.0% ownership while Pelambres holds the remaining 40.0%. Alto Maipo will be a key energy source for the SIC in the future. We estimate that a total investment of approximately U.S.$2 billion will be made for the Alto Maipo hydroelectric project.

Los Andes solar project (SIC-Chile): The Los Andes solar project involves the construction of an up to 220 MW photovoltaic solar farm in several stages. The first stage of the project initiated its construction during June 2014. This initial stage consists of the installation of 21 MW of solar panels connected to the same Andes substation. Its completion is expected during 2015 and as of March 31, 2015 it had a 34% level of completion.

Subsequent stages will increase the solar farm's capacity in stages of 20 to 40 MW each until we reach the full 220 MW capacity of the project.

Water desalination plant: On June 28, 2014, we signed an agreement with Abengoa Chile S.A. for the construction and subsequent operation of a desalinization plant, adjacent to our Angamos plant. The plant will have an initial capacity of 4,800m^3/day to supply our Angamos complex and allow us to start selling water to industrial clients. As of March 31, 2015 the project had reached a 65% level of completion, with completion if its initial phase expected for the second half of 2015.

Projects under Development

We plan to continue with the construction of new projects, taking advantage of our presence in and knowledge of, the markets in which we operate. These projects will be key in contributing to the future of such power systems, which based on expected growth, will continue to require additions in generation capacity.

In response to recent regulations in Chile on NCREs, and in line with our corporate strategy, we are also actively working on the research, development and use of innovative and renewable energy technology. Currently, AES Gener is researching and developing renewable energy projects such as run-of-river hydroelectric plants, mini-hydro, wind, solar, energy storage batteries and water desalinization projects.

Safety

Safety is the top corporate value for us. We focus on work related safety, emphasizing risk prevention for our employees, contractors and the communities where we are located. Periodic activities, which include monthly safety meetings and on-site inspections, are held throughout the Company in order to keep our safety culture active. Those in leadership positions perform these periodic on-site inspections, or "safety walks," in order to involve management in promoting and monitoring safety within each of our business areas. We work continually to meet the exacting international safety standards of The AES Corporation and to comply with Chilean Law 16,744 and the Occupational Safety and Health Administration's safety regulations.

In recent years we have been working to implement a new version of safety standards which are among the most stringent in the electricity industry. This implementation is already in process, with 42 new guidelines already in effect in all facilities. In order to maintain our strict safety standards, we have also implemented a complete internal auditing plan at our generation, transmission and construction businesses, in accordance with the preventive and corrective measures and initiatives recommended by peer health and safety committees. In addition, we have worked to improve contractors' safety standards, providing technical assistance to help them improve their standards and improve efficiency. Our contractors must meet our same standards, the implementation of which has resulted in a significant decrease in accidents.

In 2011, we began implementing an integrated EHS (Environmental, Health and Safety) Management System called "Genera" which is in compliance with the international standards ISO 14.001 and OHSAS 18.001:1. In 2012, the power plants Angamos, Ventanas, Central Los Vientos, Central Santa Lidia and Complejo Cordillera (Alfalfal, Queltehues, Volcan and Maitenes) obtained the external certification of their EHS Management System. Also in 2013, Norgener (Tocopilla and Transmission), TermoAndes (Salta Argentina), Eléctrica Santiago, Transmission SIC and Central Laja obtained the certification of their EHS Management Systems. Currently, all AES Gener facilities are certified. In 2012, we began implementing the EHS Integrated Management System in all construction projects currently underway. This enabled us to manage all safety issues across AES Gener consistently, in line with leading industry standards.

Environmental Management System

Environmental management is a key priority in our business and operations. We currently have all required environmental permits and authorizations to conduct our business. We consider environmental protection as an area of performance and as such, environmental issues are included among the responsibilities of our key executives. An environmental management system was implemented throughout the Company in 2008, and our environmental department was expanded in 2010 to globally supervise and provide support for all our operations and construction projects. In addition, we apply The AES Corporation's environmental policy throughout our business, following four basic guidelines:

- to comply with or exceed the requirements of environmental standards or regulations set by local governments, as well as the environmental standards imposed by the entities involved in financing the Company's projects;

- to comply with or exceed the requirements imposed by The AES Corporation's environmental standards;

- to make decisions on additional expenses on the basis of a local, regional and global environmental assessment, in which the term "environment" is widely defined as "the conditions surrounding people, including ecological, economic, social, and other factors that determine quality of life or standard of living"; and

- to strive to continually improve environmental performance at each business.

In 2011, the Company adopted an integrated management system for Environmental, Occupational Health and Safety, which is currently certified under ISO14000 and OHSAS18000 in all of our generation facilities. Our environmental management system is a strict, thorough in-house program used to audit environmental affairs at our plants and transmission systems to ensure compliance with these standards and to detect opportunities for ongoing improvement. These audits are part of an effort to increase the efficiency of the environmental management systems that have been or are in the process of being implemented in all of our areas of business and have helped with overall production management.

Non-Conventional Renewable Energy

Chilean law requires every electricity generator to supply a certain portion of their total contractual obligations with NCREs. The required amount is determined based on contract agreements executed after July 31, 2007. The NCRE requirement is equal to 5% by 2013, with annual increases of 1%, to reach 12% in 2020, and later that year, more substantial annual increases to reach 20% in 2025. To meet these goals, the law provides auctions of NCRE blocks, which we expect the government to organize. Generation companies are able to meet this requirement by developing their own NCRE generation capacity (wind, solar, biomass, geothermal and small hydroelectric technology), or purchasing NCRE supply from qualified generators, purchasing from other generators which generated NCREs in excess of their own requirements during the previous year or by paying the applicable fines for non-compliance.

We currently fulfill our NCRE requirements by utilizing our own biomass power plant and by purchasing NCREs generated by other generation companies. To date, we have sold certain water rights to companies that are developing small hydro projects, entering into power purchase agreements with these companies in order to promote development of these projects, while at the same time meeting our NCRE requirements. At present, we are in the process of negotiating additional NCRE supply contracts to meet our future NCRE requirements.

Employees

We had a total of 1,238 employees as of March 31, 2015. The following table provides a breakdown of the number of individuals employed by us and each of our subsidiaries as of March 31, 2015 and 2014, December 2014, and December 2013.

	As of March 31,		As of December 31,	
	2015	2014	2014	2013
AES Gener employees (Chile)				
Executives	49	43	52	51
Professionals	351	343	336	372
Technicians and Administrative	398	413	371	401
Subtotal	798	799	759	824

Subsidiaries employees				
AES Chivor (Colombia)	92	89	90	89
TermoAndes (Argentina)	51	51	51	51
Eléctrica Santiago (Chile)	73	57	72	57
Eléctrica Angamos (Chile)	104	106	106	104
Eléctrica Cochrane (Chile)	34	32	35	29
Eléctrica Alto Maipo (Chile)	86	63	78	18
Subtotal	440	398	432	348
Total, AES Gener and Subsidiaries	1,238	1,197	1,191	1172

In promotion of long-term company sustainability and professional development, we develop and train our employees to be able to appropriately face present and future challenges. In order to effectively and efficiently operate our generation plants, administer our business and construct and implement our development projects, we seek to stimulate and retain our personnel while strengthening our team with suitable individuals that have the potential to take on new projects and successfully replace existing professionals. Within this framework, in recent years, we have focused our efforts on developing the skills of our existing and recently hired employees to be able to fill positions at the plants under construction once they begin operation. We seek to maintain an amenable work atmosphere and encourage communication between team leaders and the professionals they supervise. Leadership workshops have been held since 2008 as part of an ongoing program to promote team-leadership skills and to help leaders acquire the tools they need for management excellence.

Unions

As of March 31, 2015, 48.6% of our employees were represented by unions under nine separate collective bargaining agreements. All nine of our collective bargaining agreements were negotiated during 2012 and 2013. Historically, we have had good relations with our unions, and since 2002 we have not experienced any significant strikes.

Insurance

We believe that the level of insurance coverage that we maintain for our properties, operations, personnel and businesses is reasonably appropriate for the risks that we face and is comparable to the level of insurance coverage maintained by other companies of a similar size operating in the businesses in which we are engaged.

For property damage and business interruption, we maintain insurance policies for ourselves and our subsidiaries' plants with AES Global Insurance Company, a subsidiary of The AES Corporation. These policies cover our physical assets such as power plants, offices, substations and mobile equipment, as well as the cost of business interruption. In addition, we have a loss control program which focuses on making improvements that will decrease the impact of a catastrophic event.

We also maintain all-risk coverage for our construction projects during the construction period, which includes coverage of material damages, delayed start-up, marine cargo, civil liability and terrorism. Upon initiation of operations, projects are included in our corporate property damage and business interruption policies.

Locally, we also maintain civil liability coverage for damages caused to third parties, our contractors and our subcontractors. In addition, we maintain coverage for our transportation activities under a marine cargo policy for all types of goods transported. For coal purchases, we maintain charterer's liability insurance. We also have coverage for our vehicles, buildings, electronic equipment, and personal accidents, including supplementary health insurance for our employees.

Corporate Social Responsibility

For us, social responsibility means fulfilling our business mission of providing sustainable and reliable energy while acting ethically and responsibly with all stakeholders, those who are integrated within our Company and those with whom we interact. These stakeholder groups include employees, shareholders, investors, customers, suppliers, partners and the communities in which our facilities are located. We strive to be an efficient, reliable company that creates sustainable value for all of these groups, which means being a company whose business activity, as a whole, makes a positive contribution to society. In this sense, we have executed social agreements with municipal governments, local communities and community associations where our plants are located, making commitments to continue contributing to these communities both economically and socially by supporting community programs and promoting local employment.

AES Gener Foundation is a nonprofit institution that was founded in 1995 and it is a key pillar in our relationships with our communities and employees. The foundation is managed by a council composed of AES Gener executives and professionals who are charged with ensuring that the foundation's objectives are met and that its resources are appropriately allocated.

The foundation's mission is to coordinate, manage and implement initiatives through programs in education and community engagement. AES Gener Foundation operates in locations where the Company has existing business units, bringing to each project, the foundation's values: safety, sustainability and protection of the environment. The foundation's activities include designing and executing social, educational, and work training programs, promoting employment, and supporting sports, culture, and the arts.

Within these educational activities is the implementation of Programs of Outdoor Education, through which the AES Gener Foundation aims to contribute to education and the development of values and integral development of individuals This provides an opportunity for additional training to children, through a methodology based on adventure and an affection for and interaction with the environment.

Our current social programs include the following:

- **Competitive Grants**

Our competitive grant a is program that seeks to contribute to the social and economic development of the Punchuncavi communities, located in the central region of Chile, by providing financing to sustainable community development and small business projects. We administer and overlook all stages of the program, including: community awareness, project training, writing and submission of projects, project evaluation, project management and follow up, and completion of the process.

- **Pre-university Grants**

Since 2010, our pre-university grant program provides college test preparation services to 120 students in their senior year of high school. Our program has proven quite successful as more than 80% of such students have enrolled in college or other higher education institutions, many of whom are first generation college students.

- **Dual Education**

We currently administer a dual education program, where we provide practical training to students in the electricity sector. Under this program, participants visit our Eléctrica Ventanas plant twice a week in order to receive practical vocational training in their specialty area: management, electronics or electricity.

Legal Proceedings and Regulatory Actions

We are involved in several claims and legal actions arising in the ordinary course of business. These proceedings are not likely to have a material adverse effect on our operations or financial condition individually or in the aggregate, except for the proceeding described below. For detailed information regarding these matters, please see note 32 to our unaudited consolidated financial statements included in these listing particulars.

Arbitration between AES Gener S.A. and EMEL with respect to certain disputed charges for sub-transmission under our PPA with EMEL. On November 2014, we commenced an arbitration proceeding against our regulated customer EMEL with respect to certain disputed charges for sub-transmission under our PPA with EMEL, because of a discrepancy in the interpretation of the provisions of the DS 14. As of March 31, 2015, unpaid charges under dispute amounted to U.S.$22.3 million. In case the arbitration outcome is adverse to our position, we could be subject to claims from other regulated customers that similarly have a different interpretation of DS14, all of which could materially impact our regulated sales and adversely affect our results of operations and financial condition.

REGULATORY OVERVIEW

Chile

The electricity sector in Chile is divided into three segments: generation, transmission and distribution. The generation segment consists of companies that produce electricity and sell their production to distribution companies, unregulated customers and other generation companies. In general terms, generation and transmission expansion are subject to market competition, while transmission operation and distribution, given their natural monopoly character, are subject to price regulation. The transmission segment consists of companies that transmit the electricity produced by generation companies at high voltage. The distribution segment includes electricity supply to final customers at a voltage no greater than 23 kV. In Chile, generation and distribution companies are the only agents that may engage in the trading of electricity. The Chilean energy sector is one of the most transparent and consistent market frameworks in South America. The current framework was put in place through the electricity law enacted in 1982. A key factor to the long-term stability of the sector has been the consistency in market rules and the enforcement of such rules throughout periods of rationing and changes to the macroeconomic and political environment.

In Chile, except for the small isolated systems of Aysén and Magallanes, electricity is generated by two major systems: the SIC, which covers the country from the southern area of Region II (the Paposo roadstead) to Los Lagos Region (the town of Quellón) and supplies electricity to approximately 92.2% of the national population; and the SING, which covers Regions I, II and XV and whose primary customers are mining and industrial companies. In each of these grids, electricity generation is coordinated by the respective CDEC to minimize operational costs and to ensure the highest economic efficiency of the system while meeting all service quality and reliability requirements established by law.

Chilean Electricity Law

Since 1982, the Chilean electricity industry has been based on a private initiative and property structure, with a competitive framework for the generation market and new transmission facilities, and regulated framework for distribution and part of the transmission based on an efficient company model. The goal of the Chilean Electricity Law is to provide incentives to maximize efficiency and to provide a simplified regulatory scheme and tariff-setting process that limits the discretionary role of the government by establishing objective criteria for setting prices. The expected result is an economically efficient allocation of resources. The regulatory system is designed to provide a competitive rate of return on investment to stimulate private investment, while ensuring the availability of electricity service to all who request it.

In accordance with the country's constitution and current legislation, certain government agencies, including those related to the electricity sector, perform a regulatory and oversight role. These agencies are grouped under the Ministries of Energy and the Environment. The Ministry of Energy establishes, regulates, and coordinates and also publishes the semi-annual indicative investment plan for generation and transmission activities, a document that is non-binding for companies in the industry. Other agencies include the SDEC, which oversees compliance with quality and reliability of service regulations, and the Environmental Assessment Service (*Servicio de Evaluación Ambiental*, or "SEA"), which administers the environmental impact system that evaluates projects.

The Dirección General de Aguas (DGA), an agency in the Ministry of Public Works, issues the water-use rights and authorizes hydraulic works for hydroelectric generation, while the Ministry of Energy grants the concessions for hydroelectric plants, transmission lines and for distributing electricity for public use. Concessions or other types of rights are not required from government agencies to build and operate thermoelectric plants. The Chilean electric system also has a Panel of Experts, an independent technical entity whose purpose is to study and promptly resolve controversies that may arise between companies within the electricity sector, or between one or more of these companies and the energy authorities.

Chile's electricity sector has a regulatory framework that has been in effect and has evolved significantly in the past three decades. This has enabled the development of an industry with a high level of participation of private capital. See "Business- Market Structure and Competition." The electricity sector and its private participants are subject to various regulations and the supervision of various technical bodies. The material laws and regulations covering the Chilean electricity sector and our electric operations are contained in the Chilean Electricity Law, as amended, including:

- *"Short Law I" (Ley Corta 1), Law No. 19,940, enacted in 2004.* This law introduced (i) new regulations applicable to the transmission system, the development of the transmission system and the rates transmission facility owners can charge to users of the system and (ii) new regulations with respect to reliability and ancillary services.

- "*Short Law II" (Ley Corta 2), Law No. 20,018, enacted in 2005.* This law requires that all new long-term PPAs between generation and distribution companies for the supply of regulated customers be the result of bids via open, competitive and transparent auction processes. These new long-term PPAs can have tenors of up to 15 years. Regarding the capacity product (reliability payment), the long-term PPAs incorporate the capacity price fixed by the CNE and are indexed to CPI and other relevant indexes.

- *Law No. 20,220, enacted in 2007.* This amendment aimed to secure the supply of electricity to regulated customers and to ensure the sufficiency of the electric system. It establishes special rules for: (i) the bankruptcy of generation, transmission or distribution companies and (ii) the retirement, modification, disconnection or termination of operations of electrical facilities that are not the consequence of failures or scheduled maintenance of generating or transmission facilities. The recently enacted Chilean Bankruptcy Law amended some of the aspects regulated by Law No. 20,220. See "— Bankruptcy Regime Recently Enacted (Law No. 20,720)."

- *Law No. 20,257, enacted in 2008.* This amendment promotes the use of NCREs and defines the different types of technologies considered to be NCREs. For the period between 2010 and 2014, this law required generation companies to supply 5% of their total contractual obligations entered into after August 31, 2007 with NCREs. The requirement to supply electricity with NCREs will increase by 0.5% annually until 2024, when the requirement will reach 10% of total contractual obligations. A generation company can meet this requirement by developing its own NCRE generation capacity (wind, solar, biomass, geothermal, and small hydro technology), purchasing NCRE Certificates locally (similar to carbon bonds) or paying the applicable fines for non-compliance. This law was amended by Law No. 20,698, enacted in 2013. This amendment was aimed to encourage the expansion of the energy matrix through non-conventional renewable sources. It establishes a goal of NCRE power generation of 20% by 2025. This could lead to significant changes in the diversification of the energy matrix in the coming decades, especially in the SIC. In addition, the amendment allows the Ministry of Energy to tender for the supply of energy obtained from NCRE for regulated customers.

- *Law No. 20,571, enacted in 2012.* This amendment regulates net metering (net billing) and payment to residential or even small industrial generators. This law allows NCRE producers to inject their surplus to the grid under a net billing scheme. Law 20,571 requires an administrative regulation that regulates the particulars of the law, in order for the law to enter into force. Such an administrative regulation was issued and published (Supreme Decree No. 71 of June, 2014, by the Ministry of Energy and published in September 2014).

- *Law No. 20,701, enacted in 2013.* This amendment introduced significant changes regarding the granting of electric concessions to allow the enforcement of the necessary easements on third-party property. For instance, the law cuts down the time for processing a request for an electric concession from 700 to 150 days. Additionally, the law reduces the number of methods for notifying third parties of easements from 5 to 2, in order to facilitate the process, and narrows the cases in which those third parties can object to the granting of easements.

- *Law No. 20,726, enacted in 2014.* This law aims to interconnect and optimize the joint operation of different electric systems via the interconnection of independent grids, seeking economic advantages and increased competition in the market. Additionally, this law encourages the construction of backup transmission lines which will increase the safety of supply and optimize the dispatch of power plants. During wet seasons, this interconnection of systems will allow increased hydroelectric production to provide cheaper generation; and, conversely, in periods of drought, it will enable a more efficient thermoelectric generation, displacing diesel generation and contributing to lower energy costs. This law also seeks to diversify the sources of generation.

- *Law No. 20,805, enacted in 2015.* This law modifies the Chilean Electricity Law regarding the distribution bidding process for the supply of electricity to regulated customers, strengthening CNE's role in the supply of electricity based on grounds of economic efficiency, competition, safety and diversification. While the CNE designs the bidding conditions and the supply contract and awards the bid winners, distribution companies will be solely responsible for the administrative process. The amendment also defines short and long term auctions with hidden ceiling prices. In addition, in case the CNE identifies an annual regulated energy shortages or deficit, it can mandate an extraordinary auction to fulfill the energy supply for the next three years, where the energy price will be subject to a special price adjustment mechanism which consists of a comparison between the average market price (calculated by the CNE) and the system marginal cost. In case there is uncontracted energy, this will be assigned among all the generators according their energy injections into the grid. The generators will be allowed to charge the maximum between the short term node price (calculated semiannually by the CNE) and the corresponding power plant variable cost. In addition, this law establishes that in future awarded regulated PPAs, generators will also be able to pass-through certain costs related to regulatory changes in Chile (i.e. environmental taxes and changes in law) to their regulated customers.

- *Environmental law*: Environmental regulation is mainly governed by the Chilean Environmental Law, enacted in March 1994 and amended in 2010 by Law No. 20,417. This law sets up a framework for environmental regulation in Chile, which has become increasingly stringent in recent years.

Chilean Electricity Framework

The goal of the Chilean Electricity Law is to provide incentives to maximize efficiency and to provide a simplified regulatory scheme and tariff setting process that limits the discretionary role of the government by establishing objective criteria for setting prices. The expected result is an economically efficient allocation of resources. The regulatory system is designed to provide a competitive rate of return on investment to stimulate private investment, while ensuring the availability of electricity service to all who request it.

Three governmental entities have primary responsibility for the implementation and enforcement of the Chilean Electricity Law: the CNE, the SDEC and the Ministry of Energy. The CNE calculates retail tariffs and wholesale, or node prices. The CNE also prepares a four-year expansion plan for the system that must be consistent with the calculated node prices. The SDEC sets and enforces the technical standards of the system and monitors and enforces compliance with the law and regulations related to energy matters, including all rules related to security and service quality. It is also in charge of processing all easements and concessions related to hydroelectric facilities, transmission lines, and distribution networks. The Ministry of Energy grants final approval of tariffs and node prices set by the CNE and regulates the granting of concessions to power generation, transmission and distribution companies.

Companies that own or operate generation or transmission facilities, as well as unregulated customers directly connected to transmission facilities, are coordinated through the CDEC – SING or CDEC – SIC, depending on the area where they are located, which minimizes the operating costs of the electricity system and monitors the quality of service provided by the power generation and transmission companies. Power generation companies satisfy their contractual sales requirements with dispatched electricity, whether produced by them or purchased from other generation companies in the spot market. The principal purpose of each CDEC in operating the dispatch system is to ensure that only the most cost-efficient electricity is dispatched to customers. Each CDEC dispatches plants in the order of their respective variable cost of production, starting with the lowest cost plants, such that electricity is supplied at the lowest available cost. Power generation companies balance their contractual obligations with their dispatches by buying or selling electricity at the spot market price, which is set on an hourly basis by each CDEC, based on the marginal cost of production of the most expensive kWh to be dispatched.

Sales of Power

All generators can commercialize energy through contracts with distribution companies for their regulated customers and unregulated customers, or directly with unregulated customers. Generators may also sell energy to other power generation companies on a spot price basis. Power generation companies may also engage in contracted sales among themselves at negotiated prices, outside the spot market. Contract terms are freely determined (except in the case of supply to regulated customers).

Sales to Distribution Companies and Regulated Customers

Regulated customers are those whose connected capacity is less than or equal to 500 kW as well as those with a connected capacity of 500 kW to 2 MW who have not selected for a four-year period the unregulated pricing system. These customers receive electricity from distribution companies, which must hold public bids to award electricity supply contracts to meet consumption needs.

Historically, sales to distribution companies for resale to regulated customers have been made through contracts at the node price in effect at the relevant locations, or nodes, on the interconnected system through which such electricity is supplied. Nevertheless, since 2005, after the enactment of Short Law II, all new contracts between generation and distribution companies for the supply of regulated customers must be the result of bids via open, competitive and transparent auction processes. See "Business—Main Contracts." A newly enacted amendment to the administrative regulation D.S. No.4/2008 of the Ministry of Economy has established innovative requirements in this respect. As a result, distribution companies must inform the CNE during January of each year of the characteristics of their contracts and supplies of electricity for regulated customers for the following eight years in order to predict future demand.

Additionally, when demand varies unpredictably, this administrative regulation enables providers to make a short term bid to cover such variations. The aforementioned administrative regulation is complemented by Law No.20,805, an amendment to the Chilean Electricity Law, as described above. Theoretically, such electricity surplus should be sold to distributors at the marginal price of energy in the spot market, but the law establishes a lower price based on other criteria.

Sales to Unregulated or "Free" Customers

Unregulated customers are those that have a maximum hourly demand for electricity supply of at least 5,000 kW or those consumers with a demand of at least 500 kW that opt to be subject to an unregulated regime. All other consumers are considered to be regulated customers. The tariffs and conditions in contracts with unregulated customers are negotiated freely between the generator and the customer.

All contracts are supplied from the system regardless of whether the generator who contracted the supply is capable of generating the electricity to meet the contract. Each CDEC clears the exposure of individual generators to the energy spot market from the difference between its contractual energy and its generated energy obtained from the centralized dispatch, and to the capacity market from the difference between the capacity demanded by its customers at the hour of the system's maximum demand and its firm capacity.

Sales to Generating Companies

Each CDEC annually determines a firm capacity for each power plant. Each generator is allowed to sell capacity up to its "firm capacity." Firm capacity is the highest capacity that a generator may supply to the system at certain peak hours, taking into consideration statistical information regarding the time a plant is out of service for maintenance and the water inflows in the case of hydroelectric plants.

A power generation company may need to purchase or sell energy or capacity in the spot market at any time depending on its contractual requirements in relation to the amount of electricity to be dispatched from such company and to its firm capacity.

Concessions

Chilean law allows power generation activity to be developed without a concession. However, companies may apply for a concession to facilitate access to third-party properties for the development of hydroelectric or geothermal power plants as well as for development of electric transmission facilities by means of a "right of way" (easement). Third-party property owners are entitled to compensation, which may be agreed by the parties or, if there is no agreement and an electric concession has been granted, may be determined by an administrative proceeding regulated by the Chilean Electricity Law. The procedure for obtaining an electric concession has been recently amended by Law No. 20,701.

Transmission

The Chilean Electricity Law does not require an electric concession in order to build and operate transmission facilities. However, in case it is difficult to process and obtain the necessary easements from third parties, the electric concession grants the possibility of enforcing those easements in exchange for proper compensation to the owners of the affected land and the proceeding for obtaining an electric concession has been recently amended by Law No. 20,701, as stated above, to expedite creation of rights of way. The transmission system is divided into three segments: trunk transmission, sub-transmission and additional transmission. Each such system is defined by and has its own regulatory framework in the Chilean Electricity Law. Any facility that is part of the trunk transmission or the sub-transmission system is always subject to the open access regime. Additional transmission facilities are not subject to an open access regime unless (a) they (i) benefit from rights of way granted pursuant to an electric concession or (ii) use national properties of public use and (b) they have technical capacity available. Open access to additional transmission facilities shall be granted on a non-discriminatory basis. However, the relevant CDEC may limit injections or withdrawals without discriminating among the users for the coordinated operation of the system. See "Business—Transmission."

Transmission companies recover their investment in transmission assets through tariffs, or "wheeling rates," which, depending on the type of transmission installation (trunk, subtransmission or additional), are charged to generation companies, final customers or both. Transmission tariffs for trunk transmission and sub-transmission facilities depend on their investment values, as determined every four years by a decree of the Ministry of Energy.

Fines and Compensations

If a rationing decree is enacted in response to prolonged periods of electricity shortages, severe penalties may be imposed on power generation companies that contravene the decree.

Power generation companies may also be required to pay fines to the regulatory authorities if a system blackout results from any generator's operational mistake, including failures related to the coordination duties of all system agents. A power generation company may also be obligated to make compensatory payments to electricity regulated customers affected by shortages of electricity or to unregulated customers (in case the corresponding contract considers such payments).

If power generation companies cannot satisfy their contractual commitments to deliver electricity during periods when a rationing decree is in effect and there is no energy available to purchase in the system, the power generation company must pay compensation to the regulated customers equal to the difference between the "outage cost" and the node price determined by the CNE in each tariff setting. The "outage cost" is determined semi-annually by the CNE's economic models as the highest cost for end customers of having an electricity shortage during periods of electricity deficit. Outage costs correspond to the average cost incurred by final users in providing one kWh by their own means.

Additionally, the administrative regulation RM 39 established a mechanism through which the costs associated with the compliance of certain technical and security requirements are shared among the various generators in the SIC on a monthly basis as determined by the relevant CDEC. This cost can be broken down into the following:

- Costs arising from the forced dispatch of combined cycle units that have minimal operational restrictions, which result in extra charges since the generation of these combined cycles replaces more economic generation;

- Costs arising from the requirement to supply a margin of spinning reserve, which force generators to generate at 93% of their available capacity. This margin allows these plants, before resorting to other contingencies, to respond to temporary shortages of electricity supply;

- Costs associated with new unit tests that displace efficient generation.

RM 39 further establishes reimbursement criteria pursuant to which generators pay extra charges in proportion to such generator's total energy sales in the SIC. However, a generator may pass-through any RM 39 related charges onto their customers through the cost pass-through provisions of their PPAs.

On December 31, 2012, the DS 130 was enacted by the Ministry of Energy. It provides a mechanism to compensate for the cost overruns incurred by generation units running at their technical minimum mode, which are not paid for their variable operating costs per each CDEC's balance of energy transactions among generation companies. The cost overruns, at any given time, is equal to the difference between (a) the variable costs reported by electricity generation units operating at their technical minimum mode and (b) the marginal cost, and is paid by all generation companies in proportion to the electricity withdrawn from the system to supply their contracted demand.

Environmental Regulation

Chile has numerous national environmental statutes, regulations, decrees and municipal ordinances that govern our operations and the development of new projects. Among others, there are regulations relating to industrial zoning, waste management, industrial wastewater, air emissions, hazardous substances storage, environmental liability and cleanup of contamination, where there are risks to public health, etc. Under these rules, we may be required to obtain specific approvals, consents and permits, and emissions and discharges from our operations may be required to meet specific standards and limitations set forth in regulations or permits. We have made and will continue to make substantial expenditures to comply with such environmental laws, regulations, decrees and ordinances. See "Risk Factors—Risks Related to Our Business—Compliance with environmental regulations may require significant expenditures that could adversely affect our results of operations."

The Chilean Environmental Law, enacted in March 1994 and modified in 2010 by Law No. 20,417, sets up a framework for environmental regulation in Chile, which has become increasingly stringent in recent years. The referred amendment includes, among other, the creation of a new institutional framework comprised by: (i) the Ministry of Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Agency (*Servicio de Evaluación Ambiental*); and (iv) the Chilean Environmental Superintendency (*Superintendencia del Medio Ambiente*), all of which will be in charge of regulating, evaluating and enforcing projects and activities that feature environmental impacts. These institutions, which replaced their predecessors, the National Environmental Commission (*Comisión Nacional del Medio Ambiente*) are currently fully operational. In addition, the newly established Environmental Courts (*Tribunales Ambientales*) created and regulated by Law No. 20,600 are responsible for the judicial review of environmental decision making. Additionally, there are more than 20 public services with environmental capabilities, including *Sernapesca, Sernatur, Consejo de Monumentos Nacionales, Directemar, DGA, SAG, CONAF, Ministerio de Bienes Nacionales, Servicio de Salud, Sernageomin*, among others.

Such proliferation of environmental institutions and the associated sophistication of the environmental regulation framework have resulted in additional costs on us relating to the implementation of monitoring systems and environmental preventive measures, as well as environmental litigation and generally the protection of the environment, particularly those related to flora and fauna, wildlife protected areas, water quality standards, air emissions, and soil pollution. In addition, violations of these environmental regulations may lead to significant fines, the closure of facilities and the revocation of environmental approvals. The Chilean Environmental Law and its regulations allow the Chilean Government, through the State Defense Council (*Consejo de Defensa del Estado*), the local councils (for acts occurring within their respective jurisdictions) and affected citizens, to bring judicial action in case of environmental liability arising from industrial contamination.

Additionally, citizens affected by any environmental decision making process may petition for relief to a Chilean Court of Appeals, which has the power to require the suspension of the offending activity and to adopt protective measures through a protection remedy (*recurso de protección*). This has been a widely utilized tool to obstruct and/or to delay projects, especially large ones such as thermoelectric plants.

The Chilean Environmental Law and its regulations contain additional rules relating to Environmental Impact Assessments (*Estudios de Impacto Ambiental*), which have been in effect since April 3, 1997, and that provide that we must evaluate the environmental impact of any future project or activity that may significantly affect the environment. We have conducted these environmental impact studies pursuant to the Chilean Environmental Law over our facilities. The Environmental Assessment Agency (*Servicio de Evaluación Ambiental*) is in charge of managing, coordinating and consolidating the environmental assessment process.

In addition, to protect and improve environmental air quality in the country, environmental authorities can declare “latent zones” (*zonas latentes*) or “saturated zones” (*zonas saturadas*). Latent zones are areas where the pollutant concentrations are greater than 80% of the corresponding air quality standard for a pollutant in a certain area. Saturated zones consist of areas that have already overcome the in force standards of the air pollutant in a certain area. In both cases, plans are implemented in order to avoid overcoming the standards or in order to be back in compliance, respectively, after a public-consultation process to develop such plan. This process may take years and plans are periodically reviewed in order to assess compliance. Upon publication of either type of plan, emission reduction targets and other environmental actions may be required of industries located within the latent or saturated zone.

We have invested in significant capital expenditures to comply with these new emission standards. For existing thermoelectric plants, including those under construction, the new limits for particle matter emissions went into effect in 2013. The new limits for sulfur dioxide, nitrous oxide and mercury emissions will begin to apply in mid-2016, except for those plants operating in zones declared as saturated zones, where these gas emission limits will become effective at the beginning of 2015. See “Risk Factors—Risks Related to Our Business—Compliance with environmental regulations may require significant expenditures that could adversely affect our results of operations.”

New tax on emissions

The Tax Reform established a new annual tax on emissions of particulate matter, nitrogen oxide, sulfur dioxide, and carbon dioxide by facilities whose fixed sources, such as boilers or turbines, have individually or in the aggregate, thermal power over or equal to 50 MW.

In the case of particulate matter, nitrogen oxide and sulfur dioxide emissions into the air, the taxes will be the equivalent of U.S.$0.1 per ton emitted or the corresponding proportion of said pollutants, increasing the result by applying a formula that takes into account the social cost of pollution such as costs associated with the health of the population. In the case of carbon dioxide emissions, the tax is equivalent to U.S.$5 for each ton emitted.

In order to determine the tax burden, the Chilean Environmental Superintendency will certify in March of each year the amount of emissions by each tax payer or contributor during the previous calendar year. Each tax payer or contributor who uses any source that results in emissions, for any reason, shall install and obtain certification for a continuous emissions monitoring system for particulate matter, nitrogen oxide, sulfur dioxide and carbon dioxide.

This tax will be assessed and paid on an annual basis for the emissions of the prior year, beginning in 2018 for the 2017 emissions.

Water rights

AES Gener owns indefinite term, unconditional and absolute property water rights granted by the DGA. Chilean generation companies must pay an annual fee for unused water rights. License fees already paid may be recovered through monthly tax credits commencing on the start-up date of the project associated to the water right considered. The maximum license fees to be recovered are those paid during the eight years before the start-up date. AES Gener continuously analyzes which water rights it will maintain, sell or acquire.

Bankruptcy Regime Recently Enacted (Law No. 20,720)

Law No. 20,720 (the "Chilean Bankruptcy Law") replaced the former Chilean bankruptcy regime (created in 1982) for a law of "reorganization and liquidation" of companies and individuals. This law entered into effect on October 9, 2014, establishing various rules that seek to avoid bankruptcy of individuals and companies in a more pro-entrepreneur approach. Indeed, the Chilean Bankruptcy Law puts the spotlight on the reorganization of viable enterprises, establishing procedures for the restructuring of their debts, through an agreement subscribed with its creditors within a maximum period of four months, while preserving the company's capability to produce and employ people. It also establishes the possibility of renegotiation of debts for individuals.

In case any entrepreneurship is not economically viable, the Law establishes an agile procedure for the liquidation of assets within a period which shall not exceed twelve months for companies or 8 months for individuals.

This law also creates the Superintendence of Insolvency and Re-Entrepreneurship which replaces the current Superintendence of Bankruptcy.

Regarding the electric industry, Law No. 20,720 reaffirms the participation of SDEC and CNE in the process. Indeed it establishes that whenever a court has been given notice of an electric company's insolvency, it shall inform such event to the SDEC and the CNE in order to allow them to report any observations thereof, to finally determine if the bankruptcy liquidation may compromise the objectives referred to in article 137 of the Chilean Electricity Law or the sufficiency of the electricity supply. In this regard, under the Chilean Bankruptcy Law and the Chilean Electricity Law (as amended by Law 20,220), a secured creditor is barred from foreclosing in special circumstances during liquidation proceedings. These circumstances include the following:

(i) if the issuer has filed a request for its reorganization in accordance with Chapter III of the Chilean Bankruptcy Law, and the competent court issues a resolution ordering the appointment of a *veedor*, the issuer will be granted with a bankruptcy protection period (*protección financiera concursal*) until the date in which the creditors' meeting is held to decide upon such reorganization proposal, which shall take place no later than 90 business days from the date the resolution of the court was notified. During this period creditors (including secured parties) may not file any action against the issuer or foreclose on the issuer's assets. Likewise, if any agreement is unilaterally terminated, any obligation is accelerated or any other security interest or collateral securing obligations of the issuer is enforced, then the credit of any creditor breaching this prohibition will be subordinated to all unsecured, subordinated or unsubordinated, obligations of the Borrower;

(ii) if the bankruptcy court decides that the liquidation of the issuer affects the safety, efficient operation, free access or sufficiency of an electric system, the issuer shall continue carrying on business and a secured creditor would be barred from foreclosing on the assets securing its credit if contemplated in the business continuation (*continuidad de giro*);

(iii) if all or a portion of the assets of the issuer in liquidation shall be sold as an economic unit (*unidad económica*) and such unit encompasses assets covered by a mortgage, pledge or another security interest, a secured creditor cannot separately foreclose thereon. Instead, such secured creditor would have a first priority claim against the proceeds of the sale of the assets concerned. For your information, (y) the assets of the issuer in liquidation shall be sold as an economic unit (*unidad económica*) if the bankruptcy court decides that bankruptcy of the issuer affects the safety, efficient operation, free access or sufficiency of an electric system, and (z) such unit shall encompass assets covered by a mortgage, pledge or another security interest if those assets are necessary therefor;

(iv) if creditors holding at least 2/3 of the outstanding claims with right to vote (*i.e.*, holders of claims that have been recognized by the bankruptcy court) decide that the debtor in liquidation should continue carrying on business (*continuidad de giro*), a secured creditor that voted for the continuation of the business would be barred from foreclosing on the assets securing its credit if contemplated in the business continuation; and

(v) if creditors holding more than 50% of the outstanding claims decide that all or a portion of the assets of the debtor in liquidation shall be sold as an economic unit (*unidad económica*) and such unit encompasses assets covered by a mortgage, pledge or another security interest, a secured creditor cannot separately foreclose thereon. Instead, such secured creditor would have a first priority claim against the proceeds of the sale of the assets concerned.

Chilean Government's New Electricity Agenda

The Chilean Government recently published an electricity agenda which sets out public directives (not directly enforceable) regarding the future development of the Chilean electricity industry. This agenda or program includes relevant changes to the Chilean electricity framework that may alter the conditions under which we currently develop our business.

The agenda is meant to provide the Chilean Government with a new proactive role in the industry by regulating territorial management and encouraging civic participation, as well as focusing on achieving increased competition, lower prices, energy efficiency, development of Chile's own resources, and increasing connectivity, including the interconnection of the SING and SIC systems.

The agenda comprises legislative initiatives, including the submission of bills to amend the regulation of tender processes for the sale of power to regulated customers and the establishment of incentives for the promotion of energy projects to be developed in specified areas, changes the legal framework of the electric transmission system and modernization and strengthening of the CNE. Some of these projects have already been submitted to the Chilean Congress while others are expected to be presented between the second quarter of 2015 and the first quarter of 2016. Additionally, although not yet presented to Congress, the agenda calls for modifications to the transmission tolls structure, which could result in higher tolls and have an impact on our business.

The agenda also calls for the executive issuance of certain administrative regulations, including amendments to the Chilean Electricity Law's administrative regulation with respect to concessions, and a reform of tender processes for regulated customers. It is expected that these regulations will come into force during 2015.

Colombia

Since 1994, the electricity sector in Colombia has allowed private companies to participate in the different types of businesses in the industry chain, with a free market framework for the generation and sale of electricity and a regulated framework for transmission and distribution. The different activities of the electricity sector are governed by the Public Service Code, Law 142 of 1994; and the Electricity Code, Law 143 of 1994. The industry's activities are also governed by the regulations and technical standards issued by the CREG. The wholesale energy market began operating in July 2005, and since that time generating companies must submit price bids and report the quantity of energy available on a daily basis in a competitive environment.

The Colombian Electricity Act regulates the generation, trading, transmission and distribution of electricity. Under the law, any company, domestic or foreign, may undertake any of these activities. New companies, however, must engage exclusively in one of these activities. Trading can be combined with either generation or distribution. The system formed by generation plants, the interconnected grid, regional transmission lines, distribution lines and consumer loads is denominated the SIN. Utility companies are required to ensure continuous and efficient service, facilitate the access of low-income users through subsidies granted by the government, inform users regarding efficient and safe use of services, protect the environment, allow access and interconnection to other public service companies and large customers, cooperate with the authorities in the event of an emergency to prevent damage to users and report to the authority any commercial start-up of operations.

The market includes two types of customers: unregulated and regulated. Unregulated customers can negotiate freely with generation companies, distribution companies, or traders, and must have a minimum consumption of 100 kW or 55,000 kWh per month. Regulated customers must purchase energy through public bids and establish bilateral two-party agreements, which normally last from one to five years.

The market share for generators and traders is limited. The limit for generators is 25.0% of firm energy. Firm energy refers to the maximum electric energy that a generation plant is able to deliver on a continuous basis during a year, in extremely dry conditions; for instance, in the case of the "El Niño" phenomenon. Similarly, a trader may not account for more than 25.0% of the trading activity in the SIN. Limitations on traders take into account international energy sales. Market share is calculated on a monthly basis and traders have up to six months to reduce their share when the limit is exceeded. Such limits are applied to economic groups, including companies that are controlled by, or under common control with, other companies. In addition, generators may not own more than a 25% interest in a distributor, and vice versa. However, this limitation only applies to individual companies and does not preclude cross-ownership by companies of the same corporate group.

A generator, distributor, trader or an integrated company, *i.e.*, a firm combining generation, transmission and distribution activities, cannot own more than 15.0% of the equity in a transmission company if the latter represents more than 2.0% of the national transmission business in terms of revenues. A distribution company can own more than 25.0% of an integrated company's equity if the market share of the integrated company is less than 2% of national generation revenues. Any company created before enactment of Law No. 143 is prohibited from merging with another company created after Law No. 143.

The Ministry of Mines and Energy defines the government's policy for the energy sector. Other government entities which play an important role in the electricity industry include: the Public Utility Superintendency of Colombia, which is in charge of overseeing and inspecting the utility companies; Superintendency of Industry and Commerce which is in charge of evaluating market competency; CREG, which is in charge of regulating the energy and gas sectors; and the UPME, which is in charge of planning the expansion of the generation and transmission network.

CREG is empowered to issue regulations that govern technical and commercial operations and to set charges for regulated activities. CREG's main functions are to establish conditions for gradual deregulation of the electricity sector toward an open and competitive market, approve charges for transmission and distribution networks and charges to regulated customers, establish the methodology for calculating and establishing maximum tariffs for supplying the regulated market, establish regulations for planning and coordination of operations of the SIN and establish technical requirements for quality, reliability and security of supply, and protection of customers' rights.

Generation

The generation sector is organized on a competitive basis with companies selling their generation in the wholesale market at the spot price or under long-term bilateral contracts with other participants, including generators and traders, and unregulated customers at freely negotiated prices. The spot price is the price paid by the participant in the wholesale market for energy dispatched under the direction of the CND. The hourly spot price paid for energy reflects prices offered by generators in the wholesale market and the respective supply and demand conditions.

Generators connected to the SIN may also be awarded "reliability payments" which are a result of the Firm Energy Obligation (OEF) that they provide to the system. The OEF is a commitment on the part of generation companies backed by physical resources capable of producing firm energy during periods of scarcity, such as adverse hydrological conditions. The generator that acquires an OEF will receive a fixed compensation during the commitment period, regardless of whether or not the fulfillment of its obligation is required. To receive reliability payments, generators have to participate in firm energy bids by declaring and certifying their firm energy. Until November 2012, the transition period, under the reliability charge methodology implemented in 2006, the firm energy supply for reliability purposes will be assigned proportionally based on the declared firm energy of each generator. Beyond the transition period, the additional firm energy required by the system will be allocated in public bid auctions. The first auction for this period was held in 2008, and included participation from existing generators as wells as new generation projects. The second auction was held in 2011 for additional energy from 2015 onwards.

Dispatch and Pricing

The purchase and sale of electricity may occur between generators, distributors acting in their capacity as traders, traders (who do not generate or distribute electricity) and unregulated customers. There are no restrictions on new entrants into the market as long as the participants comply with the applicable laws and regulations.

The wholesale market facilitates the sale of excess energy that has not been committed under contracts. In the wholesale market, an hourly spot price for all dispatched units is established based on the offer price of the highest priced generation unit dispatched during the period. The CND receives price bids each day from all the generators participating in the wholesale market. These bids indicate prices and the hourly available capacity for the following day. Based on this information, the CND, guided by an "optimal dispatch" principle (which assumes infinite transmission capacity throughout the network), ranks the generators in merit order based on their offer price, starting with the lowest bid each hour in order to determine the generators that will be dispatched the following day to satisfy expected demand. The price for all generators is set equal to the most expensive generator dispatched in each hourly period under optimal dispatch. This price-ranking system attempts to ensure that national demand and export demand will be satisfied by the lowest cost combination of available generating units in the country. The CND also takes into account the limitations of the network as well as other necessary conditions to satisfy the energy demand expected for the following day, in a safe, reliable and cost-efficient manner.

If a generator delivers less energy than that assigned by the optimal dispatch program, the company is charged the average of the market price and their offer price. Alternatively, those generators that deliver excess energy are credited with the difference. The net value of these restrictions is assigned proportionally to all the traders within the SIN, in accordance with their energy demand. Some generators have initiated legal proceedings arguing that recognized prices do not cover the costs associated with these restrictions.

Export and Import Electricity

Decision CAN 536 of 2002, signed by the countries that participate in the Andean Nations Community (CAN), Colombia, Ecuador, Bolivia and Peru, established the general framework for the subregional interconnection of electric systems and coordinated economic dispatch of the countries.

In this context, in March 2003, the interconnection system between Colombia and Ecuador was inaugurated. In addition, Colombia and Panama are currently under negotiations to promote interconnection between these two countries, through a transmission line that would have approximately 300 to 400 MW of capacity and is expected to enter into operation after 2018.

Transmission

Transmission companies which operate at a minimum of 220 kV make up the National Transmission System (STN). These transmission companies are required to provide access to third parties under equal access conditions and are authorized to collect tariffs for their services. The transmission tariff includes a connection charge that underwrites the cost of operating the facilities and a usage charge, which applies only to traders. CREG guarantees an annual fixed income for transmission companies. Income is determined by the new replacement value of the networks and equipment and the resulting value in bidding processes for the award of new projects for the expansion of the STN. This value is allocated among the traders of the STN in proportion to their energy demand.

The expansion of the STN is conducted according to model expansion plans designed by the UPME and pursuant to bidding processes open to existing and new transmission companies, which are handled by the Ministry of Mines and Energy in accordance with the guidelines set by CREG. Accordingly, the construction, operation and maintenance of new projects is awarded to the company that offers the lowest present value of cash flows needed for carrying out the project. In 2014, CREG issued a draft methodology for the calculation of transmission fees, with the final regulation expected to be issued later in 2015.

Distribution

Distribution is defined as the operation of local networks below 220 kV. Any user may have access to a distribution network for which it pays a connection charge. CREG regulates distribution prices with the goal of permitting distribution companies to recover costs, including the operation, maintenance and capital costs of efficient operation. Distribution charges are set by CREG for each company based on the replacement cost of the existing distribution assets, cost of capital, and operating and maintenance costs which vary based on voltage level.

The current remuneration methodology for distribution was established by the CREG in 2008 which set the weighted average cost of capital at 13.9% before taxes, for assets operating at 34.5 kV or less, and 13.0% before taxes for assets operating above 34.5 kV. CREG also defined a new methodology for the calculation of distribution charges, defining an incentive scheme for administrative, operating and maintenance costs, service quality and energy losses. In 2014, CREG issued a draft methodology for the calculation of distribution charges, with the final regulation expected to be issued later in 2015.

Trading

The retail market is divided into regulated and unregulated customers. Customers in the unregulated market may freely contract for electricity supply directly from a generator or a distributor, acting as traders, or from a pure trader. The unregulated customer market consists of customers with peak demand of more than 0.1 MW or minimum monthly consumption of 55 MWh. Trading is the resale to final customers of electricity purchased in the wholesale market. It may be conducted by generators, distributors or independent agents, which comply with certain requirements. Parties freely agree upon trading prices for unregulated customers.

Trading to regulated customers is subject to the "regulated freedom regime," under which tariffs are set by each trader using a combination of general cost formulae given by the CREG and individual trading costs approved by the CREG for each trader. Since the CREG approves limits on costs, traders in the regulated market may set lower tariffs for economic reasons. Tariffs include, among other things, energy procurement costs, transmission charges, distribution charges and a trading margin. The tariff formula includes a fixed monthly charge and reduction costs of non-technical energy losses. In addition, the CREG allows the traders in the regulated market to choose tariff options to manage tariff increases.

In order to improve the wholesale price formula, the CREG is designing a new energy procurement scheme based on long-term energy bids, known as Organized Regulated Market, or "MOR." The final resolution is expected during the second half of 2015. Another modification in the trading sector is related to the incorporation of an energy derivatives (energy futures) market. In May 2009, Derivex was created by the Colombian stock exchange, the *Bolsa de Valores de Colombia S.A.* and XM. Derivex commenced operations at the end of 2010 and conducts trading of energy derivatives.

Environmental Regulation

Law No. 99 of 1993 provided the framework for environmental regulation and established the Ministry of the Environment as the authority for determining environmental policies. The Ministry of the Environment defines, issues and executes policies and regulations that focus on the recovery, conservation, protection, organization, administration and use of renewable resources. Therefore, the use of natural resources or any impact to them as a result of any activity or project will require the issuance of permits and environmental licenses and the establishment of environmental management plans. The law seeks to prevent environmental damage by entities in the energy sector.

Any entity planning to develop projects or activities relating to generation, interconnection, transmission or distribution of electricity which may result in environmental deterioration, must first obtain an environmental license. Additionally, in accordance with Law No. 99 of 1993, generators which have total installed nominal capacity in excess of 10 MW are required to contribute to the conservation of the environment with compensation. Hydroelectric power plants must pay 6.0% of their energy sales and thermoelectric plants 4.0% of their energy sales. This payment is made monthly to the municipalities and environmental organizations where the facilities are located.

Argentina

The Argentine regulatory framework for the electricity sector is established by Law No. 15,336 of 1960 and Law No. 24,065 of 1992 (together, the "Argentine Electricity Act"). The electricity industry is divided in three business segments: generation, transmission and distribution. Under the Argentine Electricity Act, the federal government created the MEM with four categories of participants: generation companies, transmission companies, distribution companies and large customers.

In Argentina, CAMMESA is responsible for dispatch coordination, the administration of transactions in the MEM and the calculation of spot prices. The market participants possess ownership in CAMMESA as shareholders of 80% of its capital stock and the Secretariat of Energy owns of the remaining 20%. The Ministry of Federal Planning, Public Investment and Services appoints the CAMMESA chairman. The Electricity National Regulatory Agency or "ENRE" (*Ente Nacional Regulador de la Electricidad*), is in charge of regulating public service activities in the electricity sector and imposing jurisdictional decisions.

The Ministry of Federal Planning, Public Investment and Services, through the Secretariat of Energy, is primarily responsible for the implementation of the Argentine Electricity Act. Among the main tasks, the Secretariat regulates system dispatch and activities in the MEM, and grants concessions or authorization for each activity in the electricity sector. The Secretariat of Energy is also responsible for establishing policies in the oil and natural gas sector, which directly impact thermoelectric generators and the electricity sector in general.

In 2002, a public emergency was declared for social, economic, financial and administrative matters through the enactment of Law Nº 25,561. This law established, among others, (i) the pesification of electricity and natural gas distribution and transportation services tariffs, (ii) the prohibition of tariffs indexations, and (iii) the pesification of on-going natural gas and energy purchase agreements. Consequently, the natural gas and energy market was affected.

In this context, the Secretariat of Energy provided that spot prices were to be calculated using the artificially low gas prices, without considering the actual fuel used by generators to generate electricity. This decision created an artificially low marginal cost of energy for the system, which translated into an equally low monomic price. In addition, mechanisms were implemented to repay generators their real generation costs.

At the end of 2006, the Energía Plus Program contract program was created, establishing a new service that can be provided by generators, cogenerators or self-generators, which were not members of the MEM at the date of the publication of the resolution, or whose capacity or generation units were not connected to the system at such date. The purpose of this service was to support the increase in demand from large users with consumption greater than or equal to 300 kW. The provision of Energía Plus Program service requires the execution of a supply contract between the parties at an agreed upon monomic price composed of associated costs and a profit margin. These contracts and the associated costs must be approved by the Ministry of Federal Planning, Public Investment and Services and the profit margin must be determined by the Secretariat of Energy.

In March 2013, the Secretariat of Energy released Resolution 95/2013 which affects the remuneration of the generators which sell its energy in the spot market. This Resolution converted the Argentine electric market towards an "average cost" compensation scheme, increasing revenues of Generators which were not selling their production under the Energía Plus Program scheme or under energy supply contracts with CAMMESA (these generators are out of the scope of Resolution 95). In addition, in May 2014, the Secretary of Energy released Resolution 529/2014, which updates the prices set forth in Resolution 95/2013 and maintains that TermoAndes' units will not be affected.

Generation

The generation sector is organized on a competitive basis, with independent generators selling their output in the spot market. Generation companies, whose capacity was not connected to MEM as of October 2006, can also sell energy to unregulated customers under the Energía Plus Program.

Transmission

Transmission is a public service provided by several companies which have been granted concessions by the federal government. One concessionaire operates and maintains the highest voltage facilities, and eight other concessionaires operate and maintain high and medium voltage facilities, to which generation plants, distribution systems and large customers are connected. International interconnected transmission systems also require concessions granted by the Secretariat of Energy. Transmission companies are authorized to charge tolls for their services.

Distribution

Distribution is a public service provided by companies which have also been granted concessions. Distribution companies have the obligation to make electricity available to end users within a specific concession area, regardless of whether the customer has a contract with the distributor or directly with a generator. Accordingly, these companies have regulated tariffs and are subject to quality of service specifications. Distribution companies may obtain electricity either in the MEM's spot market at a price called the "seasonal price," or in the MEM's term market through private contracts with generators. The seasonal price, defined by the Secretariat of Energy, is the cap for the costs of electricity purchased by distributors and passed through to regulated customers.

MANAGEMENT & EMPLOYEES

Directors and Executive Officers

We are managed by a board of directors, which pursuant to our by-laws is composed of seven regular members and their respective alternate directors, all of whom are elected for a three-year term at the ordinary annual shareholders' meeting. If a vacancy occurs, the board of directors may or may not elect a temporary director to fill the vacancy. Regularly scheduled meetings of the board of directors are held once a month, while extraordinary meetings take place when convened by the chairman or requested by any other director with the approval of the chairman, requested by a majority of the directors or by the SVS. There is no requirement for directors to hold any of our shares, and there is no age limit established for the retirement of directors. The business address of each of our directors is the address of our principal executive offices located at Rosario Norte 532, 19th Floor, Las Condes, Santiago, Chile.

The board of directors appoints the chief executive officer, who becomes responsible for all the obligations inherent to a business agent and for others as provided by law as well as those that the board of directors may expressly establish.

Our directors as of the date of these listing particulars are listed below:

Name	Position	Current position held since
Andrés Gluski	Chairman	2005
José Pablo Arellano	Director	2014
Michael Chilton	Director	2015
Bernerd Da Santos	Director	2015
Arminio Borjas	Director	2009
Iván Díaz-Molina	Director	2009
Radovan Roque Razmilic	Director	2011

Our executive officers as of the date of these listing particulars are listed below:

Name	Position	Current position held since
Luis Felipe Cerón	Chief Executive Officer	2001
Javier Giorgio	VP of Operations	2009
Valerie Barnich	VP of Development	2014
Ricardo Falú	Chief Financial Officer	2015
Luis Knaak	VP of Engineering and Construction	2014
Alberto Zavala	General Counsel	2010
Mariana Soto	VP of Corporate Affairs	2010

Set forth below is a brief biographical description of the directors and executive officers of AES Gener:

Directors

Andrés Gluski was born in 1957. He holds a graduate degree from Wake Forest University and a M.A. and a Ph.D. in Economics from the University of Virginia. In 2005, he was appointed as chairman of our board of directors. Mr. Gluski has been President and CEO of The AES Corporation since 2011. Since 2007, Mr. Gluski has been Executive Vice President and COO of The AES Corporation. Mr. Gluski has also served as Executive Vice President and CFO of EDC, Executive Vice President of Banco de Venezuela (Grupo Santander), Vice President for Santander Investment and Executive Vice President and CFO of CANTV (a subsidiary of GTE). Mr. Gluski has also worked with the International Monetary Fund in the Treasury and South American Departments and served as Director General of the Ministry of Finance of Venezuela. Mr. Gluski is also on the Boards of Cliffs Natural Resources, The Council of Americas, US Spain Council and The Edison Electric Institute.

José Pablo Arellano was born in 1952. He is an economist from the Pontificia Universidad Católica de Chile and holds an M.Sc. and Ph.D. in Economics from Harvard University. He is a former government official, having held a number of positions in the Chilean government and with state owned companies. Mr. Arellano is a Consultant for the World Bank, Banco Interamericano de Desarrollo, International Monetary Fund, United Nations, Inter-American Development Bank, Economic Commission for Latin America and the Caribbean, and United Nations Development Programme. He also serves in the Boards of Banco de Crédito e Inversiones S.A., Plaza S.A. and as senior economist at Corporation for Latin American Studies.

Michael Chilton was born in 1959. He holds a degree in Chemical Engineering from the University of Missouri-Rolla, an M.B.A. from the University of Arkansas at Fayetteville and a J.D. from Kaplan University. Since 2009, Mr. Chilton served in a number of operational roles including Vice President of Operations Support and Vice President and Managing Director for Construction and Engineering. Since November 2014, Mr. Chilton has been the Senior Vice President for Global Engineering and Construction of The AES Corporation. Previously, Mr. Chilton held a range of leadership roles at Kennametal and General Electric.

Bernerd Da Santos was born in 1963. He holds a B.A. in Economics and an M.B.A. from Universidad José María Vargas, Caracas, Venezuela. Mr. Da Santos has served in a number of strategic roles including CFO for the Utilities, Latin America and Africa, group and CFO for AES Global Finance Operations. Since January 2015, Mr. Da Santos has been the Senior Vice President and Chief Operating Officer of The AES Corporation. Previously, Mr. Da Santos held a range of leadership roles at La Electricidad de Caracas. Mr. Da Santos is a member of the AES Brasiliana, AES Tietê S.A., AES Electropaulo Metropolitana Eletricidade de São S.A., and Indianapolis Power and Light Company.

Arminio Borjas was born in 1952. He is an Attorney-at-Law from Universidad Católica Andrés Bello in Caracas, Venezuela. In 2009, he became a member of our board of directors. Currently, Mr. Borjas is the Regional General Counsel for South America at The AES Corporation. Mr. Borjas is also senior partner of law office Mendoza, Palacios, Acedo, Borjas, Páez, Pumar & Cía. He serves as a director of AES Panama, S.A. and of CA La Electricidad de Caracas. Previously, Mr. Borjas has been a representative for Venezuela of the International Bar Association, Venezuelan correspondent for the International Arbitration Law Review and designated Arbitrator by the International Court of Arbitration of Paris.

Iván Díaz-Molina was born in 1961. He holds a B.S. in Civil Engineering from National University of Cordoba, Argentina, and a M.Sc. from Carnegie-Mellon University. In 2009, he became a member of our board of directors. Currently, Mr. Díaz-Molina holds the position of Chairman of the Board of Saesa Group. He is a professor at the Universidad de Los Andes in Santiago, Chile. Previously, Mr. Díaz-Molina was Vice President for South America of PPL Global, LLC, with operations in Chile, Bolivia, Peru, Brazil and El Salvador.

Radovan Roque Razmilic Tomicic was born in 1952. He holds a B.S. in Civil Engineering from Universidad Politécnica Superior de Madrid Escuela de I.C.C. y P. In July 2011, he became a member of our board of directors. Currently, Mr. Razmilic is Chairman of the Board of Inmobiliaria Yugoslava S.A., a real estate company in Chile, and Molinera Azapa S.A., a wheat flour processing company in Chile. He is also a member of the board of directors of various other Chilean companies, including Inmobiliaria SOFOFA S.A., SOFOFA Servicios S.A., Inmobiliaria Estadio Croata S.A., Molinera del Sur S.A., Molinera Coquimbo S.A., Molinera del Norte S.A. and Molinera e Industrial de Azapa S.A. Previously, Mr. Razmilic served as Chairman of the Audit Committee of Enap S.A., and as director of Enap S.A. and B Bosch S.A.

Executive Officers

Luis Felipe Céron was born in 1960. He holds a B.Sc. in Engineering from the Pontificia Universidad Católica de Chile and an M.Sc. in Accounting and Finance from the London School of Economics. With 30 years of professional experience, Mr. Céron has worked in AES Gener and related companies since 1993. He was appointed CEO of AES Gener in 2001. Mr. Céron also serves as Director of Eléctrica Cochrane in Chile, and AES Chivor in Colombia.

Javier Giorgio was born in 1969. Mr. Giorgio holds a degree in Electrical Engineering from the Universidad Tecnológica Nacional in Argentina, and an M.B.A. from the Universidad del CEMA (Centro de Estudios Macroeconómicos de Argentina) in Argentina. Mr. Giorgio has more than 25 years of professional experience and joined AES Gener in 2009. Since then, he has served as Vice President of Operations. He also serves as director of Empresa Eléctrica Angamos S.A. in Chile, AES Tiete S.A. in Brazil and AES Chivor in Colombia.

Valerie Barnich was born in 1971. Ms. Barnich holds an M.Sc. in Business Engineering from the Université Libre de Bruxelles, Belgium. She has 18 years of professional experience. Ms. Barnich joined AES Gener in 2014 as Vice President of Business Development. Before that, she worked as Vice President of Acquisitions, Investments and Financial Advisory for GDF Suez in Chile and in Australia, and in structured finance at ABN AMRO Bank and Bank Boston.

Ricardo Falu was born in 1979. Mr. Falu holds a degree in Public Accounting from the Universidad Nacional de Salta in Salta, Argentina and an M.B.A. (summa cum laude) from the IAE Business School, a Certificate in Management from the Darden Business School and an Advanced Management Diploma from the University of Pennsylvania Wharton School of Business. Since 2003, Mr. Falu held diverse finance positions in several affiliate companies of the AES group in Argentina, Chile, Brazil, Cameroon, Panama, Mexico, El Salvador, the Dominican Republic and Puerto Rico. He has formerly served as CFO for the Mexico Central America and the Caribbean Strategic Business Unit of the AES Group, and has been recently appointed as CFO for AES Gener.

Luis Knaak was born in 1968. Mr. Knaak holds a B.Sc. degree in Mechanical Engineering from the Universidad Técnica Federico Santa María in Chile, a master's degree in Industrial Engineer from the Pontificia Universidad Católica de Valparaíso, and a degree in Management from the Darden School of Business at the University of Virginia. Mr. Knaak has more than 20 years of professional experience. He joined AES Gener in 1993. Since then, he has held various positions in AES Gener and related companies, including Managing Director of AES Global Construction for The AES Corporation and Regional Director of Mexico & Hawaii for AES North America Generation. He was appointed Vice President of Engineering and Construction of AES Gener on April 2014.

Alberto Zavala was born in 1962. He is a lawyer from Pontificia Universidad Católica de Chile. With more than 20 years of professional experience, Mr. Zavala has worked in AES Gener since 2010, when he was appointed General Counsel of AES Gener.

Mariana Soto was born in 1972. She is a lawyer from Universidad de Chile. With more than 15 years of professional experience, Mrs. Soto has worked in AES Gener since 2010, when she was appointed VP of Corporate Affairs of AES Gener.

Audit Committee

As required by the Chilean Corporations Law, as amended by Law No. 19,705 and Law No. 20,382, publicly traded companies with market capitalization of UF1.5 million or more (equivalent to approximately U.S.$58.9 million as of March 31, 2015), and at least 12.5% of their voting shares held by minority shareholders (shareholders with less than 10% of voting shares) must have at least one independent director and a board of directors' committee composed of no less than three board members. We have an independent committee of the board of directors (the "Audit Committee"). In accordance with Chilean law, the Audit Committee is responsible for, among other duties:

- examining the reports prepared by the external auditors, the balance sheet and other financial statements submitted by the administrators or liquidators of the company to the shareholders, and issuing an opinion with respect thereto prior to their presentation to the shareholders for their approval;

- proposing external auditors and rating agencies, as appropriate, to the board of directors, who shall propose them at the respective shareholders' meeting;

- examining the background information concerning related party transactions and producing a report about such transactions to the chairman of the board of directors;

- examining managers', officers' and workers' compensation systems and plans;

- preparing a report regarding their management and performance where they include their principal recommendation to the shareholders;

- inform the board of directors with respect to the importance of hiring independent auditing firm that will perform the services that are not performed by the internal auditors; and

- examining other matters prescribed by the respective by-laws, or entrusted to the Audit Committee by a general shareholders' meeting or the board of directors, if applicable.

The current members of our Audit Committee are Iván Díaz-Molina (President of the Audit Committee and independent director), José Pablo Arellano and Radovan Razmilic.

Compensation of Directors and Officers

In accordance with our bylaws, our board of directors does not receive compensation. During fiscal year 2014, our board of directors did not receive any remuneration or stipend for additional duties or expenses, such as representation, travel or gifts. However, members of our Audit Committee who are not employees of The AES Corporation received fixed monthly remuneration. The board of directors did not incur expenses for advisory services in 2014.

In accordance with Chilean law, at the ordinary shareholders' meeting held on April 30, 2015, the Audit Committee's fees were fixed at UF 160 per month (equivalent to approximately U.S.$ 57,000 and U.S.$60,000 as of March 31, 2015 and 2014, respectively). The total amount of compensation paid to our Audit Committee during fiscal year 2014 was UF 4,800 (equivalent to approximately U.S.$ 195,000). During fiscal year 2014, the Audit Committee used U.S.$ 12, 941 of the annual expense budget of U.S.$ 25,000 approved at the ordinary shareholders' meeting to hire an independent study regarding insurance coverage offered in the local and international markets.

PRINCIPAL SHAREHOLDERS

We are an open stock corporation with shares traded on three stock exchanges: the Santiago Stock Exchange, the Valparaiso Stock Exchange, and the Chilean Electronic Stock Exchange. As of March 31, 2015, shareholders' equity totaled U.S.$2,403.4 million. Our issued capital is divided into 8,400,318,891 shares distributed among 1,510 shareholders as of March 31, 2015.

At the end of the three-month period ended March 31, 2013, Inversiones Cachagua SpA held a 70.7% stake in us. Inversiones Cachagua SpA has direct control of us, has no common voting agreement with other shareholders and is a wholly-owned subsidiary of The AES Corporation, which has approximately 99.9% ownership. The AES Corporation thereby has ultimate control of us.

Principal Shareholders as of March 31, 2015

Name	Shares	Participation
Inversiones Cachagua SpA.........................	5,940,023,140	70.7%
Pension Funds	1,388,701,370	16.5%
Banco de Chile on account of third parties.	253,431,092	3.0%
Banco Itaú on account of investors	180,242,408	2.1%
BTG Pactual Chile S.A. Corredores de Bolsa	112,902,643	1.3%
Banco Santander - JP Morgan....................	77,515,880	0.9%
Banchile Corredores de Bolsa	71,528,130	0.9%
MBI Arbitrage Fund	25,354,460	0.3%
LarrainVial Corredores de Bolsa	23,857,570	0.3%
IM Trust Corredores de Bolsa	22,244,755	0.3%
Total 10 largest shareholders	**8,095,801,448**	**96.4%**
Other shareholders (1,500)......................	**304,517,443**	**3.6%**
Total shareholders....................................	**8,400,318,891**	**100.0%**

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we engage in a variety of transactions with certain of our affiliates, primarily for the purchase, at fair market prices negotiated on an arm's-length basis, of goods or services that may also be provided by other suppliers. See Note 11 to our audited consolidated financial statements.

Title XVI of the Chilean Corporations Law and, in particular, article 147 thereof ("Article 147") require that our transactions with related parties (which include, among others, our directors and executive officers) (i) have an objective to contribute to our corporate interests, (ii) have prices, terms and conditions similar to those customarily prevailing in the market at the time of their approval, and (iii) in certain cases, comply with the following requirements:

1) the directors or executive officers that have an interest or that participate in the transaction must notify our board of directors or the person designated by our board of directors of such participation or interest;

2) the transaction must be pre-approved by the majority of our directors, excluding any interested directors (who nonetheless must make public their opinion regarding the transaction if requested by our board of directors); or, if more than an absolute majority of our directors are interested in the transaction, by all our non-interested directors, or otherwise, by two-thirds of our voting shares;

3) a resolution from our board of directors approving the transaction must be reported to our shareholders at the next shareholders' meeting; and

4) in situations where the transaction is to be approved by our shareholders, our board of directors must designate at least one independent appraiser to report the terms of the transaction to our shareholders, its effects and its potential impact on us. Within five business days from the date on which the last independent appraiser report is delivered, our directors are themselves required to inform our shareholders whether the related party transaction contributes to our corporate interest.

Transactions for an amount considered not relevant according to the Chilean Corporation Law; transactions in the ordinary course of business of the company that comply with general and customary policies approved by the board of directors of the company; and transactions with entities in which the company has at least 95% of the property, shall not be required to comply with all the above mentioned proceedings.

The related parties that violate Article 147 are liable for losses resulting from such violations. Violation of Article 147 may result in administrative or criminal sanctions, and civil liability may be sought by the Company, shareholders or interested third parties that suffer losses as a result of such violations. These transactions are also examined by the Audit Committee. We believe that we have complied with the requirements of Title XVI of the Chilean Corporations Act in all transactions with related parties.

For information concerning these transactions, see note 13 to our audited consolidated financial statements included elsewhere in these listing particulars.

DESCRIPTION OF THE NOTES

The notes were issued under an indenture dated as of July 14, 2015 (the "Indenture") among us, Citibank, N.A., as trustee (the "Trustee"), registrar, transfer agent and paying agent, and Banque Internationale à Luxembourg S.A., as Luxembourg paying agent and transfer agent. The following description of certain provisions of the notes and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the terms and conditions of the notes and the Indenture. Copies of the Indenture are available at the Issuer's principal executive offices, as well as at the offices of the Trustee in New York City and, for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

In this section of the listing particulars, the term "Issuer" refers only to AES Gener S.A., an open stock corporation (*sociedad anónima abierta*) incorporated under the laws of the Republic of Chile, excluding its subsidiaries. As used herein, the term "Holder" means the person in whose name a note is registered in the register for the notes (the "Register"). You will find definitions of certain other capitalized terms used in this section under "—Certain Definitions."

General

The Issuer initially issued notes in an aggregate principal amount of US$425,000,000. The Issuer may, without notice to or the consent of the Holders, issue additional notes of the same series under the Indenture on the same terms and conditions (except for the Issue Date, issue price and first payment date) as the notes being offered hereby in an unlimited aggregate principal amount (the "Additional Notes"); provided, however, that unless such Additional Notes are issued under a separate CUSIP number, such Additional Notes must be fungible with the notes for U.S. federal income tax purposes. The notes and the Additional Notes, if any, will be treated as a single series for all purposes under the Indenture, including waivers and amendments. Unless the context otherwise requires, in this section, references to the notes include any Additional Notes actually issued.

The notes will mature on July 14, 2025. The notes will accrue interest at a rate of 5.000% per year. Interest on the notes will be payable semi-annually in arrears on January 14 and July 14 of each year, commencing on January 14, 2016 (each, an "Interest Payment Date"). Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Ranking

The notes will be senior unsecured and unsubordinated obligations of the Issuer and will, at all times, rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated debt of the Issuer (except those statutory priorities or obligations preferred by operation of Chilean law, including, without limitation, labor and tax claims).

The notes will be effectively subordinated to the secured debt of the Issuer to the extent of the assets securing such debt. In addition, the notes will be structurally subordinated to all existing and future unsecured and unsubordinated debt and other liabilities (including trade payables) of any subsidiaries of the Issuer. As of March 31, 2015, the Issuer had US$ 3,153.3 million of outstanding debt on a consolidated and nominal basis, of which U.S.$ 1,952.2 million was subsidiary debt. As of the same date, U.S.$ 1,911.0 million of such consolidated debt was secured debt (all held at the subsidiary level).

Payments on the Notes

Payments on the notes may be made at the corporate trust office of the Trustee. Alternatively, the Issuer may choose to pay such amounts by (i) check mailed or delivered to the address of the person entitled thereto at the address appearing in the Register or (ii) wire transfer to an account located in the United States as specified by the person entitled thereto.

By 12:00 noon (New York time), at least one Business Day prior to each due date of principal and/or interest on a note, the Issuer shall deposit with the Trustee or a paying agent, as applicable, a sum sufficient to pay such principal and/or interest. If any payment in respect of a note is due on a date that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding day that is a Business Day, with the same force and effect as if made on the date for such payment, and no interest will accrue for the period from and after such date. "Business Day" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in The City of New York, New York or Santiago, Chile.

Payments of interest will be made to the person in whose name a note is registered at the close of business on December 31 or June 30 (each a "Record Date"), as the case may be, immediately preceding an Interest Payment Date. Notwithstanding the foregoing, any interest which is payable, but which is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") will cease to be payable to the Holder registered on such date, and will be payable, at the election of the Issuer to the person in whose name such note is registered at the close of business on a special record date to be fixed by the Trustee not more than 15 nor less than 10 days prior to the date fixed by the Issuer for payment thereof.

Registrar, Paying Agent and Transfer Agent for the Notes

The Trustee will initially act as registrar, New York paying agent and transfer agent. So long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Issuer will also maintain a paying agent and transfer agent in Luxembourg. The Issuer may change the registrar, paying agents or transfer agents without prior notice to the Holders of the notes, and the Issuer or any of its Subsidiaries may act as registrar, paying agent or transfer agent. Any change in respect of such agents will be published in accordance with "—Notices."

Additional Amounts

All payments of principal, premium, if any, and interest in respect of the notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, levied, collected, withheld or assessed by or within any jurisdiction where the Issuer is incorporated, resident or doing business for tax purposes or any other jurisdiction through which payments are made in respect of the notes or by or within any political subdivision thereof or any authority therein or thereof having power to tax (including, for the avoidance of doubt, any successor jurisdiction pursuant to "—Consolidation, Merger, Sale or Conveyance" below) (each, a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of such Taxes, the Issuer will pay to Holders such additional amounts ("Additional Amounts") as will result in the receipt by each Holder of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts will be payable:

(a) in respect of any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in a Relevant Taxing Jurisdiction) between the Holder or beneficial owner of the note or any payment in respect of such note (or, if the Holder or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder or beneficial owner) and the Relevant Taxing Jurisdiction, other than the mere receipt of payments in respect of the note or the mere acquisition, holding or ownership of such note or beneficial interest or the enforcement of rights thereunder;

(b) in respect of any Taxes that would not have been so withheld or deducted if the note had been presented for payment within 30 days after the Relevant Date (as defined below) to the extent presentation is required (except to the extent that the Holder would have been entitled to Additional Amounts had the note been presented for payment on the last day of such 30-day period);

(c) in respect of any Taxes that would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of the note or any payment in respect of such note to (i) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (ii) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with a Relevant Taxing Jurisdiction; *provided* that such declaration or compliance was required as a precondition to exemption from all or part of such Taxes and the Issuer has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;

(d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(e) in respect of any Taxes that are payable otherwise than by deduction or withholding from payments on the notes;

(f) in respect of any Taxes that would not have been so imposed if the Holder had presented the note for payment (where presentation is required) to another available paying agent of the Issuer;

(g) in respect of any payment to a Holder of a note that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or note, to the extent that a beneficiary or settlor with respect to such fiduciary, a partner of such partnership or the beneficial owner of such payment or note would not have been entitled to the Additional Amounts had such beneficiary, settlor, partner or beneficial owner been the actual Holder of such note;

(h) in respect of any withholding or deduction imposed on a payment required to be made pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the European Council of Economic and Finance Ministers ("ECOFIN") meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive;

(i) in respect of any Taxes imposed pursuant to or in connection with Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code"), as of the Issue Date (or any amended or successor version of such sections), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b)(1) of the Code, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any law or regulation adopted pursuant to any such intergovernmental agreement; or

(j) in respect of any combination of clauses (a) through (i) above.

The Issuer will at all times during the term of the notes, to the extent permitted by law, maintain a paying agent in a European Union jurisdiction which does not impose a withholding tax or deduction on payments in accordance with European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income.

"Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in The City of New York, New York by the Trustee on or prior to such due date, the *date* on which, the full amount having been so received, notice to that effect has been given to the Holders in accordance with the Indenture.

All references to principal, premium, if any, and interest in respect of the notes will be deemed also to refer to any Additional Amounts which may be payable as set forth in the Indenture or in the notes.

Notwithstanding the foregoing, the limitations on the Issuer's obligation to pay Additional Amounts set forth in clause (c) will not apply if the Holder or beneficial owner of a note would not be able to comply with the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (c) without undue hardship.

The Issuer will furnish to the Trustee within 60 days after the date of payment of any taxes documentation reasonably satisfactory to the Trustee evidencing payment of Taxes. Copies of such receipts will be made available to Holders upon written request.

The Issuer will promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of any Relevant Taxing Jurisdiction and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of notes.

Optional Redemption

Make-whole Redemption

At any time prior to April 14, 2025 (three months prior to the maturity date of the notes), the Issuer may redeem the notes, in whole but not in part, at its option, at a redemption price equal to the greater of (1) 100% of the outstanding principal amount of the notes, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 40 basis points, in each case plus accrued and unpaid interest to the date of redemption. In connection with such optional redemption, the following defined terms shall apply:

"*Comparable Treasury Issue*" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

"*Comparable Treasury Price*" means, with respect to the redemption date, (1) the average of four Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers.

"*Reference Treasury Dealer*" means J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Scotia Capital (USA) Inc. or their affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Issuer; *provided* that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m., New York City time, on the third Business Day *preceding such redemption date*.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

At Par Redemption

At any time on or after April 14, 2025 (three months prior to the maturity date of the notes), the Issuer may redeem the notes, in whole or in part, at its option, at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest on the principal amount of the notes being redeemed to the date of redemption.

Tax Redemption

The notes may be redeemed, in whole but not in part, at the Issuer's option, subject to applicable Chilean laws, at a redemption price equal to 100% of the outstanding principal amount of the notes, plus accrued and unpaid interest to the redemption date and any Additional Amounts, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), the Issuer has or will become obligated to pay Additional Amounts in respect of interest received on the notes at a rate of withholding or deduction in excess of 4.0% ("Excess Additional Amounts"), if such change or amendment is announced or occurs (a) with respect to the Issuer, on or after the date of the Indenture or (b) with respect to any successor Person, after the date such successor Person assumes the obligations under the notes, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (including, without limitation, taking reasonable measures to change the paying agent and *provided* that reasonable measures shall not include a change in the jurisdiction of the Issuer); *provided* that no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Excess Additional Amounts, were a payment in respect of the notes then due. Prior to the giving of notice of redemption of notes pursuant to the Indenture, the Issuer will deliver to the Trustee an officer's certificate to the effect that the Issuer is or at the time of the redemption will be entitled to effect such a redemption pursuant to the Indenture, and setting forth in reasonable detail the circumstances giving rise to such right of redemption. The officer's certificate will be accompanied by a written opinion of recognized counsel in the Relevant Taxing Jurisdiction independent of the Issuer to the effect, among other things, that:

(i) the Issuer is, or is expected to become, obligated to pay such Excess Additional Amounts as a result of a change or amendment, as described above; and

(ii) all governmental approvals necessary for the Issuer to effect the redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained.

General

Notice of a redemption must be mailed to each holder of notes and published in accordance with the provisions set out under "—Notices," not less than 30 days nor more than 60 days prior to the redemption date.

On and after any redemption date, interest will cease to accrue on the notes unless the Issuer defaults in the payment of the redemption price.

The Issuer may at any time purchase the notes in the open market or otherwise at any price. Any such purchased notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Covenants

The Indenture provides that the following covenants will be applicable to the Issuer and its Subsidiaries (other than a Project Finance Subsidiary) for so long as any of the notes remains outstanding.

Limitation on Liens

The Issuer covenants and agrees that neither it nor any of its Subsidiaries (other than a Project Finance Subsidiary) will issue, assume or Guarantee any Indebtedness secured by a Lien upon any property or assets of the Issuer or any Subsidiary without effectively providing that the notes (together with, if the Issuer so determines, any other Indebtedness or obligation then existing or thereafter created ranking equally with the notes) shall be secured equally and ratably with (or prior to) such Indebtedness so long as such Indebtedness shall be so secured, except that the foregoing provisions shall not apply to:

(a) Liens in existence as of the date of the Indenture or granted pursuant to an agreement existing on the date of the Indenture;

(b) Liens created solely for the purpose of securing Indebtedness incurred to finance, refinance or refund the purchase price or cost (including the cost of construction, development or improvement) of property or assets acquired by the Issuer or any Subsidiary (individually or together with other Persons) after the date hereof (by purchase, construction or otherwise), including after acquired inventory or other assets, or Liens in favor of Guarantors of obligations or Indebtedness (including the Indebtedness of another Person) representing, or incurred to finance, refinance or refund, any part of such purchase price or cost, *provided* that no such Lien shall extend to or cover any property or assets other than the property or assets so acquired and improvements thereon (other than, in the case of Liens securing Indebtedness incurred to finance construction or improvement costs, any theretofore unimproved real property on which the property so constructed, or the improvement, is located, or any buildings, structures, machinery or other fixtures constituting such property or assets);

(c) Liens which secure only Indebtedness owed by a Subsidiary to the Issuer and/or one or more Subsidiaries or by the Issuer to one or more Subsidiaries;

(d) Liens on any property or assets acquired from a Person which is merged with or into the Issuer or any Subsidiary, or any Liens on the property or assets of any Person or other entity existing at the time such Person or other entity becomes a Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such Person);

(e) any Lien on any property or assets existing at the time of acquisition thereof and which is not created as a result of or in connection with or in anticipation of such acquisition (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such property or assets);

(f) any Lien securing Indebtedness under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction, *provided* that such Indebtedness was entered into in the ordinary course of business and not for speculative purposes or the obtaining of credit;

(g) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith by appropriate proceedings and appropriate provisions, if any, have been established as required by IFRS;

(h) Liens arising solely by operation of law;

(i) Liens created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not only part) of the notes and all other amounts payable under the notes; *provided* that the notes and all other such amounts are fully satisfied promptly after the incurrence of such Indebtedness;

(j) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired and appropriate provisions, if any, have been established as required by IFRS;

(k) Liens created over the shares or interests of Project Finance Subsidiaries;

(l) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business;

(m) minor defects, easements, irregularities, rights-of-way restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning or planning restrictions licenses restrictions on the use of property or imperfections in title that in any such case do not materially interfere with operation of any power generation facility of the Issuer or any such Subsidiary;

(n) Liens in favor of customs and revenue authorities to secure payments of custom duties in connection with the importation of goods or materials incurred in the ordinary course of business; or

(o) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (a) through (n) or of any Indebtedness secured thereby, *provided* that the principal amount of Indebtedness so secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (plus reasonable expenses incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (plus improvements on or additions to such property); *provided further* that, in respect of any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clause (c), such Lien shall only be extended, renewed or replaced, as the case may be, to secure Indebtedness owed by a Subsidiary to the Issuer and/or one or more Subsidiaries or by the Issuer to one or more Subsidiaries.

Notwithstanding the foregoing provisions, the Issuer or any Subsidiary may issue, assume or Guarantee Indebtedness secured by Liens which would otherwise be subject to the foregoing restrictions in an aggregate principal amount which, together with the aggregate outstanding principal amount of all other Indebtedness of the Issuer and its Subsidiaries which would otherwise be subject to the foregoing restrictions (not including Indebtedness permitted to be secured under clauses (a) through (o) above) and the aggregate Value of the Sale and Leaseback Transactions in existence at such time (not including Sale and Leaseback Transactions as to which the Issuer has complied with the restriction set forth in the covenant described under "—Limitation on Sale and Leaseback Transactions") does not at the time of issuance, assumption, or Guarantee thereof exceed 15% of Consolidated Net Tangible Assets.

Liens required by any contract or statute in order to permit the Issuer or a Subsidiary to perform any contract or subcontract made by it with or at the request of a governmental entity or any department, agency or instrumentality thereof, or to secure partial, progress, advance or any other payments to the Issuer or any Subsidiary by a governmental entity or any department, agency or instrumentality thereof pursuant to the provisions of any contract or statute shall not be deemed to create Indebtedness secured by Liens.

Limitation on Sale and Leaseback Transactions

The Issuer covenants and agrees that neither the Issuer nor any of its Subsidiaries (other than a Project Finance Subsidiary) will enter into any Sale and Leaseback Transaction unless either:

(a) the Issuer or such Subsidiary would be entitled pursuant to the provisions of the covenant described above under "—Limitation on Liens" to incur Indebtedness (in a principal amount equal to or exceeding the Value of such Sale and Leaseback Transaction) secured by a Lien; or

(b) the Issuer, during or immediately after the expiration of four months after the effective date of such Sale and Leaseback Transaction (whether made by the Issuer or a Subsidiary), applies to the voluntary retirement of Funded Debt an amount equal to the Value of such Sale and Leaseback Transaction, less an amount equal to the sum of: (i) the principal amount of notes delivered, within such four-month period, to the Trustee for retirement and cancellation, and (ii) the principal amount of other Funded Debt voluntarily retired by the Issuer within such four month period, in each case excluding retirements of notes and other Funded Debt as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions or by payment at maturity.

Consolidation, Merger, Sale or Conveyance

The Issuer will not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless (i) the successor Person will be a Person existing under the laws of the United States (or any State thereof or the District of Columbia) or Chile and will assume, by a supplemental indenture (to be executed solely by such Person), the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) in respect of all the outstanding notes and the performance of every covenant in the Indenture on the part of the Issuer to be performed or observed; (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, will have happened and be continuing; and (iii) the Issuer will have delivered to the Trustee an officer's certificate and opinion of counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger conveyance or transfer (other than a lease), such successor entity will succeed to and be substituted for the Issuer as obligor on the notes, with the same effect as if it had been named in the Indenture as such obligor.

Reporting Requirements

The Issuer will furnish to the Holders and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In addition, the Issuer will furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to Holders:

(1) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Issuer, copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants; and

(2) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third fiscal quarters of the Issuer, and 75 calendar days after the end of the second fiscal quarter of the Issuer, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Issuer and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant quarterly period.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of the covenants contained in the Indenture (as to which the Trustee will be entitled to conclusively rely upon an officer's certificate).

Events of Default

The Indenture will provide that the following events constitute "Events of Default" with respect to the notes:

(i) default in the payment of the principal or premium, if any, in respect of any note, at maturity, upon redemption or otherwise;

(ii) default in the payment of interest or Additional Amounts in respect of the notes if such default continues for 30 days after any such interest or Additional Amount becomes due;

(iii) failure to observe or perform any covenant or agreement contained in the notes or the Indenture (other than a payment default referred to in clause (i) or (ii) above), and such failure continues for 60 days after notice to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the outstanding notes, specifying such failure and requiring it to be remedied and stating that such notice constitutes a notice of default under the Indenture;

(iv) the Issuer or any of its Subsidiaries (other than an Excluded Subsidiary) fails to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Indebtedness in excess, individually or in the aggregate, of US$40.0 million (or the equivalent thereof in other currencies), if such failure continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended;

(v) one or more final and non-appealable judgments or decrees for the payment of money in excess of US$40.0 million (or the equivalent thereof in other currencies) in the aggregate are rendered against the Issuer or any of its Subsidiaries (other than an Excluded Subsidiary) and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged; *provided* that such judgment or decree shall only be considered an Event of Default if the Issuer or any of its Subsidiaries (other than an Excluded Subsidiary) (a) has been notified of enforcement proceedings commenced by any creditor and such judgment or decree is not dismissed within 30 days following commencement of such enforcement proceedings; and (b) fails to contest such enforcement proceedings within 60 days from the time that such Issuer or Subsidiary (other than an Excluded Subsidiary) receives notice thereof;

(vi) a decree or order by a court having jurisdiction has been entered adjudging the Issuer or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Issuer or any of its Significant Subsidiaries and such decree or order continues undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Issuer or any of its Significant Subsidiaries, has been entered, and such decree or order continues undischarged and unstayed for a period of 60 days; *provided* that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Issuer or another Significant Subsidiary of the Issuer; or

(vii) the Issuer or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property.

If an Event of Default specified in clause (vi) or (vii) above occurs, the maturity of all outstanding notes will automatically be accelerated and the principal amount of the notes, together with accrued interest thereon, will be immediately due and payable. If any other Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the notes then outstanding may, by written notice to the Issuer (and to the Trustee if given by Holders), declare the principal amount of the notes, together with accrued interest thereon, immediately due and payable. The right of the Holders to give such acceleration notice will terminate if the event giving rise to such right has been cured before such right is exercised. Any such declaration may be annulled and rescinded by written notice from the Holders of a majority of the aggregate principal amount of the notes then outstanding to the Issuer if all amounts then due with respect to the applicable notes are paid (other than amount due solely because of such declaration) and all other defaults with respect to the notes are cured and all amounts owed to the Trustee are paid.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case the Issuer fails to comply with its obligations under the Indenture or the notes and such failure is continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security or indemnity satisfactory to it. The Holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, to the extent such action does not conflict with the provisions of the Indenture or applicable law.

No Holder of any note will have any right to institute any proceeding with respect to the Indenture or the notes or for any remedy thereunder, unless such Holder has previously given to the Trustee written notice of a continuing Event of Default and unless also the Holders of at least 25% in aggregate principal amount of the outstanding notes have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee, such Holder or Holders have offered to the Trustee security or indemnity satisfactory to it, the Trustee for 60 days after receipt of such notice has failed to institute any such proceeding and no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding notes. However, such limitations do not apply to a suit individually instituted by a Holder of a note for enforcement of payment of principal, premium, if any, and interest in respect of such note on or after respective due dates expressed in such note.

So long as certain conditions are met, the Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the Trustee and the Issuer may waive an existing Event of Default and its consequences except (i) an Event of Default in the payment of the principal of or interest on a note or (ii) an Event of Default in respect of a provision that cannot be amended without the consent of each Holder affected. When an Event of

Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have its obligations with respect to outstanding notes discharged ("Legal Defeasance"). If the Issuer exercises its legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect thereto. Such Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments of the principal, premium, if any, and interest in respect of the notes when such payments are due;

(2) the Issuer's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Issuer's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations released with respect to the covenants described under "Covenants—Limitation on Liens," "Covenants— Limitation on Sale and Leaseback Transactions" and "Covenants—Reporting Requirements" and the covenant default and cross-acceleration provisions described under "Events of default" ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a default or Event of Default with respect to the notes.

In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal, premium, if any, and interest (including Additional Amounts) in respect of the notes on the stated date for payment thereof;

(2) in the case of Legal Defeasance, the Issuer will have delivered to the Trustee an opinion of counsel from counsel in the United States reasonably acceptable to the Trustee and independent of the Issuer to the effect that (subject to customary exceptions and exclusions):

(a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(b) since the date of issuance of the notes, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will state that, the beneficial owners of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer will have delivered to the Trustee an opinion of counsel from counsel in the United States reasonably acceptable to the Trustee and independent of the Issuer (subject to customary exceptions and exclusions) to the effect that the beneficial owners of the notes will not

recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Issuer will have delivered to the Trustee, an opinion of counsel from counsel in Chile reasonably acceptable to the Trustee and independent of the Issuer (subject to customary exceptions and exclusions) to the effect that, based upon Chilean law then in effect, beneficial owners of the notes will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;

(5) no Event of Default, or event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing with respect to the notes, including with respect to certain events of bankruptcy or insolvency, at any time during the period ending on the 121st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(6) the Issuer has delivered to the Trustee an officer's certificate and an opinion of counsel from counsel reasonably acceptable to the Trustee and independent of the Issuer (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(7) the Issuer has delivered to the Trustee opinions of counsel from U.S. and Chilean counsel reasonably acceptable to the Trustee and independent of the Issuer (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder or the Trustee is deemed to be an "insider" of the Issuer under the U.S. Bankruptcy Code and any equivalent law of Chile) to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law of Chile.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest in respect of the notes to the date of deposit, together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment;

(2) the Issuer has paid all other sums payable under the Indenture and the notes by it; and

(3) the Issuer has delivered to the Trustee an officer's certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Notices

All notices will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to Holders of the notes at their registered addresses as recorded in the Register. In addition, so long as the notes are listed on the Luxembourg Stock Exchange and the rules of the exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be "*Luxemburger Wort.*" If such publication is not practicable, notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice will be deemed to have been delivered on the date of first publication. Any notice to Holders may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Amendments and Waivers

From time to time, the Issuer and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture and the notes for certain specified purposes, including, among other things:

- to cure any ambiguity, defect or inconsistency contained therein or to make any other change that does not adversely affect the rights of any Holder in any material respect;
- to provide for the assumption by a successor Person of the obligations of the Issuer under the Indenture;
- to add to the covenants of the Issuer for the benefit of the Holders or surrender any right or power conferred upon the Issuer;
- to provide for the issuance of additional notes in accordance with the Indenture;
- to evidence the replacement of the Trustee as provided for under the Indenture; or
- to conform the text of the Indenture or the notes to any provision of this "Description of the Notes."

Modification and amendments to the Indenture or to the terms and conditions of the notes may be made, and future compliance therewith or past default by the Issuer (other than a default in the payment of any amount, including in connection with a redemption, due on the notes or in respect of covenant or provision which cannot be modified and amended without the consent of the Holders of all notes so affected) may be waived, with the written consent (including consents obtained in connection with a tender offer or exchange offer for the notes) of the Holders of at least a majority in aggregate principal amount of outstanding notes; or by the adoption of resolutions at a meeting of Holders of the notes by the Holders of at least a majority of the outstanding notes *provided* that, no such modification or amendment to the Indenture or to the terms and conditions of the notes may, without the consent or the affirmative vote of each Holder of each note so affected:

- change the interest rate with respect to any note or reduce the principal amount of any note, or change the time for such payments;
- modify the obligation to pay Additional Amounts;
- change the prices at which the notes may be redeemed by the Issuer, or change the time at which any note may be redeemed;
- change the currency in which, or change the required place at which, payment on principal, premium, if any, and interest with respect to the notes is payable;
- impair the right to institute suit for the enforcement of any payment obligation on or with respect to any note; or
- reduce the above-stated percentage of principal amount of outstanding notes whose Holders are required to consent to modify or amend the Indenture or the terms or conditions of the notes or to waive any future compliance or past default; and

provided, *further*, that in connection with any modification, amendment or supplement, the Issuer has delivered to the Trustee an opinion of counsel and an officer's certificate, each stating, that such modification, amendment or supplement complies with the applicable provisions of the Indenture.

Listing

In the event that the notes are listed as anticipated on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Issuer will use its reasonable best efforts to maintain such listing; *provided* that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive or other directives or legislation, the Issuer could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Issuer would otherwise use to prepare its published financial information, the Issuer may delist the notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Issuer's board of directors may decide.

Governing Law, Consent to Jurisdiction, Currency Conversion and Service of Process

The Indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

The Issuer has consented to the non-exclusive jurisdiction of the New York State and U.S. federal courts located in the Borough of Manhattan, The City of New York with respect to any action that may be brought in connection with the Indenture or the notes and has irrevocably appointed Corporation Service Company located at 1180 Avenue of the Americas, Suite 210, New York, New York 10036 as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the holder of a note from U.S. dollars into another currency, the Issuer has agreed, and each Holder by holding such note will be deemed to have agreed, to the fullest extent that the Issuer and they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such Holder could purchase

U.S. dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

The Issuer's obligation in respect of any sum payable by it to a Holder will, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by the Holder of a note of any sum adjudged to be so due in the judgment currency, the Holder of such note may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the Holder in the judgment currency (determined in the manner set forth in the preceding paragraph), the Issuer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Holder of such note against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to such Holder, such Holder agrees to remit to the Issuer such excess, *provided* that such Holder will have no obligation to remit any such excess as long as the Issuer has failed to pay such Holder any obligations due and payable under such note, in which case such excess may be applied to the Issuer's obligations under such note in accordance with the terms thereof.

Claims against the Issuer for the payment of principal, premium, if any, or interest on the notes must be made within six years from the due date for payment thereof. However, under Chilean law, such claims may be required to be made within four years from the due date for payment thereof.

Enforceability of Judgments

The Issuer is incorporated in Chile, as an open stock corporation, and all of its operating assets are outside the United States. Accordingly, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, and interest, Additional Amounts and any purchase price with respect to the notes, may not be collectable within the United States. See "Enforcement of Foreign Judgments."

Waiver of Immunity

To the extent that the Issuer or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Issuer, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, New York State or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Issuer, or any other matter under or arising out of or in connection with, the notes or the Indenture, the Issuer irrevocably and unconditionally waives or will waive such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

Form, Denomination and Title

The notes will be issued in registered form, without interest coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of notes, but the Issuer or Trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The notes will be represented by a Restricted Global Note (as defined below) and a Regulation S Global Note (as defined below) (each sometimes referred to herein as a "Global Note" and together sometimes referred to herein as the "Global Notes").

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (the "Restricted Global Note") and will be deposited with the Trustee as custodian for DTC and registered in the name of DTC or its nominee.

Notes sold outside the United States in reliance on Regulation S of the Securities Act will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (the "Regulation S Global Note") and will be deposited with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee.

The Restricted Global Note and Regulation S Global Note will be subject to certain restrictions on transfer and will bear a legend to that effect as described under "Transfer Restrictions."

Transfers of a note or beneficial interest therein to a person who takes delivery in the form of a Restricted Global Note may be made only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transfers of a note or beneficial interest therein to a person who takes delivery in the form of a Regulation S Global Note may be made only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rules 903 and 904 of Regulation S.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

The Issuer will initially appoint the Trustee at its office in New York City specified herein as registrar and New York paying agent and transfer agent for the notes. In such capacities, the Trustee will be responsible for, among other things, (i) maintaining a record of the aggregate holdings of notes represented by the Global Notes and accepting notes for exchange and registration of transfer, (ii) ensuring that payments of principal, premium, if any, and interest in respect of the notes received by the Trustee from the Issuer are duly paid to DTC or its nominee and (iii) transmitting to the Issuer any notices from noteholders.

Global Notes

Upon the issuance of a Restricted Global Note and a Regulation S Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

Investors may hold their interests in a Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

Payments of the principal, premium, if any, and interest in respect of notes represented by a Global Note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Note representing such notes. None of the Issuer, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, and interest in respect of a Global Note representing any notes held by it or its nominee, will immediately credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by DTC Participants to owners of beneficial interests in such Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some jurisdictions require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the notes described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in Regulation S Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a Global Note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of notes (including, without limitation, the presentation of notes for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the Global Notes for notes in certificated form, which it will distribute to DTC Participants. See "—Certificated Notes."

DTC has advised the Issuer as follows: DTC will act as the depositary for the notes. The notes will be issued as fully registered senior notes registered in the name of Cede & Co., which is DTC's partnership nominee. Fully registered Global Notes will be issued for the notes, in the aggregate principal amount of the issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants' accounts, thereby eliminating the need for physical movement of notes certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the notes, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all Global Notes representing the notes which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Global Notes representing the notes; DTC's records reflect only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the notes. Under its usual procedure, DTC mails an omnibus proxy to the Issuer as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depositary with respect to the notes at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificated notes are required to be printed and delivered. See "—Certificated Notes."

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depositary. In that event, certificated notes will be printed and delivered. See "— Certificated Notes."

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither the Trustee nor the Issuer will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depositary for the reasons set forth under "— Global Notes" above and a successor depositary is not appointed by the Issuer within 90 days, the Issuer elects to discontinue use of the system of book-entry transfers through DTC or a successor securities depository, or an Event of Default has occurred and is continuing with respect to the notes, then, upon surrender by DTC of the Global Notes, the Issuer will issue individual definitive notes in certificated form, having the same terms and conditions and which will have the same aggregate principal amount, in registered form in exchange for Regulation S Global Notes and Restricted Global Notes, as the case may be. Upon any exchange for certificated notes, the certificated notes will be registered in the names of the beneficial owners of the Global Notes representing the notes, which names will be provided by DTC's relevant participants (as identified by DTC) to the Trustee.

The Holder of a certificated note may transfer such note by surrendering it at the office or agency maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the Trustee. Upon the transfer, exchange or replacement of certificated notes bearing the legend, or upon specific request for removal of the legend on a certificated note, the Issuer will deliver only certificated notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Trustee nor the registrar or any transfer agent will be required to register the transfer of or exchange certificated notes for a period from the Record Date to the due date for any payment of principal of, or interest on, the notes or register the transfer of or exchange any notes for 15 days prior to selection for redemption through the date of redemption.

Prior to presentment of a note for registration of transfer (including a Global Note), the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name such note is registered as the owner or Holder of such note for the purpose of receiving payment of principal or interest on such note and for all other purposes whatsoever, whether or not such note is overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee will be affected by notice to the contrary.

Replacement of Notes

In the event that any note becomes mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and, upon the Issuer's request, the Trustee will authenticate and deliver a new note, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such note, in exchange and substitution for such note (upon surrender and cancellation thereof) or in lieu of and substitution for such note. In the event that such note is destroyed, lost or stolen, the applicant for a substitute note will furnish to the Issuer and the Trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such note, the applicant will also furnish to the Issuer and the Trustee satisfactory evidence of the destruction, loss or theft of such note and of the ownership thereof. Upon the issuance of any substituted note, the Issuer may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

Trustee

Citibank, N.A. is the Trustee under the Indenture. The Issuer may have normal banking relationships with the Trustee and its affiliates in the ordinary course of business. The address of the Trustee is 388 Greenwich Street, 14th Floor, New York, NY 10013, Attention: Citibank Agency & Trust, AES Gener S.A.

The Indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any Holder of notes are subject to such immunities and rights as are set forth in the Indenture.

The Trustee and any of its affiliates may hold notes in their own respective names.

Certain Definitions

The following is a summary of certain defined terms used in the Indenture. Reference is made to the Indenture for the complete definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

For purposes of the following definitions, all calculations and determinations will be made in accordance with IFRS and will be based upon the consolidated financial statements of the Issuer and its subsidiaries.

"*Attributable Debt*" in respect of a Sale and Lease-Back Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Lease-Back Transaction (including any period for which such lease has been extended).

"*Board of Directors*" means, with respect to any Person, the board of directors of such Person or any committee thereof duly authorized to act on behalf of the Board of Directors of such Person.

"*Capital Stock*" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with IFRS; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Consolidated Net Tangible Assets*" means the total of all assets (including revaluations thereof as a result of commercial appraisals, price-level restatement or otherwise) appearing on a consolidated balance sheet of the Issuer and its Subsidiaries, net of all applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets (which term shall not be construed to include such revaluations), less the aggregate of the current liabilities of the Issuer and its Subsidiaries appearing on such balance sheet (excluding the current portion of long-term debt).

"*Currency Agreement*" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or

(3) is redeemable at the option of the holder thereof, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the notes.

"*Excluded Subsidiaries*" means (a) any Project Finance Subsidiary, (b) Sociedad Eléctrica Santiago S.A., and (c) Gener Argentina S.A. and its subsidiaries.

"*Funded Debt*" means Indebtedness of the Issuer (including the notes) maturing by the terms thereof more than one year after the original creation thereof.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of any Person: (A) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or (B) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*IFRS*" means International Financial Reporting Standards as issued by the International Accounting Standards Board, or other accounting standards generally accepted in Chile, as required by the SVS for Chilean public companies, in each case as in effect from time to time.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(2) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except trade payables and contingent obligations to pay earn-outs), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(5) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) all indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such indebtedness is assumed by such Person; *provided* that the amount of Indebtedness of such Person shall be the lesser of: (a) the fair market value of such asset at such date of determination and (b) the amount of such indebtedness of such other Persons;

(8) to the extent not otherwise included in this definition, Hedging Obligations and Regulated Customer Revenue Hedges of such Person to the extent that such Hedging Obligations and Regulated Customer Revenue Hedges appear as a liability on the balance sheet of such Person, prepared in accordance with IFRS; and

(9) all obligations of the type referred to in clauses (1) through (8) above of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, Guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is a party or a beneficiary.

"*Issue Date*" means July 14, 2015.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Project Finance Subsidiary*" means Empresa Eléctrica Ventanas S.A., Empresa Eléctrica Angamos S.A., Empresa Eléctrica Cochrane SpA, Alto Maipo SpA, Empresa Eléctrica Guacolda S.A. and any other Subsidiary designated as such by the Issuer's Board of Directors, and their respective successors or assignees, which is a special purpose vehicle established to construct, operate and develop new specific projects for which financing has been structured under a "project finance" arrangement, *provided* that any such Subsidiary shall be a Project Finance Subsidiary only to the extent that and for so long as any "project finance" type financing for such Subsidiary remains outstanding. The Issuer's Board of Directors may revoke the designation of a Project Finance Subsidiary at any time and give notice to the Trustee in writing within 30 days following the adoption of a resolution by the Issuer's Board of Directors approving such revocation and, as of the date of such resolution, such Subsidiary shall cease to be a Project Finance Subsidiary for purposes of the Indenture.

"*Regulated Customer Revenue Hedge*" means any agreement into which the Issuer and/or its Subsidiaries may enter in order to mitigate the foreign exchange risk of sales to regulated customers in Chile and sales to unregulated customers in Chile where prices are linked to regulated prices, in each case through the establishment of a fixed exchange rate for peso-denominated revenues invoiced each month in a six-month period during which the regulated customer tariff remains unchanged in peso-denominated terms, unless modified by the relevant regulatory authority in Chile in accordance with applicable regulations.

"*Sale and Leaseback Transaction*" means any arrangement with any person (other than the Issuer or a Subsidiary), or to which any such person is a party, providing for the leasing to the Issuer or a Subsidiary for a period of more than three years of any property or assets which has been or is to be sold or transferred by the Issuer or such Subsidiary to such person or to any other person (other than the Issuer or a Subsidiary) to which funds have been or are to be advanced by such person on the security of the leased property or assets.

"*SEC*" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act.

"*Significant Subsidiary*" means a Subsidiary of the Issuer (other than an Excluded Subsidiary) which would be a "significant subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC in effect on the date of the Indenture, assuming the Issuer is the registrant referred to in such definition.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including, with respect to any principal amount which is then due and payable pursuant to any mandatory redemption provision, the date specified for the payment thereof (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"*Subsidiary*" means any corporation or other business entity of which the Issuer owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not Capital Stock or other ownership interests or any other class or classes have or might have voting power upon the occurrence of any contingency).

"*SVS*" means the Chilean Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros*).

"*Value*" shall mean, with respect to a Sale and Leaseback Transaction, as of any particular time, the amount equal to the greater of: (1) the net proceeds of the sale or transfer of the property leased pursuant to such Sale and Leaseback Transaction or (2) the fair value in the opinion of the Board of Directors of the Issuer or the relevant Subsidiary of such property at the time of entering into such Sale and Leaseback Transaction, in either case divided first by the number of full years of the term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

TAXATION

General

This section summarizes the principal Chilean tax and U.S. federal income tax considerations relating to the purchase, ownership and disposition of the notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase the notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Chile. There is a signed tax treaty on the subject of double taxation between Chile and the United States. The tax treaty will be in force once it is approved by the Chilean Congress and the United States Congress and may apply to income generated in either Chile or the United States by a resident of either country. There can be no assurance that the treaty will be ratified by either country. The following summary assumes that there is no applicable income tax treaty in effect between the United States and Chile.

This summary is based on the tax laws of Chile and the United States as in effect on the date of these listing particulars, as well as regulations, rulings and decisions of Chile and the United States available on or before that date and now in effect. Those laws, rules, regulations and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary.

Prospective purchasers of the notes should consult their own tax advisors as to the Chilean, U.S. or other tax consequences of the purchase, ownership and disposition of the notes. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Chilean Taxation Considerations

The following is a general summary of the material consequences under Chilean tax law, as currently in effect, of an investment in the notes made by a Foreign Holder (as defined below). It is based on the tax laws of Chile as in effect on the date of these listing particulars, as well as regulations, rulings and decisions of Chile available on or before such date and now in effect. All of the foregoing is subject to change. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law or international tax treaty. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax law may not be applied retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively. For purposes of this summary, the term "Foreign Holder" means either (i) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she has remained in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive fiscal years and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one's family to Chile)); or (ii) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile.

Payments of interest or premium.

Under the Chilean Income Tax Law (*Ley de Impuesto a la Renta*), payments of interest or premium, if any, made to a Foreign Holder in respect of the Notes will generally be subject to a Chilean withholding tax currently at the rate of 4%. However, interest, premiums, remuneration for services, financial expenses and any other contractual surcharges paid, credited to an account or made available to entities related to us in respect of loans or liabilities (e.g. notes) during the year in which the indebtedness is considered to be excessive, are subject to a single tax of 35% that will be applied to us separately, to the extent paid to entities related to us. The 4% withholding tax already paid can be used as a credit against the applicable 35% single tax. Our indebtedness will be considered to be excessive when at the end of the corresponding fiscal year we have a "total annual indebtedness" with entities incorporated, domiciled, residing or established whether in a foreign country or in Chile, either related or not to us, that exceeds three times our equity, as calculated for Chilean tax purposes. Consequently, interest or premium paid to entities related to us with respect to debt that exceeds this excessive indebtedness ratio will be subject to a 35% tax rate.

Under the excessive indebtedness rules, a lender or creditor, such as a holder of the notes, will be deemed to be related to the payor or debtor, if: (i) the beneficiary (*i.e.,* lender or creditor) is incorporated, domiciled, resident or established in one of the countries contained in the list referred to in section 41 D of the Chilean Income Tax Law (harmful preferential tax regimes and tax havens published by the Organization for Economic Co-Operation and Development and qualified as such by the Chilean Ministry of Finance); or (ii) the beneficiary (*i.e.,* lender or creditor) is incorporated, domiciled, resident or established in one of the territories or jurisdictions listed in section 41 H of the Chilean Income Tax Law (harmful preferential tax regimes, as defined in the same section 41 H); or (iii) the beneficiary (*i.e.,* lender or creditor) or debtor belongs to the same corporate group, or directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other or if lender and debtor have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of both, and that beneficiary is incorporated, domiciled, resident or established outside Chile; or (iv) the debt is guaranteed directly or indirectly by a third party , unless they are not related to the debtor and such third party guarantees the obligations for a fee determined under market conditions; or (v) it refers to securities placed and acquired by independent entities and that are subsequently acquired or transferred to a related entity according to prior numbers (i) to (iv). The debtor will be required to issue a sworn statement in this regard in the form set forth by the Chilean tax authorities.

We have agreed, subject to specific exceptions and limitations, to pay to the Foreign Holders of the notes certain additional amounts in respect of the Chilean withholding taxes mentioned above in order that the interest and/or premium, if any, the Foreign Holder receives, net of such taxes, equals the amount which would have been received by such Foreign Holder in the absence of such withholding taxes. See "Description of the Notes—Additional amounts."

Payments of principal

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by us with respect to the notes. Any other payment to be made by us (other than interest, premium or principal on the notes and except for some special exceptions granted by Chilean law and tax treaties subscribed by Chile and currently in force) will be subject to up to 35% withholding tax.

Capital gains

The Chilean Income Tax Law provides that a Foreign Holder is subject to income tax on its Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale or disposition of, or other transactions in connection with, assets or goods located in Chile.

Notes and other private or public securities issued in Chile by taxpayers domiciled, resident or established in Chile will be deemed to be located in Chile. Based on this, a capital gain obtained by a Foreign Holder arising from the sale of notes issued in Chile by an entity domiciled in Chile would be taxed in Chile, given that it will be considered Chilean source income, thus, since the notes are issued outside of Chile, any capital gain realized by a Foreign Holder on the sale or other disposition of notes issued abroad will not be subject to Chilean income taxes.

Gift and Inheritance Tax

A Foreign Holder (other than a Chilean national) will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless notes held by a Foreign Holder are either deemed located in Chile at the time of such Foreign Holder's death, or, if the notes are not deemed located in Chile at the time of a Foreign Holder's death, if such notes were purchased or acquired with cash obtained from Chilean sources. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

Stamp Tax

The issuance of the notes is subject to stamp tax at a rate of 0.4% of the aggregate principal amount of the notes, which will be payable by us. If the stamp tax is not paid when due, the Chilean law imposes inflation adjustments, interests and penalties. Interest payments that are deferred may be subject to stamp tax if such interests are deemed capitalized according to Chilean law. In addition, until such tax (and any penalty) is paid, Chilean courts will not enforce any action based on the notes.

U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of acquiring, owning and disposing of the notes. Except where otherwise noted, this discussion applies only to U.S. Holders (as defined below) of notes that purchase the notes at the initial issue price indicated on the cover of these listing particulars and that hold the notes as "capital assets" (generally, property held for investment). This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by the Internal Revenue Service (the "IRS") and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. It is expected, and, therefore, this discussion assumes, that the notes will not be issued with more than a de minimis amount (as set forth in the applicable U.S. Treasury regulations) of original issue discount for U.S. federal income tax purposes.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular holder and holders are urged to consult their own tax advisors regarding their specific tax situations. The discussion does not address the tax consequences that may be relevant to holders subject to special tax rules, including, for example:

- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect the mark-to-market method of accounting with respect to their securities holdings;
- banks or other financial institutions;
- partnerships or other pass-through entities for U.S. federal income tax purposes;
- U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. expatriates; or
- holders that hold the notes as part of a hedge, straddle, conversion or other integrated transaction.

Further, this discussion does not address the U.S. federal estate and gift tax, or alternative minimum tax consequences, or the Medicare tax on net investment income, or any state, local and non-U.S. tax consequences of acquiring, owning and disposing of the notes.

As used herein, the term "U.S. Holder" means a beneficial owner of the notes that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under current U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences of acquiring, owning and disposing of the notes.

Stated Interest

Stated interest paid to a U.S. Holder on a note, including any amount withheld in respect of any taxes and any additional amounts, will be includible in such U.S. Holder's gross income as ordinary interest income at the time such payments are received or accrued in accordance with such U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes. In addition, interest on the notes will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the notes. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including a redemption) of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid stated interest which will be taxable as ordinary income to the extent not previously included in gross income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to the U.S. Holder. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Any gain or loss realized on the sale, exchange or other taxable disposition of a note generally will be treated as U.S. source gain or loss, as the case may be. If any gain from the sale, exchange or other taxable disposition of notes is subject to foreign income tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S. source income) unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements generally apply to payments of principal of, and interest on, a note and to proceeds of the sale or redemption of a note, to U.S. Holders. Information reporting generally will apply to payments of principal of, and interest on, notes (including additional amounts, if any), and to proceeds from the sale or redemption of notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding will be required on payments made within the United States, or by a U.S. payor or U.S. middleman, on a note to a U.S. Holder, other than an exempt recipient, if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. A holder of notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

In addition, certain U.S. Holders who are individuals are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this reporting obligation on their ownership and disposition of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

European Union Directive on the Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, each member state of the European Union (each an "*EU Member State*") is required to provide to the tax or other relevant authorities of another EU Member State details of payments of interest or other similar income made by a person within its jurisdiction to an individual or certain other types of person resident in that other EU Member State; however, for a transitional period, Austria and Luxembourg have instead opted to apply a withholding system in relation to such payments, deducting tax at the current rate of 35%, unless during that period they elect otherwise. The transitional period is to terminate following agreement by certain non EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as of January 1, 2015 and will provide details of payments of interest or other similar income as of that date. A number of non EU countries, and certain dependent or associated territories of certain EU Member States, have agreed to adopt similar measures (either provision of information or transitional withholding).

The European Commission has published proposals for amendments to the Directive, which, if implemented, would amend and broaden the scope of the requirements above.

PLAN OF DISTRIBUTION

J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Scotia Capital (USA) Inc. are acting as global coordinators and joint book-running managers for the offering and as representatives of the initial purchasers, Mizuho Securities USA Inc. and SMBC Nikko Securities America, Inc. are acting as joint book-running managers for the offering and IM Trust International S.A. is acting as co-manager for this offering. Subject to the terms and conditions stated in the purchase agreement dated the date of these listing particulars, each initial purchaser named below has severally agreed to purchase, and we have agreed to sell to that initial purchaser, the principal amount of the notes set forth opposite the initial purchaser's name below.

Initial Purchaser	Principal Amount of Notes
J.P. Morgan Securities LLC	U.S.$123,772,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$123,772,000
Scotia Capital (USA) Inc.	U.S.$123,772,000
Mizuho Securities USA Inc.	U.S.$21,474,000
SMBC Nikko Securities America, Inc.	U.S.$21,474,000
IM Trust International S.A.	U.S.$10,736,000*
Total	**U.S.$425,000,000**

*Includes Regulation S notes only.

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. The initial purchasers may offer and sell the notes through any of their affiliates.

We have been advised that the initial purchasers propose to resell the notes at the offering price set forth on the cover page of these listing particulars within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. The price at which the notes are offered may be changed at any time without notice. In connection with the initial resale of the notes by the initial purchasers, the offering by the initial purchasers is subject to receipt and acceptance of, and subject to the initial purchasers' right to reject, any order in whole or in part.

The notes have not been and will not be registered under the Securities Act or any applicable U.S. federal or state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

We have agreed that, during the period beginning on the date of the purchase agreement and continuing to the date that is 30 days after the closing of the offering, we will not, without the prior written consent of the representatives of the initial purchasers, offer, sell or contract to sell, or otherwise dispose of, except as provided in the purchase agreement, any securities issued or guaranteed by us that are substantially similar to the notes. The representatives of the initial purchasers, in their sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice.

The notes will constitute a new class of securities with no established trading market. Application has been made to list the notes on the Euro MTF Market of the Luxembourg Stock Exchange. However, we cannot assure you that the prices at which the notes will sell in the market after the offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after the offering. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the notes.

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases. Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering. Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the initial purchasers and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and reimbursement of expenses.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. If any of the initial purchasers or their affiliates have a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. In particular, affiliates of Scotia Capital (USA) Inc. and SMBC Nikko Securities America, Inc. are currently lenders under the existing Ventanas Credit Facility, with an outstanding in the aggregate principal amount of approximately U.S.$42.0 million as of March 31, 2015. Because affiliates of Scotia Capital (USA) Inc. and SMBC Nikko Securities America, Inc. will receive a portion of the proceeds from this offering (in excess of any underwriting discount), Scotia Capital (USA) Inc. and SMBC Nikko Securities America, Inc. may be deemed to have a “conflict of interest” with us.

We have agreed to indemnify the several initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

IM Trust International S.A., one of the initial purchasers, is not a broker-dealer registered with the SEC and will only make sales of notes outside of the United States to certain non U.S. persons in offshore transactions in reliance upon Regulation S under the Securities Act.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area, no offer of notes which are the subject of the offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives of the initial purchasers (the "Representatives") for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to in (a) to (c) above shall result in a requirement for the Company or any Representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

These listing particulars has been prepared on the basis that any offer of notes in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Member State of notes which are the subject of the offering contemplated in these listing particulars may only do so in circumstances in which no obligation arises for the Company or any of the Representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the Representatives have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the Representatives to publish a prospectus for such offer.

For the purpose of this provision, the expression an "offer of notes to the public" in relation to any notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in the each Member State.

The sellers of the notes have not authorized and do not authorize the making of any offer of notes through any financial intermediary on their behalf, other than offers made by the initial purchasers with a view to the final placement of the notes as contemplated in these listing particulars. Accordingly, no purchaser of the notes, other than the initial purchasers, is authorized to make any further offer of the notes on behalf of the sellers or the initial purchasers.

The above selling restriction is in addition to any other selling restriction set out below.

Notice to Prospective Investors in Peru

The notes and the information contained in these listing particulars are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the notes and therefore, the disclosure obligations set forth therein will not be applicable to us or the sellers of the notes before or after their acquisition by prospective investors. The notes and the information contained in these listing particulars have not been and will not be reviewed, confirmed, approved or in any way submitted to the SMV nor have they been registered under the Peruvian Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

The notes may be registered with the Foreign Investment and Derivatives Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the Peruvian Superintendency of Banks, Insurance and Private Pension Funds Administrators (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to make the notes eligible for investment by Peruvian Private Pension Funds Administrators.

The notes may not be offered or sold in Peru except in compliance with the securities law thereof.

Notice to Prospective Investors in the United Kingdom

These listing particulars is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to(d) of the Order (each such person being referred to as a "relevant person"). Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither these listing particulars nor any other offering material relating to the notes described in these listing particulars has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither these listing particulars nor any other offering material relating to the notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code *monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code *monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes offered in these listing particulars have not been registered under the Financial Instruments and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

These listing particulars has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, these listing particulars and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:

  - to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

  - where no consideration is or will be given for the transfer; or

  - where the transfer is by operation of law.

Notice to Prospective Investors in Switzerland

The notes may not and will not be publicly offered, distributed or redistributed on a professional basis in or from Switzerland only on the basis of a non-public offering, and neither these listing particulars nor any other solicitation for investments in our securities may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of articles 652a or 1156 of the Swiss Federal Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. These listing particulars may not be copied, reproduced, distributed or passed on to others without the initial purchasers' prior written consent. These listing particulars is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of

Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and these listing particulars may not comply with the information required under the relevant listing rules. The notes have not been and will not be approved by any Swiss regulatory authority. The notes have not been and will not be registered with or supervised by the Swiss Federal Banking Commission, and have not been and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on investment Funds of March 18, 1994 does not extend to acquirers of the notes.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the Chilean Securities Market Law) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS, the notes may be privately offered in Chile to certain "qualified investors" identified as such by SVS Rule 336 (which in turn are further described in Rule N°. 216, dated June 12, 2008, of the SVS).

SVS Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: July 2, 2015. The offer of the notes is subject Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile* or "SVS").

2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS, due to the notes not being subject to the oversight of the SVS.

3. Since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile.

4. The notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the SVS.

Información a los Inversionistas Chilenos

De conformidad con la ley N° 18.045, de mercado de valores y la Norma de Carácter General N° 336 (la "NCG 336"), de 27 de junio de 2012, de la Superintendencia de Valores y Seguros de Chile (la "SVS"), los bonos pueden ser ofrecidos privadamente a ciertos "inversionistas calificados", a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N° 216, de 12 de junio de 2008, de la SVS.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

1. La oferta de los bonos comienza el 2 de Julio de 2015, y se encuentra acogida a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la SVS.

2. La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de esa Superintendencia.

3. Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos.

4. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgments, representations to and agreements with us and the initial purchasers:

1. You acknowledge that:

   - the notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

   - unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

   - you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A; or

   - you are not a United States person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a United States person, other than a distributor, and you are purchasing notes in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained in these listing particulars. You represent that you are relying only on these listing particulars in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions of and request information from us.

4. You represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing notes, and each subsequent holder of the notes by its acceptance of the notes will agree, that until the end of the Resale Restriction Period (as defined below), the notes may be offered, sold or otherwise transferred only:

   (a) to us;

   (b) in the case of Regulation S notes, under a registration statement that has been declared or becomes effective under the Securities Act;

   (c) for so long as the notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(c) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; or

(d) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A notes) or 40 days (in the case of Regulation S notes) after the later of the closing date and the last date that we or any of our affiliates was the owner of the notes or any predecessor of the notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

- we and the trustee reserve the right to require in connection with any offer, sale or other transfer of notes under clause (d) or (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee;

- each Rule 144A note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED NOTES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED OR BECOME EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIES INSTITUTIONAL BUYER TO WHOM NOTICE IF GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FORM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF ANY OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY OT EACH OF THEM, THIS LEGEND WILL BE REMOVED ONLY AT THE OPTION OF THE ISSUER.

- each Regulation S note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTIONS EXEMPT FORM, OR NOT SUBJECT TO, SUCH REGISTRATION, THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED NOTES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT

HAS BEEN DECLARED OR BECOME EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED ONLY AT THE OPTION OF THE ISSUER.

5. You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

6. Each purchaser represents and covenants that it is not, and is not acquiring the notes with the assets of, or for or on behalf of, any employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended) or other arrangement that is subject to ERISA or Section 4975 of the Code (a "Plan") or any entity whose underlying assets are of a Plan pursuant to 29 C.F.R. Section 2510.3-101 or otherwise, except to the extent that the acquisition of the notes:

   (a) (i) is made with the assets of a bank collective investment fund and (ii) satisfies the applicable requirements and conditions of Prohibited Transaction Class Exemptions 91-38 issued by the Department of Labor;

   (b) (i) is made with the assets of an insurance company pooled separate account and (ii) satisfies the applicable requirements and conditions of Prohibited Transaction Class Exemption 90-1 issued by the Department of Labor;

   (c) (i) is made with the assets managed by a qualified professional asset manager and (ii) satisfies the applicable requirements and conditions of Prohibited Transaction Class Exemption 84-14 issued by the Department of Labor;

   (d) is made with the assets of a governmental plan (as defined in Section 3(32) of ERISA) which is not subject to the provisions of Section 401 of the Code;

   (e) (i) is made with the assets of an insurance company general account and (ii) satisfies the applicable requirements and conditions of Prohibited Transaction Class Exemption 95-60 issued by the Department of Labor; and/or

   (f) (i) is made with the assets managed by an in-house asset manager and (ii) satisfies the applicable requirements and conditions of Prohibited Transaction Class Exemption 96-23 issued by the Department of Labor.

7. Each purchaser represents that it will give to each person to whom it transfers these notes notice of the restrictions on the transfer of the notes.

8. Each purchaser that is acquiring notes pursuant to Regulation S under the Securities Act represents that it is not acquiring the notes with a view to the resale, distribution or other disposition thereof to a U.S. person or in the United States.

LEGAL MATTERS

Certain legal matters with respect to U.S. law and New York law and the issuance of the notes offered hereby will be passed upon for us by Shearman & Sterling LLP as our U.S. legal counsel. Certain legal matters with respect to Chilean law will be passed upon for us by Claro & Cia. as our Chilean legal counsel. Certain legal matters with respect to U.S. law and New York law and the issuance of the notes offered hereby will be passed upon for the initial purchasers by Davis Polk & Wardwell LLP as their U.S. legal counsel. Certain legal matters with respect to Chilean law will be passed upon for the initial purchasers by Morales & Besa Limitada, Abogados as their Chilean legal counsel.

INDEPENDENT AUDITORS

The consolidated financial statements of AES Gener as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in these listing particulars, have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesorías Ltda. ("EY Ltda."), independent auditors, as stated in the report appearing herein.

LISTING AND GENERAL INFORMATION

1. The issuance of the notes has been authorized by resolution of our board of directors, dated June 17, 2015.

2. Except as disclosed in these listing particulars, there are no litigation or arbitration proceedings against or affecting AES Gener or any of its respective assets, nor is AES Gener aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the notes.

3. Except as disclosed in these listing particulars, there has been no adverse change or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of AES Gener since March 31, 2015 that is material in the context of the issuance of the notes.

4. For so long as any of the notes remain outstanding, copies of the following documents will be obtainable and available during normal business hours at the offices of the Luxembourg Paying Agent and AES Gener's principal office, at the addresses listed on the last page of these listing particulars:

- the indenture and the by-laws of AES Gener; and
- the latest published annual audited consolidated financial statements and quarterly interim unaudited consolidated financial statements of AES Gener.

5. We were established on June 19, 1981 under the laws of the Republic of Chile and was registered with the Registry of Commerce of Santiago on page No. 13,107 under No. 7,274 of the year 1981. In accordance with Article 3 of our bylaws, our duration will be indefinite.

6. The Restricted Global notes and the Regulation S Global notes have been accepted for clearance and settlement through DTC, Clearstream, Luxembourg and Euroclear. The Restricted Global notes have been assigned ISIN No. US00105DAE58, CUSIP No. 00105D AE5 and Common Code 124912059. The Regulation S Global notes have been assigned ISIN No. USP0607LAB91, CUSIP No. P0607L AB9 and Common Code 124911826.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AES Gener S.A. and Subsidiaries

As of March 31, 2015 and December 31, 2014 and for the three-month periods ended March 31, 2015 and 2014

This document includes the following sections:

- **Interim Consolidated Statements of Financial Position**
- **Interim Consolidated Statements of Comprehensive Income**
- **Interim Consolidated Statements of Changes in Equity**
- **Interim Consolidated Statements of Cash Flows**
- **Notes to the Interim Consolidated Financial Statements**

AES Gener S.A. and Subsidiaries

Interim Consolidated Statements of Financial Position

As of March 31, 2015 and December 31, 2014

(in thousands of United States dollars)

		As of	
ASSETS	**Note**	**March 31, 2015 (Unaudited)**	**December 31, 2014 (Audited)**
		ThUS$	**ThUS$**
Cash and Cash Equivalents	8	285,811	228,691
Other Current Financial Assets	9	15,387	7,205
Other Current Non-Financial Assets	11	10,063	18,359
Trade and Other Receivables	12	445,879	384,596
Related Party Receivables	13	10,539	3,631
Inventory	14	117,183	116,820
Taxes Receivable	14	38,347	43,794
Assets Held for Sale		2,418	-
Total Current Assets		**925,627**	**803,096**
Other Non-Current Financial Assets	9	41,522	39,429
Other Non-Current Non-Financial Assets	11	43,738	38,367
Trade and Other Receivables	12	57,453	50,632
Investments in Associates	16	350,674	343,502
Intangible Assets	17	50,699	53,308
Goodwill	17	7,309	7,309
Property, Plant and Equipment	18	5,627,414	5,432,043
Deferred Taxes	19	86,340	69,211
Total Non-Current Assets		**6,265,149**	**6,033,801**
TOTAL ASSETS		**7,190,776**	**6,836,897**

AES Gener S.A. and Subsidiaries
Interim Consolidated Statements of Financial Position (continued)
As of March 31, 2015 and December 31, 2014
(in thousands of United States dollars)

		As of	
LIABILITIES AND EQUITY	**Note**	**March 31, 2015 (Unaudited)**	**December 31, 2014 (Audited)**
		ThUS$	**ThUS$**
Other Current Financial Liabilities	20	127,542	103,533
Trade and Other Payables	21	424,784	495,432
Related Party Payables	13	34,767	28,256
Provisions	22	3,849	3,541
Taxes Payable	15	45,753	40,451
Employee Benefits	23	1,864	2,684
Other Current Non-Financial Liabilities	24	25,159	36,952
Total Current Liabilities		**663,718**	**710,849**
Other Non-Current Financial Liabilities	20	3,202,989	2,869,307
Trade and Other Payables	21	66,644	46,223
Non-Current Related Party Payables	13	160,033	158,169
Provisions	22	122,382	120,741
Deferred Taxes	19	526,089	522,001
Employee Benefits	23	34,769	34,320
Other Non-Current Non-Financial Liabilities	24	10,786	10,928
Total Non-Current Liabilities		**4,123,692**	**3,761,689**
TOTAL LIABILITIES		**4,787,410**	**4,472,538**
Issued Capital	25	2,052,076	2,052,076
Retained Earnings	25	409,433	358,103
Share Premium		49,864	49,864
Other Components of Equity	25	265,630	265,392
Accumulated Other Comprehensive Income	25	(471,363)	(412,883)
Equity Attributable to Owners of the Parent		**2,305,640**	**2,312,552**
Non-Controlling Interest		97,726	51,807
Total Equity		**2,403,366**	**2,364,359**
TOTAL LIABILITIES AND EQUITY		**7,190,776**	**6,836,897**

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2015 and 2014
(in thousands of United States dollars, except as noted)

STATEMENT OF COMPREHENSIVE INCOME	Note	March 31, 2015	March 31, 2014
		ThUS$	ThUS$
Operating Revenue	26	532,535	559,034
Cost of Sales	27	(401,410)	(463,680)
Gross Profit		**131,125**	**95,354**
Other Operating Income		852	823
Administrative Expenses	27	(28,988)	(24,302)
Other Operating Expenses	27	(824)	(281)
Other Gains (Losses)	28	335	(302)
Finance Income	29	2,844	2,776
Finance Expense	29	(32,394)	(37,965)
Participation in Earnings of Associates	16	8,030	22,500
Foreign Currency Exchange Differences	29	(7,758)	(25,553)
Income before Taxes		**73,222**	**33,050**
Income Tax Expense	30	(24,947)	(12,150)
Net Income		**48,275**	**20,900**
Loss Attributable to Non-Controlling Interests		(3,055)	(2,401)
Income Attributable to Shareholders of the Parent		51,330	23,301
Net Income		**48,275**	**20,900**
Earnings per Share (Presented in US$)			
Basic and Diluted Earnings per Share from Continuing Operations	31	0.006	0.003

STATEMENT OF COMPREHENSIVE INCOME (Continued)	March 31, 2015	March 31, 2014
	ThUS$	ThUS$
Net Income	48,275	20,900
Other Comprehensive Income before Taxes		
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods:		
Loss from Foreign Currency Translation Adjustments	(33,072)	(7,884)
Movements for Cash Flow Hedges	(55,731)	(90,523)
Other Comprehensive Income from Associates accounted for under Equity Method	(857)	(356)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:		
Actuarial Losses on Defined Benefit Plans, before Taxes		
Actuarial Gains (Losses) on Defined Benefit Plans, before Taxes	(100)	-
Other Comprehensive Income (Loss) before Taxes	**(89,660)**	**(98,763)**
Income Tax Related to Cash Flow Hedges	15,045	18,099
Income Tax Related to Defined Benefit Plans	35	(438)
OTHER COMPREHENSIVE INCOME (LOSS), NET	**(74,680)**	**(81,102)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**(26,405)**	**(60,202)**
Comprehensive Income (Loss) Attributable to Non-Controlling Interest	(19,255)	(29,586)
Comprehensive Income (Loss) Attributable to Owners of the Parent	(7,150)	(30,616)
Total Comprehensive Income (Loss)	**(26,405)**	**(60,202)**

AES Gener and Subsidiaries

Interim Unaudited Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2015 and 2014

(in thousands of United States dollars)

Statement of Changes in Equity	Issued Capital	Share Premium	Other Components of Equity	Accumulated Other Comprehensive Income: Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Defined Benefit Plan Reserve	Other Various Reserves	Total Other Comprehensive Income
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening Balance (01/01/2015)............	2,052,076	49,864	265,392	(54,438)	(200,601)	(10,956)	(146,888)	(412,883)
Changes in Equity:								
Net Income	-	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)...	-	-	-	(33,072)	(25,343)	(65)	-	(58,480)
Issued Capital	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Increases (Decreases) for Transfers and Other Changes	-	-	238	-	-	-	-	-
Total Changes in Equity....................	**-**	**-**	**238**	**(33,072)**	**(25,343)**	**(65)**	**-**	**(58,480)**
Ending Balance (03/31/2015).............	**2,052,076**	**49,864**	**265,630**	**(87,510)**	**(225,944)**	**(11,021)**	**(146,888)**	**(471,363)**

Statement of Changes in Equity	Issued Capital	Share Premium	Other Components of Equity	Accumulated Other Comprehensive Income: Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Defined Benefit Plan Reserve	Other Various Reserves	Total Other Comprehensive Income
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening Balance (01/01/2014)............	1,901,720	49,908	264,095	31,261	(87,059)	(7,499)	(146,888)	(210,185)
Changes in Equity:								
Net Income	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	(7,884)	(45,595)	(438)	-	(53,917)
Issued Capital	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Increases (Decreases) for Transfers and Other Changes	-	-	267	-	-	-	-	-
Total Changes in Equity....................	**-**	**-**	**267**	**(7,884)**	**(45,595)**	**(438)**	**-**	**(53,917)**
Ending Balance (03/31/2014).............	**1,901,720**	**49,908**	**264,362**	**23,377**	**(132,654)**	**(7,937)**	**(146,888)**	**(264,102)**

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2015 and 2014
(in thousands of United States dollars)

Statement of Cash Flows	2015	2014
	ThUS$	ThUS$
Cash Flows Provided by (Used in) Operating Activities		
Classes of receipts from Operating Activities:		
Receipts from Sales of Goods and Services	654,787	649,882
Other Receipts from Operating Activities	4,473	16,621
Classes of payments:		
Payments to Suppliers for Goods and Services	(507,562)	(517,542)
Payments to Employees	(20,761)	(8,802)
Other Payments for Operating Activities	(21,027)	(14,953)
Dividends Paid	-	-
Dividends Received	-	736
Interest Paid	(17,574)	(28,197)
Interest Received	590	2,437
Income Taxes Paid	(6,706)	(20,076)
Other Cash Outflows	(5,773)	(11,341)
Net Cash Flows Provided by Operating Activities	**80,447**	**68,765**
Cash Flows Provided by (Used in) Investing Activities		
Purchases of Property, Plant and Equipment	(407,101)	(170,765)
Purchases of Intangible Assets	(288)	(197)
Proceeds from Sales of Property, Plant and Equipment	1	3
Other Investing Inflows (Outflows)	31,148	(1,345)
Net Cash Flows Used in Investing Activities	**(376,240)**	**(172,304)**
Cash Flows Provided by (Used in) Financing Activities		
Proceeds from Share Issuance	65,200	1,800
Proceeds from Long-Term Borrowings	297,047	127,894
Loan Payments	-	(148,701)
Payment of Finance Lease Obligations	(524)	(575)
Other Financing Outflows	(4,531)	(59,763)
Net Cash Flows Provided by (Used in) Financing Activities	**357,192**	**(79,345)**
Net Cash and Cash Equivalents Increase (Decrease)	61,399	(182,884)
Net Foreign Exchange Differences	(4,279)	(1,811)
Cash and Cash Equivalents at the Beginning of Period	228,691	707,516
Cash and Cash Equivalents at the End of Period	**285,811**	**522,821**

Index to the Notes to the Consolidated Financial Statements of AES Gener S.A. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

AES Gener S.A. (www.aesgener.cl) (hereinafter “the Company”, “the Group”, “AES Gener” or “Gener”) was formed by public deed on June 19, 1981, signed before Santiago Public Notary Mr, Patricio Zaldívar Mackenna. Its corporate name at that time was Compañía Chilena de Generación Eléctrica S.A. (Chilectra Generación S.A.). Its bylaws were approved by the Chilean Superintendency of Securities and Insurance ("SVS") in resolution No. 410-S on July 17, 1981, published in Official Bulletin No. 31,023 on July 23, 1981. The Company is registered in the Commercial Registry of the Santiago Real Estate Registrar, on page 13,107, number 7,274 of 1981.

Gener is a publicly-held corporation dedicated primarily to electricity generation. Its role is to efficiently, safely and sustainably supply electricity, while fulfilling commitments with customers, shareholders, employees, communities, suppliers, regulators and other persons and groups with which it interacts.

The Company operates in the Central Interconnected Grid (SIC) through the following power plants: four run-off-the-river hydroelectric power plants, two coal-fired thermoelectric power plants, three diesel-fueled gas turbines and one cogeneration power plants, all of which belong directly to Gener; a natural gas and/or diesel combined-cycle power plant and three diesel power plants belonging to its subsidiary Sociedad Eléctrica Santiago S.A. (“ESSA”); two coal-fired thermoelectric power plants belonging to its subsidiaries Empresa Eléctrica Ventanas S.A. (“EEVSA” or “Ventanas”) and Empresa Eléctrica Campiche S.A. (“Campiche”); and a coal-fired thermoelectric power plant belonging to its associate Empresa Eléctrica Guacolda S.A. (“Guacolda”).

The Company also provides energy to the Northern Interconnected Grid (SING), through two coal-fired thermoelectric power plants belonging to Gener and Empresa Eléctrica Angamos S.A. (“Angamos”).

To address opportunities offered by the Chilean market, Gener is in the process of building a new coal-fired power plant, Cochrane the 532 MW project, and a solar facility with photovoltaic panels of 21 MW in the SING. In the SIC, the Company is building a thermal project, Guacolda V, 152 MW owned by its associate Guacolda and a run-off-the-river hydroelectric project, Alto Maipo with 531 MW.

In addition to its participation in the Chilean market, Gener produces electricity in Argentina and Colombia through its subsidiaries TermoAndes S.A. (“TermoAndes”) and AES Chivor & Cía., S.C.A. E.S.P. (“Chivor”), respectively.

In Colombia, the Company is in the process of building the 20MW Tunjita run-off-the-river hydroelectric power plant.

Gener has other projects under development for which it has received approval of the related environmental impact studies.

Gener’s commercial office is located at 532 Rosario Norte Street, floors 18-20, Las Condes, Santiago, Chile

The Company is controlled by AES Corporation through its subsidiary Inversiones Cachagua Ltda., with an equity interest of 70.71% As of March 31, 2015.

These consolidated financial statements were approved by the Board of Directors on May 6, 2015.

NOTE 2 – BASIS OF PREPARATION

These interim consolidated financial statements, as of and for the year ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

These interim consolidated financial statements of AES Gener S.A. and subsidiaries include the Consolidated Statements of Financial Position as of March 31, 2015 and December 31, 2014, and the corresponding Statements of Comprehensive Income, Changes in Equity and Cash Flows (prepared using the direct method) for the three-month periods ended March 31, 2015 and 2014, and their related notes.

The preparation of these interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

An asset or liability is considered current when it is expected to be realized, sold or consumed during the Company's normal operating cycle, is maintained for commercialization or is expected to be realized within 12 months following the reporting date.

The information contained in these consolidated financial statements is the responsibility of the management of AES Gener.

As of the date of these consolidated financial statements, the following accounting standards have been issued by the IASB whose application was not yet mandatory, and as such they will be applied as of the dates described below:

New, Revised and Amended Standards	Date of Mandatory Application
New Standards	
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14: Regulatory Deferral Accounts	January 1, 2018
IFRS 15: Revenue from Contracts with Customers	January 1, 2017
Amendments	
IAS 1: Presentation of Financial Statements	January 1, 2016
IAS 16: Property, Plant and Equipment	January 1, 2016
IAS 19: Employee Benefits	January 1, 2016
IAS 27: Separate Financial Statements	January 1, 2016
IAS 28: Investments in Associates and Joint Ventures	January 1, 2016
IAS 34: Interim Financial Reporting	January 1, 2016
IAS 38: Intangible Assets	January 1, 2016
IFRS 5 : Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
IFRS 7: Financial Instruments: Presentation & Disclosures	January 1, 2016
IFRS 10: Consolidated Financial Statements	January 1, 2016
IFRS 11: Joint Arrangements	January 1, 2016
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2016

NEW STANDARDS

IFRS 9 "Financial Instruments: Classification and Measurement"

This standard introduces new requirements for the classification and measurement of financial assets. It introduces a "more prospective" model of expected credit losses for the recognition of impairment and significantly changed approach to account for hedges. Entities will also have the option to apply profit and loss accounting in advance due to changes in the fair value related to their own risk rating for financial liabilities designated at fair value with changes to net income, without applying the other requirements of IFRS 9. This standard is mandatory for all annual periods starting from January 1, 2018. Early application is permitted.

The Company is still evaluating impacts that future adoption of this new standard may have on its financial statements.

IFRS 14 "Regulatory Deferral Accounts"

This standard was issued in January 2014. IFRS 14 "Regulatory Deferral Accounts" is a new temporary standard that aims to improve the comparison of financial information of entities involved in activities with regulated prices. Many countries have industries subject to price regulation (such as gas, water and electricity), which may have a significant impact on the timing and amount of an entity's revenue. This standard allows first-time adopters of International Financial Reporting Standards to continue to account the amounts related to price regulation according to the requirements of the previous GAAP, but separately.

Entities that have issued financial statements under IFRS are not permitted to apply this new standard. It will be mandatory for all annual periods starting from January 1, 2018. Early application is permitted.

Since the Company is an existing IFRS preparer, this standard would not apply.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and is applicable to all entities that have contractual agreements with customers, except for contracts that are related to leases, financial instruments, or insurance agreements. This standard is part of the IASB and FASB efforts to eliminate differences between IFRS and USGAAP and its objective is to clarify inconsistencies inherent in IAS 18 "Revenue" and provide a new model for recognizing revenue across different companies in different industries and regions. Additionally, this new standard provides guidance on contracts with multiple elements and requires more detailed disclosures. Application of this new standard is mandatory for annual periods beginning or after January 1, 2017. Early adoption is permitted.

The Company is still evaluating impacts that future adoption of this new standard may have on its financial statements.

AMENDMENTS

IAS 19 "Employee Benefits"

The amendments to IAS 19 resulting from the "Annual Improvements cycle 2012–2014" clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Consequently, it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"

IAS 16 and IAS 38 set out the depreciation and amortization basis as the expected consumption of the future economic benefits from an asset. The amendments issued in May 2014 clarify that the use of income based methods for depreciation are not appropriate as the income generated by an operation that include the use of an asset generally reflect factors different of the consumption of the economic benefits included in the asset. The IASB also clarified that revenues normally have an inadequate basis to measure the consumption of the economic benefits of an intangible asset. However, this assumption can be applicable in certain limited circumstances. The amendments are applicable beginning January 1, 2016. Early adoption is permitted.

IFRS 11 "Joint Arrangements"

The amendment of this standard published in May 2014 provides new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. It clarifies the use of IFRS 3 and other standards that do not conflict with IFRS 11 "Joint Arrangements". Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 27 "Separate Financial Statements"

The amendment to IAS 27, issued in August 2014, reincorporate the possibility for entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is required for annual periods beginning January 1, 2016. Early adoption is permitted.

IAS 28 "Investments in Associates and Joint Ventures"

Amendments to IFRS 10 and IAS 28 (2011) address a recognized inconsistency between the requirements of IFRS 10 and IAS 28 (2011) about the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when a transaction involves a business (in a subsidiary or not) a complete loss or profit is accounted for. A partial profit or loss is accounted for when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The amendment is mandatory for annual periods beginning January 1, 2016. Early adoption is permitted.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

As part of the "Annual Improvements cycle 2012–2014" issued in September 2014, this amendment clarifies that changing from one of disposal methods to the other (from sale to distribution or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The IASB clarifies that in these cases the accounting requirements for changes in a sale plan shall not be applicable. The modification is required to be adopted for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 7 "Financial Instruments: Disclosures"

As part of the "Annual Improvements cycle 2012–2014" issued in September 2014, this amendment clarifies that a servicing contract can constitute continuing involvement in an asset transferred for the purposes of the disclosures of financial assets transfers. Normally, this is the case when the administrator has an interest in the future performance of the financial assets transferred as a consequence of such contract. The amendment must be adopted for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 34 "Interim Financial Reporting"

Annual Improvements cycle 2012–2014, issued in September 2014, clarifies that the required disclosure must be either in the interim financial report or indicated with an inclusion of a cross-reference from the interim financial statements and any other report containing it. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 10 "Consolidated Financial Statements, IFRS 12 "Disclosure of Information about Equity Interest in Other Entities", IAS 28 "Investments in Associates and Joint Ventures"

Amendments to IFRS 10, IFRS 12 and IAS 28 introduce minor clarifications about the requirements of the accounting of investment entities. Also, they provide relief under certain circumstances, which in turn reduces the cost of applying these standards. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 1 "Presentation of Financial Statements

In December 2014, the IASB issued the amendments to IAS 1 "Disclosure Initiative" to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgment when applying that Standard. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

The Company is currently in the process of evaluating the initial effects of applying the new standards and amendments.

IMPACT OF APPLYING NEW STANDARDS AND AMENDMENTS IN 2015

The accounting policies adopted in preparing the financial statements are consistent with those used in preparing the Company's annual financial statements for the year ended December 31, 2014., except for the adoption of amendments to certain standards in effect beginning January 1, 2015. Such amendments did not have significant impact on the Company's financial statements.

NOTE 3 – BASIS OF CONSOLIDATION

These consolidated financial statements include the financial information of AES Gener S.A. (the "Parent Company") and its subsidiaries as of March 31, 2015 and December 31, 2014.

The financial statements of the subsidiaries are prepared as of and for the same periods as the Parent Company, consistently applying the same accounting policies.

(a) Subsidiaries

According to IFRS 10, subsidiaries are all entities over which AES Gener S.A. has control. An investor controls an investee when it: (1) has power over the investee, (2) is exposed, or has rights, to variable returns from involvement with the investee, and (3) has the ability to use power over the investee to affect the amount of the investor's returns. It is considered that an investor has control over an investee when the investor has existing rights that give it the current ability to manage the relevant activities, that is, activities significantly affecting the returns on the investee. In the case of the Company, in general, the power over its subsidiaries results from the ownership of majority of the voting rights granted by equity instruments of the subsidiaries.

When the Company holds less than a majority of voting rights over an investee, it has the power over the investee when these voting rights are sufficient to give the Company the ability to direct unilaterally the relevant activities of the investee. The Company considers all facts and circumstances to evaluate if the voting rights over an investee are sufficient to give it power, including:

(a) The size of the investor holding of voting rights relative to the size and dispersion of holding of the other vote holders;

(b) The potential voting rights held by the investor, other vote holders or other parties;

(c) Rights arising from other contractual agreements; and

(d) Any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities in the time that decision need to be made, including voting patterns at previous shareholder's meetings.

The Company will reassess whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements previously mentioned. The consolidation of a subsidiary shall start from the date the investor obtains control of the investee and cease when it loses such control. Particularly, incomes and expenses of a subsidiary acquired or sold during the year are included in the income statement from the date the Company obtains control until the date when it stops controlling the subsidiary.

The purchase method is used to account for acquisitions of subsidiaries. The acquisition cost is the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the date of exchange. All identifiable assets acquired and liabilities and identifiable contingencies assumed in a business combination are initially valued at fair value as of the acquisition date, irrespective of the extent of any non-controlling participation. The excess of the purchase price over the fair value of AES Gener's share of the net identifiable assets acquired is recognized as goodwill. If the purchase price is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in net income.

The detail of the subsidiaries included in the consolidation is as follows:

COMPANY NAME	COUNTRY	FUNCTIONAL CURRENCY	March 31, 2015 DIRECT	INDIRECT	TOTAL	December 31, 2014 TOTAL
NORGENER S.P.A..	CHILE	US$	99.9999	0.0000	99.9999	99.9999
SOCIEDAD ELECTRICA SANTIAGO S.P.A.	CHILE	US$	99.9999	0.0001	100.0000	90.0000
EMPRESA ELECTRICA VENTANAS S.A.	CHILE	US$	0.0001	99.9999	100.0000	100.0000
AES CHIVOR & CIA S.C.A. E.S.P.	COLOMBIA	COL$	0.0000	99.9800	99.9800	99.9800
GENER BLUE WATER	CAYMAN ISLANDS	US$	100.0000	0.0000	100.0000	100.0000
INVERSIONES NUEVA VENTANAS S.P.A.	CHILE	US$	0.0001	99.9999	100.0000	100.0000
INVERSIONES TERMOENERGIA DE CHILE LTDA.	CHILE	US$	0.0000	99.9900	99.9900	99.9900
GENER ARGENTINA S.A.	ARGENTINA	US$	92.0400	7.9600	100.0000	100.0000
TERMOANDES S.A.	ARGENTINA	US$	8.82000	91.1800	100.0000	100.0000
INTERANDES S.A.	ARGENTINA	US$	13.0100	86.9900	100.0000	100.0000
GENERGIA S.A.	CHILE	US$	0.0000	99.9999	99.9999	99.9999
GENERGIA POWER LTD	CAYMAN ISLANDS	US$	100.0000	0.0000	100.0000	100.0000
EMPRESA ELECTRICA ANGAMOS S.A.	CHILE	US$	5.18400	94.8160	100.0000	100.0000
EMPRESA ELECTRICA CAMPICHE S.A.	CHILE	US$	0.0001	99.9999	100.0000	100.0000
ENERGEN S.A.	ARGENTINA	US$	94.0000	6.0000	100.0000	100.0000
AES CHIVOR S.A.	COLOMBIA	COL$	47.5000	51.8800	99.3800	99.3800
EMPRESA ELECTRICA COCHRANE S.P.A. (1).	CHILE	US$	0.0000	60.0000	60.0000	100.0000
ALTO MAIPO S.P.A. (2)	CHILE	US$	0.0000	60.0000	60.0000	100.0000

(1) AES Gener's management assessed the consolidation of Empresa Eléctrica Cochrane S.p.A. using the definition of control established in IFRS 10 and determined, as of the date of these consolidated financial statements, that its control over the entity did not changed during the period covered by this Financial Statements.

For the purposes of these consolidated financial statements, intercompany transactions, balances and unrealized gains on related party transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

(b) Non-Controlling Interest

Non-controlling interest ("NCI") represents the share of net income or net losses and net assets of subsidiaries not fully owned by the Group. Non-controlling interests are presented separately in the Income Statement but included in the equity in the consolidated statement of financial position, separated from the equity attributable to the parent. AES Gener considers transactions with non-controlling interests to be equity transactions. Disposal or acquisitions of non-controlling interests that do not result in a change in control are accounted for as an equity transaction without recognizing gains and/or losses in income. Any difference between the price paid and the corresponding share of the carrying amount of the subsidiary's net assets is recognized in equity as a capital increase or decrease.

Summarized financial information – as of March 31, 2015 and for the three-month period then ended – of subsidiaries that have material non-controlling interests is presented below:

	Proportion of equity interest held by NCI %	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Operating Revenues	Operating Expenses	Net Income (Loss)	Other Comprehensive Income (Loss)
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	40.00%	145,832	964,003	(166,457)	(777,073)	16,096	(16,878)	(3,299)	(17,065)
Alto Maipo S.p.A.	40.00%	65,810	654,088	(64,255)	(577,586)	-	(132)	(4,416)	(23,422)

Accumulated balances of non-controlling interests:	March 31, 2015	December 31, 2014
	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	66,522	3,558
Alto Maipo S.p.A.	31,223	48,267
Other	(19)	(18)
Total	**97,726**	**51,807**

	For the three-months ended March 31,	
Income (Loss) Attributable to Non-Controlling Interests:	2015	2014
	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	(1,320)	(1,045)
Alto Maipo S.p.A.	(1,766)	(1,354)
Other	31	(2)
Total	**(3,055)**	**(2,401)**

	For the three-months ended March 31,	
Comprehensive Income (Loss) Attributable to Non-Controlling Interests:	2015	2014
	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	(8,146)	(9,889)
Alto Maipo S.p.A.	(11,140)	(19,695)
Other	31	(2)
Total	**(19,255)**	**(29,586)**

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Associates

Associates consist of all entities over which AES Gener exercises significant influence but not control, and in which it generally holds between 20% and 50% of the voting rights. Investments in affiliates or associates are accounted for using the equity method and are initially recognized at cost. AES Gener's investments in associates include goodwill identified in the acquisition, net of accumulated impairment losses.

The Group's share of post-acquisition losses or gains ("equity in earnings") of its associates is recognized in the Income Statement and its share of post-acquisition equity movements that do not constitute income are recognized in the corresponding equity reserves (and reflected in the Statement of Other Comprehensive Income). In the event that the Group's share of an associate's losses is equal to or greater than its share in that entity, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of that associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. When necessary, the accounting policies of associates are modified to ensure their uniformity with policies adopted by the Company.

4.2. Operating Segments

Segment information is presented consistently within internal reports provided to the Company's management, who is responsible for assigning resources and evaluating the performance of the operating segments. Management identifies its operating segments based on the markets in which it participates and for which strategic decisions are made: the SIC and SING markets in Chile; the SADI market in Argentina and the National Interconnected Grid (SIN) in Colombia.

Intercompany transactions between segments are eliminated at a consolidated level. Finance expenses are not separated by operating segment because the Group manages debt at a consolidated level.

Segment information is disclosed in Note 7.

4.3. Foreign Currency Transactions

(a) Presentation and Functional Currency

The items included in the financial statements of each of the Group's entities are valued using the currency of the principal economic environment in which the entity operates ("functional currency"). The consolidated financial statements of AES Gener are presented in US dollars, which is the functional and presentation currency of the Company and all subsidiaries, except for its Colombian subsidiaries, AES Chivor S.A. and AES Chivor & Cía. S.C.A. E.S.P., whose functional currency is the Colombian peso.

(b) Transactions and Balances

Transactions in foreign currencies other than the functional currency are converted to the functional currency using the exchange rate in effect as of the date of the transaction. Exchange differences that result from settling these transactions and converting foreign currency denominated monetary assets and liabilities to closing exchange rates are recognized in the Consolidated Income Statements, except when deferred in equity as effective cash flow hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair values in a foreign currency are translated using the exchange rate at the date the fair value was determined.

(c) Conversion Basis

Assets and liabilities denominated in foreign currencies and Unidades de Fomento (UF) are presented using the following exchange rates and closing values per US$1, respectively:

	March 31, 2015	December 31, 2014	March 31, 2014
Chilean pesos (Ch$)	626.58	606.75	551.18
Argentinean pesos (Ar$)	8.551	8.551	8.002
Colombian pesos (Col$)	2,599.62	2,376.51	1,967.60
Unidad de Fomento (UF)	0.02545	0.02464	0.02335

The Unidad de Fomento (UF) is an inflation-indexed monetary unit denominated in Chilean pesos. The UF rate is established daily in advance based on the prior month's variation in the Chilean Consumer Price Index.

(d) Basis of Conversion of Subsidiaries with Different Functional Currencies

The results and financial situation of all Group entities (none of which uses the currency of a hyperinflationary economy) with a functional currency that differs from the presentation currency are converted to the presentation currency as follows:

(i) Assets and liabilities are converted using the year-end exchange rate.

(ii) Goodwill and fair value adjustments that arise in the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted using the appropriate year or period-end exchange rate.

(iii) Income and expense accounts are converted using monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates prevailing at the dates of the transactions. in which case income and expenses are converted using the exchange rate as of each transaction date).

All resulting foreign exchange translation differences are recognized as a separate component of equity, under the item Other Reserves. On disposal of the investment, the exchange rate differences are recognized in the income statements as part of the gain or loss on the disposal.

4.4. Property, Plant and Equipment

Land belonging to the Group is recognized at cost, net of accumulated impairment losses.

Plants, buildings, equipment and transmission grids used for electricity generation and other items of property, plant and equipment are recognized at historical cost less related accumulated depreciation and impairment losses.

The cost of an asset includes its purchase price, all costs directly related to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management and the initial estimate of costs for dismantling, withdrawal or partially or totally removing the asset, as well as costs for restoring the site where it is located, all of which the Company undertakes to do upon acquiring the asset or as a consequence of using the asset during a given period.

Subsequent costs are recognized as part of the carrying amount of the asset or as a separate asset, only if they meet the recognition criteria in IAS 16 "Property, Plant and Equipment", it is probable that the future economic benefits related with the item will flow to the Group and the cost of the parts can be determined reliably. The value of the replaced component is de-recognized. All other repairs and maintenance are charged to income for the period in which they are incurred.

Works under construction include, among other concepts, the following expenses that are capitalized during the construction period:

(i) Financial expenses related to external financing that are directly attributable to construction, both specific and generic in nature. In terms of generic financing, capitalized financial expenses are obtained by applying the weighted average cost of long-term financing to the average accumulated investment not directly financed.

(ii) Directly related personnel and other expenses of an operating nature attributable to the construction.

Work in progress balances are transferred to property, plant and equipment once the testing period is finalized when they are available for use, at which time depreciation begins.

Depreciation of property, plant and equipment is calculated using the straight line method over the estimated economic useful lives. The estimated useful lives of the most important principal asset classes are detailed in Note 18.

The residual value and the useful life of the assets are reviewed, and adjusted if necessary, as of each year end, so that the remaining useful life is in accordance with the expectations of the use of the asset.

When the fair value of an asset is greater than its estimated recoverable value, its carrying amount is written down to its recoverable value by recognizing an impairment loss (see Note 4.7).

Gains and losses on sales of property, plant and equipment are calculated by comparing the proceeds from the sale with the carrying amount and are included in Other Gains (Losses).

The amounts corresponding to the derecognized elements of property, plant and equipment correspond to the gross book value minus the accumulated depreciation at the time of the register.

4.5. Goodwill

Goodwill represents the excess of the purchase price over the fair value of AES Gener's share of the net identifiable assets of an acquired subsidiary/associate as of the acquisition date. Goodwill related to acquisitions of subsidiaries is included in Intangible Assets. Goodwill is subject to annual impairment testing and valued at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill impairment is determined by assessing the recoverable amount of each cash generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods (see Note 4.7).

4.6. Intangible Assets

(a) Software

Licenses for purchased software are capitalized on the basis of the costs incurred to purchase and prepare them to use the specific program. These costs are amortized over their estimated useful lives, using the straight line method (See Note 17).

Expenses related to software development or maintenance are expensed as incurred. Costs related directly to production of unique and identifiable software controlled by the Group, and which will probably generate economic benefits greater than these costs for more than one year, are recognized as intangible assets. Direct costs include expenses for personnel that develop the software. Software development costs recognized as assets are amortized over their estimated useful lives.

(b) Easements

Easement rights are presented at historical cost. The exploitation period of these rights has no limit and therefore they are considered assets with an indefinite useful life and consequently are not subject to amortization. However, the determination of useful life is reviewed during each reporting period to determine whether the status of indefinite useful life still applies. These assets undergo impairment testing on an annual basis. An exception to this concept of indefinite useful life exists in the cases where there is a contractual obligation that limits the useful life of the easement (see Note 17).

(c) Water Rights

Water rights are presented at historical cost. The exploitation period of these rights has no limit and therefore they are considered assets with an indefinite useful life and consequently are not subject to amortization. However, the determination of indefinite useful life is reviewed during each reporting period to determine whether the status of indefinite useful life still applies. These assets undergo impairment testing on an annual basis.

4.7. Impairment of Non-Financial Assets

Assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication of impairment exists, the recoverable amount will be estimated for the individual asset. If the recoverable amount cannot be estimated for the individual asset or the asset has an indefinite useful life, the entity will determine the lowest level for which there are separately identifiable cash flows ("cash generating units") and estimate the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognized when there is an excess between the carrying amount of the assets or cash-generating unit of cash and the corresponding recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. The estimate of the value in use is based on cash flow projections that are discounted using a rate that reflects the current evaluations of the market and the risks associated with the assets or cash generating unit. The best estimate of fair value less costs to sell includes prices of similar transactions carried out in the market place. If the transactions cannot be identified in the market, a valuation model will be used.

Non-financial assets, other than goodwill, that have suffered an impairment loss are assessed at the end of each reporting period for indications that the impairment loss may no longer exist. Loss reversals cannot exceed the carrying amount that would have been obtained, net of amortization and depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment tests of goodwill and intangible assets with indefinite useful lives are performed annually as of October 1.

4.8. Financial Assets

Presentation and Classification

AES Gener classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity financial investments and available-for-sale financial investments. The classification depends on the purpose with which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition.

(a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading or designated as such upon initial recognition. A financial asset is classified in this category if acquired principally to sell in the short term. Gains and losses from assets held for trading are recognized in the Income Statements and the related interest is recognized separately as Finance Income. Derivatives are also classified as acquired for trading unless they are designated as hedges.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except those with maturities greater than 12 months from year-end, which are classified as non-current assets. Loans and receivables are included in Trade and Other Receivables in the Consolidated Statements of Financial Position.

(c) Held-to-Maturity Financial Investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold until their maturity. If the Group were to sell more than an insignificant amount of held-to-maturity financial assets, the entire category would be reclassified to the available-for-sale category.

(d) Available-For-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated into this category or not classified in any other category previously mentioned. They are included in non-current assets unless management intends to dispose of the investment within 12 months of year-end.

Initial Recognition and Disposal Valuations

Initial Recognition

Acquisitions and disposals of financial investments are recognized as of the date of negotiation (i.e. the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recorded in the Income Statements. The accounting policy used to determine fair value is described in greater detail in Note 4.21.

Subsequent Valuation

Available-for-sale financial assets and financial assets at fair value through profit and loss are accounted for subsequently at fair value.

Financial assets at fair value through profit or loss are carried in the Statements of Financial Position at fair value with changes in fair value recognized in Other Gains (Losses) in the Income Statements. Dividend income from financial assets at fair value through profit or loss is recognized in the Statements of Comprehensive Income within Other Gains when the Group's right to receive payment is established. Interest related to a financial instrument is recognized separately in Finance Income.

Variations in the fair value of debt instruments denominated in foreign currency and classified as available for sale are analyzed by separating the differences arising from the amortized cost of the instrument and other changes in the instrument's carrying amount. Exchange differences of monetary instruments are recognized in net income; foreign currency translation differences of non-monetary instruments are recognized in Other Reserves. Variations in the fair value of monetary and non-monetary instruments classified as available for sale are recognized in Other Reserves in the Available-for-Sale Reserve.

When instruments classified as available for sale are disposed of or impaired, the accumulated fair value adjustments previously recognized in Other Reserves are included in net income.

Interest from available-for-sale instruments calculated using the effective interest rate method is recognized in net income within Finance Income. Dividend income from available-for-sale equity instruments is recognized in net income within Other Gains (Losses) when the Group's right to receive payment is established.

The fair values of quoted investments are based on current purchase prices. If the market for a financial asset is not active, the Group establishes the fair value using valuation techniques that include the following:

(i) the use of recent transactions between willing and duly informed interested parties, in reference to other substantially similar instruments; or

(ii) discounted cash flow analysis; or

(iii) options price fixing models, maximizing use of market inputs and relying as little as possible on entity specific assumptions.

Investments are written off when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity financial assets are accounted for at their amortized cost based on the effective interest rate method.

Impairment

As of each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets may be impaired. In the case of equity instruments classified as available for sale, to determine if impairment exists, the Company will consider whether a significant or prolonged decline in the fair value of the instruments below their cost has taken place. If any such evidence exists for available-for-sale financial investments, the accumulated loss determined as the difference between the acquisition cost and the current fair value, less accumulated impairment loss, is eliminated from Other Reserves and is recognized in the Income Statements. Impairment losses recognized in the Income Statement for equity instruments are not reversed through the Income Statements.

Trade and other receivables are recognized initially at fair value and subsequently at amortized cost, in accordance with the effective interest rate method less allowance for doubtful accounts.

The allowance for doubtful accounts in Trade and Other Receivables is established when evidence exists that the Group will not be able to receive the amounts according to the original terms. The existence of financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization and the failure or delay of payments are considered indicators that the account receivable is impaired. The amount of the allowance is the difference between the asset's carrying value and the present value of the estimated future cash flows, discounted using the effective interest rate. The carrying amount of the asset is reduced by the allowance for doubtful accounts and the loss is recognized in Costs of Sales. When a trade receivable cannot be collected, it is written off against the allowance for trade receivables.

The subsequent recovery of amounts previously written-off is recognized as a credit to Cost of Sales.

4.9. Financial Liabilities

AES Gener classifies its financial liabilities into the following categories: at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedge instruments (see Note 4.10). Management determines the classification of its financial liabilities upon initial recognition.

Financial liabilities are derecognized when the obligation is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, the original liability is derecognized and the new liability recognized with the difference in the respective carrying amounts recorded in income.

Financial liabilities are initially recognized at fair value and, in the case of loans, include costs directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification, as described below:

When the Group has the right to set off obligations with financial rights, they are not presented net in accordance with paragraph 42 of IAS 32 "Financial Instruments: Presentation", because the Company has the intention to pay and collect the items independently. The disclosures in IFRS 7 Financial Instruments: Disclosures" also apply to recognized financial instruments whose derivative contracts are subject to an enforceable offsetting agreement or similar agreement, irrespective of the net or gross presentation in accordance with IAS 32. See Note 10.2(e).

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities are classified as at fair value through profit or loss when they are held for trading or designated as such upon initial recognition. Gains and losses from liabilities held for trading are recognized in the Income Statement. This category includes derivative instruments not designated for hedge accounting.

(b) Other financial liabilities

Other Financial Liabilities are measured at their amortized cost using the effective interest rate method. The amortized cost is calculated considering any premium or discount on the acquisition and it includes the costs of transactions that are part of the effective interest rate. Commercial creditors with maturity according to the generally accepted commercial terms are not discounted.

4.10. Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments such as interest rate swaps, cross currency swaps and currency forwards to hedge its risks associated with interest and exchange rate fluctuations. Derivatives are initially recognized at fair value on the date on which the derivative contract is signed and are subsequently re-measured at their fair value. The method for recognizing the loss or gain resulting from changes in the fair value depends on whether the derivative has been designated as a hedging instrument and, if so, of the nature of the hedged item. The Group designates particular derivatives as:

- fair value hedges; and
- cash flow hedges;

The Group documents the relationship between hedge instruments and the hedged items at the beginning of the transaction, as well as its risk management objectives and strategy for carrying out diverse hedge transactions. The Group also documents its assessment, both at the beginning as well as on a continual basis, of whether the derivatives used in hedge transactions are highly effective at offsetting changes in fair value or in the cash flows of hedged items.

(a) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statements, together with any change in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group has not used fair value hedges in the periods covered by these financial statements.

(b) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in Other Reserves. Any loss or gain related to the ineffective portion is recognized immediately in the Income Statements within Financial Expenses or Foreign Currency Exchange Differences, based on their nature.

Amounts accumulated in Other Reserves are recorded in the Income Statements in the periods in which the hedged item impacts the Income Statements. For interest rate hedges, the amounts recognized in equity are reclassified to Financial Expense as the associated debts accrue interest. For cross currency swaps, the amounts recognized in Other Reserves are reclassified as Financial Expense as they accrue interest and to Foreign Currency Exchange Differences as a result of valuing the debt using period-end exchange rates.

When a hedge instrument matures, is sold or when it no longer meets hedge accounting requirements, gains or losses accumulated in Other Reserves remain in equity and are recognized when the forecasted transaction affects the income statement. When the forecasted transaction is not expected to occur, any accumulated gain or loss in net equity is immediately recognized in net income within Financial Expense and Foreign Currency Exchange Differences, based on their nature.

(c) Derivatives Not Designated as Hedges

Derivatives that are not designated as hedging instruments in an effective hedge are recognized at fair value through profit or loss. Changes in the fair value of any derivative instrument recorded in this way are recognized immediately in the Income Statements.

(d) Embedded Derivatives

The Company evaluates the existence of embedded derivatives in financial and non-financial instrument contracts, which are not already accounted for as assets or liabilities at fair value through profit or loss, to determine if their characteristics and risks are closely related to the host contract. If they are not closely related, embedded derivatives are separated from the host contract and recorded at fair value with variations recognized immediately in the Income Statements.

4.11. Inventory

Inventory is valued at the lesser of cost and net realizable value. Cost is determined using the Acquisition Cost Method. The net realizable value is the estimated sales price during the normal course of business, less estimated variable costs necessary to make the sale.

4.12. Cash and Cash Equivalents

Cash and cash equivalents include cash balances; time deposits in credit entities; other highly-liquid, short-term investments originally maturing in less than three months; and bank overdrafts. In the Statements of Financial Position, bank overdrafts are classified as external resources within Other Current Financial Liabilities.

Restricted cash is included in the Statements of Financial Position in Cash and Cash Equivalents except when the nature of the restriction is such that it stops being liquid or easily convertible to cash. In this case, cash restricted with restrictions less than 12 months will be recognized in Other Current Financial Assets and those greater than 12 months will be recognized in Other Non-Current Financial Assets. The classification of cash and cash equivalents does not differ from that used in the Cash Flow Statement.

IAS 7 permits presentation of the Statements of Cash Flows using either the direct or indirect method. AES Gener presents its Statement of Cash Flows using the direct method beginning the reporting period ending on March 31, 2013.

4.13. Issued Capital

The Company's issued share capital consists of a single class of ordinary shares with one vote per share.

Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction, net of taxes, of the funds obtained by issuing new shares.

4.14. Taxes

Income Taxes

The Company and its subsidiaries determine their current income taxes based on their net taxable income, which is determined in accordance with tax laws in effect for each period. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Income tax expense or benefit for the period is determined as the sum of the Company's and its subsidiaries' current income tax, which results from applying taxes to net taxable income for the period, which includes taxable income and deductible expenses, plus variations in deferred tax assets and liabilities and tax credits.

Deferred Taxes

Deferred taxes arising from temporary differences and other events that generate differences between the carrying amount for financial reporting purposes and tax bases of assets and liabilities are recorded in accordance with IAS 12 "Income Taxes".

With the exception of investments in subsidiaries, affiliates and interests in joint ventures as indicated below, the difference between the accounting value of assets and liabilities and their tax bases generates asset and liability balances for deferred taxes, which are calculated using the tax basis expected to be applicable at the time the assets and liabilities are realized. A deferred tax liability is recognized for temporary tax differences related to investments in subsidiaries, associates and interests in joint ventures, except when the following conditions are met:

- the parent company, investor or participant of a business can control the opportunity to reverse the temporary difference; and
- it is probable that the temporary difference will not be reversed in the future.

A deferred tax asset is recognized for all deductible temporary tax differences that originate from investments in subsidiaries, associates or interests in joint ventures, only to the extent that it is probable that:

- Carry forwards of unused tax credits and losses can be utilized; and
- There is taxable profit available against which temporary differences can be used.

Current taxes and variations in deferred taxes that do not arise from business combinations are recorded in the Income Statements or equity, based on where the gains or losses that originated them were recorded.

Deferred tax assets and tax credits are recognized only to the extent that it is probable that sufficient future taxable profits exist to recover the deductible temporary differences and make use of the tax credits.

Group companies with tax losses recognize a deferred tax asset when use of these losses is likely, for which generation of future taxable profits and the expiration date of the tax losses are considered. In both Chile and Colombia, tax losses do not expire, but in Argentina they expire after five years.

Argentinean subsidiaries determine minimum expected income taxes by applying the current rate of 1% to all allowable assets as of each period end. This tax is complementary to income tax. The obligation for each period consists of the greater of minimum expected tax or income tax. However, if the minimum expected tax exceeds income tax in any fiscal year. this excess may be applied as payment for any income tax surplus over the minimum expected tax that may arise in any of the following ten fiscal years.

4.15. Defined Benefit Plan Reserve

(a) Short-Term Employee Benefits

The Company recognizes all liabilities related to short-term benefits to employees such as salary, vacation, bonuses and others as they are accrued considering amounts stipulated in collective agreements following normal Company policy.

(b) Post-Employment Benefits: Defined Benefit Plans

The Company has recognized the total obligation related to voluntary pension and other post-employment benefits for retired employees as stipulated in collective agreements held by Chilean companies within the Group. The current active employees do not have the rights to these benefits upon retirement. Pension benefits include a complementary pension plan, which is paid throughout the retired employee's lifetime, in addition to benefits received through the Chilean social security system. These benefits also include complementary health services and electricity subsidies. Likewise, the Colombian subsidiary Chivor has a pension plan limited to a certain group of employees that consists of a complementary pension for those persons not covered by the provisions of Law No. 100 of 1993.

The value of these liabilities is calculated using the projected unit credit method. This actuarial calculation includes the projected benefit discounted at an annual nominal rate considering the probability of such payments or benefits based on mortality and rotation. In Chile the discount rate is based on the return on UF-denominated sovereign bonds from the Chilean Central Bank and average long-term projected inflation, while the rate in Colombia is determined based on the return on long-term sovereign bonds issued by the Colombian government. Sovereign bonds are used because neither country has sufficiently active corporate bond markets of high credit quality. Benefits for retired employees in Chile, entitled only to medical benefits and electricity subsidies, are recognized based on an estimate of the portion of benefits earned as of the reporting date. Liabilities for medical benefits and electricity subsidies have been determined based on trends for future medical and fixed electricity costs.

Actuarial gains and losses include experience adjustments and the effects of changes in actuarial assumptions and they are recognized in other comprehensive income.

(c) Share-Based Compensation

AES Corporation, majority shareholder of AES Gener S.A., grants share-based compensation, which consists of a combination of options and restricted stock, to certain employees of its subsidiaries. Rights to these plans generally vest over a term of three years.

The fair value of employee services received in exchange for an award of stock options is recognized as an expense and a corresponding increase or contribution in the Company's equity. The cost is measured on the granting date based on the fair value of the equity instruments or liabilities issued and is recognized as an expense using the straight line method over the vesting period, net of an estimate for unexercised options (see Note 32).

Currently, the Company uses the Black-Scholes model to estimate the fair value of the stock options granted to employees.

(d) Severance Payments

The Company's obligation for staff severance payments is measured and recorded at the present value of the total obligation using the projected benefit cost method, considering a discount rate based on UF-denominated sovereign bonds from the Chilean Central Bank and average long-term projected inflation.

Assumptions considered in the calculation include the probability of such payments or benefits based on mortality (in the case of retired employees), employment rotation, future costs, amounts of benefits offered and the discount rate. The discount rate is determined in the same way as pension benefits as detailed in Note 4.15 (b) Defined Benefit Pension Plans.

4.16. Provisions

Provisions for environmental restoration, site restoration and asset removal, as well as restructuring and litigation expenses are recognized when:

- the Group has a current obligation, whether legal or constructive. as a result of past events; and
- it is probable that an outflow of resources will be needed to settle the obligation; and
- the amount can be reliably estimated.

Provisions are recorded at the present value of the expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a rate that reflects current market conditions, the time value of money and the risks specific to the liability. Increases in provisions due to the passage of time are recognized as an interest expense.

4.17. Revenue Recognition

The Group recognizes revenues when:

- The amount can be reliably measured. and
- It is probable that the future economic benefits flow to the entity; and
- Specific conditions have been met for each of the Group's activities as described below.

The amount of income is not considered to be reliably measured until all contingencies related to the sale have been resolved. The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and the concrete terms of each agreement.

Operating revenue includes the fair value of considerations received or to be received for the sale of goods and services in the ordinary course of the Group's activities. Operating revenue is presented net of value added taxes, returns, rebates and discounts and after eliminating inter-group sales.

(a) Sales Revenues

Revenues from energy and capacity sales are recognized once the energy or capacity has been physically delivered at prices established in the respective contracts or at current electricity market prices in accordance with current regulations. This includes un-invoiced income from energy and capacity supplied but not billed as of each period end, which is accounted for at the contractual rates existing at each respective period end. These amounts are included in current assets as Trade Receivables.

Additionally, the Company recognizes revenues for sales of inventory, such as coal, when all risks and benefits are transferred to the customers. It also recognizes revenues for engineering, advisory and other services as the service is provided using the degree of completion method.

(b) Financial Income

Finance income is recognized using the effective interest rate method.

(c) Dividend Income

Dividend income is recognized when the shareholder's right to receive payment is established, after the approval of the shareholders boards of the company that will distribute the dividends.

(d) **Deferred Revenue**

The Company has included amounts paid in advance for facility use and supply contracts within both current and non-current liabilities. The effect on income of these payments is recognized within Operating Revenue over the life of the respective contract.

4.18. Leases

In determining whether an agreement contains a lease, the Group analyzes whether the agreement depends on the use of specific asset or assets and whether the agreement conveys a right to use the asset. Leases in which the risks and rewards are substantially transferred to the property are classified as a finance lease. Examples of indicators that the agreement is a finance lease include:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to buy the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease. that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the beginning of the lease, the present value of future minimum lease payments is at least substantially all of the fair value of the leased asset; and
- the assets leased are of a nature so specialized that only the lessee can use them without realizing major modifications.

Contracts which do not comply with the finance lease indicators are classified as operating leases.

(a) **Group as a Lessee – Finance Lease**

The Group leases certain property, plant and equipment. Leases of property, plant and equipment in which the Group retains substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalized at the beginning of the lease at the lower between the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is distributed between the liability and finance charges so as to produce a constant interest rate on the outstanding balance of the obligation. The corresponding lease obligations, net of finance charges, are included in Other Current or Non-Current Financial Liabilities, depending on their maturities. The interest element of the finance expense is charged to the Income Statement over the lease period. Items of property, plant and equipment acquired under a finance lease are depreciated over the shorter of their useful lives and the duration of the respective lease contract.

(b) **Group as a Lessee – Operating Lease**

Leases in which the lessor retains an important part of the risks and rewards of ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are charged to the Income Statements on a straight-line basis over the lease period.

(c) **Group as a Lessor – Finance Lease**

When assets are leased under finance leases, the present value of the minimum lease payments is recognized as an accounts receivable, just like the net investment of the lease. The value of the net investment is the discounted cost using the implicit rate of the minimum lease payments and the non-secured residual value of the asset.

The difference between the gross amount receivable and the present value of that amount is recognized as a gain or loss on the sale.

Income from leases is recognized in the lease period using the net investment method, which reflects a constant periodic rate of return.

(d) **Group as a Lessor – Operating Lease**

Assets leased to third parties under operating leases are included in Property, Plant and Equipment within the Statement of Financial Position according to the nature of the asset.

Income from operating leases is recognized in the Income Statements on a straight-line basis over the lease period.

During the years covered by these consolidated financial statements, the Company did not participate in significant contracts of this type.

4.19. Dividends

Dividend distributions to the Company's shareholders are recognized as a liability with a corresponding decrease in the Group's consolidated equity in the fiscal year in which the dividends are approved by the Company's shareholders.

As of each year-end, the Company records a provision of 30% of that period's net income as a minimum dividend in accordance with Law 18.046: The law in Chile requires the distribution of at least 30% of financial net income of the period, unless the shareholders decide unanimously against it.

Net income is equal to Income (Loss) Attributable to Owners of Parent.

4.20. Environmental Expenditures

Disbursements related to environmental protection are recorded in income when incurred. Investments in infrastructure intended to comply with environmental standards are capitalized based on the general accounting criteria for property, plant and equipment, in accordance with the applicable standards of IFRS.

4.21. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk and other elements. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

A fair value measurement requires an entity to determine the following:

- the particular asset or liability being measured;
- for a non-financial asset. the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;
- the main or most advantageous market in which an orderly transaction would take place for the asset or liability; and
- the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instrument (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfill the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be canceled or otherwise extinguished on the measurement date.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 inputs) and lowest priority to unobservable inputs (Level 3 inputs). If the fair value uses some unobservable inputs, it is classified as Level 2 as long as the quantity of unobservable inputs is not significant. Transfers between hierarchy levels are recognized as of the date of the event or change in circumstances that gave rise to the transfer.

NOTE 5 – FINANCIAL RISK MANAGEMENT

5.1. Risk Management Policy

The Company's risk management strategy is designed to safeguard the stability and sustainability of AES Gener and its subsidiaries at all times, under both normal and exceptional circumstances in relation to all relevant components of financial uncertainty. The Company's risk management is aligned with the general guidelines defined by its controlling shareholder, The AES Corporation.

"Financial risk events" refer to situations in which there is exposure to conditions that indicate financial uncertainty, and are classified based on the source of the uncertainty and associated transmission mechanisms. The responsible and effective management of these uncertainties is viewed by the Company as strategic from the standpoint of value creation, both under normal and exceptional conditions

The following aspects of financial risk management are most important:

- Providing transparency, establishing and managing risk tolerances and determining guidelines in order to develop strategies to limit significant exposure to risk.

- Providing a disciplined and formal process for assessing risk and carrying out the commercial aspects of the business.

Financial risk management involves the identification, determination, analysis, quantification, measurement and control of these events. It is management's responsibility, particularly financial and commercial management, to constantly assess and manage financial risk.

5.2. Risk Factors

***(a)* Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in market prices. Market risks comprise three types: Foreign Exchange Risk, Interest Rate Risk, and Commodity Price Risk.

(i) Foreign Exchange Risk

With the exception of operations in Colombia, the Company's functional currency is the US dollar given that its revenue, expenses and investments in equipment and debt are mainly denominated in or linked to the US dollar. Also, the Company is authorized to file the returns and pay its income taxes in Chile in US dollars. Exchange rate risk is associated with any revenue, expenses, investments and debt denominated in any currency other than US dollars. The main items denominated in Chilean pesos are contract sales and tax credits mainly associated with VAT. As of March 31, 2015, Gener maintained several currency derivative instruments to decrease its foreign exchange risk from energy sales. This risk arises from the fact that although most energy supply contracts are denominated in US dollars, they are paid in Chilean pesos using an exchange rate that is fixed over a certain period of time, and VAT payments. Given the Company's net asset position in Chilean pesos as of March 31, 2015, the impact of 10% depreciation in the exchange rate of the Chilean peso with respect to the US dollar could have generated a negative impact of approximately ThUS$11.703 in the Group's Income Statement. During the three-month period ended March 31, 2015, approximately 87.8% of operating revenue and 85.8% of the Company's expenses were in US dollars in comparison to 88.2% of operating revenue and 90.7% of expenses during the three-month period ended March 31, 2014.

The functional currency of Chivor, the Company's Colombian subsidiary, is the Colombian peso since the majority of its revenue, particularly contract sales and operating costs are linked to the Colombian peso. For the three-month period ended March 31, 2015, sales in Colombian pesos represented 10.3% of the Company's consolidated operating revenue (8.7% for the three-month period ended March 31, 2014). Additionally, Chivor's dividends are determined in Colombian pesos, although financial hedge instruments are used to fix the amount to be distributed in US dollars. Given AES Chivor's net liability position in US Dollars as of that date, a 10% depreciation in the exchange rate of the Colombian peso with respect to the US dollar could have generated a negative impact of approximately ThUS$9,691 in the Group's Income Statement.

Spot prices in the Argentinean market are denominated in Argentinean pesos. Argentinean-peso denominated sales represented 2.0% of the Company's consolidated operating revenue for the three-month period ended March 31, 2015 (3.1% for the three months period ended March 31, 2014). Given TermoAndes' net asset position in Argentinean pesos as of March 31, 2015, 10% depreciation in the exchange rate of the Argentinean peso with respect to the US dollar could have generated a negative impact of approximately de ThUS$1,883 in the Group's Income Statement. It is worth mentioning that the Argentinean government devalued the Argentinean peso by approximately 22% in January 2014, the fastest devaluation since 2002, which implied a negative impact for approximately US$16.7 million in the Company's result in first quarter 2014 due to the reasons aforementioned. A weaker Argentinean peso and economy could cause significant volatility in TermoAndes' operating income, cash flow, capacity to pay dividends to Gener and the value of its assets.

Argentina, after ceasing to pay its public debt in 2001 for approximately US$100 billion between 2005 and 2010, restructured its bonds in defaults for new debt instruments for close to 33 cents of dollars per each dollar owed in the past. Between both operations, 93% of the bond holders agreed to exchange their default bonds for new bonds for 33% their original nominal value. The remaining 7% of debtors did not accept the restructured agreement. A group of such bond holders filed a suit against Argentina for the non-payment of the debt. In June 2014, the District Court of USA ruled that Argentina had to pay such bond holders "Initial holders" according to the original applicable terms. Despite intense negotiations with them and the mediator of the District Court of the USA, the parties did not reach an agreement by July 30, 2014. Therefore (as per the provisions of the risk rating agencies, Standard & Poor and Fitch) Argentina went into a selective default resulting from not paying the interests of their restructured bonds due in December 2033. This situation has caused significant changes that impact our current exposure related to the country's macro economy.

Investments in new plants and maintenance of equipment are denominated in US dollars. The majority of short-term investments for cash management purposes are also in US dollars. As of March 31, 2015, 71.7% of short-term investments were in US dollars, 16.4% in Colombian pesos, 6.0% in Chilean pesos and 5.8% in Argentinean pesos. Cash balances in Argentinean pesos are subject to exchange restrictions and exchange rate volatility particular to the Argentinean market. As of March 31, 2014, 81.9% of investments were in US dollars, 9.8% in Argentinean pesos, 6.1% in Chilean pesos and 2.2% in Colombian pesos.

With respect to debt denominated in currencies other than the US dollar, Gener has entered into currency swaps to reduce the majority of the foreign exchange risk. AES Gener has a cross currency swap for the duration of the UF-denominated bonds issued in 2007 for approximately ThUS$219,527. As for the O series of the bond due in 2015, it was settled in June 2014 and only the N series is currently outstanding with maturity in 2028 for ThUS$172,264. As of the closing of March 2015, 97.5% of the Group's debt is denominated in US dollars, including the bonds series N mentioned above and the associated cross currency swaps. The following table shows the composition of debt by currency as of March 31, 2015 and December 31, 2014:

Currency	March 31, 2015 %	December 31, 2014 %
US$	97.5	97.2
UF	1.3	1.3
Col$	1.2	1.5

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans. Additionally, the Company has entered into interest rate swaps to mitigate interest rate risk for long-term obligations. Currently, the Group has interest rate swaps for an important part of the debt associated with subsidiaries Ventanas, Cochrane and Alto Maipo. A 10% increase in variable interest rates would not have a significant impact on net income as 89.4% of the Group's debt is at fixed rates or rate swaps.

The following table shows the composition of debt by type of interest rate As of March 31, 2015 and December 31, 2014:

Rate	March 31, 2015 %	December 31, 2014 %
Fixed rate	89.4	92.4
Variable rate	10.6	7.6

It is worth mentioning that the 60 years subordinated bond issued in December 2013 for ThUS$450,000 has a fixed interest rate of 8.375% up to 5.5 years after issuance. From that moment on, the interest rate will be recalculated every five year up to final maturity. The interest rate will be the 5 year swap rate published by Bloomberg plus a pre-agreed spread.

(iii) Commodity Price Risk

The Group is affected by the volatility of certain commodities. The fuels used by the Company, mainly coal, diesel and liquefied natural gas (LNG), are commodities with international prices set by market factors outside of the Company's control. Specifically, diesel and LNG are bought based on international oil prices through bilateral local supply agreements. In Argentina, the Company's subsidiary TermoAndes purchases natural gas at a fixed price under short-term contracts.

The price of fuel is a key factor in plant dispatch and spot prices both in Chile and Colombia. Since AES Gener is a company based mainly on thermal generation, fuel costs represent a significant portion of the cost of sales.

Currently the majority of Gener's energy sales contracts incorporate an indexation factor that adjusts the energy sales price to the variations in coal prices, according to the indexes and schedules contained in each contract, which in turn helps mitigating most of the fuel price variations.

Currently, the energy volume under contract in AES Gener is balanced with the generation of the plants with high probability of dispatch (efficient generation), so it is expected that the other units (backup units) that use diesel or LNG will only operate in circumstances such as drought conditions in the SIC and will be sold at market spot price. Currently, diesel and LNG purchases are not hedged as spot market sales allow variations in fuel prices to be transferred to the sale price. However, the price of fuel (particularly LNG or diesel) directly affects the spot price and plant dispatch. It is estimated that a 10% increase in diesel fuel cost would have caused a negative impact on the Company's consolidated gross profit of approximately ThUS$6,043 for the three-month period ended March 31, 2015. It is worth noting that ESSA's Nueva Renca unit can use either diesel or LNG and is able to acquire the necessary LNG volumes using short-term contracts when the LNG price is more competitive than diesel.

(b) **Credit Risk**

Credit risk is related to the credit rating of the parties with whom AES Gener and its subsidiaries do business. The Company is exposed to credit risk primarily from its operating activities related to trade receivables and from its financing activities including deposits with banks and financial institutions and other financial instruments.

With respect to trade receivables, AES Gener's counterparties are mainly distribution companies and other generators with high solvency and the majority of its counterparties or their parent companies have local and/or international investment grade credit ratings. As per Chilean regulations, the Company's spot sales are required to be with other CDEC participants that have energy deficits according to economic dispatch balance prepared by the CDEC. In September 2011, a generator participant of the SIC was declared bankrupt as a result of financial losses due to dry hydrological conditions experienced in the SIC. In the bankruptcy proceedings, Gener and ESSA recovered close to 30% amounting to approximately ThUS$3,000. At the end of 2013, a distribution company part of the SIC declared bankruptcy after stop paying energy purchase invoices. As a result, AES Gener filed a legal claim to recover at least a portion of the debt, for which it created a provision for ThUS$1,626.

In Colombia, Chivor performs risk assessments of its counterparties based on internal credit quality evaluations, which in some cases may include guarantees. In 2010, also in dry hydrological conditions, Chivor suffered collection problems with an energy trader and eventually registered a loss of ThUS$1,300. In this case, the trader was suspended from participating in the spot market and Chivor filed actions to recover the outstanding amount.

Management considers that the Argentinean subsidiary. TermoAndes S.A. has no major credit risks as its commercial operations are primarily with Argentina's wholesale electric market administrative agent, CAMMESA, and unregulated clients denominated "Major Users of the Electric Market", whose contracts operate under Energía Plus legislation. Termoandes makes internal credit analyses of unregulated clients and it includes guarantees to secure payments.

Financial investments carried by AES Gener and its subsidiaries such as mutual funds, time deposits and derivatives are executed with local and foreign financial institutions that have national and/or international credit ratings greater than or equal to "A" under the S&P and Fitch scale and "A2" in Moody's rating scale. Similarly, derivatives executed for financial debt are carried out with top-level international entities. The Company has cash, investment and treasury policies to guide its cash management and minimize credit risk.

(c) Liquidity Risk

Liquidity risk relates to the need for funds to meet payment obligations. The Company's objective is to maintain balance between fund continuity and financial flexibility through normal operating cash flows, bank loans, public bonds, short-term investments and committed and uncommitted credit lines.

As of March 31, 2015, AES Gener had available liquid resources of ThUS$292,009, including cash and cash equivalents for ThUS$285,811 and highly liquid short term investments and mutual funds for ThUS$6,198 recorded in Other Current Financial Assets. Meanwhile, as of March 31, 2014, the balance of available liquid resources was ThUS$228,691. Cash and cash equivalents includes cash, time deposits with original maturities under three months, marketable securities, short-term, low-risk US dollar mutual funds, rights with repo agreements and fiduciary rights.

As of March 31, 2015, AES Gener holds committed and unused lines of credit for close to ThUS$235,783, in addition to uncommitted and unused lines of credit for close to ThUS$220,931.

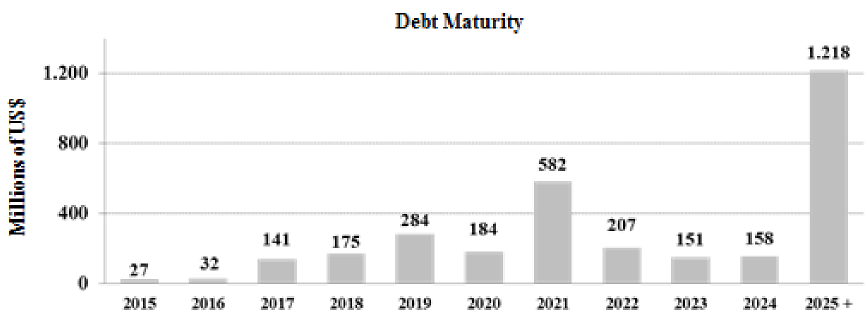
Refer to Note 8 "Cash and Cash Equivalents" for further information on cash restrictions.

During December 2014 AES Gener signed a 3 year credit agreement with Banco Estado, Bank of Nova Scotia, Mizuho and SMBC for up to ThUS$$100,000, from which ThUS$75,000 were withdrawn during first quarter 2015 to cover working capital needs.

In addition, in November 2014 the subsidiary Empresa Eléctrica Angamos S.A. completed the refinancing of its debt through the issuance of a 144A/Reg S bond in the global market for a total of ThUS$800,000.

Also in December 2014, Chivor's 144A bond for a total of ThUS$170,000 expired and it was paid with the subsidiary's own cash and an intercompany loan granted by AES Gener.

The chart and table below show the maturity profile, based on actual debt, in millions of US dollars as of March 31, 2015:



	As of March 31, 2015					
		Expected contractual maturity date				
	Average interest rate	2015	2016	2017	2018	2019+
		(in US$ millions)				
Fixed Rate						
(UF Swapped to US$).....	7.34%	-	-	-	15.7	156.6
(US$)	5.25%	-	-	-	-	401.7
(US$)	8.00%	-	-	-	-	102.2
(US$) (*).........................	8.38%	-	-	-	-	450.0
(UF)	7.50%	1.0	1.1	1.2	1.3	33.0
(US$)	8.61%	-	0.1	0.1	0.1	3.6
(US$)	4.88%	-	-	-	69.6	730.4
Variable Rate						
(US$)	LIBOR + Spread (**)	25.9	30.4	33.5	38.3	179.5
(US$)	LIBOR + Spread (**)	-	-	28.8	41.5	642.4
(US$)	LIBOR + Spread (**)	-	-	-	-	47.8
(US$)	LIBOR + Spread (**)	-	-	75.0	-	-
(Col$).............................	DTF(1) + Spread	-	-	-	2.1	40.8
Total..............................		**26.9**	**31.6**	**138.6**	**168.6**	**2,788.0**

(*) The 60-year subordinated hybrid bond issued in December 2013 for a total of ThUS$450,000 has a fixed interest rate of 8.375% for 5.5 years after the date of issuance. Afterwards, the interest rate will be recalculated every five years until the date of maturity based on Bloomberg's five-year swap rate plus a predefined spread.

(**) A significant percentage of these debts have interest rate swaps.

5.3. Risk Measurement

The Company has methods for measuring the effectiveness and efficiency of risk management strategies, both prospectively and retrospectively.

For this analysis, the Company documents and employs different market methodologies for risk quantification such as regression analysis, risk tolerance and maximum exposure, in order to adjust risk management and mitigation strategies and evaluate their impact.

NOTE 6 – SIGNIFICANT ACCOUNTING JUDGMENTS. ESTIMATES AND ASSUMPTIONS

Management must make judgments and estimates that have a significant effect on the figures presented in the financial statements. Changes in these assumptions and estimates may have a significant impact on the financial statements. The estimates and critical judgments used by the Company's management are detailed below:

- Hypotheses used in actuarial calculations of employee benefits obligations. (See Note 22)
- The useful life and residual values of property, plant and equipment and intangible assets. (See Note 17 and 18)
- The assumptions used to calculate the fair value of financial instruments, including credit risk. (See Note 10)
- The probability of occurrence and the value of contingent liabilities or liabilities whose amount is uncertain. (See Note 22)
- Future disbursements for asset dismantling or removal obligations. (See Note 22)
- Determination of the existence of finance or operating leases based on the transfer of risks and rewards of the leased assets. (See Note 18)
- Asset and investment valuation and the existence and amount of potential impairment. (See Notes 17 and 18)

Although these estimates have been made based on the best information available as of the date of these consolidated financial statements, it is possible that future developments may force the Company to modify these estimates in upcoming periods. Such modifications would be adjusted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

NOTE 7 – OPERATING SEGMENTS

7.1. Earnings by Segment

The Company defines and manages its activities based on certain business segments that meet economic, regulatory, commercial or operating characteristics.

A segment is a component of the Group:

- that engages in business activities from which it generates income and incurs costs; and
- whose operating results are regularly monitored by management, in order to make decisions, allocate resources and evaluate performance; and
- for which discrete financial information is available.

Management monitors the operating results of each segment separately to make decisions related to resource allocation and performance evaluations. A segment's performance is evaluated based on certain operating indicators such as gross profit (difference between operating revenues and cost of sales) and EBITDA. EBITDA is calculated as net income, plus interest expense, depreciation and amortization, foreign currency exchange differences, asset retirement obligation accretion expense, other gains (losses) and the participations in earnings of associates.

Earnings and asset balances in segments are measured in accordance with the same accounting policies applied in preparation of the financial statements. Transactions and associated unrealized gains or losses between segments are eliminated.

AES Gener's financial liabilities are centralized and controlled at a corporate level and are not presented by reportable segments.

7.2. Segment Description

The Company segments its business activities based on the interconnected energy markets in which it operates, which are:

- The Central Interconnected Grid ("SIC")
- The Great North Interconnected Grid ("SING")
- The Argentinean Interconnected Grid ("SADI")
- The National Interconnected Grid ("SIN"), for its operations in Colombia.

These segments refer to geographic areas.

Throughout all segments, the Company's principal activity consists of electricity generation.

7.3. Assets by Segment

The details of Assets by Segment are as follows:

	March 31, 2015						De		
ASSETS BY OPERATING SEGMENT	SIC Market	SING Market	SIN Market	SADI Market	Intercompany Eliminations	Total	SIC Market	SING Market	SIN Mark
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS
Cash and Cash Equivalents	136,144	73,713	61,226	14,728	-	**285,811**	92,619	82,846	40,
Trade and Other Receivables (1)	459,715	401,100	36,260	34,947	(418,151)	**513,871**	327,996	371,844	35,
Property, Plant and Equipment, Net	2,457,275	2,426,334	511,046	234,609	(1,850)	**5,627,414**	2,391,402	2,266,289	554,
Investment in Empresa Eléctrica Guacolda S.A.	350,674	-	-	-	-	**350,674**	343,502	-	

(1) Trade and Other Receivables include both current and non-current portions as well as the account Current Related Party R

7.4. Revenue, Expenses and Capital Expenditures by Segment

The details of Revenues and Costs and other selected information are as follows:

	March 31, 2015						March		
REVENUE, EXPENSES AND CAPITAL EXPENDITURES BY OPERATING SEGMENT	SIC Market	SING Market	SIN Market	SADI Market	Intercompany Eliminations	Total	SIC Market	SING Market	SIN Market
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Operating Revenue	322,563	147,795	96,158	28,293	(62,274)	**532,535**	338,656	134,940	106,768
Cost of Sales	244,111	122,354	62,585	34,634	(62,274)	**401,410**	308,172	122,663	56,812
Gross Profit (Loss)	**78,452**	**25,441**	**33,573**	**(6,341)**	**-**	**131,125**	**30,484**	**12,277**	**49,956**
Income (Loss) Before Taxes	95,954	44,182	25,613	(33,279)	(59,248)	**73,222**	40,628	39,710	40,487
Net Income (Loss) Attributable to Shareholders of the Parent	82,573	44,283	13,867	(33,200)	(59,248)	**48,275**	43,835	39,827	27,985
EBITDA	**86,808**	**41,933**	**31,207**	**(161)**	**-**	**159,787**	**41,344**	**26,461**	**51,080**
Participation in Earnings of Associates	8,030	-	-	-	-	**8,030**	22,500	-	-
Depreciation and Amortization Expense	27,949	18,491	3,068	6,429	-	**55,937**	26,080	18,159	3,816
Capital Expenditures	94,999	179,493	6,747	23,391	-	**304,630**	100,053	67,618	9,607

	For the three-month periods ended March 31,	
	2015	2014
	ThUS$	ThUS$
EBITDA Calculation		
Operating Revenue	532,535	559,034
Cost of Sales	(401,410)	(463,680)
Gross Profit	**131,125**	**95,354**
Depreciation and Amortization expense	55,936	55,646
Operating Margin	**187,061**	**151,000**
Asset Retirement Obligation Accretion Expense	1,686	1,002
Other Operating Income	852	823
Other Operating Expenses	(824)	(281)
Administrative Expenses	(28,988)	(24,302)
Total EBITDA	**159,787**	**128,242**

NOTE 8 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Cash on Hand	39	48
Cash at Banks	215,439	138,860
Short-Term Deposits	43,813	72,892
Other Cash and Cash Equivalents	26,520	16,891
Total Cash and Cash Equivalents	**285,811**	**228,691**

Short-Term Deposits mature in less than three months from their date of acquisition and accrue interest at market rates for this type of short-term investments.

Other Cash and Cash Equivalents primarily includes mutual funds, which are low-risk investments in US dollars that allow for immediate liquidation without restrictions, recorded at their fair value as of the closing date of these consolidated financial statements, and repurchase agreements, which are short-term investments with banks and stock brokerage firms, backed by financial instruments issued by the Chilean Central Bank and private banks with high-quality credit ratings.

Balances of Cash and Cash Equivalents included in the Statement of Financial Position do not differ from those in the Statements of Cash Flows.

Cash and Cash Equivalents by type of currency as of March 31, 2015 and December 31, 2014, are detailed as follows:

Cash and Cash Equivalents by Currency	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Ch$	17,229	22,145
Ar$	16,691	10,718
Col$	46,836	26,115
US$	205,055	169,713
Total Cash and Cash Equivalents	**285,811**	**228,691**

As of March 31, 2015 and December 31, 2014, the Company has the following cash amounts with minor restrictions held in bank accounts. These funds are being used by the Company for operational and working capital requirements, as follows:

Restricted Cash and Cash Equivalents	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Empresa Eléctrica Ventanas S.A..	23,623	17,355
Empresa Eléctrica Cochrane S.p.A.	37,107	41,141
Alto Maipo S.p.A.	63,653	6,453
TermoAndes S.A. / InterAndes S.A.	12,406	10,639
Total	**136,789**	**75,588**

Reserve amounts related to the operating activities of Empresa Eléctrica Ventanas S.A. are required by the credit agreement with several banks, led by BNP Paribas (formerly Fortis) and Credit Agricole (formerly Calyon Bank).

The balance related to Cochrane is restricted by the requirements of the credit agreement with several banks, led by Mizuho Corporate Bank Ltd., Sumitomo Mitsui Banking Corporation, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and HSBC Bank USA, National Association.

The balance related to Alto Maipo is restricted by the requirements of the credit agreement with several banks, led by Banco Corpbanca as managing agent.

In Argentina, where our subsidiaries Termoandes and Interandes operate, exchange rate policy regulates access to foreign currency, which gives rise to certain restrictions on access to US dollars. Those restrictions require the subsidiaries to maintain balances in Argentinean pesos; various investment options are undertaken in order to mitigate foreign exchange risk.

NOTE 9 – OTHER FINANCIAL ASSETS

As of March 31, 2015 and December 31, 2014, Other Financial Assets are detailed as follows:

	Current		Non-Current	
Other Financial Assets	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**
Time Deposits (1)	6,198	-	-	-
At Fair Value through Profit or Loss (3)	6,879	3,877	-	-
Hedging Instruments (2)	1,825	2,037	110	-
Gasoducto GasAndes S.A. (3)	-	-	2,988	2,988
Gasoducto GasAndes S.A. (Argentina) (3)	-	-	2,200	2,200
CDEC SIC Ltda.	-	-	137	137
CDEC SING Ltda.	-	-	557	557
Restricted Investments	-	-	461	421
Investment in Bonds (4)	-	341	35,069	33,126
Other	485	950	-	-
Total	**15,387**	**7,205**	**41,522**	**39,429**

(1) Time deposit investments are considered Other Financial Assets as they have a maturity of more than three months and less than twelve months. However, given the short-term nature of these instruments, their carrying values approximate their fair values.

(2) Foreign Exchange Forwards and Hedging Instruments are recorded at their fair value (more detail in Note 10.4 Derivative Instruments).

(3) The investments in Gasoducto GasAndes S.A. (Argentina) and Gasoducto GasAndes S.A. correspond to a 13% interest that AES Gener S.A. holds in both companies as detailed in Note 10.1.

(4) It corresponds to the investment in sovereign bonds, Argentina Bonar X (AA17), held by the subsidiary Termoandes. The bonds are denominated in US Dollars and have agreed upon a 7% annual rate, with maturity on April 17, 2017.

NOTE 10 – FINANCIAL INSTRUMENTS

10.1. Financial Assets and Liabilities

Financial assets are classified into the categories described in Note 4.8, detailed as follows:

March 31, 2015	Cash and Cash Equivalents ThUS$	Loans and Receivables ThUS$	At Fair Value through Profit or Loss ThUS$	Hedging Instruments ThUS$	Available-For-Sale ThUS$	Total ThUS$
Cash and Cash Equivalents	285,811	-	-	-	-	285,811
Other Current Financial Assets	-	-	6,879	1,825	6,683	15,387
Trade Receivables	-	292,616	-	-	-	292,616
Other Non-Current Financial Assets	-	461	110	-	40,951	41,522
Related Party Receivables	-	10,539	-	-	-	10,539
Total	**285,811**	**303,616**	**6,989**	**1,825**	**47,634**	**645,875**

December 31, 2014	Cash and Cash Equivalents ThUS$	Loans and Receivables ThUS$	At Fair Value through Profit or Loss ThUS$	Hedging Instruments ThUS$	Available-For-Sale ThUS$	Total ThUS$
Cash and Cash Equivalents	228,691	-	-	-	-	228,691
Other Current Financial Assets	-	-	3,877	2,037	1,291	7,205
Trade Receivables	-	228,214	-	-	-	228,214
Other Non-Current Financial Assets	-	421	-	-	39,008	39,429
Related Party Receivables	-	3,631	-	-	-	3,631
Total	**228,691**	**232,266**	**3,877**	**3,877**	**40,299**	**507,170**

The carrying amount of financial assets such as Cash and Cash Equivalents and the current portion of Related Party Receivables are approximately equivalent to their fair values, due to the short-term nature of their maturities.

Instruments recorded in Other Current and Non-Current Financial Assets, classified as at Fair Value through Profit or Loss and Derivative Instruments (i.e. hedging and non-hedging instruments) are presented at their fair value in the Consolidated Statements of Financial Position. See Note 10.2 for the methods used in the calculation of their fair value.

Financial instruments classified as Available-for-Sale Financial Investments that are recorded in Other Current and Non-Current Financial Assets consist of investment funds that are recorded at fair value (coupon value of the funds) and time deposits that, due to the short-term nature of their maturities, have carrying amounts that are approximately equivalent to their fair values. Additionally, investments in the CDECs and Gasoducto GasAndes are presented in that category at cost due to the insufficient information available to determine their market value (see Note 9 Other Financial Assets for more information).

Financial liabilities are classified into the categories described in Note 4.9, detailed as follows:

March 31, 2015	At Fair Value, through Profit or Loss ThUS$	Hedging Instruments ThUS$	Other Financial Liabilities ThUS$	Total ThUS$
Other Current Financial Liabilities	-	57,523	70,019	127,542
Trade Payables	-	-	454,577	454,577
Other Non-Current Financial Liabilities	-	234,935	2,968,054	3,202,989
Related Party Payables	-	-	194,800	194,800
Total	**-**	**292,458**	**3,687,450**	**3,979,908**

December 31, 2014	At Fair Value, through Profit or Loss ThUS$	Hedging Instruments ThUS$	Other Financial Liabilities ThUS$	Total ThUS$
Other Current Financial Liabilities	-	53,096	50,437	103,533
Trade Payables	-	-	509,685	509,685
Other Non-Current Financial Liabilities	-	185,994	2,683,313	2,869,307
Related Party Payables	-	-	186,425	186,425
Total	**-**	**239,090**	**3,429,860**	**3,668,950**

The book value of the current portion of Accounts Payable to Related Parties and Trade Payables approximates their fair values given the short-term nature of their maturities.

Instruments recorded in Other Current and Other Non-Current Financial Liabilities classified as Financial Liabilities at Fair Value through Profit or Loss (derivatives not designated as hedging instruments) and hedging derivatives are presented at fair value in the Statements of Financial Position. See Note 10.2 for the methods used to calculate these fair values.

The carrying value of interest-bearing loans included in Other Current and Other Non-Current Financial Liabilities differs from their fair values principally due to fluctuations in exchange rates (US dollar and UF) and market interest rates. The methodology to calculate fair values of these instruments consists of discounting future cash flows of the debt using a yield curve. For the purposes of calculating this present value, assumptions are used such as the value of the exchange rate of the debt, the credit rating of the instrument and the credit rating of the Company or Group. The assumptions used as of March 31, 2015 and December 31, 2014, are classified as Level 2 within the Fair Value Hierarchy as defined in Note 10.2 (d).

The following table details the carrying amounts and fair values of interest-bearing loans:

	March 31, 2015		December 31, 2014	
Interest-Bearing Loans	Carrying Value ThUS$	Fair Value ThUS$	Carrying Value ThUS$	Fair Value ThUS$
Interest-Bearing Loans	3,038,073	3,498,153	2,733,750	3,180,881

10.2. Fair Values

The Company uses the Reval Hedge Rx system to calculate the fair value of interest rate and cross currency swaps.

The following are the main assumptions used in valuation models for derivative instruments:

a) Market assumptions such as future spot prices, other price projections, credit risk (own and counterparty),

b) Discount rate inputs such as risk-free rates, local and counterparty spreads (based on risk profiles and data available in the market),

c) The models also incorporate variables such as volatilities, correlations, regression formulas and market spreads using observable market data and techniques commonly used by market participants.

Valuation Methodology for Derivative Instruments

(a) **Interest Rate Swaps**

The valuation model for interest rate swaps involves forecasting interest rate forwards based on spot rates for each intermediate and final settlement date, and then discounting the cash flows using the LIBOR zero coupon rate. The assumptions used in the model include prices and rates observable in the market, risk-free rates, country and/or counterparty risk, the Company's credit risk, etc.

(b) **Cross Currency Swaps**

The valuation model for cross currency swaps involves discounting expected cash flows using a representative interest rate and then converts these cash flows into US dollars using spot rates. The assumptions used in the model include historic transactions, prices and rates observable in the market, risk-free rates, country and/or counterparty risk, the Company's credit risk, etc.

(c) **Foreign Exchange Forwards**

The Company uses forward prices observable in the market and other assumptions, such as country and/or counterparty risk and the Group's own credit risk, to calculate the fair value of foreign exchange forwards.

(d) **Hierarchy of Fair Value of Financial Instruments**

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability, which are not based on observable market data.

The following table shows the financial asset and liability by fair value hierarchy:

March 31, 2015	Note	(Level 1) ThUS$	(Level 2) ThUS$	(Level 3) ThUS$	Total ThUS$
Assets					
At Fair Value through Profit or Loss					**6,989**
Foreign Exchange Forwards	10.4 (a.2)	-	6,989	-	
Hedging Intruments					**1,825**
Foreign Exchange Forwards	10.4 (a.2)	-	1,825	-	
Available for Sale					**461**
Mutual Funds		461	-	-	
Total Assets		**461**	**8,814**	**-**	**9,275**
Liabilities					
Hedging Intruments					**292,458**
Cross Currency Swaps	10.4 (a.2)	-	33,097	-	
Interest Rate Swaps	10.4 (a.1)	-	74,317	145,499	
Foreign Exchange Forwards	10.4 (a.3)	-	39,545	-	
Total Liabilities		**-**	**146,959**	**145,499**	**292,458**

December 31, 2014	Note	(Level 1) ThUS$	(Level 2) ThUS$	(Level 3) ThUS$	Total ThUS$
Assets					
At Fair Value through Profit or Loss					**3,877**
Foreign Exchange Forwards	10.4 (a.2)	-	3,877	-	
Hedging Instruments					**2,037**
Foreign Exchange Forwards	10.4 (a.2)	-	2,037	-	
Available for Sale					**421**
Mutual Funds		421	-	-	
Total Assets		**421**	**5,914**	**-**	**6,335**
Liabilities					
Hedging Instruments					**239,990**
Cross Currency Swaps	10.4 (a.2)	-	29,001	-	
Interest Rate Swaps	10.4 (a.1)	-	54,139	118,050	
Foreign Exchange Forwards	10.4 (a.3)	-	37,900	-	
Total Liabilities		**-**	**121,040**	**118,050**	**239,990**

The amount classified in Level 3 represents interest rate swaps of the subsidiary Alto Maipo, which corresponds to instruments entered into during the period.

The valuation of such derivatives has variables not observable in the market, related mainly to the credit risk of Alto Maipo. The credit risk used in the valuation of these instruments considers the spread on LIBOR used in the financing of Alto Maipo, which is an input currently not observable in the market.

The Company has carried out sensibility tests related to these non-observable variables and their impact on the valuation of the market value of the instruments classified in Level 3 It is estimated that a 15% change in the credit risk rate would have a 2% impact on the current valuation of such derivatives.

During the three-month period ended March 31, 2015 and during the year ended December 31, 2014, the Company recorded no movements of financial assets and liabilities at fair value between Levels 1 and 2.

(e) Master Netting Agreements

The following table shows the derivative instruments as of March 31, 2015 and December 31, 2014, that are subject to master netting agreements, where there is a contractual right to set off assets and liabilities under these financial instruments.

Current and Non-Current Derivative Instruments	March 31, 2015 Assets ThUS$	Liabilities ThUS$	December 31, 2014 Assets ThUS$	Liabilities ThUS$
Current	8,814	57,521	5,914	53,096
Non-Current	-	234,935	-	185,994
Total Derivative Instruments	**8,814**	**292,456**	**5,914**	**239,090**
Derivative Instruments Subject to Master Netting Agreements				
Subject to Master Netting Agreements (Gross is Equal to Net)	8,814	292,456	5,914	239,090
Gross Amount of Derivative Instruments not Offset	(1,456)	(1,456)	(232)	(232)
Total	**7,358**	**291,000**	**5,682**	**238,858**

As of March 31, 2015 and December 31, 2014, the Company has not provided any cash guarantees.

10.3. Credit Risk of Financial Assets

The Company is exposed to credit risk in its commercial activities as well as in its financial activities.

Risk Rating of Gener's and Other Chilean Subsidiaries' Counterparties

The Company evaluates the risk rating of its counterparties (clients), which includes primarily distribution companies and industrial clients, In Gener's case, most of them have local and international investment-grade ratings, Risk rating is determined by qualified rating agencies that determine the solvency of the entities from most solvent (rating of "AAA") to least solvent (rating of "E"), Investment grade is considered "BBB" or higher.

Regarding financial assets and derivatives, Gener and its subsidiaries execute investments with local and international counterparties with international or national risk ratings of A or A2 according to Standard & Poor's and Moody's, respectively. Similarly, derivatives executed for financial debt are carried out with top-level international entities, The Company has cash, investment and treasury policies to guide its cash management and minimize credit risk.

Risk Rating of Foreign Subsidiaries

The Colombian subsidiary, Chivor, executes transactions that are denominated in Colombian pesos with banks that have risk ratings of "AAA", which is considered to be the highest credit quality rating according to Duff & Phelps, a Colombian risk rating agency. With respect to the credit quality of the counterparty for Chivor's financing activities in US dollars, they have a rating of "A+" (Standard & Poor's) or "A1" (Moody's), which indicates a low credit risk.

Historically, Chivor has maintained minimal exposure to credit risk given the short-term nature of its receivables.

Management considers that the Argentinean subsidiary, TermoAndes S.A. has no major credit risks as its commercial operations are primarily with Argentina's wholesale electric market administrative agent (CAMMESA) and clients known as "Major Users of the Electric Market", whose contracts operate under Energía Plus legislation.

10.4. Derivative Instruments

Financial derivatives held by Gener and its subsidiaries correspond primarily to transactions entered into with the intent to hedge interest and exchange rate volatility arising from financing development projects.

The Company, in line with its risk management policy, enters into interest rate and cross currency swaps and currency forwards to reduce the anticipated variability of the underlying debt's future cash flows.

The portfolio of derivative instruments as of March 31, 2015 and December 31, 2014, is detailed as follows:

(a) Cash Flow Hedges

a.1 Interest Rate Swaps:

These swap contracts partially hedge the syndicated loans related to Empresa Eléctrica Ventanas S.A., Empresa Eléctrica Alt
Eléctrica Cochrane S.p.A. The fair values are as follows:

				As of March 31, 2015				As o	
				Asset		Liability		Asset	
Derivative Instrument	**Counterparty**	**Classification**	**Interest Rate**	**Current ThUS$**	**Non-Current ThUS$**	**Current ThUS$**	**Non-Current ThUS$**	**Current ThUS$**	**Non-C Th**
Interest Rate Swap	Various	Cash Flow Hedge	2.80% - 5.77%	-	-	25,924	193,892	-	
Total				**-**	**-**	**25,924**	**193,892**	**-**	

Empresa Eléctrica Ventanas S.A.

In June 2007, Empresa Eléctrica Ventanas S.A. signed four interest rate swap contracts with the banks Standard Charterec
(formerly Calyon) and BNP Paribas (formerly Fortis), maturing in 15 years for ThUS$315,000, to fix variable interest rates during
periods of its power plant.

These swap contracts partially hedge the loan from a consortium of banks led by BNP Paribas (formerly Fortis) for the Nueva
construction finalized in December 2009.

Empresa Eléctrica Alto Maipo S.p.A.

In January 2014, Alto Maipo entered into ten interest rate swaps with KFW IPEX Bank, DNB Bank ASA, Banco Itau Chile and
The contracts have a 19 year term aimed at converting variable interest rates into a fixed rate during the plant's construction and op

Empresa Eléctrica Cochrane S.p.A.

In May 2013, Empresa Eléctrica Cochrane S.p.A. signed eight interest rate swap contracts with the banks Mizuho Capital Mar
Tokyo-Mitsubishi UFJ Ltd., Sumitomo Mitsui Banking Corporation and HSBC Bank NA, maturing in 18 years for ThUS$800,0
during the construction and operating periods of its power plant.

a.2 Cross Currency Swaps

			As of March 31, 2015				As of	
			Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-C Th
Cross Currency Swap	Credit Suisse - Deutsche Bank	Cash Flow Hedge	-	-	5,721	27,376	-	
Total			**-**	**-**	**5,721**	**27,376**	**-**	

In December 2007, AES Gener S.A. signed two cross currency swaps with Credit Suisse International to fix in U.S. dollars the UF series of locally placed bonds (N and O), equivalent to approximately ThUS$217,000 as of the date of issuance, maturing in 2015 a

In September 2009, AES Gener S.A. signed a modification to the cross currency swap contract associated with the N Series bo modified and a portion was executed with Deutsche Bank, Both swap contracts include provisions that require AES Gener to gr credit when the swap market value exceeds the limit established in the contracts.

In July 2014, the Company decided to prepay the debt associated with the O series (UF 1.2 million) and in June 2014 it settled th which the Company received ThU$3,562.

a.3 Foreign Exchange Forwards

			As of March 31, 2015				As of	
			Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-C Th
Foreign Exchange Forward (AES Gener)	Various	Financial Asset at Fair Value through Profit or Loss	1,825	-	1,050	-	1,982	
Foreign Exchange (AES Gener – VAT Cochrane)	Various	Financial Asset at Fair Value through Profit or Loss	-	-	406	-	55	
Foreign Exchange Forward (Cochrane USD/UF)	Various	Financial Asset at Fair Value through Profit or Loss	-	-	12,013	3,383	-	
Foreign Exchange Forward (Alto Maipo USD/UF)	Corpbanca	Financial Asset at Fair Value through Profit or Loss	-	-	12,409	10,284	-	
Total			**1,825**	**-**	**25,878**	**13,667**	**3,173**	

In the first quarter of 2015, AES Gener executed foreign exchange forwards with JP Morgan for ThUS$18,739, associated to V construction of Cochrane Plant con JP Morgan. Settlement was set on July 2, 2015. The nominal amount outstanding as of March 3

In February 2015, AES Gener S.A. executed foreign exchange forwards with Scotiabank, Corpbanca and JP Morgan for ThUS$1 and the final settlement on November 25, 2015. The nominal amount outstanding as of March 31, 2015 is ThUS$137,964.

In November and December 2014, AES Gener S.A. executed foreign exchange forwards, associated to a credit tax, VAT surplus fo with JP Morgan and Scotiabank for ThU$54,170 with partial maturities and the final settlement on July 3, 2015. The nominal an 31, 2015 is ThUS$23,610.

In August 2014, AES Gener S.A. executed foreign exchange forwards associated to accounts receivable from sales to regulate Corpbanca and JP Morgan for ThUS$152,338, with partial maturities, and the final settlement on May 26, 2015. The nominal an 31, 2015 is ThUS$45,059.

In January 2014, Alto Maipo S.p.A. executed foreign exchange forwards, related to supplier payments in UF with Banco ThUS$361,277 with partial maturities and the final settlement in October 2017. The nominal amount outstanding as of March 31, 2

In December 2013, Alto Maipo S.p.A. executed foreign exchange forwards related to supplier payments in UF with Banco ThUS$44,257, with partial maturities and the final settlement in October 2017. The nominal amount outstanding as of March 31, 2

In May 2013, Empresa Eléctrica Cochrane S.p.A. executed foreign exchange forwards, related to supplier payments in UF with and HSBC for ThUS$272,549, with partial maturities and the final settlement on November 15, 2016. The nominal amount outsta ThUS$94,394.

a.4 Other Information - Cash Flow Hedges

Hedge maturities are included in the following table:

Company	Derivative Instrument	Counterparty	Hedged Item	Period Covered Start	Period Covered End	Maturity (Noti 2015 ThUS$	2016 ThUS$
AES Gener S.A.	Cross Currency Swap	Deutsche Bank and Credit Suisse	Interest Rate	12-01-2007	12-01-2028	-	-
Empresa Eléctrica Ventanas S.A.	Interest Rate Swaps	Various	Interest Rate	08-31-2007	06-30-2022	20,000	21,000
Empresa Eléctrica Cochrane S.p.A.	Interest Rate Swaps	Various	Interest Rate	04-24-2013	11-15-2030	-	-
Alto Maipo S.p.A.	Interest Rate Swaps	Various	Interest Rate	04-15-2014	10-17-2033	-	-
Total						**20,000**	**21,000**

For more details on debt maturity, see Note 20 Other Financial Liabilities.

The Company has not executed cash flow hedge instruments for highly probable transactions that then failed to occur.

For the three-month periods ended March 31, 2015 and 2014, the ineffectiveness of cash flow hedges caused gains in the Income Statement of ThUS$228 and ThUS$436, respectively.

The following movements were recognized in Other Reserves during the three-month periods ended March 31, 2015 and 2014 and during the year ended December 31, 2014:

Movements in Other Comprehensive Income	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**	**March 31, 2014 ThUS$**
Valuation of Available-for-Sale Assets	431	984	(1)
Gains (Losses) related to Derivatives Recognized in Other Comprehensive Income	(62,441)	(278,445)	(100,300)
Gains (Losses) related to Derivatives Reclassified from Other Comprehensive Income to Net Income	6,279	22,360	9,777
Gains (Losses) related to Derivatives of Associate Recognized in Other Comprehensive Income	(857)	2,448	(356)
Total	**(56,588)**	**(252,653)**	**(90,880)**

(b) Derivatives Not Designated as Hedging Instruments

In November 2014, the subsidiary Chivor executed foreign exchange forwards related to dollar disbursements with Bancolombia and BNP Paribas, for a nominal amount of ThUS$43,172 with partial maturities and the last settlement in September 2015. The nominal amount outstanding as of March 31, 2015 is ThUS$22,972.

In January and February 2015, the subsidiary Chivor executed foreign exchange forwards related to dollar disbursements with Bancolombia, JP Morgan and BNP Paribas, for a nominal amount of ThUS$41,068 with partial maturities and the last settlement in January 2016. The nominal amount outstanding as of March 31, 2015 is ThUS$33,127.

In February 2015, the subsidiary Alto Maipo executed foreign exchange forwards with JP Morgan and Banco de Chile, for a nominal amount of ThUS$23,971 with maturity in August 2016. This transaction is associated to VAT receivables on Alto Maipo Plant construction. The nominal amount outstanding as of March 31, 2015 is ThUS$23,971.

In February 2015, AES Gener executed foreign exchange forwards related to Trade Receivables with Corpbanca and Scotiabank, for a nominal amount of ThUS$12,160 with maturity in September 2015. The nominal amount outstanding as of March 31, 2015 is ThUS$12,160.

The amounts related to these contracts are classified under current assets/liabilities.

(c) Embedded Derivatives

As of March 31, 2015 and December 31, 2014, there are no balances for this type of instrument.

NOTE 11 – OTHER NON-FINANCIAL ASSETS

As of March 31, 2015 and December 31, 2014, Other Non-Financial Assets are as follows:

	Current		Non-Current	
Other Non-Financial Assets	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**
Prepaid Insurance	2,545	9,143	1,039	1,518
Taxes Receivable (a)	-	-	32,949	26,426
Advance Payments to Compañía Papelera del Pacífico	642	642	749	910
Prepaid Insurance as per Financing Agreements	4,256	7,507	1,162	1,645
Deposits Given as Guarantees	-	-	7,169	7,343
Advance Payments for Transmission	1,364	-	-	-
Advance Payments for Import Duties	1,020	-	-	-
Other	236	1,067	670	525
Total	**10,063**	**18,359**	**43,738**	**38,367**

(a) The non-current portion corresponds primarily to taxes related to water rights permits.

NOTE 12 – TRADE AND OTHER RECEIVABLES

Amounts in Trade and Other Receivables relate to transactions within the Company's line of business and that of its subsidiaries, which principally consists of sales of energy, capacity, transmission and coal.

Amounts in Other Receivables consist primarily of recoverable taxes (tax credits) related to Argentinian subsidiaries and prepayments to suppliers, among other items.

1) As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

Trade and Other Receivables, Gross	Current March 31, 2015 ThUS$	Current December 31, 2014 ThUS$	Non-Current March 31, 2015 ThUS$	Non-Current December 31, 2014 ThUS$
Trade Receivables, Gross	296,316	232,895	1,217	601
Allowance for Doubtful Accounts	(4,917)	(5,282)	-	-
Trade Receivables, Net	**291,399**	**227,613**	**1,217**	**601**
Value Added Tax Credits	131,692	132,098	55,826	49,598
Other Receivablea	22,788	24,885	410	433
Trade and Other Receivables, Net	**445,879**	**384,596**	**57,453**	**50,632**

Other Receivables consist of prepayments made to suppliers, receivables relating to employees and guarantees provided.

Non-current Value Added Tax Credits relate to capital expenditures on construction projects.

The fair value of Trade and Other Receivables does not differ significantly from their carrying amount.

2) Trade Receivables past due but not impaired are detailed as follows:

Trade Receivables Past but not Impaired	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Less than Three Months	68,751	26,243
Between Three and Six Months	337	4,725
Between Six and Twelve Months	-	-
More than Twelve Months	1,425	976
Total Trade Receivables Past Due but not Impaired	**70,513**	**31,944**

3) Impaired Trade and Other Receivables are detailed in the following table:

Allowance for Doubtful Accounts	ThUS$
Balance as of January 1, 2014	**6,497**
Increase (Decrease) for the Year	(1,215)
Amounts Written-off to Income	-
Balance as of December 31, 2014	**5,282**
Increase (Decrease) for the Year	(365)
Amounts Written-off to Income	-
Total as of March 31, 2015	**4,917**

NOTE 13 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries consist of recurring transactions executed at terms equivalent to those transaction. These intercompany transactions have been eliminated upon consolidation and are not detailed in this note.

13.1. Balances and Transactions with Related Parties

(a) The balances of Accounts Receivable between the Company and its related companies are detailed as follows:

Related Party Receivables

Taxpayer ID Number	Company	Country	Transaction	Relationship	Currency	Ma
Foreign	AES Corporation	United States	Miscellaneous Services	Ultimate Parent Company	US$	
Foreign	AES Energy Storage	United States	Project Consulting	Common Parent	US$	
Foreign	AES Maritza East LTD.	Bulgaria	Miscellaneous Services	Common Parent	US$	
Foreign	AES Panamá Limitada	Panama	Miscellaneous Services	Common Parent	US$	
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Common Parent	US$	
Foreign	Masinloc Power Partners Co. Ltd	Philippines	Miscellaneous Services	Common Parent	US$	
Foreign	AES TEG Operations, S de RL, De CV	Mexico	Miscellaneous Services	Common Parent	US$	
Foreign	AES Andres BV	Dominican Republic	Miscellaneous Services	Common Parent	US$	
Foreign	AES Big Sky, LLC	United States	Miscellaneous Services	Common Parent	US$	
Foreign	AES Strategic Equipment Holding Corp	United States	Miscellaneous Services	Common Parent	US$	
Foreign	Dominican Power Partners	Dominican Republic	Miscellaneous Services	Common Parent	US$	
96.790.240-3	Minera Los Pelambres	Chile	Miscellaneous Services	Non-Controlling Interest in Subsidiary	US$	
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Miscellaneous Services	Associate	US$	
Total						

There are no account receivable balances with related entities classified as non-current.

(b) The balances of account payable between the Company and its non-consolidated related parties are as follows:

Related Party Payables						C
Taxpayer ID Number	Company	Country	Transaction	Relationship	Currency	March 31 2015 ThUS$
Foreign	AES Corporation	United States	Salaries	Ultimate Parent Company	US$	7
Foreign	AES Corporation	United States	Reimbursement of Expenses	Ultimate Parent Company	US$	2,8
Foreign	AES Corporation	United States	Other Services	Ultimate Parent Company	US$	1,8
Foreign	AES Servicios América	Argentina	IT and Administrative Services	Common Parent	US$	1,6
Foreign	AES Energy Ltd	Argentina	Miscellaneous Services	Common Parent	US$	
Foreign	Cía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Common Parent	US$	1
Foreign	AES Panamá Limitada	Panama	Miscellaneous Services	Common Parent	US$	
Foreign	AES Big Sky, LLC	United States	Miscellaneous Services	Common Parent	US$	
Foreign	Masinloc Power Partners Co. Ltd	Philippines	Miscellaneous Services	Common Parent	US$	
Foreign	AES Energy Storage	United States	Miscellaneous Services	Common Parent	US$	
Foreign	AES Alicura	Argentina	Miscellaneous Services	Common Parent	US$	
Foreign	AES NA Central, LLC	United States	Miscellaneous Services	Common Parent	US$	
Foreign	AES Latinoamerica, S De RL	Panama	Miscellaneous Services	Common Parent	US$	
Foreign	Inversora AES America Holding España S.L.	Spain	Miscellaneous Services	Common Parent	US$	1
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Purchase of Energy and Capacity	Associate	US$	27,1
96.790.240-3	Minera Los Pelambres	Chile	Financial Loan	Non-Controlling Interest in Subsidiary	US$	
Total						**34,7**

(c) The effects on the Income Statements of these transactions with unconsolidated related companies during the three-month periods ended March 31, 2015

Taxpayer ID Number	Company	Country	Relationship	Transaction	2015 ThUS$	Effect on Income (Charge/ Credit) ThUS$
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Sale of Energy and Capacity	2,691	2,69
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Purchase of Energy and Capacity	14,379	(14,379
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Fuel Sales	12,855	12,85
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Fuel Purchase	4,935	(4,935
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Management fee and technical assistance	881	88
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Transmission Revenues	113	11
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Miscellaneous Services	-	
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Associate's Subsidiary	Transmission Expenses	-	
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Associate's Subsidiary	Transmission Revenues	-	
Foreign	Gasoducto Gasandes Argentina	Argentina	Investment	Dividends	-	
Foreign	AES Corporation	United States	Ultimate Parent	Foreign personnel costs	767	(767
Foreign	AES Corporation	United States	Ultimate Parent	Miscellaneous Services	94	(94
Foreign	AES Corporation	United States	Ultimate Parent	Insurance settlement and other settlements	878	(878
Foreign	AES Corporation	United States	Ultimate Parent	Payment	13,964	
Foreign	AES Big Sky, LLC	United States	Common Parent	Miscellaneous Services	-	
Foreign	AES Energy Storage,	United States	Common Parent	Project Consulting	18	1
Foreign	AES Servicios America S.R.L.	Argentina	Common Parent	Miscellaneous Services	734	(734
Foreign	Dayton Power and Light Co.	United States	Common Parent	Miscellaneous Services	-	
96.790.240-3	Minera Los Pelambres	Chile	Non-Controlling Interest in Subsidiary	Loan received and interest costs	1,864	(1,864
96.790.240-3	Minera Los Pelambres	Chile	Non-Controlling Interest in Subsidiary	Sale of Energy and Capacity	2,753	2,75

Transactions with related companies, in general, consist of recurring transactions made at terms equivalent to those that prevail in date, there are no allowances for doubtful accounts relating to these balances.

13.2. Key Management Personnel

Key management personnel are those that have the authority and responsibility to plan, direct and control the activities of the Company, whether direct or indirectly. AES Gener S.A. is managed by the members of the Senior Management and by a Board of Directors composed of seven directors and their respective alternates, who are elected for a period of three years by the shareholders in the Ordinary General Shareholders' Meeting.

In conformity with the provisions of Article 50-bis of Law 18,046 on Corporations, AES Gener S.A. has an Audit Committee composed of 3 members that have been granted the powers contained in that article.

(a) Balances and Transactions with Key Management Personnel

There are no pending receivables or payables between the Company and its Directors and Senior Management.

In the periods covered by these consolidated financial statements, no transactions other than those disclosed in Note 13.2, section c) and payment of compensations took place between the Company and its Directors or Senior Management.

The Company has established no guarantees on behalf of the Directors.

There are no guarantees granted by the Company in favor of the Senior Management.

There are no compensation plans linked to the market value of shares of the Company.

(b) Board Compensation

AES Gener's by-laws establish that its directors do not receive compensation for serving as directors.

During the periods covered by these consolidated financial statements, the Company's Directors who are employed by AES Corporation or any subsidiary or associate did not receive any compensation, entertainment or travel expenses, royalties, or any other stipend. However, some directors do receive compensation for serving as members of the Audit Committee, as disclosed in the following paragraph.

In the Ordinary General Shareholders' Meeting held April 30, 2015 shareholders agreed to set compensation for Audit Committee members at UF 160 for the 2015 period. For the three-month periods ended March 31, 2015 and 2014 the amounts detailed in the following table were paid to Audit Committee members and directors of subsidiaries.

Board Members		March 31, 2015		
Name	**Position**	**Board of Directors AES Gener ThUS$**	**Board of Directors Subsidiaries ThUS$**	**Audit Committee ThUS$**
Andres Gluski	Chairman	-	-	-
Margaret Tigre	Director	-	-	-
Tom O'Flynn	Director	-	-	-
Arminio Borjas	Director	-	-	-
Ivan Diaz-Molina	Director	-	-	19
Jose Pablo Arellano Marin	Director	-	-	19
Radovan Roque Razmilic Tomicic	Director	-	-	19
Total		-	-	**57**

Director Remuneration		March 31, 2014		
Name	Position	Board of Directors AES Gener ThUS$	Board of Directors Subsidiaries ThUS$	Audit Committee ThUS$
Andres Gluski	Chairman	-	-	-
Andrew Vesey	Director	-	-	-
Tom O'Flynn	Director	-	-	-
Arminio Borjas	Director	-	-	-
Ivan Diaz-Molina	Director	-	-	20
Juan Andres Camus Camus	Director	-	-	20
Radovan Roque Tazmilic Tomicic	Director	-	-	20
Total		-	-	**60**

On April 2, 2014 Juan Andrés Camus had resigned as Director of AES Gener S.A.

On November 19, 2014, Andrew Vesey resigned as Director of AES Gener S.A. Margaret Tigre was appointed to replace him in such role.

(c) **Overall Compensation of Executives that are Not Directors**

The overall compensation of the Company's Senior Management includes fixed monthly compensation, bonuses based on performance and corporate results as compared to the year prior, in addition to long-term compensation. The Company's key management personnel include its Chief Executive Officer and the executives of the following departments: Operations, Legal and Corporate Matters, Engineering and Construction, Development, and Finance.

Key management personnel participate in an annual bonus plan based on goal achievement and individual contribution to the Company's results. These incentives are structured as a minimum and maximum number of gross monthly salaries and are paid once a year.

The Company's key executives received overall compensation for the three-month periods ended March 31, 2014 and 2015, of ThUS$1,443 and ThUS$1,819 respectively.

NOTE 14 – INVENTORY

Inventory, valued in accordance with Note 4.11, is detailed as follows:

Inventory	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Coal	37,528	36,239
Oil	7,857	10,111
Spare Part and Materials	41,841	39,982
Coal in Transit	27,901	28,317
Materials in Transit	1,477	1,265
Other Inventory	579	906
Total	**117,183**	**116,820**

The amount of inventory recognized as cost of sales in income for the three-month periods ended March 31, 2015, and 2014, is detailed as follows:

Inventory Recognized as Cost of Sales in Net Income	March 31, 2015 ThUS$	March 31, 2014 ThUS$
Coal	91,203	101,300
Oil	18,440	78,788
Gas	39,638	42,041
Other (1)	5,411	6,425
Total	**154,692**	**228,554**

(1) Other inventory costs consist principally of materials, limestone and biomass consumption.

In the periods covered by these financial statements, no adjustments exist that would significantly affect the carrying value of inventory.

NOTE 15 – CURRENT TAXES RECEIVABLE

Current Taxes

Current Taxes Receivable as of March 31, 2015 and December 31, 2014, are detailed as follows:

	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Monthly Provisional Tax Payments	15,763	13,221
Argentinean Tax Credits	9,595	3,392
Absorbed Tax Profits Credit	16,373	16,373
Refund Receivable	5,955	13,369
Other	383	328
Less:		
Monthly Tax Provision	1,004	359
Rejected Expenses Provision	156	152
First Category Tax Provision	8,562	2,378
Total	**38,347**	**43,794**

Current Taxes Payable are detailed as follows, they do not imply a net position from the previous chart:

	March 31, 2015 ThUS$	December 31, 2014 ThUS$
First Category Tax Provision	47,450	68,521
Others	2,408	132
Less		
Monthly Provisional Tax Payments	2,079	9,954
Colombian Income Tax Advance Payments	2,026	18,248
Total	**45,753**	**40,451**

NOTE 16 – INVESTMENTS IN ASSOCIATES

The following tables include detailed information on changes in the investment in associates balance and participation in associates' earnings for the three-month periods ended March 31, 2015 and 2014:

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	January 1, 2015 ThUS$	Participation in Earnings ThUS$	Other Increase (Decrease) ThUS$	March 31, 2015 ThUS$
Empresa Eléctrica Guacolda S.A.	Chile	US$	50.00%	50.00%	343,502	8,030	(858)	350,674
TOTAL					**343,502**	**8,030**	**(858)**	**350,674**

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	January 1, 2014 ThUS$	Participation in Earnings ThUS$	Other Increase (Decrease) ThUS$	December 31, 2014 ThUS$
Empresa Eléctrica Guacolda S.A.	Chile	US$	50,00%	50,00%	321,759	19,295	2,448	343,502
TOTAL					**321,759**	**19,295**	**2,448**	**343,502**

The associate Guacolda can distribute dividends as long as:

(i) it is not in breach of its credit agreements,

(ii) its debt reserve accounts are funded or covered by bank guarantees, and

(iii) it complies with the debt coverage ratio that increases inversely to its contracted capacity,

The following table shows summarized financial information as of March 31, 2015 and December 31,2014 of the entity accounted for under the equity method:

	March 31, 2015							
Investments in Associates	% Ownership Interest	Current Assets ThUS$	Non-Current Assets ThUS$	Current Liabilities ThUS$	Non-Current Liabilities ThUS$	Operating Revenue ThUS$	Operating Expenses ThUS$	Net Income ThUS$
Empresa Eléctrica Guacolda S.A.	50.00%	171,763	1,567,836	(217,651)	(721,997)	128,499	92,774	15,895
TOTAL		**171,763**	**1,567,836**	**(217,651)**	**(721,997)**	**128,499**	**92,774**	**15,895**

	December 31, 2014							
Investments in Associates	% Ownership Interest	Current Assets ThUS$	Non-Current Assets ThUS$	Current Liabilities ThUS$	Non-Current Liabilities ThUS$	Operating Revenue ThUS$	Operating Expenses ThUS$	Net Income ThUS$
Empresa Eléctrica Guacolda S.A.	50.00%	183,230	1,510,086	(234,958)	(773,873)	515,271	418,337	38,447
TOTAL		**183,230**	**1,510,086**	**(234,958)**	**(773,873)**	**515,271**	**418,337**	**38,447**

NOTE 17 – INTANGIBLE ASSETS

17.1. Intangible Assets

Details of and movements in the principal classes of Intangible Assets, valued as described in Notes 4.5 and 4.6, are detailed as follows:

Intangible Assets	March 31, 2015 Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Goodwill	7,309	-	7,309
Intangible Assets with Definite Useful Lives	35,739	(16,683)	19,056
Intangible Assets with Indefinite Useful Lives	31,643	-	31,643
Intangible Assets, Gross	**74,691**	**(16,683)**	**58,008**
Software	12,013	(8,456)	3,557
Easements	16,012	(231)	15,781
Water Rights	17,207	-	17,207
Other Identifiable Intangible Assets	22,150	(7,996)	14,154
Identifiable Intangible Assets, Gross	**67,382**	**(16,683)**	**50,699**

Intangible Assets	December 31, 2014 Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Goodwill	7,309	-	7,309
Intangible Assets with Definite Useful Lives	38,699	(17,014)	21,685
Intangible Assets with Indefinite Useful Lives	31,623	-	31,623
Intangible Assets, Gross	**77,631**	**(17,014)**	**60,617**
Software	12,035	(7,892)	4,143
Easements	16,013	(214)	15,799
Water Rights	17,207	-	17,207
Other Identifiable Intangible Assets	25,067	(8,908)	16,159
Identifiable Intangible Assets, Gross	**70,322**	**(17,014)**	**53,308**

Easements and water rights do not have defined useful lives, therefore it has been determined that they are indefinite and continuously permanent. These intangibles have not suffered any contractual or legal modification as of March 31, 2015. Accumulated amortization of easements as of March 31, 2015 and December 31, 2014, corresponds exclusively to the easement of the Mejillones lot A of the subsidiary Empresa Eléctrica Angamos, the easement of the Angamos-Atacama and Angamos-Encuentro lines of the subsidiary Empresa Eléctrica Cochrane, and the easement of the Laberinto-Lomas Bayas and Norgener-Crucero lines of Norgener, which have a defined useful life related to the duration of the underlying contracts.

Estimated Useful Lives or Amortization Rates Used	Maximum Life or Rate	Minimum Life or Rate
Software	5 Years	3 Years
Easements	Indefinite	27 Years
Water Rights	Indefinite	29 Years
Other Identifiable Intangible Assets	12 Years	3 Years

The following tables present movements in Intangible assets during the three-month period ended March 31, 2015 and during the year ended December 31, 2014, respectively:

	March 31, 2015					
Movements in Intangible Assets	**Software ThUS$**	**Easements ThUS$**	**Water Rights ThUS$**	**Other Identifiable Intangible Assets ThUS$**	**Goodwill ThUS$**	**Intangible Assets ThUS$**
Opening Balance as of January 1, 2015......	4,143	15,799	17,207	16,159	7,309	60,617
Additions	230	-	-	-		230
Removals	-	-	-	-		-
Amortization	(740)	(17)	-	(2,005)		(2,762)
Increase (Decrease) due to Foreign Currency Exchange Differences	(76)	(1)	-	-	-	(77)
Total Changes	**(586)**	**(18)**	**-**	**(2,005)**	**-**	**(2,609)**
Ending Balance as of March 31, 2015	**3,557**	**15,781**	**17,207**	**14,154**	**7,309**	**58,008**

	December 31, 2014					
Movements in Intangible Assets	**Software ThUS$**	**Easements ThUS$**	**Water Rights ThUS$**	**Other Identifiable Intangible Assets ThUS$**	**Goodwill ThUS$**	**Intangible Assets ThUS$**
Opening Balance as of January 1, 2014......	4,041	14,518	17,207	12,999	7,309	56,074
Additions	2,581	1,996	-	7,168		11,745
Removals	-	(651)	-	-		(651)
Amortization	(2,270)	(64)	-	(4,008)		(6,342)
Increase (Decrease) due to Foreign Currency Exchange Differences	(209)	-	-	-	-	(209)
Total Changes	**102**	**1.281**	**-**	**3,160**	**-**	**4,543**
Ending Balance as of December 31, 2014	**4,143**	**15,799**	**17,207**	**16,159**	**7,309**	**60,617**

17.2. Goodwill Impairment and Intangible Assets with Indefinite Useful Lives

The goodwill acquired in business combinations and intangible assets with indefinite lives have been assigned to the following cash generating units ("CGUs"), which at the same time are operating segments for the purposes of the annual impairment test:

	March 31, 2015		
Concepts	SIC ThUS$	SING ThUS$	Total ThUS$
Goodwill	7,309	-	7,309
Water Rights	17,226	-	17,226
Easements	12,432	1,192	13,624
Other Intangibles	793	-	793
Total	**37,760**	**1,192**	**38,952**

	December 31, 2014		
Concepts	SIC ThUS$	SING ThUS$	Total ThUS$
Goodwill	7,309	-	7,309
Water Rights	18,057	-	18,057
Easements	11,581	1,192	12,773
Other Intangibles	793	-	793
Total	**37,740**	**1,192**	**38,932**

As of March 31, 2015, no impairment losses were recorded for intangible assets or at the CGU level.

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

18.1. Property, Plant and Equipment

The balances of the different categories of Property, Plant and Equipment for the years ended March 31, 2015 and December 31, 2014, are detailed as follows:

	March 31, 2015		
Classes of Property, Plant and Equipment	**Gross ThUS$**	**Accumulated Depreciation ThUS$**	**Net ThUS$**
Construction in Progress	1,596,168	-	1,596,168
Land	39,104	-	39,104
Buildings	19,867	(8,448)	11,419
Plant and Equipment	5,691,326	(1,829,202)	3,862,124
IT Equipment	15,873	(10,207)	5,666
Furniture	13,625	(8,844)	4,781
Motor Vehicles	5,560	(3,652)	1,908
Other Property, Plant and Equipment	114,189	(7,945)	106,244
Total	**7,495,712**	**(1,868,298)**	**5,627,414**

	December 31, 2014		
Classes of Property, Plant and Equipment	**Gross ThUS$**	**Accumulated Depreciation ThUS$**	**Net ThUS$**
Construction in Progress	1,415,370	-	1,415,370
Land	39,350	-	39,350
Buildings	19,833	(8,114)	11,719
Plant and Equipment	5,314,178	(1,468,188)	3,845,990
IT Equipment	16,012	(9,574)	6,438
Furniture	13,818	(8,663)	5,155
Motor Vehicles	5,363	(3,402)	1,961
Other Property, Plant and Equipment	115,299	(9,239)	106,060
Total	**6,939,223**	**(1,507,180)**	**5,432,043**

Construction in Progress corresponds principally to investments associated with Alto Maipo and Cochrane projects as well as some other minor projects.

The useful lives of the Company's principal classes of Property, Plant and Equipment are detailed as follows:

Classes of Property, Plant and Equipment	Minimum Life (Years)	Maximum Life (Years)
Buildings	20	40
Plant and Equipment	5	30
Plant and Equipment (Colombian Dam)	80	80
IT Equipment	2	5
Furniture	2	20
Motor Vehicles	2	5
Other Property, Plant and Equipment	5	25

Additional Disclosures for Property, Plant and Equipment	2015 ThUS$	2014 ThUS$
Commitments for Additions	1,422,553	1,418,360

The following tables present movements in Property, Plant and Equipment in the three-month period ended March 31, 2015 and fo
2014 respectively:

	Movements Year 2015	Construction in Progress ThUS$	Land ThUS$	Buildings ThUS$	Plant and Equipment ThUS$	IT Equipment ThUS$	Furniture ThUS$	Motor Vehicles ThUS$
	Opening Balance as of January 1, 2015	1,415,370	39,350	11,719	3,845,990	6,438	5,155	1,9(
Changes	Additions	298,211	4	-	1,308	80	45	9
	Disposals	(107)	-	-	(400)	(71)	(1)	
	Depreciation	(2)	-	(349)	(53,102)	(719)	(286)	(12
	Assets Held for Sales				(2,413)		(5)	
	Increase (Decrease) due to Foreign Currency Exchange Differences (a)	(3,629)	(250)	(70)	(42,708)	(224)	(93)	(
	Transfers	(113,675)	-	119	113,449	162	(34)	(2
	Total Changes	**180,798**	**(246)**	**(300)**	**16,134**	**(772)**	**(374)**	**(5**
	Ending Balance As of March 31, 2015	**1,596,168**	**39,104**	**11,419**	**3,862,124**	**5,666**	**4,781**	**1,9(**

	Movements Year 2014	Construction in Progress ThUS$	Land ThUS$	Buildings ThUS$	Plant and Equipment ThUS$	IT Equipment ThUS$	Furniture ThUS$	Motor Vehicles ThUS$
	Opening Balance as of January 1, 2014	683,070	38,836	10,668	4,070,134	6,902	5,640	2,22
Changes	Additions	851,424	1,044	-	5,253	450	368	86
	Disposals	-	-	-	(4,313)	-	-	(1
	Depreciation	-	-	(1,325)	(214,130)	(2,651)	(1,208)	(62
	Increase (Decrease) due to Foreign Currency Exchange Differences (a)	(6,853)	(530)	(208)	(115,776)	(561)	(232)	(2
	Transfers	(112,271)	-	2,584	104,822	2,298	587	(46
	Total Changes	**732,300**	**514**	**1,051**	**(224,144)**	**(464)**	**(485)**	**(26**
	Ending Balance As of December 31, 2014	**1,415,370**	**39,350**	**11,719**	**3,845,990**	**6,438**	**5,155**	**1,96**

(a) This is related to the currency translation of Colombian subsidiary Chivor, which uses the Colombian peso as its functional

The costs of capitalized interests during the period and the average effective rate of the Company's debt are detailed below:

	March 31, 2015 ThUS$	March 31, 2014 ThUS$
Capitalized Interest Expense	14,485	7,176
Capitalization Rate	6.62%	6.68%

The Company and its subsidiaries have insurance contracts for their generation plants, including all-risk policies and business interruption insurance, which cover damages caused by fire, flood and earthquakes, among other events.

18.2. Leased Assets

Finance leases by asset class, where the Company acts as a lessee:

Finance Leases	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Buildings	7,997	8,504
Plant and Equipment	3,207	3,239
IT Equipment	16	16
Motor Vehicles	3	9
Total Property, Plant and Equipment under Finance Leases	**11,222**	**11,768**

Minimum lease payments related to finance leases, where the Company acts a as lessee:

	March 31, 2015			December 31, 2014		
Minimum Lease Payments on Finance Leases, Lessee	**Gross ThUS$**	**Interest ThUS$**	**Present Value ThUS$**	**Gross ThUS$**	**Interest ThUS$**	**Present Value ThUS$**
Less than a Year	1,271	682	589	1,302	693	609
Between 1 and 5 Years	2,791	1,505	1,286	2,834	1,529	1,305
More than 5 Years	36,628	18,946	17,682	39,658	20,710	18,948
Total	**40,690**	**21,133**	**19,557**	**43,794**	**22,932**	**20,862**

Information about operating leases, where the Company acts as a lessee:

Minimum Lease Payments on Operating Leases, Lessee	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Between 1 and 5 Years	13,183	10,648
More than 5 Years	12,508	15,043
Total	**25,691**	**25,691**

Contingent payments are based on variations in the CPI and the energy spot price. The Company made contingent payments during the year ended December 31, 2014 for ThUS$40.

18.3. Asset Impairment

As indicated in Note 4.7, the recoverable amounts of property, plant and equipment are evaluated when there is evidence that the asset may be impaired.

No impairment losses were identified during the three-month period ended March 31, 2014 and the year ended December 31, 2014.

18.4. Disposal of Property, Plant and Equipment

On June 1, 2014, AES Gener sold the diesel-fire plants Santa Lidia and Los Vientos to its subsidiary Sociedad Eléctrica Santiago S.p.A. Such sale included the transfer of operational contracts, permits and water rights necessary for the operation. The sale was executed at market value for ThUS$132,089. The transaction did not generate any effects on the consolidated net income because it was a transaction between the Group companies.

On March 26, 2015, AES Gener S.A. Board of Directors approved the sale of San Francisco de Mostazal Plant. Based on this decision, the carrying amount of the asset was reclassified to "Assets Held for Sale" in the Company's Statement of Financial Position.

18.5. Term Extension of Rio Bata Concession in Chivor

In December 2014, the Regional Environmental Authority approved the term extension of the concession of Rio Bata for another 50 years from 2019, the original expiration term. Chivor has two large concessions for its operations. Rio Bata that represents close to 75% of the water rights of the plant, which was issued on December 12, 1969 for a period of 50 year. The second concession is the deviation of rivers Rucio, Negro and Tunjita, which was approved on March 24, 1984 for 50 years.

NOTE 19 – DEFERRED TAXES

Deferred Taxes

On September 29, 2014, Law 20,780 of the tax reform was passed in Chile, which, among other matters, gradually increases the first category tax rate from the current 20% to a rate that will depend on the regime selected according to two options: i) Attributed Income regime in which the tax rate increases gradually until 25% in 2017, and ii) Partially Integrated System in which the tax rate increase gradually until 27% in 2018. The option has to be executed by the Shareholders Extraordinary Meeting between June and December 2016, for each company and it has to have the approval of at least 66% of the votes. In case the company does not make a choice, it will by default be under one system or the other: if the tax payer is an individual entrepreneur, a limited liability company or a partnership of individual persons, the company would be under the Attributed Income Regime. In all other cases, such as private and public limited corporations or partnerships with legal entities as shareholders, the regime will be the Partially Integrated System.

Thus, since the Extraordinary Shareholders Meeting was not held to determine the tax regime, the assets and liabilities of deferred taxes of AES Gener S.A. and subsidiaries are measured according to the estimated pattern of temporary difference reversal, using the rates of the Partially Integrated System (applicable by default).

Balances of deferred tax assets as of March 31, 2015 and December 31, 2014 are as follows:

Deferred Tax Assets	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**
Amortization	186	223
Provisions	4,492	6,528
Employee Benefits	4,314	3,973
Fair Value of Financial Instruments	19,182	17,698
Tax Losses	321,881	304,119
Deferred Income	14,296	3,789
Interest-Bearing Loans	1,336	4,075
Lease Obligations	5,188	2,572
Finance Expense	2,765	4,285
Other	32,878	31,542
Total Deferred Tax Assets	**406,518**	**378,804**

The most significant deferred asset is related to the fiscal losses of companies in the stage of construction or only with a few years of operations. The origin of such losses is mainly financial expenses not capitalized under projects, accelerated depreciation of plant assets that are already in operation, in addition to the valuation of derivative instruments.

There is positive evidence that these losses will be reversed in the future as a result of taxable revenues associated with power purchase agreements (PPAs) executed by such companies.

As of March 31, 2015 and December 31, 2014 the item “Others” includes mainly the difference related to the fixed asset retirement obligation.

Balances of deferred tax liabilities as of March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Depreciation	766,754	756,397
Provisions	282	155
Employee Benefits	216	105
Fair Value of Financial Instruments	12,033	9,324
Interest-Bearing Loans	9,533	9,510
Lease Obligations	298	261
Finance Expense	39,731	38,396
Other	17,420	17,446
Total Deferred Tax Liabilities	**846,267**	**831,594**
Deferred Tax Net Position	**(439,749)**	**(452,790)**

Reconciliation between the balance in the statement of financial position and the deferred tax tables above is as follows:

Statement of Financial Position	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**
Deferred Tax Asset	86,340	69,211
Deferred Tax Liability	(526,089)	(522,001)
Total Deferred Tax Liabilities	**(439,749)**	**(452,790)**

Note 15 - Deferred Taxes	**March 31, 2015 ThUS$**	**December 31, 2014 ThUS$**
Deferred Tax Asset	406,518	378,804
Deferred Tax Liability	(846,267)	(831,594)
Deferred Tax Net Position	**(439,749)**	**(452,790)**

The movements of assets and liabilities of deferred tax in the three-month period ended March 31, 2015 and in the year ended December 31, 2014 are as follows:

Reconciliation of Deferred Tax Assets and Liabilities	**Assets ThUS$**	**Liabilities ThUS$**
Balance as of January 1, 2014	**251,264**	**667,934**
Increase in Income (Losses)	55,565	180,850
Decrease in Other Comprehensive Income	72,027	-
Foreign Currency Translation Adjustment	(52)	(17,190)
Balance As of December 31, 2014	**378,804**	**831,594**
Increase in Income (Losses)	13,135	21,863
Increase in Other Comprehensive Income	15,080	-
Foreign Currency Translation Adjustment	(501)	(7,190)
Balance As of March 31, 2015	**406,518**	**846,267**

NOTE 20 – OTHER FINANCIAL LIABILITIES

As of March 31, 2015 and December 31, 2014, Other Financial Liabilities are detailed as follows:

Other Financial Liabilities	Current		Non-Current	
	March 31, 2015 ThUS$	December 31, 2014 ThUS$	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Interest-Bearing Loans (see Note 20.1)	70,019	50,437	2,968,054	2,683,313
Hedging Derivatives (see Note 10.1)	57,523	53,096	234,935	185,994
Total	**127,542**	**103,533**	**3,202,989**	**2,869,307**

20.1. Interest-Bearing Loans

Interest-Bearing Loans	Current		Non-Current	
	March 31, 2015 ThUS$	December 31, 2014 ThUS$	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Bank Loans	34,376	30,500	1,105,992	814,857
Bonds Payable	35,054	19,328	1,909,100	1,914,699
Lease Obligations	589	609	18,968	20,253
Deferred Financing Costs (1)	-	-	(66,006)	(66,496)
Total	**70,019**	**50,437**	**2,968,054**	**2,683,313**

(1) Corresponds mainly to deferred expenses related to the financing of Alto Maipo project and expenses related to the UF 6,000,000 (ThUS$243,531) credit line renewal with a syndicate of banks executed in December 2014. As of March 31, 2015, this line had not been used.

(a) Bank Loans

The following tables detail bank loans by financial institution, including loan currency, rate and a maturity schedule as of March 3
represents expected future cash flows of capital and projected interest payments.

Taxpayer ID Number	Company Name	Country	Lender Name	Currency	Amortization	Effective Rate	Nor R
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	US$	Semi-Annual	2.27%	
76.085.254-6	Empresa Eléctrica Cochrane S.p.A.	Chile	Syndicated Banks led by Bank of Tokyo	US$	Semi-Annual	1.99%	
94.272.000-6	AES Gener S.A.	Chile	Syndicated Banks	US$	Bullet	1.26%	
76.170.761-2	Alto Maipo S.p.A.	Chile	Syndicated Banks led by Corpbanca	US$	Semi-Annual	4.14%	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	Col$	Monthly	8.54%	
Total							

Non-discounted interest and capital payments:

Taxpayer ID Number	Company Name	Country	Lender Name	Current			Ma be 1 3 Th
				Maturity Less than 90 days ThUS$	**Maturity More than 90 days ThUS$**	**Total Current March 31 2015 ThUS$**	
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	15,179	15,118	**30,297**	
76.085.254-6	Empresa Eléctrica Cochrane S.p.A. (1)	Chile	Syndicated Banks led by Bank of Tokyo	2,015	12,777	**14,792**	
94.272.000-6	AES Gener S.A.	Chile	Syndicated Banks	444	484	**928**	
76.170.761-2	Alto Maipo S.p.A. (1)	Chile	Syndicated Banks led by Corpbanca	560	962	**1,522**	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	-	-	**-**	
Total				**18,198**	**29,341**	**47,539**	

(1) The capital associated to the obligation of Empresa Eléctrica Cochrane S.p.A. will be paid starting in 2016. Alto Maipo princip

The following tables detail bank loans by financial institution, including loan currency, rate and a maturity schedule as of Decembe
schedule represents expected future cash flows of capital and projected interest payments:

Taxpayer ID Number	Company Name	Country	Lender Name	Currency	Amortization	Effective Rate	Nor R
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	US$	Semi-Annual	2.27%	
76.085.254-6	Empresa Eléctrica Cochrane S.p.A.	Chile	Syndicated Banks led by Bank of Tokyo	US$	Semi-Annual	1.99%	
76.170.761-2	Alto Maipo S.p.A.	Chile	Syndicated Banks led by Corpbanca	US$	Semi-Annual	4.14%	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	Col$	Monthly	8.54%	
Total							

Non-discounted interest and capital payments:

Taxpayer ID Number	Company Name	Country	Lender Name	Current: Maturity Less than 90 days ThUS$	Current: Maturity More than 90 days ThUS$	Current: Total Current December 31 2014 ThUS$	Matu betw 1 an 3 Yea ThU
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	-	30,297	**30,297**	72
76.085.254-6	Empresa Eléctrica Cochrane S.p.A.	Chile	Syndicated Banks led by Bank of Tokyo	3,528	7,199	**10,727**	35
76.170.761-2	Alto Maipo S.p.A.	Chile	Syndicated Banks led by Corpbanca	41	792	**833**	[illegible]
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	-	-	**-**	17
Total				**3,569**	**38,288**	**41,857**	**12**

(b) Bonds Payable

The following table details bonds payable including loan currency, rate, and a maturity schedule as of March 31, 2015. The
expected future cash flows of capital and projected interest payments.

Taxpayer ID Number	Company Name	Country	Instrument Registration Number	Currency	Amortization	Effective Rate	Nominal Rate
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	Semi-Annual	7.92%	7.34%
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	Semi-Annual	5.64%	5.25%
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	Semi-Annual	8.23%	8.00%
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	Semi-Annual	8.38%	8.58%
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Rule 144 A/REG S Bonds	US$	Semi-Annual	5.23%	4.87%
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	Semi-Annual	8.04%	7.50%
Total							

Non-discounted interest and capital payments:

					Current			
Taxpayer ID Number	Company Name	Country	Instrument Registration Number	Currency	Maturity Less than 90 days ThUS$	Maturity More than 90 days ThUS$	Total Current As of March 31, 2015 ThUS$	Matur betwe 1 and 3 Yea ThUS
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	6,393	6,427	**12,820**	25
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	-	21,089	**21,089**	42
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	-	8,019	**8,019**	16
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	18,844	18,844	**37,688**	75
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Rule 144 A/REG S Bonds	US$	19,608	19,933	**39,542**	79
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	1,871	1,875	**3,746**	7
Total					**46,716**	**76,187**	**122,904**	**245**

The following table details bonds payable including loan currency, rate, and a maturity schedule as of December 31, 2014. Th
expected future cash flows of capital and projected interest payments.

Taxpayer ID Number	Company Name	Country	Instrument Registration Number	Currency	Amortization	Effective Rate	Nominal Rate
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	Semi-Annual	7.92%	7.34%
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	Semi-Annual	5.64%	5.25%
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	Semi-Annual	8.23%	8.00%
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	Semi-Annual	8.38%	8.58%
76.004.976-K	Empresa Eléctrica Angamos S.A	Chile	Rule 144 A/REG S Bonds	US$	Semi-Annual	5.14%	4.79%
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	Semi-Annual	8.04%	7.50%
Total							

Non-discounted interest and capital payments:

Taxpayer ID Number	Company Name	Country	Instrument Registration Number	Currency	Current: Maturity Less than 90 days ThUS$	Current: Maturity More than 90 days ThUS$	Current: Total Current As of December 31, 2014 ThUS$	Matur betwe 1 and 3 Yea ThUS
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	-	12,819	**12,819**	25
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	10,544	10,543	**21,087**	42
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	-	8,019	**8,019**	16
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	-	37,688	**37,688**	75
76.004.976-K	Empresa Eléctrica Angamos S.A	Chile	Rule 144 A/REG S Bonds	US$	-	38,812	**38,812**	77
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	-	3,869	**3,869**	7
Total					**10,544**	**111,750**	**122,294**	**244**

NOTE 21 – TRADE AND OTHER PAYABLES

Trade and Other Payables as of March 31, 2015 and December 31, 2014 are detailed as follows:

Trade and Other Payables	Current		Non-Current	
	March 31, 2015 ThUS$	December 31, 2014 ThUS$	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Trade Payables (a)	400,657	476,249	53,920	33,436
Other Accounts Payable (b)	24,127	19,183	12,724	12,787
Total Trade and Other Payables	**424,784**	**495,432**	**66,644**	**46,223**

(a) The non-current portion includes the contract between the Argentinean subsidiary TermoAndes and Siemens Power Generation Inc., and Siemens S.A. for spare parts and maintenance services.

(b) As of March 31, 2015 and December 31, 2014, the current portion includes mainly sales tax and withholding tax liabilities as well as third-party liabilities related to the employees. The non-current portion principally consists of a liability related to an exchange of water rights.

The average payment period for suppliers is 30 days; therefore, carrying amounts do not differ significantly from their fair values.

NOTE 22 – PROVISIONS

As of March 31, 2015 and December 31, 2014, provisions are detailed as follows:

Provisions	Current March 31, 2015 ThUS$	Current December 31, 2014 ThUS$	Non-Current March 31, 2015 ThUS$	Non-Current December 31, 2014 ThUS$
Legal Provisions (a)	2,062	2,057	99	108
Decommissioning Costs (b)	328	297	121,549	119,858
Other Provisions (c)	1,459	1,187	734	775
Total	**3,849**	**3,541**	**122,382**	**120,741**

(a) Legal Provisions

Current balances correspond primarily to contingent fines and penalties from regulatory authorities, mentioned in greater detail in Note 32.

Given the characteristics of this type of provision, the Company is unable to determine a reasonable timeframe for the dates of any payments that may be required.

(b) Decommissioning Costs

Non-current balances within this provision relate to the decommissioning costs and rehabilitation of land on which the Company's different power plants are located. The expected disbursement period fluctuates between 30 and 45 years, depending on the laws, regulations or contracts that gave rise to the obligation.

The current amount represents the decommissioning of the Constitución Plant, owned by AES Gener S.A.

(c) Other Provisions

This item primarily includes the provisions for employee bonuses and participation of employees in Company's income, which are generally paid within the first quarter of each year.

(d) Movements in Provisions

Provisions	Legal Claims ThUS$	Decommissioning and Restructuring Costs ThUS$	Other Provisions ThUS$	Total ThUS$
Opening Balance as of January 1, 2015	2,165	120,155	1,962	**124,282**
Movements in Provisions				
Unwinding of Discount and Changes in the Discount Rates	-	1,375	-	**1,375**
Additional Provisions	-	-	-	**-**
Increase (Decrease) in Existing Provisions	20	311	231	**562**
Utilized during Period	-	-	-	**-**
Reversal of Unused Provisions	-	-	-	**-**
Increase (Decrease) due to Foreign Currency Exchange Differences	(24)	36	-	**12**
Other Increases (Decreases)	-	-	-	**-**
Changes in Provisions	**(4)**	**1,722**	**231**	**1,949**
Ending Balance as of March 31, 2015	**2,161**	**121,877**	**2,193**	**126,231**

Provisions	Legal Claims ThUS$	Decommissioning and Restructuring Costs ThUS$	Other Provisions ThUS$	Total ThUS$
Opening Balance as of January 1, 2014	687	66,604	1,225	**68,516**
Movements in Provisions				
Unwinding of Discount and Changes in the Discount Rates	-	6,819	-	**6,819**
Additional Provisions	1,589	39,140	105	**40,834**
Increase (Decrease) in Existing Provisions	(51)	13,544	652	**14,145**
Utilized during Period	-	(1,299)	-	**(1,299)**
Reversal of Unused Provisions	-	-	-	**-**
Increase (Decrease) due to Foreign Currency Exchange Differences	(60)	(4,653)	-	**(4,713)**
Other Increases (Decreases)	-	-	(20)	**(20)**
Changes in Provisions	**1,478**	**53,551**	**737**	**55,766**
Ending Balance as of December 31, 2014	**2,165**	**120,155**	**1,962**	**124,282**

NOTE 23 – EMPLOYEE BENEFITS

AES Gener and some of its subsidiaries offer different employee benefit plans to some of their active or retired workers, which are determined and recorded in the financial statements based on the criteria described in Note 4.15, sections b) and d).

As of March 31, 2015 and December 31, 2014, the Company's Employee Benefit Liability is detailed as follows:

	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Current Portion	1,864	2,684
Non-Current Portion	34,769	34,320
Total	**36,633**	**37,004**

23.1. Defined Benefit Plans Obligation

The following movements took place in employee benefit liabilities for services provided in the three-month period ended March 31, 2015 and in the year ended December 31, 2014:

Present Value of Defined Benefit Plan	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Opening Balance as of January 1	**37,004**	**37,749**
Current Service Costs	642	3,147
Interest Costs	342	1,557
Participant Contributions	79	350
Actuarial Losses (Gains) - Demographic Assumptions	-	4,677
Actuarial Losses (Gains) - Financial Assumptions	-	1,664
Increase (Decrease) due to Foreign Currency Exchange Differences	(1,049)	(5,894)
Contributions Paid	(383)	(6,246)
Ending Balance	**36,633**	**37,004**

23.2. Defined Benefit Plan Expense

The following amounts were recorded in consolidated income within Cost of Sales and Administrative Expenses in the Statement of Comprehensive Income for the three-month periods ended March 31, 2015 and 2014:

Expenses Recognized in Income	2015 ThUS$	2014 ThUS$
Current Service Expense	642	714
Interest Expense	340	389
Expenses Related to Settlement of Obligations	475	260
Total Expense	**1,457**	**1,363**

23.3. Other Disclosures:

(a) Actuarial Assumptions:

Actuarial Assumptions Used in Calculating the Liability	Chile		Colombia	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Nominal Discount Rate	4.69%	4.69%	7.28%	4.69%
Average Personnel Rotation Rate	2.90%	2.90%	0.01%	2.90%
Expected Salary Increase	6.09%	6.09%	4.00%	6.09%
Mortality Table	Tables issued in accordance with joint standard of the Chilean SVS and the Chilean Pension Supervisor		Tables issued in accordance with US institutions GAM 1971	

(b) Sensitivity Analysis:

As of March 31, 2015, the sensitivity of the total value of post-employment benefits due to variations in the cost of medical benefits, the discount rate, salary increases and turnover would have generated the following effects:

Medical Expenses Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	(373)	334

Discount Rate Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	(513)	633

Salary Increase Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	390	(378)

Turnover Rate Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	(128)	140

NOTE 24 – OTHER NON-FINANCIAL LIABILITIES

As of March 31, 2015 and December 31, 2014, balances of Non-Financial Liabilities are detailed as follows:

Other Non-Financial Liabilities	Current		Non-Current	
	March 31, 2015 ThUS$	December 31, 2014 ThUS$	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Deferred Revenue (see 24.1)	4,907	4,351	10,266	10,409
Accrued Liabilities (see 24.2)	18,694	31,086	-	-
Other Liabilities (see 24.3)	1,558	1,515	520	519
Total	**25,159**	**36,952**	**10,786**	**10,928**

24.1. Deferred Revenue:

As of March 31, 2015 and December 31, 2014, Deferred Revenue balances are detailed as follows:

Deferred Revenue	Current		Non-Current	
	March 31, 2015 ThUS$	December 31, 2014 ThUS$	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Escondida - Right of Use Substation Nueva Zaldívar	2,882	3,826	1,018	529
Torquemada - Right to Use Ventanas - Miraflores Line	281	281	5,996	6,066
LNG Quintero - Right to Use and Connect to Transmission Line	168	168	2,139	2,181
AES Argentina Generación S.A.	1,500	-	-	-
Other Deferred Revenue	76	76	1,113	1,633
Total	**4,907**	**4,351**	**10,266**	**10,409**

24.2. Accumulated Liabilities

Accumulated liabilities are primarily accrued vacations and other employee benefits.

24.3. Other Liabilities

Other Liabilities are primarily retained payments to sub-contract and other minor effects of tax payable under Argentinian legislation.

NOTE 25 – EQUITY

25.1. Capital Management

Capital includes issued capital, share premiums, retained earnings and accumulated other comprehensive income.

The main objective of the Company's capital management is to ensure that it maintains a strong credit rating and solid capital ratios in order to sustain business and maximize shareholder value.

The Company manages its capital structure and makes adjustments based on changes in economic conditions. To maintain or adjust its capital structure, the Company can adjust dividend payments or capital returns to shareholders or issue new shares.

No changes were made to the Company's capital objectives, policies or processes during the three-month period ended March 31, 2015 and the year ended December 31, 2014.

25.2. Subscribed and Issued Capital

As of March 31, 2015 and December 31, 2014, the capital of the Company is composed of 8,400,318,891 shares subscribed and paid.

(a) The Company's movement in shares is as follows:

	Issued Capital			
	Authorized	**Issued**	**Subscribed**	**Paid**
Balance as of December 31, 2013....	**8,069,699,033**	**8,069,699,033**	**8,069,699,033**	**8,069,699,033**
Subscription and Payment.................	729,040,097	330,619,858	330,619,858	330,619,858
Balance as of December 31, 2014....	**8,798,739,130**	**8,400,318,891**	**8,400,318,891**	**8,400,318,891**
Subscription and Payment.................	-	-	-	-
Balance as of March 31, 2015..........	**8,798,739,130**	**8,400,318,891**	**8,400,318,891**	**8,400,318,891**

25.3. Capital Increase

On October 3, 2013, the Extraordinary Shareholders Meeting number 41 agreed to increase the capital by US$450,000,000 through the issuance of 729,040,097 common stocks. Such shares shall be issued, subscribed and paid within three years.

In Board Meeting number 123, held on March 11, 2014, it was agreed to offer up to 335,229,412 common stocks for Ch$85,483,500,000 as preferential shares during 30 days from the publication of the notice for shareholders.

After the completion of this preferential period of the first issuance to be placed by the Company, a total of 330,619,858 shares have been subscribed and paid at Ch$255 per share and total proceeds were Ch$84,308,063,790 (ThUS$150,356). In addition, the controlling shareholder, Inversiones Cachagua S.p.A. subscribed and paid the equivalent to 100% of its options.

25.4. Dividend Policy

In an Ordinary General Shareholders' Meeting held April 30, 2015, the Board agreed to inform its intention to distribute up to 100% of 2015 net income in dividends to shareholders, conditional upon: the Company's actual net income, periodically prepared forecasts and requirements to use its own resources to finance investment projects, among other conditions. It was also decided that the Company will intend to distribute interim dividends in 2015.

Shareholders agreed to distribute the following dividends from net income for the year ended December 31, 2014:

> An amount of US$172,800,439.81, less an interim dividend distributed in 2014 of US$109,300,749.25. Outstanding amount of US$63,499,690.56 corresponding to approximately 35% of 2014 net income, will be paid after May 28, 2015.

The undistributed amount of US$10,852,234.22 from 2014's net income will be destined to Reserve for Future Dividends.

25.5. Retained Earnings

Changes in Retained Earnings for each period are detailed as follows:

Retained Earnings	March 31, 2015 ThUS$	December 31, 2014 ThUS$	March 31, 2014 ThUS$
Opening Balance	358,103	537,818	537,818
Net Income Attributable to Owners of the Parent	51,330	52,909	23,301
Declared Dividends	-	(123,323)	-
Interim Dividends	-	(109,301)	-
Total Ending Balance	**409,433**	**358,103**	**561,119**

25.6. Other Components of Equity

Changes in Other Components of Equity were as follows:

	Share-Based Option Plans ThUS$	Proposed Dividends Reserve ThUS$	Other ThUS$	Total ThUS$
Opening Balance as of January 1, 2015	7,546	218,757	39,089	**265,392**
Share-Based Option Plans	204	-	-	**204**
Other	-	-	34	**34**
Ending Balance as of March 31, 2015	**7,750**	**218,757**	**39,123**	**265,630**

	Share-Based Option Plans ThUS$	Proposed Dividends Reserve ThUS$	Other ThUS$	Total ThUS$
Opening Balance as of January 1, 2014	6,572	218,757	38,766	**264,095**
Share-Based Option Plans	234	-	-	**234**
Other	-	-	33	**33**
Ending Balance as of March 31, 2014	**6,806**	**218,757**	**38,799**	**264,362**
Share-Based Option Plans	740	-	-	**740**
Other	-	-	290	**290**
Ending Balance as of December 31, 2014	**7,546**	**218,757**	**39,089**	**265,392**

25.7. Accumulated Other Comprehensive Income

Movements of Accumulated Other Comprehensive Income for each period were as follows:

	Foreign Currency Translation Reserve ThUS$	Cash Flow Hedge Reserve ThUS$	Defined Benefit Plan Reserve ThUS$	Equity Translation Reserves (1) ThUS$	Other Various Reserves ThUS$	Total ThUS$
Opening Balance as of January 1, 2015	(54,438)	(200,601)	(10,956)	(136,741)	(10,147)	**(412,883)**
Valuation of Available-for-Sale Assets	-	431	-	-	-	**431**
Derivatives Valuation Recognized in Net Income	-	6,279	-	-	-	**6,279**
Derivatives Valuation Recognized in Other Comprehensive Income	-	(62,441)	-	-	-	**(62,441)**
Valuation of Associate's Derivatives	-	(857)	-	-	-	**(857)**
Deferred Taxes	-	15,045	-	-	-	**15,045**
Non-Controlling Interests (Net of Taxes)	-	16,200	-	-	-	**16,200**
Foreign Currency Translation	(33,072)	-	-	-	-	**(33,072)**
Other Changes	-	-	(65)	-	-	**(65)**
Ending Balance as of March 31, 2015	**(87,510)**	**(225,944)**	**(11,021)**	**(136,741)**	**(10,147)**	**(471,363)**

	Foreign Currency Translation Reserve ThUS$	Cash Flow Hedge Reserve ThUS$	Defined Benefit Plan Reserve ThUS$	Equity Translation Reserves (1) ThUS$	Other Various Reserves ThUS$	Total ThUS$
Opening Balance as of January 1, 2014	31,261	(87,059)	(7,499)	(136,741)	(10,147)	**(210,185)**
Valuation of Available-for-Sale Assets	-	(1)	-	-	-	**(1)**
Derivatives Valuation Recognized in Net Income	-	9,777	-	-	-	**9,777**
Derivatives Valuation Recognized in Other Comprehensive Income	-	(100,300)	-	-	-	**(100,300)**
Valuation of Associate's Derivatives	-	(356)	-	-	-	**(356)**
Deferred Taxes	-	18,099	(438)	-	-	**17,661**
Non-Controlling Interests (Net of Taxes)	-	27,186	-	-	-	**27,186**
Foreign Currency Translation	(7,884)	-	-	-	-	**(7,884)**
Other Changes	-	-	-	-	-	**-**
Ending Balance as of March 31, 2014	**23,377**	**(132,654)**	**(7,937)**	**(136,741)**	**(10,147)**	**(264,102)**
Valuation of Available-for-Sale Assets	-	985	-	-	-	985
Derivatives Valuation Recognized in Net Income	-	12,583	-	-	-	12,583
Derivatives Valuation Recognized in Other Comprehensive Income	-	(178,145)	-	-	-	(178,145)
Valuation of Associate's Derivatives	-	2,804	-	-	-	2,804
Deferred Taxes	-	52,584	1,667	-	-	54,251
Non-Controlling Interests (Net of Taxes)	-	41,242	-	-	-	41,242
Foreign Currency Translation	(77,815)	-	-	-	-	(77,815)
Other Changes	-	-	(4,686)	-	-	(4,686)
Ending Balance as of December 31, 2014	**(54,438)**	**(200,601)**	**(10,956)**	**(136,741)**	**(10,147)**	**(412,883)**

(1) It corresponds to an adjustment for the difference between paid-in capital at the year-end exchange rate As of March 31, 2008, and its historical value, in accordance with Official Ruling 456 dated June 20, 2008, of the SVS.

25.8. Restrictions on Dividend Distributions from Subsidiaries

Gener's subsidiaries can distribute dividends as long as they comply with the restrictions, ratios and limits established in their respective loan agreements. For more details on compliance with covenants, see Note 30.2, on the compliance with ratios associated to financial commitments.

NOTE 26 – REVENUE

26.1. Operating Revenue

Operating Revenue for the three-month periods ended March 31, 2015 and 2014, is detailed as follows:

Operating Revenues	2015 ThUS$	2014 ThUS$
Contract Energy and Capacity Sales (1)	402,584	379,839
Spot Market Energy and Capacity Sales	94,382	147,882
Other Operating Revenue (2)	35,569	31,313
Total	**532,535**	**559,034**

(1) For the three-month period ended March 31, 2015 "Capacity and energy sale contracts" include the revenues related to the lease of Nueva Renca plant to Endesa for ThUS$13,113.

(2) "Other operating revenues" include mainly transmission and coal sale revenues.

NOTE 27 – EXPENSES

27.1. Expenses by Nature

The table below details the principal operating and administrative costs and expenses recorded by the Company in the three-month periods ended March 31, 2015 and 2014, within the following accounts in the Statement of Comprehensive Income: Cost of Sales, Administrative Expenses and Other Operating Expenses:

Expenses by Nature	2015 ThUS$	2014 ThUS$
Purchases of Energy and Capacity (1)	99,459	96,625
Fuel Consumption	149,003	218,129
Cost of Fuel Sales	1,300	4,811
Transmission System Use Costs	27,242	21,414
Cost of Production and Other Sales	55,308	55,959
Personnel Expenses	13,161	11,096
Depreciation	55,595	54,926
Amortization	342	720
Cost of Sales	**401,410**	**463,680**
Personnel Administrative Expenses	10,523	8,254
Other administrative expenses	18,465	16,048
Administrative Expenses	**28,988**	**24,302**
Total	**430,398**	**487,982**

(1) Expenses for energy and capacity purchases include energy and capacity purchase agreements accounted for as operating lease.

27.2. Personnel Expenses

Personnel Expenses for the three-month periods ended March 31, 2015 and 2014, are composed as follows:

Personnel Expenses	2015 ThUS$	2014 ThUS$
Salaries and Wages	19,289	15,922
Short-Term Employee Benefits	2,894	1,834
Post-Employment Benefit Liability Expenses	266	342
Employment Termination Benefits	881	855
Share-Based Payments	302	318
Other Personnel Expenses	52	79
Total	**23,684**	**19,350**

NOTE 28 – OTHER GAINS (LOSSES)

Other gains (losses) for the three-month periods ended March 31, 2015 and 2014, are as follows:

Other Gains (Losses)	2015 ThUS$	2014 ThUS$
Property, Plant and Equipment Disposals	(386)	(753)
Sale of Property, Plant and Equipment and Intangible Assets	-	994
Dividends Received from GasAndes	-	736
Gains from Insurance Recovery	766	-
Costs related to Refinancing of Debts	-	(1,651)
Other Gains	(45)	372
Total, net	**335**	**(302)**

NOTE 29 FINANCE INCOME AND EXPENSE

Finance Income and Expense for the three-month periods ended March 31, 2015 and 2014, are detailed as follows:

Other Gains (Losses)	2015 ThUS$	2014 ThUS$
Income from Financial Assets	2,826	2,544
Other Finance Income	18	232
Total Finance Income	**2,844**	**2,776**
Interest on Bank Loans	(5,575)	(8,611)
Interest on Bonds	(31,398)	(26,658)
Loss from Valuation of Derivatives	(3,709)	(7,225)
Other Finance Expense	(6,197)	(2,647)
Capitalized Finance Expenses	14,485	7,176
Total Finance Expense	**(32,394)**	**(37,965)**
Foreign Currency Exchange Differences	(7,758)	(25,553)
Total Net Finance Expense	**(37,308)**	**(60,742)**

NOTE 30 – INCOME TAX EXPENSE

Income Tax

The following is detail of income tax expense / benefit three-month periods ended March 31, 2015 and 2014:

Current and Deferred Income Tax Expense	2015 ThUS$	2014 ThUS$
Current Tax Expense (Benefit)	16,207	13,114
Adjustment for Current Tax from Prior Period	-	-
Other Current Tax Expense (Benefit)	-	(164)
Total Current Tax Expense	**16,207**	**12,950**
Deferred Tax Expense related to Changes in Temporary Differences	8,740	(800)
Total Deferred Tax Expense	**8,740**	**(800)**
Total Income Tax Expense	**24,947**	**12,150**

Foreign and National Income Tax Expense	2015 ThUS$	2014 ThUS$
Foreign Current Income Tax Expense (Benefit)	9,991	12,932
National Current Income Tax Expense (Benefit)	6,216	18
Total Current Tax Expense	**16,207**	**12,950**
Foreign Deferred Income Tax Expense (Benefit)	1,677	2,543
National Deferred Income Tax Expense (Benefit)	7,063	(3,343)
Total Deferred Tax Expense	**8,740**	**(800)**
Total Income Tax Expense	**24,947**	**12,150**

The reconciliation between the income tax that would result from applying the effective rate in the three-month periods ended March 31, 2015 and 2014 is shown below:

Reconciliation of Tax Expense	2015 ThUS$	2014 ThUS$
Tax Expense Using the Statutory Rate	**16,475**	**6,610**
Effect of the Tax Rates in Other Jurisdictions (a)	3,328	4,386
Non-Taxable Operating Revenue	(5,278)	(4,944)
Non-Deductible Expenses	3,545	5,250
Tax Benefit Previously Unrecognized in Income Statement	-	-
Effect of tax rates changes	1,197	14
Tax Benefit from Excess Taxes from Previous Periods	-	(454)
Reversal of Tax Contingency	-	(766)
Foreign Currency Exchange Differences	5,173	2,313
Other	507	(320)
Adjustments to Tax Expenses using Statutory Rate	**8,472**	**5,540**
Tax Expense Using Effective Rate	**24,947**	**12,150**

(a) The item "tax effect of rate in other jurisdictions" shows differences resulting between the current rate in Chile (22.5% for the period 2015 and 21% for the period 2014) and the other jurisdictions where the foreign subsidiaries are located (Argentina 35% and Colombia 34%).

Deferred Tax in Other Comprehensive Income	2015 ThUS$	2014 ThUS$
Net Movements in Cash Flow Hedges	(15,045)	(18,099)

Actuarial Gains (Losses) on Defined Benefit Plan	(35)	438
Total Tax Effect Related to Items Recorded in Equity	**(15,080)**	**(17,661)**

The deferred tax credited in equity is related to Other Comprehensive Income (Other reserves) for cash flow hedging derivatives.

NOTE 31 – EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income attributable to the Company's net equity holders by the weighted average number of shares in circulation in a year, excluding common shares acquired by the Company and maintained as treasury shares, should any exist.

Basic Earnings per Share is expressed in US dollars:

Basic and Diluted Earnings per Share	**March 31, 2015**	**March 31, 2014**
Net Income Attributable to Shareholders of Parent (ThUS$)	51,330	23,301
Net Income Attributable to Common Shareholders, Basic (ThUS$)	**51,330**	**23,301**
Weighted Average Number of Shares, Basic	8,400,318,891	8,069,699,033
Basic Earnings per Share (Presented in US$)	**0.006**	**0.003**

There are no transactions or concepts that create a dilutive effect on earnings per share. Shares do not have nominal values.

NOTE 32 – CONTINGENCIES, LAWSUITS AND OTHER

32.1. Litigation and Disputes

(a) Proceeding initiated against Empresa Eléctrica Casablanca S.A. ("EMELCA")

On August 14, 2013, AES Gener filed a complaint with the 30th Civil Court of Santiago against EMELCA for an amount of ThCh$798,125 (ThUS$1,274) plus adjustments, interests and court associated costs. On August 22, 2013, AES Gener filed a complaint before the lower Court of Casablanca to prepare the summary proceeding for collection of invoices amounting to ThCh$60,706 (ThUS$97) plus adjustments, interests and court associated costs. The proceedings are finished and the invoices were ruled enforceable. On July 31, 2013, AES Gener initiated before the local Police Court of Casablanca a misdemeanor claim derived from EMELCA's transgression of Article 4, final paragraph and subsection 5c of Law 19,983 and a civil claim for damages not less than ThCh$1,661,368 (ThUS$2,651) and no more than ThCh$4,153,421 (ThUS$6,629) plus adjustments, interests and court associated costs due to the failure to receive by EMELCA 19 invoices and credit notes. In December 2013, at the request of a third party, the Court declared EMELCA bankrupt. With regard to such bankruptcy, AES Gener verified credits of capital plus interests owed for unpaid invoices and conditionally, it verified approximately ThCh$1,419,000 (ThUS$2,265) for an eventual favorable result for the claim for violation of Law 19,983. As of today, the Board of Creditors has approved a Public Bidding for EMELCA as it is reviewing the terms and minimum price. The Board of Creditors approved a public auction for EMELCA that should have taken place on August 29, 2014 in Casablanca with a minimum price of ThCh$4,000 (ThUS$7). Such auction did not take place. Currently, there are outstanding reports from SEC and CNE so no new auction date has been set, but it is expected to take place during the first semester 2015. AES Gener has established a provision of ThCh$898,692 (ThUS$1,434),

(b) Sanction of Sociedad Eléctrica Santiago S.p.A. ("ESSA")

On December 30, 2013, via Exempt Resolution No. 1541/2013, the Superintendency of Environment fined ESSA for the sum of 316 UTA (ThUS$261) for exceeding noise limits at sensitive receptors and failure to implement additional mitigation measures to remedy the situation. In January 2014, the Company challenged the legality of the fine before the Environmental Court. In September 2014, the Court partially accepted ESSA's claim therefore the Company filed a motion against the ruling before the Supreme Court. The Company established a provision of ThUS$261 for the fine.

(c) Legal arbitration - Norgener S.p.A. ("Norgener")

On March 7, 2014, two contractors filed an arbitration suit with the Commerce Chamber of Santiago, related to the EPC contract for the preliminary works of PMA Norgener, held on March 26, 2012. The claim is based on two alleged breaches by Norgener: hidden interferences not adequately valued, debts for executed works, penalties and bonuses, all of which amount approximately to ThUS$1,483 (ThCh$900,000). On April 4, 2014, Norgener replied and also filed a counterclaim alleging several contract violations by the plaintiff and it also requested the application of the contractual penalties amounting in total to ThUS$784 (ThCh$491,000). The settlement hearing took place on June 26, 2014. on which it was agreed to suspend the procedure during 20 days to study the possibilities of settlement, Subsequently, the procedure was suspended for additional 20 days. In December 2014, the evidentiary period started and then the Arbitration Court requested an independent expert witness analysis that has not taken place as of today. The Company has registered the corresponding provisions.

(d) AES Gener and ESSA Sanctions

On July 22 and 25, 2014, AES Gener and ESSA, respectively, were informed about Resolutions N°4237 and 4238 dated July 5, 2024 issued by the Superintendency of Electricity and Fuels (SDEC) through which the SEC imposed both of them with a fine for UTM 2,400 (ThUS$188) and UTM 6,000

(ThUS$469) respectively, due to a violation of their obligation to maintain the service security in the electrical grid an guarantee the cheapest operation possible of the group of the facilities of the electrical grid because they executed contracts and unduly assigned higher deficits to those established. On July 30, 2014, both companies submitted a motion to vacate with the SDEC. On October 16, 2014, the SDEC rejected the motions and on October 24, 2014 the companies filed a claim with the Court of Appeals of Santiago. AES Gener and ESSA have a provision for UTM 2,400 and UTM 6,000 respectively,

(e) CGE EMEL Arbitration Proceeding

The CGE EMEL Group has a discrepancy with Gener about the interpretation of the supply contracts, particularly related to Decree Supreme Number 14 that regulates the sub-transmission tariffs. In November 2014, Gener initiated an arbitration claim against CGE EMEL so that the arbitrator would decide about such discrepancies. In January 2015, CGE EMEL rejected paying the invoices of Gener for electrical consumption in December 2014. On January 29, 2015, AES Gener sent a letter to the CGE EMEL Group against the measure and issued a new document to collect the debt, which was similarly rejected. Since February 2015, AES Gener issued the invoices for non-disputed amounts. As of the date of these financial statements, the amount in dispute with the CGE EMEL Group is ThCh$14,152,000 (ThUS$22,344).

32.2. Financial Commitments

(a) Commitments Involving AES Gener

Both the loan covenants entered into by Gener with various financial institutions and the issuance contracts that govern the Company's bonds impose certain financial obligations over the duration of the loans and bonds. These obligations are standard for these types of transactions. As of March 31, 2015, Gener is in compliance with all of the debt commitments and financial restrictions in accordance with the terms and conditions of each covenant and contract.

In December 2013, Gener issued a subordinated bond for an amount of ThUS$450,000 at an interest rate of 8.375% maturing in 2073. The bond was issued to finance development of new projects, including Alto Maipo and Cochrane, and to prepay ThUS$147,000 international AES Gener bond maturing in March 2014. This junior subordinated bond does not carry financial restrictions. The prepayment of this bond maturing March 2014 was made on January 27, 2014.

In August 2011, Gener successfully completed a refinancing process which included the exchange and voluntary tender of approximately 63% on the ThUS$400,000, 7.5% Senior Notes due in 2014, and the issuance of new Senior Notes for a total of ThUS$401,682 due in 2021 at an interest rate of 5.25%. Upon conclusion of the transaction, the outstanding amount under the 2014 Senior Notes totals ThUS$147,050. It should be noted that as part of the refinancing process, the covenants under the 2014 Senior Notes were modified and the indebtedness and restricted payment conditions were eliminated. As stated before, the senior bond for ThUS$147,050 was prepaid on January 27, 2014.

In December 2007, Gener placed UF 5,600,000 (ThUS$240,459) in bonds, issued in two series, which were registered in Chile's Securities Registry under numbers 516 and 517 on November 9, 2007. This issuance includes Series N bonds for UF 4,400,000 at 4.3% maturing in 2028 and Series O bonds for UF 1,200,000 at 3.10% maturing in 2015. On April 8, 2009, Gener issued a second bond under the line of bonds registered in the Securities Registry under number 517 on November 9, 2007. The issuance consisted of Series Q bonds for US$196 million at 8.0% maturing in 2019. As part of the same refinancing process detailed above, on July 28, 2011, Gener accepted voluntary tender offers for approximately 48% of the Series Q bonds, reducing the outstanding principal to ThUS$102,200.

In accordance with the obligations established in the bond agreements, the Company must comply with the following financial ratios on a quarterly basis, calculated using the consolidated financial statements:

- Consolidated indebtedness level no greater than 1.20;
- Financial expense coverage ratio no less than 2.50;
- Minimum equity no less than ThUS$1,574,622; and
- Maintain essential assets equivalent to at least 70% of total consolidated operating income in investments related to generating, transmitting, retailing, distributing and/or supplying electricity or fuels.

As of March 31, 2015, Gener was in compliance with the aforementioned ratios.

According to the financing credit line agreement subscribed with a syndicate of banks in October 2011 and modified in December 2014 for ThU$243,531 (UF6,000,000), every six months, Gener must comply with the following financial ratios based on its consolidated financial statements, as established in the loan agreement signed with the banks syndicate mentioned above:

- Indebtedness level no greater than 1.20 times;
- Financial expense coverage ratio no less than 2.50 times;
- Minimum equity no less than ThUS$1,574,622; and
- Maintain essential assets equivalent to at least 70% of total consolidated operating income in investments related to generating, transmitting, retailing, distributing and/or supplying electricity or fuels.

As of March 31, 2015, this credit line has not been drawn down.

On December 18, 2014, AES Gener closed the financing for ThUS$100,000 with various banks with maturity in December 2017. As of March 31, 2015, ThUS$75,000 have been drawn down. Gener must comply with the following financial ratios every three months, as per the contract:

- Indebtedness level no greater than 1.20 times;
- Financial expense coverage ratio no less than 2.50 times;
- Minimum equity no less than ThUS$1,574,622; and
- Maintain essential assets equivalent to at least 70% of total consolidated operating income in investments related to generating, transmitting, retailing, distributing and/or supplying electricity or fuels.

As of March 31, 2015, this credit line has not been drawn down.

(b) **Commitments Involving Eléctrica Santigo**

On a quarterly basis, ESSA must comply with the following financial ratios established in its bond issuance contract (outstanding balance UF 954,051 (ThUS$37,491) for bonds registered in Chile's Securities Registry under No. 214, calculated based on its unconsolidated financial statements:

- Unencumbered assets should be equal to at least 125% of unsecured current liabilities;
- Indebtedness level no greater than 1.75 times equity plus non-controlling interest;
- Minimum equity no less than UF 2 million (ThUS$78,594); and

- Prohibition to sell “essential assets”, which represent more than 40% of total assets, without prior authorization from the Bondholders’ Council.

As of March 31, 2015, ESSA was in compliance with the aforementioned ratios.

(c) **Commitments Involving Chivor**

On November 27, 2011 secured financing for up to ThCol$120,000,000 (ThUS$46,160) for the construction of 20MW Tunjita Hydro Plant. The loan is for a 12-year period and is secured with the Project Assets. For accounting purposes, this transaction was considered as a Capital Lease.

As of March 31, 2015, ThCol$110,633,834 (ThUS$42,557) were disbursed under this credit facility.

(d) **Commitments involving Empresa Eléctrica Ventanas S.A. ("EEVSA")**

On June 13, 2007, EEVSA secured financing for up to ThUS$415,000 for the construction of the Nueva Ventanas thermoelectric power plant and also provided a letter of credit for up to ThUS$25,000 to guarantee six months of debt service. The loan is for a 15-year period and is guaranteed by assets, shares and project cash flows. The principal amount owed As of March 31, 2015 was ThUS$307,522. In addition, in June 2014 the letter of credit issued by EEVSA was settled early and it was replaced by a letter of credit issued by AES Gener for the same amount.

(e) **Commitments involving Empresa Eléctrica Angamos S.A. (“EEASA”)**

On November 20, 2014, EEASA paid its debt associated with the construction of Angamos Power Plant for ThUS$746,500.

On November 25, 2014, EEASA completed the issuance and placement of a secured bond at 4.875% with maturity in 2029 for a total amount of ThU$800,000. The purpose was to refinance the Company’s liabilities. The operation was performed under Rule 144A and Regulation S of the securities regulation of the United States. This bond does not have any financial restrictions. In addition, the company released the restriction associated with the previous financing as for guaranteeing 6 months of debt service through a letter of credit EEASA had with Banco de Chile for ThUS$48,000.

(f) **Other commitments involving Empresa Eléctrica Cochrane S.p.A. (“EEC”)**

On March 27, 2013, EEC secured financing for up to ThUS$1,000,000 for the construction of Cochrane power plant as well as letters of credit for up to ThUS$55,000 to guarantee several obligations. The loan is for a 18-year period and is guaranteed by assets, shares and project cash flows. As of March 31, 2015, ThUS$712,700 has been drawn from this line.

(g) **Other commitments involving Alto Maipo S.p.A.**

On December 9, 2013, Alto Maipo S.p.A. closed financing for up to ThUS$1,217,000 for the construction of Alto Maipo power plant, pus letters of credit for up to ThUS$14,000 to guarantee certain project obligations. The loan is for a 20-year period and is guaranteed by assets, shares and project cash flows. As of March 31, 2015, ThUS$47,786 from this financing has been drawn down.

32.3. Other Commitments

(a) **Other Commitments Involving Inversiones Nueva Ventanas S.p.A. ("Inversiones Nueva Ventanas")**

On June 8, 2007, Inversiones Nueva Ventanas and Gener constituted a commercial pledge on shares issued by EEVSA in favor of its creditors to guarantee its obligations related to the financing for the Nueva Ventanas power plant.

On March 27, 2013, Inversiones Nueva Ventanas constituted a commercial pledge on shares issued by EEC in favor of its creditors to guarantee its obligations related to financing for the Cochrane power plant.

(b) **Other Commitments Involving Norgener S.p.A.**

On December 9, 2013, Norgener constituted a commercial pledge on shares issued by Alto Maipo SpA in favor of the creditors to guarantee the obligations related to the financing of Alto Maipo Power Plant.

NOTE 33 – GUARANTEES

Guarantees Granted

Gener has the following commitments and guarantees:

(a) Guarantees to Third Parties

On December 19, 2007, Gener signed a cross currency swap contract with Credit Suisse International to hedge the risk of foreign exchange variations between the UF and US dollars related to the UF bonds issued in December 2007 for UF 4.4 million and UF 1.2 million with maturities in 2028 and 2015 respectively. On September 16, 2009, the swap contract for UF 4.4 million was modified and one part was assigned to Deutsche Bank Securities. Both swap contracts require Gener to grant a guarantee when the fair value of the swap exceeds the limit established in the contract. On June 12, 2014, the swap portion associated with the Series O of the bond, which was prepaid on July 14, 2014, was terminated, and only the portion associated with Series N due in 2018 is still outstanding.

As of March 31, 2015, the "mark-to-market" of the contract with Credit Suisse was negative for ThUS$25,670 so it was necessary to provide guarantees through the issuance of 3 Stand-by Letters of Credit for a total of ThUS$25,000 issued by The Bank of Nova Scotia, with maturities after 12 months (ThUS$15,000), 6 months (ThUS$5,000) and 3 months (ThUS$5,000). The outstanding amount was covered by a cash collateral.

(b) Guarantees on behalf of subsidiaries

The gas transport agreement between the subsidiary TermoAndes S.A. ("TermoAndes") and Transportadora de Gas del Norte S.A. ("TGN") currently does not require a guarantee from Gener. According to the contract, no guarantee is required if TermoAndes maintains an investment grade rating, defined in the contract as BBB- (in Argentina) or higher. If Termoandes does not maintain an investment-grade rating while one of its direct or indirect controlling shareholders does maintain such a rating, that shareholder must grant a corporate guarantee to TGN or, in its absence, TermoAndes must provide a bank guarantee equal to the payment for transport service for one year. TermoAndes currently has a rating of A (in Argentina), issued by Fitch Ratings, with a stable outlook.

Beneficiary	**Guarantee Description**	**Date**		
		From	**To**	**ThUS$**
HSBC Bank N.A., New York	Property Tax for Empresa Eléctrica Cochrane	03-27-2013	09-30-2016	98,929
Sierra Gorda SCM	Line of Credit	04-05-2013	03-15-2017	25,100
Deutsche Bank Trust Company Americas	Ventanas Debt Service Payments	06-17-2014	06-30-2015	25,000
Credit Suisse International	Guarantee bond debt Cross Currency Swap	12-05-2014	12-07-2015	15,000
Terminal Graneles del Norte S.A.	Compliance of Port Contract Services	10-22-2013	10-22-2015	14,800
Cia. Minera Teck Quebrada Blanca S.A.	Fullfilment of Supply	04-05-2013	03-15-2017	10,167
Ministerio de Obras Públicas , Dirección General de Aguas	Construction of Hydraulic Works for Alfalfal II and Alto Maipo Project	12-09-2013	12-09-2021	7,107
Minera Escondida Ltda	Fullfilment of Supply	10-22-2013	10-22-2015	6,568
Credit Suisse International	Guarantee bond debt Cross Currency Swap	03-11-2015	06-09-2015	5,000
Credit Suisse International	Guarantee bond debt Cross Currency Swap	12-05-2014	06-03-2015	5,000
Minera Spence S.A.	Fullfilment of Supply	10-22-2013	10-22-2015	1,750
Luis Gardeweg Baltra	Compliance of Contract	10-22-2013	10-30-2015	1,323
Dirección Regional de Vialidad Metropolitana	Guarantee compliance in execution of road related works in San Jose del Maipo	01-28-2015	08-30-2015	930
Francisco Enrique Fernandez Valdes	Guarantee Payment of Easement	05-02-2014	05-02-2015	720
Ministerio de Bienes Nacionales	Compliance with Concession Contract	01-03-2014	01-06-2016	616
Other	Minor guarantees			137
TOTAL				**218,148**

Guarantees Received

Grantor of Guarantee	Guarantee Description	Date From	Date To	ThUS$
Posco Engineering and Construction Co.	Engineering Construction, Assembly and Commissioning of Cochrane Power Plant	04-09-2013	10-10-2016	245,075
Teck Resources Ltd.	Fullfilment of Electricity Supply Contract	12-07-2012	12-31-2015	216,667
Cía. Minera Teck Quebrada Blanca S.A.	Fullfilment of Electricity Supply Contract	12-07-2012	12-31-2015	216,667
Cía. Minera Teck Quebrada Blanca S.A.	Fullfilment of Electricity Supply Contract	12-07-2012	12-31-2015	102,917
Sumitomo Metal Mining Co. Ltd.	Fullfilment of Electricity Supply Contract	03-14-2013	12-31-2015	78,750
Strabag SPA	Construction of Tunnel Complex	12-11-2013	12-10-2015	77,113
Voith Hydro S.A.	Turnkey Construction of Las Lajas Power Plant	12-09-2013	12-14-2015	58,206
Constructora Nuevo Maipo S.A.	Construction of Tunnel Complex	01-07-2014	02-28-2018	47,165
Posco Engineering and Construction Co. Ltd.	Engineering Construction, Assembly and Commissioning of Campiche Power Plant	07-20-2011	03-13-2015	46,112
Strabag SPA	Construction of Tunnel Complex	12-30-2013	12-27-2015	38,557
Sumitomo Corporation	Fullfilment of Electricity Supply Contract	03-15-2013	12-31-2015	33,750
Constructora Nuevo Maipo S.A.	Construction of Tunnel Complex	02-07-2014	01-31-2018	30,283
Posco Engineering and Construction Co. Ltd.	Engineering Construction, Assembly and Commissioning of Angamos Power Plant	05-28-2008	11-16-2015	27,888
Cía Minera Teck Quebrada Blanca S.A.	Corporate Guarantee	10-29-2013	12-31-2015	22,000
Andritz Energy & Enviroment GMBH	Engineering, Construction, Assembly and Commissioning of the Desulphurization System for Units 1 and 2 of the Ventanas Plant	03-12-2012	10-14-2016	12,023
China Bluestar International Chemical Co, Ltd	Construction Plant ET solar	10-20-2014	10-15-2015	9,339
Andritz Chile Ltda.	Engineering, Construction, Assembly and Commissioning of the Desulphurization System for Units 1 and 2 of the Ventanas Plant	03-16-2012	10-14-2016	8,793
Mitsubishi Corporation	Prepayment as per Purchase Order	10-13-2014	05-26-2015	6,214
Sigdo Koppers Engineering and Construction	Engineering, Construction, Assembly and Commissioning of Cochrane's Plant Transmission System	03-25-2015	04-11-2016	6,152
Compañía Portuaria Mejillones S.A.	Fullfilment of Contract to Transfer and Handle Bulk Products	04-04-2014	04-05-2015	6,000
Parker Hannifin Corporation	Fulfilment of Contractual Obligations	07-09-2014	07-09-2015	5,881
Mitsubishi Corporation	Prepayment as per Purchase Order	10-13-2014	12-10-2015	4,132
Isolux Ingenieria Agencia en Chile	Prepayment as per Contract	11-10-2014	10-12-2015	4,023
Bankia S.A.	Tender Andes Solar Phase II	03-30-2015	09-30-2015	3,930
Banco Popular Español	Tender Andes Solar Phase II	03-23-2015	03-30-2016	3,930
Babcock & Wilcox	Fulfilment of Contractual Obligations	03-20-2014	03-20-2016	2,695
R & Q Ingenieria	Fulfilment of Contractual Obligations	12-18-2013	12-18-2013	2,642
Abengoa Chile S.A.	Prepayment as per Contract	09-30-2014	09-30-2014	2,023
MHI Corporation	EPC Contract Fulfilment for Reduction System at the Central Tocopilla Plant	10-29-2013	10-29-2013	1,611
Constructora Nuevo Maipo S.A.	Fulfilment of Contractual Obligations	12-03-2013	12-03-2013	1,380
Babcock & Wilcox	Fulfilment of Contractual Obligations	08-19-2014	08-19-2014	1,297
Atlantic Group INC	Prepayment as per Contract	07-02-2014	07-02-2014	1,180
Atlantic Group INC	Prepayment as per Contract	07-02-2014	07-02-2014	990
Echeverria Izquierdo Montajes Industriales	Prepayment as per Contract	12-04-2014	05-18-2015	840
MHI Corporation	EPC Contract Fulfilment for Reduction System at the Central Tocopilla Plant	10-29-2013	12-05-2014	736
Constructora de pavimentos Asfalticos Bitumix	Prepayment as per Purchase Order	03-05-2015	03-31-2016	734
Siemens	Prepayment as per Contract	12-04-2014	06-03-2016	700
MHI Corporation	EPC Contract Fulfilment for Reduction System at the Central Tocopilla Plant	10-29-2013	12-31-2014	537
Dongil Rubber Belt America Inc	Prepayment as per Purchase Order	12-23-2014	05-31-2015	461
Maquinas y herramientas Black Decker de Chile	Advance payment on contract	12-15-2014	07-15-2015	395
Andritz Hydro SRL	Advance payment on contract	12-18-2013	01-15-2015	387
Other	Other minor guarantees			7,135
TOTAL				**1,337,310**

NOTE 34 – SHARE BASED PAYMENTS

(a) Stock Options

AES Corporation grants options to purchase common stocks under stock option plans. Under the terms of the plans, AES Corporation may issue options to purchase shares of common stock of AES Corporation at a price equal to 100% of the market price at the date the option is granted. Stock options are generally granted based upon a percentage of an employee's base salary, Stock options issued under these plans in 2014 and 2013 have a three-year vesting schedule and vest in one-third increments over the three-year period. The stock options have a contractual term of ten years.

The weighted average fair value of each option grant has been estimated, as of the grant date, using the Black Scholes option pricing model with the following weighted average assumptions:

	March 31, 2015	December 31, 2014
Expected Volatility	25.04%	24.48%
Expected Annual Dividend Yield	3.36%	1.42%
Expected Option Term (Years)	7	6
Risk-Free Interest Rate	1.86%	1.88%

The Company exclusively relies on implied volatility as the expected volatility to determine the fair value using the Black Scholes option-pricing model.

The Company used a simplified method to determine the expected term based on the average of the original contractual term and the pro rata vesting term. This simplified method was used for the three-month period ended March 31, 2015 and the year ended December 31, 2014. This is appropriate given a lack of relevant stock option exercise data.

The Company does not discount the grant date fair values determined to estimate post-vesting restrictions. Post-vesting restrictions include black-out periods when the employee is not able to exercise stock options based on their potential knowledge of information prior to the release of that information to the public. The assumptions that the Company has made in determining the grant date fair value of its stock options and the estimated forfeiture rates represent its best estimate.

Using the above assumptions, the weighted average fair value of each stock option granted was US$2.07 and US$3.31 for the three-month period ended March 31, 2015 and the year ended December 31, 2014, respectively.

The following table summarizes the components of share-based compensation related to employee stock options recognized in the Company's financial statements:

	March 31, 2015	December 31, 2014
Total Intrinsic Value of Options Exercised	-	55
Total Grant Date Fair Value of Options Vested	101	101
Cash Received from the Exercise of Stock Options	-	95

There were no modifications to stock option awards during the period ended March 31, 2015.

The following table summarizes option activity for the three-month period ended March 31, 2015:

	Options	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value ThUS$
Outstanding as of December 31, 2014	**305,818**	**15.68**		
Exercised During the Period	-	-		
Forfeited and Expired During the Period	(25,263)	16.81		
Granted During the Period	51,399	11.89		
Transferred to Gener During the Period	(5,014)	19.09		
Outstanding as of March 31, 2015	**326,940**	**14.94**	**5.66**	**184**
Vested and Expected to Vest As of March 31, 2015	306,553	15.11	5.41	168
Eligible for Exercise as of March 31, 2015	237,153	15.88	4.28	108

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price of AES Corporation on the last trading day of the first quarter 2015 and the year's price, multiplied by the number of in-the-money options) that would have been received by options holders had all options holders exercised their options on March 31, 2015. The amount of the aggregate intrinsic value will change based on the fair market value of AES Corporation's stock.

The Company initially recognizes compensation cost on the estimated number of instruments for which the requisite service is expected to be rendered.

(b) **Restricted Stock**

AES Corporation also issues restricted stock units ("RSUs") under its long-term compensation plan. The RSUs are generally granted based upon a percentage of the participant's base salary. The units have a three-year vesting schedule and vest in one-third increments over the three-year period. The units are then required to be held for an additional two years before they can be redeemed for shares, and thus become transferable.

For the three-month period ended March 31, 2015 and the year ended December 31, 2014, RSUs issued had a grant date fair value equal to the closing price of AES Corporation's stock on the grant date. The Company does not discount the grant date fair values to reflect any post-vesting restrictions.

The RSUs granted to employees during the periods ended March 31, 2015 and December 31, 2014 had grant date fair values per RSU of US$14.63.

The following table summarizes the components of share-based compensation related to employee RSUs recognized in the Company's financial statements:

	March 31, 2015 ThUS$	December 31, 2014 ThUS$
Total Intrinsic Value of RSUs Converted (1)	-	1,469
Total Intrinsic Value of RSUs Vested	101	874

(1) Amount represents the fair value on the conversion date.

There was no cash used to settle RSUs or compensation cost capitalized as part of the cost of an asset for the periods ended March 31, 2015 and December 31, 2014.

The following table summarizes RSU activity for the period ended March 31, 2015:

	RSU	Weighted Average Grant Date Fair Value ThUS$	Weighted Average Remaining Vesting Term
Outstanding as of December 31, 2014	**305,818**	**15.68**	
Exercised During the Period	-	-	
Forfeited and Expired During the Period	(25,263)	16.81	
Granted During the Period	51,399	11.89	
Transferred to Gener During the Period	(5,014)	19.09	
Outstanding as of March 31, 2015	**326,940**	**14.94**	**5.66**
Vested During the Year	306,553	15.11	
Forfeited and Expired During the Year	237,153	15.88	

NOTE 35 – ENVIRONMENTAL EXPENDITURES

The Group has a long-term sustainable development policy that governs its activities, in harmony with the environment. In this context, investments made in facilities, equipment and industrial plants include state-of-the-art technology with the latest advances available.

The principal Environmental Expenditures for the three-month periods ended March 31, 2015 and 2014, are presented below:

Detail	2015 ThUS$	2014 ThUS$
Air Quality Monitoring Station	102	261
Waste Water System	-	-
Ash Deposit	1,058	628
Marine Monitoring (Oceanographic Monitoring and Liquid Industrial Waste Control)	105	71
Smokestack and Noise Monitoring	152	287
Expenses for Law 99 in Colombia	1,038	1,622
River and road transport	-	-
Waste Disposal	84	291
Other	294	226
Total	**2,833**	**3,386**

As part of the environmental investment plan, the Group is working on the replacement of discharge pipelines in Ventanas U1 and U2; as of March 31, 2015, the accumulated investment had reached ThUS$799.

As a result of new emissions standards, the Group has authorized ThUS$126,359 and ThUS$124,871 for environmental decontamination plans for the Ventanas and Tocopilla, respectively. As of March 31, 2015, the accumulated investments had reached ThUS$102,991 and ThUS$109,949, respectively.

The projects included are intended to optimize plant performance in order to guarantee compliance with applicable regulations.

All projects detailed here are currently under development as of the date of these consolidated financial statements. AES Gener also has other projects to develop new technologies to reduce environmental impact.

NOTE 36 –SUBSEQUENT EVENTS

As of the date of issuance of these consolidated financial statements, no subsequent events were registered that may affect the information presented herein.

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CONSOLIDATED FINANCIAL STATEMENTS
AES Gener S.A. and Subsidiaries
As of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012

This document includes the following sections:

- **Independent Auditor's Report**
- **Consolidated Statements of Financial Position**
- **Consolidated Statements of Comprehensive Income**
- **Consolidated Statements of Changes in Equity**
- **Consolidated Statements of Cash Flows**
- **Notes to the Consolidated Financial Statements**

Report of Independent Auditors

To the Shareholders and Directors of
AES Gener S.A.:

We have audited the accompanying consolidated financial statements of AES Gener S.A. and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014, 2013 and 2012, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management of AES Gener S.A. is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with International Financial Reporting Standards. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AES Gener S.A. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years ended December 31, 2014, 2013 and 2012, in conformity with International Financial Reporting Standards.

EY Ltda.

Santiago, Chile
June 25, 2015

AES Gener and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2014 and 2013
(in thousands of United States dollars)

ASSETS	Note	As of December 31 2014	2013
		ThUS$	**ThUS$**
Cash and Cash Equivalents	8	228,691	707,516
Other Current Financial Assets	9	7,205	25,462
Other Current Non-Financial Assets	11	18,359	15,263
Trade and Other Receivables	12	384,596	333,421
Related Party Receivables	13	3,631	1,680
Inventory	14	116,820	109,760
Taxes Receivable	15	43,794	23,346
Total Current Assets		**803,096**	**1,216,448**
Other Non-Current Financial Assets	9	39,429	83,377
Other Non-Current Non-Financial Assets	11	38,367	40,614
Trade and Other Receivables	12	50,632	1,402
Investments in Associates	16	343,502	321,759
Intangible Assets	17	53,308	48,765
Goodwill	17	7,309	7,309
Property, Plant and Equipment	18	5,432,043	4,871,754
Deferred Taxes	19	69,211	474
Total Non-Current Assets		**6,033,801**	**5,375,454**
TOTAL ASSETS		**6,836,897**	**6,591,902**

AES Gener and Subsidiaries
Consolidated Statements of Financial Position (continued)
As of December 31, 2014 and 2013
(in thousands of United States dollars)

LIABILITIES AND EQUITY	Note	As of December 31 2014	2013
		ThUS$	**ThUS$**
Other Current Financial Liabilities	20	103,533	444,135
Trade and Other Payables	21	495,432	374,882
Related Party Payables	13	28,256	17,517
Provisions	22	3,541	2,624
Taxes Payable	15	40,451	13,266
Employee Benefits	23	2,684	1,244
Other Current Non-Financial Liabilities	24	36,952	38,581
Total Current Liabilities		**710,849**	**892,249**
Other Non-Current Financial Liabilities	20	2,869,307	2,425,982
Trade and Other Payables	21	46,223	55,318
Non-Current Related Party Payables	13	158,169	47,019
Provisions	22	120,741	65,892
Deferred Taxes	19	522,001	417,144
Employee Benefits	23	34,320	36,505
Other Non-Current Non-Financial Liabilities	24	10,928	14,827
Total Non-Current Liabilities		**3,761,689**	**3,062,687**
TOTAL LIABILITIES		**4,472,538**	**3,954,936**
Issued Capital	25	2,052,076	1,901,720
Retained Earnings	25	358,103	537,818
Share Premium		49,864	49,908
Other Components of Equity	25	265,392	264,095
Accumulated Other Comprehensive Income	25	(412,883)	(210,185)
Equity Attributable to Owners of the Parent		**2,312,552**	**2,543,356**
Non-Controlling Interest		51,807	93,610
Total Equity		**2,364,359**	**2,636,966**
TOTAL LIABILITIES AND EQUITY		**6,836,897**	**6,591,902**

AES Gener and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014, 2013 and 2012

(in thousands of United States dollars, except as noted)

STATEMENT OF COMPREHENSIVE INCOME	Note	December 31 2014	2013	2012
		ThUS$	ThUS$	ThUS$
Operating Revenue	26	2,328,406	2,244,790	2,327,721
Cost of Sales	27	(1,792,020)	(1,734,711)	(1,764,646)
Gross Profit		**536,386**	**510,079**	**563,075**
Other Operating Income		1,389	972	2,057
Administrative Expenses	27	(93,322)	(113,366)	(118,302)
Other Operating Expenses	27	(1,128)	(4,608)	(3,066)
Other Gains (Losses)	28	(20,187)	5,239	7,433
Finance Income	29	10,490	8,962	8,407
Finance Expense	29	(151,532)	(123,906)	(115,452)
Participation in Earnings of Associates	16	19,295	38,526	9,187
Foreign Currency Exchange Differences	29	(66,435)	(38,856)	(3,633)
Income before Taxes		**234,956**	**283,042**	**349,706**
Income Tax Expense	30	(190,802)	(84,525)	(146,778)
Net Income		**44,154**	**198,517**	**202,928**
Loss Attributable to Non-Controlling Interests		(8,755)	(2,804)	(5)
Income Attributable to Shareholders of the Parent		52,909	201,321	202,933
Net Income		**44,154**	**198,517**	**202,928**
Earnings per Share (Presented in US$)				
Basic and Diluted Earnings per Share from Continuing Operations	31	0.022	0.025	0.025

STATEMENT OF COMPREHENSIVE INCOME (Continued)	December 31 2014	2013	2012
	ThUS$	ThUS$	ThUS$
Net Income	44,154	198,517	202,928
Other Comprehensive Income before Taxes			
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods:			
Income (Loss) from Foreign Currency Translation Adjustments	(85,699)	(42,119)	52,645
Movements for Cash Flow Hedges	(255,101)	115,340	(21,749)
Other Comprehensive Income from Associates accounted for under Equity Method	2,448	7,080	2,923
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:			
Other Comprehensive Income from Actuarial Gains (Losses) on Defined Benefit Plans, before Taxes	(4,686)	462	(6,269)
Other Comprehensive Income (Loss) before Taxes	**(343,038)**	**80,763**	**27,550**
Income Tax Related to Cash Flow Hedges	70,683	(23,218)	5,122
Income Tax Related to Defined Benefit Plans	1,229	180	1,643
OTHER COMPREHENSIVE INCOME (LOSS), NET	**(271,126)**	**57,725**	**34,315**
TOTAL COMPREHENSIVE INCOME (LOSS)	**(226,972)**	**256,242**	**237,243**
Comprehensive Income (Loss) Attributable to Non-Controlling Interest	(77,183)	7,758	(5)
Comprehensive Income (Loss) Attributable to Owners of the Parent	(149,789)	248,484	237,248
Total Comprehensive Income (Loss)	**(226,972)**	**256,242**	**237,243**

AES Gener and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014, 2013 and 2012

(in thousands of United States dollars)

Statement of Changes in Equity	Issued Capital	Share Premium	Other Components of Equity	Accumulated Other Comprehensive Income: Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Defined Benefit Plan Reserve	Other Various Reserves	Total Other Comprehensive Income
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening Balance (01/01/2014)	1,901,720	49,908	264,095	31,261	(87,059)	(7,499)	(146,888)	(210,185)
Changes in Equity:								
Net Income	-	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)	-	-	-	(85,699)	(113,542)	(3,457)	-	(202,698)
Issued Capital	150,356	(44)	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Increases (Decreases) for Transfers and Other Changes	-	-	1,297	-	-	-	-	-
Total Changes in Equity	**150,356**	**(44)**	**1,297**	**(85,699)**	**(113,542)**	**(3,457)**	**-**	**(202,698)**
Ending Balance (12/31/2014)	**2,052,076**	**49,864**	**265,392**	**(54,438)**	**(200,601)**	**(10,956)**	**(146,888)**	**(412,883)**

Statement of Changes in Equity	Issued Capital	Share Premium	Other Components of Equity	Accumulated Other Comprehensive Income: Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Defined Benefit Plan Reserve	Other Various Reserves	Total Other Comprehensive Income
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening Balance (01/01/2013)	1,901,720	49,908	236,957	73,380	(175,699)	(8,141)	(146,888)	(257,348)
Changes in Equity:								
Net Income	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	(42,119)	88,640	642	-	47,163
Dividends	-	-	-	-	-	-	-	-
Issued Capital	-	-	-	-	-	-	-	-
Increases (Decreases) for Transfers and Other Changes	-	-	27,138	-	-	-	-	-
Total Changes in Equity	**-**	**-**	**27,138**	**(42,119)**	**88,640**	**642**	**-**	**47,163**
Ending Balance (12/31/2013)	**1,901,720**	**49,908**	**264,095**	**31,261**	**(87,059)**	**(7,499)**	**(146,888)**	**(210,185)**

AES Gener and Subsidiaries

Consolidated Statements of Changes in Equity (continued)

For the years ended December 31, 2014, 2013 and 2012

(in thousands of United States dollars)

				Accumulated Other Comprehensive Income				
Statement of Changes in Equity	**Issued Capital**	**Share Premium**	**Other Components of Equity**	**Foreign Currency Translation Reserve**	**Cash Flow Hedge Reserve**	**Defined Benefit Plan Reserve**	**Other Various Reserves**	**Total Other Comprehensive Income**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Opening Balance (01/01/2012)............	1,901,720	49,908	226,039	20,735	(161,995)	(3,515)	(146,888)	(291,663)
Changes in Equity:								
Net Income	-	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)...	-	-	-	52,645	(13,704)	(4,626)	-	34,315
Dividends	-	-	-	-	-	-	-	-
Issued Capital	-	-	-	-	-	-	-	-
Increases (Decreases) for Transfers and Other Changes	-	-	10,918	-	-	-	-	-
Total Changes in Equity....................	**-**	**-**	**10,918**	**52,645**	**(13,704)**	**(4,626)**	**-**	**34,315**
Ending Balance (12/31/2012).............	**1,901,720**	**49,908**	**236,957**	**73,380**	**(175,699)**	**(8,141)**	**(146,888)**	**(257,348)**

AES Gener and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2014, 2013 and 2012
(in thousands of United States dollars)

Statement of Cash Flows	December 31 2014	2013	2012
	ThUS$	ThUS$	ThUS$
Cash Flows Provided by (Used in) Operating Activities			
Classes of receipts from Operating Activities:			
Receipts from Sales of Goods and Services	2,783,513	2,886,910	3,069,033
Other Receipts from Operating Activities	52,074	14,851	102,321
Classes of payments			
Payments to Suppliers for Goods and Services	(1,997,217)	(2,240,386)	(2,210,168)
Payments to Employees	(68,819)	(69,759)	(110,304)
Other Payments for Operating Activities	(57,587)	(17,296)	(28,413)
Dividends Paid	(230,434)	(209,932)	(316,707)
Dividends Received	736	1,996	13,409
Interest Paid	(162,337)	(111,475)	(99,028)
Interest Received	7,330	8,938	7,193
Income Taxes Paid	(38,566)	(104,018)	(79,055)
Other Cash Outflows	(31,065)	(19,467)	(64,946)
Net Operating Flows Provided by Operating Activities	**257,628**	**140,362**	**283,335**
Cash Flows Provided by (Used in) Investing Activities			
Proceeds from sale of investment in associate (Note 16)	731,180	-	-
Payments to acquire investment in associate (Nota 16)	(728,000)	-	-
Proceeds from sales of equity or debt instruments of other entities	26,019	-	-
Proceeds from sales of Property, Plant and Equipment	53	348	893
Proceeds from sales of Intangible Assets	-	-	3,927
Purchases of Property, Plant and Equipment	(829,489)	(531,614)	(449,192)
Purchases of Intangible Assets	(2,216)	(6,139)	(6,824)
Purchases of Financial Assets	(73,313)	-	-
Proceeds from Sale of Financial Assets	-	-	123,635
VAT Recovery related to Construction Projects	23,697	-	61,143
Other Investing Inflows (Outflows)	(19,717)	983	(2,731)
Net Cash Flows Used in Investing Activities	**(871,786)**	**(536,422)**	**(269,149)**
Cash Flows Provided by (Used in) Financing Activities			
Proceeds from Share Issuance	184,876	108,695	12,361
Proceeds from Long-Term Borrowings	1,234,194	706,619	-
Proceeds from Short-Term Borrowings	700,000	-	-
Loan Payments	(1,884,001)	(32,435)	(48,978)
Payment of Finance Lease Obligations	(2,046)	(2,042)	(2,157)
Other Financing Inflows (Outflows)	(70,182)	(50,636)	80
Net Cash Flows Provided by (Used in) Financing Activities	**162,841**	**730,201**	**(38,694)**
Net Cash and Cash Equivalents Increase (Decrease)	(478,825)	310,312	(24,508)
Net Foreign Exchange Differences	(27,508)	(23,829)	12,555
Cash and Cash Equivalents at the Beginning of Period	707,516	397,204	409,157
Cash and Cash Equivalents at the End of Period	**228,691**	**707,516**	**397,204**

Index to the Notes to the Consolidated Financial Statements of AES Gener S.A. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

AES Gener S.A. (www.aesgener.cl) (hereinafter “the Company”, “the Group”, “AES Gener” or “Gener”) was formed by public deed on June 19, 1981, signed before Santiago Public Notary Mr, Patricio Zaldívar Mackenna. Its corporate name at that time was Compañía Chilena de Generación Eléctrica S.A. (Chilectra Generación S.A.). Its bylaws were approved by the Chilean Superintendency of Securities and Insurance ("SVS") in resolution No. 410-S on July 17, 1981, published in Official Bulletin No. 31,023 on July 23, 1981. The Company is registered in the Commercial Registry of the Santiago Real Estate Registrar, on page 13,107, number 7,274 of 1981.

Gener is a publicly-held corporation dedicated primarily to electricity generation. Its role is to efficiently, safely and sustainably supply electricity, while fulfilling commitments with customers, shareholders, employees, communities, suppliers, regulators and other persons and groups with which it interacts.

The Company operates in the Central Interconnected Grid (SIC) through the following power plants: four run-off-the-river hydroelectric power plants, two coal-fired thermoelectric power plants, three diesel-fueled gas turbines and one cogeneration power plants, all of which belong directly to Gener; a natural gas and/or diesel combined-cycle power plant and three diesel power plants belonging to its subsidiary Sociedad Eléctrica Santiago S.A. (“ESSA”); two coal-fired thermoelectric power plants belonging to its subsidiaries Empresa Eléctrica Ventanas S.A. (“EEVSA” or “Ventanas”) and Empresa Eléctrica Campiche S.A. (“Campiche”); and a coal-fired thermoelectric power plant belonging to its associate Empresa Eléctrica Guacolda S.A. (“Guacolda”).

The Company also provides energy to the Northern Interconnected Grid (SING), through two coal-fired thermoelectric power plants belonging to Gener and Empresa Eléctrica Angamos S.A. (“Angamos”).

To address opportunities offered by the Chilean market, Gener is in the process of building a new coal-fired power plant, Cochrane the 532 MW project, and a solar facility with photovoltaic panels of 21 MW in the SING. In the SIC, the Company is building a thermal project, Guacolda V, 152 MW owned by its associate Guacolda and a run-off-the-river hydroelectric project, Alto Maipo with 531 MW.

In addition to its participation in the Chilean market, Gener produces electricity in Argentina and Colombia through its subsidiaries TermoAndes S.A. (“TermoAndes”) and AES Chivor & Cía., S.C.A. E.S.P. (“Chivor”), respectively.

In Colombia, the Company is in the process of building the 20MW Tunjita run-off-the-river hydroelectric power plant.

Gener has other projects under development for which it has received approval of the related environmental impact studies.

Gener’s commercial office is located at 532 Rosario Norte Street, floors 18-20, Las Condes, Santiago, Chile.

The Company is controlled by AES Corporation through its subsidiary Inversiones Cachagua Ltda. with an equity interest of 70.71% as of December 31, 2014.

These consolidated financial statements were approved by the Board of Directors on June 25, 2015.

NOTE 2 – BASIS OF PREPARATION

These consolidated financial statements, as of and for the year ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements of AES Gener S.A. and subsidiaries cover the Consolidated Statements of Financial Position as of December 31, 2014 and 2013, and the corresponding Statements of Comprehensive Income, Changes in Equity and Cash Flows (prepared using the direct method) for the years ended December 31, 2014, 2013 and 2012, and their related notes.

The preparation of these consolidated financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

An asset or liability is considered current when it is expected to be realized, sold or consumed during the Company's normal operating cycle, is maintained for commercialization or is expected to be realized within 12 months following the reporting date.

The information contained in these consolidated financial statements is the responsibility of the management of AES Gener.

As of the date of these consolidated financial statements, the following accounting standards have been issued by the IASB whose application was not yet mandatory, and as such they will be applied as of the dates described below:

New, Revised and Amended Standards	Date of Mandatory Application
New Standards	
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14: Regulatory Deferral Accounts	January 1, 2018
IFRS 15: Revenue from Contracts with Customers	January 1, 2017
Amendments	
IAS 1: Presentation of Financial Statements	January 1, 2016
IAS 16: Property, Plant and Equipment	January 1, 2016
IAS 19: Employee Benefits	January 1, 2016
IAS 27: Separate Financial Statements	January 1, 2016
IAS 28: Investments in Associates and Joint Ventures	January 1, 2016
IAS 34: Interim Financial Reporting	January 1, 2016
IAS 38: Intangible Assets	January 1, 2016
IFRS 5 : Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
IFRS 7: Financial Instruments: Presentation	January 1, 2016
IFRS 10: Consolidated Financial Statements	January 1, 2016
IFRS 11: Joint Arrangements	January 1, 2016
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2016

NEW STANDARDS

IFRS 9 "Financial Instruments: Classification and Measurement"

This standard introduces new requirements for the classification and measurement of financial assets. It introduces a "more prospective" model of expected credit losses for the recognition of the impairment and significantly changed approach to account for hedges. Entities will also have the option to apply profit and loss accounting in advance due to changes in the fair value related to their own risk rating for financial liabilities designated at fair value with changes to net income, without applying the other requirements of IFRS 9. This standard is mandatory for all annual periods starting from January 1, 2018. Early application is permitted.

The Company is still evaluating impacts that future adoption of this new standard may have on its financial statements.

IFRS 14 "Regulatory Deferral Accounts"

This standard was issued in January 2014. IFRS 14 "Regulatory Deferral Accounts" is a new temporary standard that aims to improve the comparison of financial information of entities involved in activities with regulated prices. Many countries have industries subject to price regulation (such as gas, water and electricity), which may have a significant impact on the timing and amount of an entity's revenue. This standard allows first-time adopters of International Financial Reporting Standards to continue to account the amounts related to price regulation according to the requirements of the previous GAAP, but separately.

Entities that have issued financial statements under IFRS are not permitted to apply this new standard. It will be mandatory for all annual periods starting from January 1, 2018. Early application is permitted.

Since the Company is an existing IFRS preparer, this standard would not apply.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and is applicable to all entities that have contractual agreements with customers, except for contracts that are related to leases, financial instruments, or insurance agreements. This standard is part of the IASB and FASB efforts to eliminate differences between IFRS and USGAAP and its objective is to clarify inconsistencies inherent in IAS 18 "Revenue" and provide a new model for recognizing revenue across different companies in different industries and regions. Additionally, this new standard provides guidance on contracts with multiple elements and requires more detailed disclosures. Application of this new standard is mandatory for annual periods beginning or after January 1, 2017. Early adoption is permitted.

The Company is still evaluating impacts that future adoption of this new standard may have on its financial statements.

AMENDMENTS

IAS 19 "Employee Benefits"

The amendments to IAS 19 resulting from the "Annual Improvements cycle 2012–2014" clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Consequently, it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"

IAS 16 and IAS 38 set out the depreciation and amortization basis as the expected consumption of the future economic benefits from an asset. The amendments issued in May 2014 clarify that the use of income based methods for depreciation are not appropriate as the income generated by an operation that include the use of an asset generally reflect factors different of the consumption of the economic benefits included in the asset. The IASB also clarified that revenues normally have an inadequate basis to measure the consumption of the economic benefits of an intangible asset. However, this assumption can be applicable in certain limited circumstances. The amendments are applicable beginning January 1, 2016. Early adoption is permitted.

IFRS 11 "Joint Arrangements"

The amendment of this standard published in May 2014 provides new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. It clarifies the use of IFRS 3 and other standards that do not conflict with IFRS 11 “Joint Arrangements”. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 27 “Separate Financial Statements”

The amendment to IAS 27, issued in August 2014, reincorporate the possibility for entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is required for annual periods beginning January 1, 2016. Early adoption is permitted.

IAS 28 “Investments in Associates and Joint Ventures”

Amendments to IFRS 10 and IAS 28 (2011) address a recognized inconsistency between the requirements of IFRS 10 and IAS 28 (2011) about the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when a transaction involves a business (in a subsidiary or not) a complete loss or profit is accounted for. A partial profit or loss is accounted for when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The amendment is mandatory for annual periods beginning January 1, 2016. Early adoption is permitted.

IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

As part of the “Annual Improvements cycle 2012–2014” issued in September 2014, this amendment clarifies that changing from one of disposal methods to the other (from sale to distribution or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The IASB clarifies that in these cases the accounting requirements for changes in a sale plan shall not be applicable. The modification is required to be adopted for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 7 “Financial Instruments: Disclosures”

As part of the “Annual Improvements cycle 2012–2014” issued in September 2014, this amendment clarifies that a servicing contract can constitute continuing involvement in an asset transferred for the purposes of the disclosures of financial assets transfers. Normally, this is the case when the administrator has an interest in the future performance of the financial assets transferred as a consequence of such contract. The amendment must be adopted for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 34 “Interim Financial Reporting”

“Annual Improvements cycle 2012–2014”, issued in September 2014, clarifies that the required disclosure must be either in the interim financial report or indicated with an inclusion of a cross-reference from the interim financial statements and any other report containing it. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 10 “Consolidated Financial Statements, IFRS 12 “Disclosure of Information about Equity Interest in Other Entities”, IAS 28 “Investments in Associates and Joint Ventures”

Amendments to IFRS 10, IFRS 12 and IAS 28 introduce minor clarifications about the requirements of the accounting of investment entities. Also, they provide relief under certain circumstances, which in turn reduces the cost of applying these standards. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IAS 1 “Presentation of Financial Statements

In December 2014, the IASB issued the amendments to IAS 1 “Disclosure Initiative” to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgment when applying that Standard. Adoption of this amendment is required for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

The Company is currently in the process of evaluating the initial effects of applying the new standards and amendments.

IMPACT OF APPLYING NEW STANDARDS AND AMENDMENTS IN 2014

The accounting policies adopted in preparing the financial statements are consistent with those used in preparing the Company's annual financial statements for the year ended December 31, 2013, except for the adoption of new standards and interpretations in effect beginning January 1, 2014.

The Company is applying, for the first time, certain standards and amendments that—in principle—require restatements of previous financial statements. In the Company's case, the changes did not result in impacts that require restatements of previous financial statements. Several other new standards and amendments are applied for the first time in 2014. However, they do not affect the Company's previous annual financial statements. The nature and effect of these changes in standards and amendments are described below.

IFRIC 21 "Levies"

IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liability and Contingent Assets", which was issued in May 2013. IAS 37 establishes criteria for recognizing a liability, one of which is the requirement that the entity should have a present obligation as a result of a past event. The interpretation clarifies that this past event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by applicable legislation. This new interpretation is applicable for all years starting on or after January 1, 2014 and it did not have impacts on the Company's financial statements.

IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements (Modifications)"

The amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" stem from the Exposure Draft on Investment Entities published in August 2011. The amendments define an investment entity and introduce an exception for consolidating certain subsidiaries belonging to investment entities. These amendments require an investment entity to record those subsidiaries at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments" in their consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. Those amendments did not have impacts on the Company's financial statements.

IAS 32 "Financial Instruments: Presentation (Modification)"

The amendments to IAS 32, issued in December 2011, are intended to clarify differences regarding application relating to offsetting and to reduce the level of diversity in current practice. This amendment did not have impacts on the Company's financial statements.

IAS 36 "Impairment of Assets (Modification)"

The amendments to IAS 36, issued in May 2013, address the disclosure of information on the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments are related to the issuance of IFRS 13 "Fair Value Measurement". This amendment did not have impacts on the Company's financial statements.

IAS 39 "Financial Instruments: Recognition and Measurement (Modification)"

The amendments to IAS 39, issued in June 2013, provide an exception to the requirement to discontinue hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly assigned to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. This amendment did not have impacts on the Company's financial statements.

IFRS 3 "Business Combinations" (Modification)

"Annual Improvements cycle 2010–2012", issued in December 2013, clarifies some accounting aspects of considerations contingent in a business combination. The IASB noted that IFRS 3 "Business Combinations" requires that the subsequent measurement of a contingent consideration must be realized at fair value, therefore it eliminated references to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or other IFRS that may potentially have different valuation basis not considered to be fair value. There is still reference to IFRS 9 “Financial instruments”, but it is modified by clarifying that a contingent consideration, either a financial asset or liability, is measured at fair value with changes to net income or other comprehensive income depending on IFRS 9 requirements. This amendment did not have impacts on the Company’s financial statements.

IAS 19 “Employee Benefits” (Modification)

The amendments to IAS 19, issued in November 2013, apply to contributions from employees or third parties to defined benefit plans. The amendments aim to simplify accounting for contributions that are independent of the employee's years of service; for example, transfers of employees are calculated according to a fixed percentage of salary. These amendments did not have impacts on the Company’s financial statements.

IAS 40 – Investment Properties (Modification)

The amendments introduced in December 2013, clarify that IFRS 3 and IAS 40 are not mutually exclusive. Thus, judgment is required, as per IAS 40, to determine whether the transaction is the acquisition of an asset or a group of assets or a business combination within the scope of IFRS 3. Judgment is not based on paragraphs 7 to 14 of IAS 40, but on IFRS 3 guidelines. Only the judgment necessary to distinguish between investment properties and properties used by owners is based in these paragraphs. This amendment had no impacts on the Company’s financial statements.

The Company has not adopted any other standard, interpretation or amendments earlier than its effective date.

NOTE 3 – BASIS OF CONSOLIDATION

These consolidated financial statements include the financial information of AES Gener S.A. (the "Parent Company") and its subsidiaries as of December 31, 2014, 2013 and 2012, respectively.

The financial statements of the subsidiaries are prepared as of and for the same periods as the Parent Company, consistently applying the same accounting policies.

(a) Subsidiaries

According to IFRS 10, subsidiaries are all entities over which AES Gener S.A. has control. An investor controls an investee when it: (1) has power over the investee, (2) is exposed, or has rights, to variable returns from involvement with the investee, and (3) has the ability to use power over the investee to affect the amount of the investor's returns. It is considered that an investor has control over an investee when the investor has existing rights that give it the current ability to manage the relevant activities, that is, activities significantly affecting the returns on the investee. In the case of the Company, in general, the power over its subsidiaries results from the ownership of majority of the voting rights granted by equity instruments of the subsidiaries.

When the Company holds less than a majority of voting rights over an investee, it has the power over the investee when these voting rights are sufficient to give the Company the ability to direct unilaterally the relevant activities of the investee. The Company considers all facts and circumstances to evaluate if the voting rights over an investee are sufficient to give it power, including:

(a) The size of the investor holding of voting rights relative to the size and dispersion of holding of the other vote holders;

(b) The potential voting rights held by the investor, other vote holders or other parties;

(c) Rights arising from other contractual agreements; and

(d) Any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities in the time that decision need to be made, including voting patterns at previous shareholder's meetings.

The Company will reassess whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements previously mentioned. The consolidation of a subsidiary shall start from the date the investor obtains control of the investee and cease when it loses such control. Particularly, incomes and expenses of a subsidiary acquired or sold during the year are included in the income statement from the date the Company obtains control until the date when it stops controlling the subsidiary.

The purchase method is used to account for acquisitions of subsidiaries. The acquisition cost is the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the date of exchange. All identifiable assets acquired and liabilities and identifiable contingencies assumed in a business combination are initially valued at fair value as of the acquisition date, irrespective of the extent of any non-controlling participation. The excess of the purchase price over the fair value of AES Gener's share of the net identifiable assets acquired is recognized as goodwill. If the purchase price is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in net income.

The detail of the subsidiaries included in the consolidation is as follows:

			December 31			
			2014			2013
COMPANY NAME	COUNTRY	FUNCTIONAL CURRENCY	DIRECT	INDIRECT	TOTAL	TOTAL
NORGENER S.A (3)...	CHILE	US$	99.9999	0.0000	99.9999	99.9999
SOCIEDAD ELECTRICA SANTIAGO S.P.A..	CHILE	US$	99.9999	0.0001	100.0000	90.0000
EMPRESA ELECTRICA VENTANAS S.A.	CHILE	US$	0.0001	99.9999	100.0000	100.0000
AES CHIVOR & CIA S.C.A. E.S.P.........................	COLOMBIA	COL$	0.0000	99.9800	99.9800	99.9800
GENER BLUE WATER	CAYMAN ISLANDS	US$	100.0000	0.0000	100.0000	100.0000
INVERSIONES NUEVA VENTANAS S.P.A.	CHILE	US$	0.0001	99.9999	100.0000	100.0000
INVERSIONES TERMOENERGIA DE CHILE LTDA...	CHILE	US$	0.0000	99.9900	99.9900	99.9900
GENER ARGENTINA S.A......................................	ARGENTINA	US$	92.0400	7.9600	100.0000	100.0000
TERMOANDES S.A.	ARGENTINA	US$	8.82000	91.1800	100.0000	100.0000
INTERANDES S.A.	ARGENTINA	US$	13.0100	86.9900	100.0000	100.0000
GENERGIA S.A.	CHILE	US$	0.0000	99.9999	99.9999	99.9999
GENERGIA POWER LTD	CAYMAN ISLANDS	US$	100.0000	0.0000	100.0000	100.0000
EMPRESA ELECTRICA ANGAMOS S.A.	CHILE	US$	5.18400	94.8160	100.0000	100.0000
EMPRESA ELECTRICA CAMPICHE S.A.	CHILE	US$	0.0001	99.9999	100.0000	100.0000
ENERGEN S.A...	ARGENTINA	US$	94.0000	6.0000	100.0000	100.0000
AES CHIVOR S.A..	COLOMBIA	COL$	47.5000	51.8800	99.3800	99.3800
EMPRESA ELECTRICA COCHRANE S.P.A. (1).	CHILE	US$	0.0000	60.0000	60.0000	100.0000
ALTO MAIPO S.P.A. (2)..	CHILE	US$	0.0000	60.0000	60.0000	100.0000

(1) At the Extraordinary Shareholders' Meeting of Empresa Eléctrica Cochrane S.p.A. held on February 17, 2014, a capital increase was agreed upon for US$110,000,000 through the issuance of 110,000,000 shares for US$1 each. Such shares shall be issued, subscribed and paid within a maximum term of 2 years.

Between March and December 2014, Diamond Pacific Investment Limitada, a third party and Inversiones Nueva Ventanas S.p.A. subscribed and paid 34,500,000 and 51,780,000 shares, respectively, at US$1 per share proportionally to their equity interests.

Based on the recent events and circumstances described above, management reevaluated the consolidation of Empresa Eléctrica Cochrane S.p.A. using the definition of control established in IFRS 10 and determined, as of the date of these consolidated financial statements, that its control over the entity was not modified by this transaction.

(2) In July 2013. Alto Maipo S.p.A., a subsidiary of Norgener S.p.A., which in turn is a wholly-owned subsidiary of AES Gener S.A., issued new stock for Antofagasta Minerals S.A. ("AMSA"), a third party, such that AMSA has ownership of 40% of the outstanding stock of Alto Maipo. Based on an analysis of this transaction, the Company continues to consolidate Alto Maipo S.p.A. since it maintains control over the subsidiary.

On June 20, 2014, Antofagasta Minerals S.A. transferred 100% of its equity interest in Alto Maipo S.p.A. to its subsidiary Minera Los Pelambres.

(3) On June 1, 2014, the subsidiary Norgener S.p.A. was divided, by virtue of which the new company was assigned with Tocopilla Power Plants and all the energy sale and operation agreements of the plants. Once the division was completed, the new company was absorbed by AES Gener S.A., which will be the new owner of Tocopilla Power Plants and the legal successor of Norgener in all contracts.

(4) In April 2014, AES Gener S.A bought 108,845,612 shares issued by Empresa Eléctrica Guacolda S.A. from Empresas Copec S.A. and Inversiones Ultraterra Limitada for a total price of ThUS$728,000. On the same

date, AES Gener sold to El Aguila Energy S.p.A., company related to Global Infrastructure Partners ("GIP"), a number of 108,845,611 shares issued by Guacolda, under substantially similar financial conditions to the acquisition. As a consequence, AES Gener is the direct owner of approximately 50% plus one share of the total shares issued by Guacolda, while El Aguila Energy S.p.A. is the direct owner of the remaining 50% less one share. However, AES Gener S.A. does not consolidate Empresa Eléctrica Guacolda S.A. due to certain characteristics of the shareholders' agreements with GIP, but equity accounts for its investment (see also Note 16).

For the purposes of these consolidated financial statements, intercompany transactions, balances and unrealized gains on related party transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

(b) Non-Controlling Interest

Non-controlling interest ("NCI") represents the share of net income or net losses and net assets of subsidiaries not fully owned by the Group. Non-controlling interests are presented separately in the Income Statement but included in the equity in the consolidated statement of financial position, separated from the equity attributable to the parent. AES Gener considers transactions with non-controlling interests to be equity transactions. Disposal or acquisitions of non-controlling interests that do not result in a change in control are accounted for as an equity transaction without recognizing gains and/or losses in income. Any difference between the price paid and the corresponding share of the carrying amount of the subsidiary's net assets is recognized in equity as a capital increase or decrease.

Summarized financial information – as of December 31, 2014 and for the year then ended – of subsidiaries that have material non-controlling interests is presented below:

	Proportion of equity interest held by NCI %	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Operating Revenues	Operating Expenses	Net Income (Loss)	Other Comprehensive Income (Loss)
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.....	40.00%	160,423	734,326	(251,538)	(522,542)	21,768	(21,985)	(8,480)	(66,049)
Alto Maipo S.p.A.	40.00%	8,616	575,034	(54,581)	(520,174)	-	(749)	(13,239)	(105,192)

Accumulated balances of non-controlling interests:	December 31, 2014	December 31, 2013
	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	3,558	43,016
Alto Maipo S.p.A.	48,267	50,576
Other	(18)	18
Total	**51,807**	**93,610**

Loss Attributable to Non-Controlling Interests interests:	For the years ended December 31,		
	2014	2013	2012
	ThUS$	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	(3,392)	(2,510)	-
Alto Maipo S.p.A.	(5,296)	(286)	-
Other	(67)	(8)	(5)
Total	**(8,755)**	**(2,804)**	**(5)**

Comprehensive Income (Loss) Attributable to Non-Controlling Interest:	For the years ended December 31,		
	2014	2013	2012
	ThUS$	ThUS$	ThUS$
Empresa Eléctrica Cochrane S.p.A.	(29,770)	8,193	-
Alto Maipo S.p.A.	(47,346)	(427)	-
Other	(67)	(8)	(5)
Total	**(77,183)**	**7,758**	**(5)**

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Associates

Associates consist of all entities over which AES Gener exercises significant influence but not control, and in which it generally holds between 20% and 50% of the voting rights. Investments in affiliates or associates are accounted for using the equity method and are initially recognized at cost. AES Gener's investments in associates include goodwill identified in the acquisition, net of accumulated impairment losses.

The Group's share of post-acquisition losses or gains ("equity in earnings") of its associates is recognized in the Income Statement and its share of post-acquisition equity movements that do not constitute income are recognized in the corresponding equity reserves (and reflected in the Statement of Other Comprehensive Income). In the event that the Group's share of an associate's losses is equal to or greater than its share in that entity, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of that associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. When necessary, the accounting policies of associates are modified to ensure their uniformity with policies adopted by the Company.

4.2. Operating Segments

Segment information is presented consistently within internal reports provided to the Company's management, who is responsible for assigning resources and evaluating the performance of the operating segments. Management identifies its operating segments based on the markets in which it participates and for which strategic decisions are made: the SIC and SING markets in Chile; the SADI market in Argentina and the National Interconnected Grid (SIN) in Colombia.

Intercompany transactions between segments are eliminated at a consolidated level. Finance expenses are not separated by operating segment because the Group manages debt at a consolidated level.

Segment information is disclosed in Note 7.

4.3. Foreign Currency Transactions

(a) Presentation and Functional Currency

The items included in the financial statements of each of the Group's entities are valued using the currency of the principal economic environment in which the entity operates ("functional currency"). The consolidated financial statements of AES Gener are presented in US dollars, which is the functional and presentation currency of the Company and all subsidiaries, except for its Colombian subsidiaries, AES Chivor S.A. and AES Chivor & Cía S.C.A. E.S.P., whose functional currency is the Colombian peso.

(b) Transactions and Balances

Transactions in foreign currencies other than the functional currency are converted to the functional currency using the exchange rate in effect as of the date of the transaction. Exchange differences that result from settling these transactions and converting foreign currency denominated monetary assets and liabilities to closing exchange rates are recognized in the Consolidated Income Statements, except when deferred in equity as effective cash flow hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair values in a foreign currency are translated using the exchange rate at the date the fair value was determined.

(c) **Conversion Basis**

Assets and liabilities denominated in foreign currencies and Unidades de Fomento (UF) are presented using the following exchange rates and closing values per US$1, respectively:

	December 31. 2014	December 31. 2013
Chilean pesos (Ch$)..	606.75	524.61
Argentinean pesos (Ar$)...	8.551	6.521
Colombian pesos (Col$)...	2,376.51	1,929.51
Unidad de Fomento (UF)...	0.02464	0.02251

The Unidad de Fomento (UF) is an inflation-indexed monetary unit denominated in Chilean pesos. The UF rate is established daily in advance based on the prior month's variation in the Chilean Consumer Price Index.

(d) **Basis of Conversion of Subsidiaries with Different Functional Currencies**

The results and financial situation of all Group entities (none of which uses the currency of a hyperinflationary economy) with a functional currency that differs from the presentation currency are converted to the presentation currency as follows:

(i) Assets and liabilities are converted using the year-end exchange rate.

(ii) Goodwill and fair value adjustments that arise in the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted using the appropriate year or period-end exchange rate.

(iii) Income and expense accounts are converted using monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates prevailing at the dates of the transactions. in which case income and expenses are converted using the exchange rate as of each transaction date).

All resulting foreign exchange translation differences are recognized as a separate component of equity, under the item Other Reserves. On disposal of the investment, the exchange rate differences are recognized in the income statements as part of the gain or loss on the disposal.

4.4. Property, Plant and Equipment

Land belonging to the Group is recognized at cost, net of accumulated impairment losses.

Plants, buildings, equipment and transmission grids used for electricity generation and other items of property, plant and equipment are recognized at historical cost less related accumulated depreciation and impairment losses.

The cost of an asset includes its purchase price, all costs directly related to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management and the initial estimate of costs for dismantling, withdrawal or partially or totally removing the asset, as well as costs for restoring the site where it is located, all of which the Company undertakes to do upon acquiring the asset or as a consequence of using the asset during a given period.

Subsequent costs are recognized as part of the carrying amount of the asset or as a separate asset, only if they meet the recognition criteria in IAS 16 "Property, Plant and Equipment". It is probable that the future economic benefits related with the item will flow to the Group and the cost of the parts can be determined reliably. The value of the replaced component is de-recognized. All other repairs and maintenance are charged to income for the period in which they are incurred.

Works under construction include, among other concepts, the following expenses that are capitalized during the construction period:

(i) Financial expenses related to external financing that are directly attributable to construction, both specific and generic in nature. In terms of generic financing, capitalized financial expenses are obtained by applying the weighted average cost of long-term financing to the average accumulated investment not directly financed.

(ii) Directly related personnel and other expenses of an operating nature attributable to the construction.

Work in progress balances are transferred to property, plant and equipment once the testing period is finalized when they are available for use, at which time depreciation begins.

Depreciation of property, plant and equipment is calculated using the straight line method over the estimated economic useful lives. The estimated useful lives of the most important principal asset classes are detailed in Note 18.

The residual value and the useful life of the assets are reviewed, and adjusted if necessary, as of each year end, so that the remaining useful life is in accordance with the expectations of the use of the asset.

When the fair value of an asset is greater than its estimated recoverable value, its carrying amount is written down to its recoverable value by recognizing an impairment loss (see Note 4.7).

Gains and losses on sales of property, plant and equipment are calculated by comparing the proceeds from the sale with the carrying amount and are included in Other Gains (Losses).

The amounts corresponding to the derecognized elements of property, plant and equipment correspond to the gross book value minus the accumulated depreciation at the time of the register.

4.5. Goodwill

Goodwill represents the excess of the purchase price over the fair value of AES Gener's share of the net identifiable assets of an acquired subsidiary/associate as of the acquisition date. Goodwill related to acquisitions of subsidiaries is included in Intangible Assets. Goodwill is subject to annual impairment testing and valued at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill impairment is determined by assessing the recoverable amount of each cash generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods (see Note 4.7).

4.6. Intangible Assets

(a) Software

Licenses for purchased software are capitalized on the basis of the costs incurred to purchase and prepare them to use the specific program. These costs are amortized over their estimated useful lives, using the straight line method (See Note 17).

Expenses related to software development or maintenance are expensed as incurred. Costs related directly to production of unique and identifiable software controlled by the Group, and which will probably generate economic benefits greater than these costs for more than one year, are recognized as intangible assets. Direct costs include expenses for personnel that develop the software. Software development costs recognized as assets are amortized over their estimated useful lives.

(b) Easements

Easement rights are presented at historical cost. The exploitation period of these rights has no limit and therefore they are considered assets with an indefinite useful life and consequently are not subject to amortization. However, the determination of useful life is reviewed during each reporting period to determine whether the status of indefinite useful life still applies. These assets undergo impairment testing on an annual basis. An exception to this concept of indefinite useful life exists in the cases where there is a contractual obligation that limits the useful life of the easement (see Note 17).

(c) Water Rights

Water rights are presented at historical cost. The exploitation period of these rights has no limit and therefore they are considered assets with an indefinite useful life and consequently are not subject to amortization. However, the determination of indefinite useful life is reviewed during each reporting period to determine whether the status of indefinite useful life still applies. These assets undergo impairment testing on an annual basis.

4.7. Impairment of Non-Financial Assets

Assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication of impairment exists, the recoverable amount will be estimated for the individual asset. If the recoverable amount cannot be estimated for the individual asset or the asset has an indefinite useful life, the entity will determine the lowest level for which there are separately identifiable cash flows ("cash generating units") and estimate the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognized when there is an excess between the carrying amount of the assets or cash-generating unit of cash and the corresponding recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. The estimate of the value in use is based on cash flow projections that are discounted using a rate that reflects the current evaluations of the market and the risks associated with the assets or cash generating unit. The best estimate of fair value less costs to sell includes prices of similar transactions carried out in the market place. If the transactions cannot be identified in the market, a valuation model will be used.

Non-financial assets, other than goodwill, that have suffered an impairment loss are assessed at the end of each reporting period for indications that the impairment loss may no longer exist. Loss reversals cannot exceed the carrying amount that would have been obtained, net of amortization and depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment tests of goodwill and intangible assets with indefinite useful lives are performed annually as of October 1.

4.8. Financial Assets

Presentation and Classification

AES Gener classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity financial investments and available-for-sale financial investments. The classification depends on the purpose with which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition.

(a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading or designated as such upon initial recognition. A financial asset is classified in this category if acquired principally to sell in the short term. Gains and losses from assets held for trading are recognized in the Income Statements and the related interest is recognized separately as Finance Income. Derivatives are also classified as acquired for trading unless they are designated as hedges.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except those with maturities greater than 12 months from year-end, which are classified as non-current assets. Loans and receivables are included in Trade and Other Receivables in the Consolidated Statements of Financial Position.

(c) Held-to-Maturity Financial Investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold until their maturity. If the

Group were to sell more than an insignificant amount of held-to-maturity financial assets, the entire category would be reclassified to the available-for-sale category.

(d) **Available-For-Sale Financial Investments**

Available-for-sale financial assets are non-derivative financial assets that are designated into this category or not classified in any other category previously mentioned. They are included in non-current assets unless management intends to dispose of the investment within 12 months of year-end.

Initial Recognition and Disposal Valuations

Initial Recognition

Acquisitions and disposals of financial investments are recognized as of the date of negotiation (i.e. the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recorded in the Income Statements. The accounting policy used to determine fair value is described in greater detail in Note 4.21.

Subsequent Valuation

Available-for-sale financial assets and financial assets at fair value through profit and loss are accounted for subsequently at fair value.

Financial assets at fair value through profit or loss are carried in the Statements of Financial Position at fair value with changes in fair value recognized in Other Gains (Losses) in the Income Statements. Dividend income from financial assets at fair value through profit or loss is recognized in the Statements of Comprehensive Income within Other Gains when the Group's right to receive payment is established. Interest related to a financial instrument is recognized separately in Finance Income.

Variations in the fair value of debt instruments denominated in foreign currency and classified as available for sale are analyzed by separating the differences arising from the amortized cost of the instrument and other changes in the instrument's carrying amount. Exchange differences of monetary instruments are recognized in net income; foreign currency translation differences of non-monetary instruments are recognized in Other Reserves. Variations in the fair value of monetary and non-monetary instruments classified as available for sale are recognized in Other Reserves in the Available-for-Sale Reserve.

When instruments classified as available for sale are disposed of or impaired, the accumulated fair value adjustments previously recognized in Other Reserves are included in net income.

Interest from available-for-sale instruments calculated using the effective interest rate method is recognized in net income within Finance Income. Dividend income from available-for-sale equity instruments is recognized in net income within Other Gains (Losses) when the Group's right to receive payment is established.

The fair values of quoted investments are based on current purchase prices. If the market for a financial asset is not active, the Group establishes the fair value using valuation techniques that include the following:

(i) the use of recent transactions between willing and duly informed interested parties, in reference to other substantially similar instruments; or

(ii) discounted cash flow analysis; or

(iii) options price fixing models, maximizing use of market inputs and relying as little as possible on entity specific assumptions.

Investments are written off when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity financial assets are accounted for at their amortized cost based on the effective interest rate method.

Impairment

As of each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets may be impaired. In the case of equity instruments classified as available for sale, to determine if impairment exists, the Company will consider whether a significant or prolonged decline in the fair value of the instruments below their cost has taken place. If any such evidence exists for available-for-sale financial investments, the accumulated loss determined as the difference between the acquisition cost and the current fair value, less accumulated impairment loss, is eliminated from Other Reserves and is recognized in the Income Statements. Impairment losses recognized in the Income Statement for equity instruments are not reversed through the Income Statements.

Trade and other receivables are recognized initially at fair value and subsequently at amortized cost, in accordance with the effective interest rate method less allowance for doubtful accounts.

The allowance for doubtful accounts in Trade and Other Receivables is established when evidence exists that the Group will not be able to receive the amounts according to the original terms. The existence of financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization and the failure or delay of payments are considered indicators that the account receivable is impaired. The amount of the allowance is the difference between the asset's carrying value and the present value of the estimated future cash flows, discounted using the effective interest rate. The carrying amount of the asset is reduced by the allowance for doubtful accounts and the loss is recognized in Costs of Sales. When a trade receivable cannot be collected, it is written off against the allowance for trade receivables.

The subsequent recovery of amounts previously written-off is recognized as a credit to Cost of Sales.

4.9. Financial Liabilities

AES Gener classifies its financial liabilities into the following categories: at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedge instruments (see Note 4.10). Management determines the classification of its financial liabilities upon initial recognition.

Financial liabilities are derecognized when the obligation is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, the original liability is derecognized and the new liability recognized with the difference in the respective carrying amounts recorded in income.

Financial liabilities are initially recognized at fair value and, in the case of loans, include costs directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification, as described below:

When the Group has the right to set off obligations with financial rights, they are not presented net in accordance with paragraph 42 of IAS 32 "Financial Instruments: Presentation", because the Company has the intention to pay and collect the items independently. The disclosures in IFRS 7 Financial Instruments: Disclosures" also apply to recognized financial instruments whose derivative contracts are subject to an enforceable offsetting agreement or similar agreement, irrespective of the net or gross presentation in accordance with IAS 32. See Note 10.2(e).

(a) **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities are classified as at fair value through profit or loss when they are held for trading or designated as such upon initial recognition. Gains and losses from liabilities held for trading are recognized in the Income Statement. This category includes derivative instruments not designated for hedge accounting.

(b) **Other financial liabilities**

Other Financial Liabilities are measured at their amortized cost using the effective interest rate method. The amortized cost is calculated considering any premium or discount on the acquisition and it includes the costs of transactions that are part of the effective interest rate. Commercial creditors with maturity according to the generally accepted commercial terms are not discounted.

4.10. Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments such as interest rate swaps, cross currency swaps and currency forwards to hedge its risks associated with interest and exchange rate fluctuations. Derivatives are initially recognized at fair value on the date on which the derivative contract is signed and are subsequently re-measured at their fair value. The method for recognizing the loss or gain resulting from changes in the fair value depends on whether the derivative has been designated as a hedging instrument and, if so, of the nature of the hedged item. The Group designates particular derivatives as:

- fair value hedges; and
- cash flow hedges;

The Group documents the relationship between hedge instruments and the hedged items at the beginning of the transaction, as well as its risk management objectives and strategy for carrying out diverse hedge transactions. The Group also documents its assessment, both at the beginning as well as on a continual basis, of whether the derivatives used in hedge transactions are highly effective at offsetting changes in fair value or in the cash flows of hedged items.

(a) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statements, together with any change in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group has not used fair value hedges in the periods covered by these financial statements.

(b) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in Other Reserves. Any loss or gain related to the ineffective portion is recognized immediately in the Income Statements within Financial Expenses or Foreign Currency Exchange Differences, based on their nature.

Amounts accumulated in Other Reserves are recorded in the Income Statements in the periods in which the hedged item impacts the Income Statements. For interest rate hedges, the amounts recognized in equity are reclassified to Financial Expense as the associated debts accrue interest. For cross currency swaps, the amounts recognized in Other Reserves are reclassified as Financial Expense as they accrue interest and to Foreign Currency Exchange Differences as a result of valuing the debt using period-end exchange rates.

When a hedge instrument matures, is sold or when it no longer meets hedge accounting requirements, gains or losses accumulated in Other Reserves remain in equity and are recognized when the forecasted transaction affects the income statement. When the forecasted transaction is not expected to occur, any accumulated gain or loss in net equity is immediately recognized in net income within Financial Expense and Foreign Currency Exchange Differences, based on their nature.

(c) Derivatives Not Designated as Hedges

Derivatives that are not designated as hedging instruments in an effective hedge are recognized at fair value through profit or loss. Changes in the fair value of any derivative instrument recorded in this way are recognized immediately in the Income Statements.

(d) Embedded Derivatives

The Company evaluates the existence of embedded derivatives in financial and non-financial instrument contracts, which are not already accounted for as assets or liabilities at fair value through profit or loss, to determine if their characteristics and risks are closely related to the host contract. If they are not closely related, embedded derivatives are separated from the host contract and recorded at fair value with variations recognized immediately in the Income Statements.

4.11. Inventory

Inventory is valued at the lesser of cost and net realizable value. Cost is determined using the Acquisition Cost Method. The net realizable value is the estimated sales price during the normal course of business, less estimated variable costs necessary to make the sale.

4.12. Cash and Cash Equivalents

Cash and cash equivalents include cash balances; time deposits in credit entities; other highly-liquid, short-term investments originally maturing in less than three months; and bank overdrafts. In the Statements of Financial Position, bank overdrafts are classified as external resources within Other Current Financial Liabilities.

Restricted cash is included in the Statements of Financial Position in Cash and Cash Equivalents except when the nature of the restriction is such that it stops being liquid or easily convertible to cash. In this case, cash restricted with restrictions less than 12 months will be recognized in Other Current Financial Assets and those greater than 12 months will be recognized in Other Non-Current Financial Assets. The classification of cash and cash equivalents does not differ from that used in the Cash Flow Statement.

IAS 7 permits presentation of the Statements of Cash Flows using either the direct or indirect method. AES Gener presents its Statement of Cash Flows using the direct method beginning the reporting period ending on March 31, 2013.

4.13. Issued Capital

The Company's issued share capital consists of a single class of ordinary shares with one vote per share.

Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction, net of taxes, of the funds obtained by issuing new shares.

4.14. Taxes

Income Taxes

The Company and its subsidiaries determine their current income taxes based on their net taxable income, which is determined in accordance with tax laws in effect for each period. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Income tax expense or benefit for the period is determined as the sum of the Company's and its subsidiaries' current income tax, which results from applying taxes to net taxable income for the period, which includes taxable income and deductible expenses, plus variations in deferred tax assets and liabilities and tax credits.

Deferred Taxes

Deferred taxes arising from temporary differences and other events that generate differences between the carrying amount for financial reporting purposes and tax bases of assets and liabilities are recorded in accordance with IAS 12 "Income Taxes".

With the exception of investments in subsidiaries, affiliates and interests in joint ventures as indicated below, the difference between the accounting value of assets and liabilities and their tax bases generates asset and liability balances for deferred taxes, which are calculated using the tax basis expected to be applicable at the time the assets and liabilities are realized. A deferred tax liability is recognized for temporary tax differences related to investments in subsidiaries, associates and interests in joint ventures, except when the following conditions are met:

- the parent company. investor or participant of a business can control the opportunity to reverse the temporary difference; and
- it is probable that the temporary difference will not be reversed in the future.

A deferred tax asset is recognized for all deductible temporary tax differences that originate from investments in subsidiaries, associates or interests in joint ventures, only to the extent that it is probable that:

- Carry forwards of unused tax credits and losses can be utilized; and
- There is taxable profit available against which temporary differences can be used.

Current taxes and variations in deferred taxes that do not arise from business combinations are recorded in the Income Statements or equity, based on where the gains or losses that originated them were recorded.

Deferred tax assets and tax credits are recognized only to the extent that it is probable that sufficient future taxable profits exist to recover the deductible temporary differences and make use of the tax credits.

Group companies with tax losses recognize a deferred tax asset when use of these losses is likely, for which generation of future taxable profits and the expiration date of the tax losses are considered. In both Chile and Colombia, tax losses do not expire, but in Argentina they expire after five years.

Argentinean subsidiaries determine minimum expected income taxes by applying the current rate of 1% to all allowable assets as of each period end. This tax is complementary to income tax. The obligation for each period consists of the greater of minimum expected tax or income tax. However, if the minimum expected tax exceeds income tax in any fiscal year. this excess may be applied as payment for any income tax surplus over the minimum expected tax that may arise in any of the following ten fiscal years.

4.15. Defined Benefit Plan Reserve

(a) Short-Term Employee Benefits

The Company recognizes all liabilities related to short-term benefits to employees such as salary, vacation, bonuses and others as they are accrued considering amounts stipulated in collective agreements following normal Company policy.

(b) Post-Employment Benefits: Defined Benefit Plans

The Company has recognized the total obligation related to voluntary pension and other post-employment benefits for retired employees as stipulated in collective agreements held by Chilean companies within the Group. The current active employees do not have the rights to these benefits upon retirement. Pension benefits include a complementary pension plan, which is paid throughout the retired employee’s lifetime, in addition to benefits received through the Chilean social security system. These benefits also include complementary health services and electricity subsidies. Likewise, the Colombian subsidiary Chivor has a pension plan limited to a certain group of employees that consists of a complementary pension for those persons not covered by the provisions of Law No. 100 of 1993.

The value of these liabilities is calculated using the projected unit credit method. This actuarial calculation includes the projected benefit discounted at an annual nominal rate considering the probability of such payments or benefits based on mortality and rotation. In Chile the discount rate is based on the return on UF-denominated sovereign bonds from the Chilean Central Bank and average long-term projected inflation, while the rate in Colombia is determined based on the return on long-term sovereign bonds issued by the Colombian government. Sovereign bonds are used because neither country has sufficiently active corporate bond markets of high credit quality. Benefits for retired employees in Chile, entitled only to medical benefits and electricity subsidies, are recognized based on an estimate of the portion of benefits earned as of the reporting date. Liabilities for medical benefits and electricity subsidies have been determined based on trends for future medical and fixed electricity costs.

Actuarial gains and losses include experience adjustments and the effects of changes in actuarial assumptions and they are recognized in other comprehensive income.

(c) Share-Based Compensation

AES Corporation, majority shareholder of AES Gener S.A., grants share-based compensation, which consists of a combination of options and restricted stock, to certain employees of its subsidiaries. Rights to these plans generally vest over a term of three years.

The fair value of employee services received in exchange for an award of stock options is recognized as an expense and a corresponding increase or contribution in the Company's equity. The cost is measured on the granting date based on the fair value of the equity instruments or liabilities issued and is recognized as an expense using the straight line method over the vesting period, net of an estimate for unexercised options (see Note 32).

Currently, the Company uses the Black-Scholes model to estimate the fair value of the stock options granted to employees.

(d) Severance Payments

The Company's obligation for staff severance payments is measured and recorded at the present value of the total obligation using the projected benefit cost method, considering a discount rate based on UF-denominated sovereign bonds from the Chilean Central Bank and average long-term projected inflation.

Assumptions considered in the calculation include the probability of such payments or benefits based on mortality (in the case of retired employees), employment rotation, future costs, amounts of benefits offered and the discount rate. The discount rate is determined in the same way as pension benefits as detailed in Note 4.15 (b) Defined Benefit Pension Plans.

4.16. Provisions

Provisions for environmental restoration, site restoration and asset removal, as well as restructuring and litigation expenses are recognized when:

- the Group has a current obligation, whether legal or constructive. as a result of past events; and
- it is probable that an outflow of resources will be needed to settle the obligation; and
- the amount can be reliably estimated.

Provisions are recorded at the present value of the expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a rate that reflects current market conditions, the time value of money and the risks specific to the liability. Increases in provisions due to the passage of time are recognized as an interest expense.

4.17. Revenue Recognition

The Group recognizes revenues when:

- The amount can be reliably measured. and
- It is probable that the future economic benefits flow to the entity; and
- Specific conditions have been met for each of the Group's activities as described below.

The amount of revenue is not considered to be reliably measured until all contingencies related to the sale have been resolved. The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and the concrete terms of each agreement.

Operating revenue includes the fair value of considerations received or to be received for the sale of goods and services in the ordinary course of the Group's activities. Operating revenue is presented net of value added taxes, returns, rebates and discounts and after eliminating inter-group sales.

(a) Sales Revenues

Revenues from energy and capacity sales are recognized once the energy or capacity has been physically delivered at prices established in the respective contracts or at current electricity market prices in accordance with current regulations. This includes un-invoiced income from energy and capacity supplied but not billed as of each period end, which is accounted for at the contractual rates existing at each respective period end. These amounts are included in current assets as Trade Receivables.

Additionally, the Company recognizes revenues for sales of inventory, such as coal, when all risks and benefits are transferred to the customers. It also recognizes revenues for engineering, advisory and other services as the service is provided using the degree of completion method.

(b) Financial Income

Finance income is recognized using the effective interest rate method.

(c) Dividend Income

Dividend income is recognized when the shareholder's right to receive payment is established, after the approval of the shareholders boards of the company that will distribute the dividends.

(d) Deferred Revenue

The Company has included amounts paid in advance for facility use and supply contracts within both current and non-current liabilities. The effect on income of these payments is recognized within Operating Revenue over the life of the respective contract.

4.18. Leases

In determining whether an agreement contains a lease, the Group analyzes whether the agreement depends on the use of specific asset or assets and whether the agreement conveys a right to use the asset. Leases in which the risks and rewards are substantially transferred to the property are classified as a finance lease. Examples of indicators that the agreement is a finance lease include:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to buy the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease. that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the beginning of the lease. the present value of future minimum lease payments is at least substantially all of the fair value of the leased asset; and
- the assets leased are of a nature so specialized that only the lessee can use them without realizing major modifications.

Contracts which do not comply with the finance lease indicators are classified as operating leases.

(a) Group as a Lessee – Finance Lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment in which the Group retains substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalized at the beginning of the lease at the lower between the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is distributed between the liability and finance charges so as to produce a constant interest rate on the outstanding balance of the obligation. The corresponding lease obligations, net of finance charges, are included in Other Current or Non-Current Financial Liabilities, depending on their maturities. The interest element of the finance expense is charged to the Income Statement over the lease period. Items of property, plant and equipment acquired under a finance lease are depreciated over the shorter of their useful lives and the duration of the respective lease contract.

(b) Group as a Lessee – Operating Lease

Leases in which the lessor retains an important part of the risks and rewards of ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are charged to the Income Statements on a straight-line basis over the lease period.

(c) Group as a Lessor – Finance Lease

When assets are leased under finance leases, the present value of the minimum lease payments is recognized as an accounts receivable, just like the net investment of the lease. The value of the net investment is the discounted cost using the implicit rate of the minimum lease payments and the non-secured residual value of the asset.

The difference between the gross amount receivable and the present value of that amount is recognized as a gain or loss on the sale.

Income from leases is recognized in the lease period using the net investment method, which reflects a constant periodic rate of return.

(d) Group as a Lessor – Operating Lease

Assets leased to third parties under operating leases are included in Property, Plant and Equipment within the Statement of Financial Position according to the nature of the asset.

Income from operating leases is recognized in the Income Statements on a straight-line basis over the lease period.

During the years covered by these consolidated financial statements, the Company did not participate in significant contracts of this type.

4.19. Dividends

Dividend distributions to the Company's shareholders are recognized as a liability with a corresponding decrease in the Group's consolidated equity in the fiscal year in which the dividends are approved by the Company's shareholders.

As of each year-end, the Company records a provision of 30% of that period's net income as a minimum dividend in accordance with Law 18.046: The law in Chile requires the distribution of at least 30% of financial net income of the period, unless the shareholders decide unanimously against it.

Net income is equal to Income (Loss) Attributable to Owners of Parent.

4.20. Environmental Expenditures

Disbursements related to environmental protection are recorded in income when incurred. Investments in infrastructure intended to comply with environmental standards are capitalized based on the general accounting criteria for property, plant and equipment, in accordance with the applicable standards of IFRS.

4.21. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk and other elements. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

A fair value measurement requires an entity to determine the following:

- the particular asset or liability being measured;
- for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;
- the main or most advantageous market in which an orderly transaction would take place for the asset or liability; and
- the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instrument (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfill the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be canceled or otherwise extinguished on the measurement date.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 inputs) and lowest priority to unobservable inputs (Level 3 inputs). If the fair value uses some unobservable inputs, it is classified as Level 2 as long as the quantity of unobservable inputs is not significant. Transfers between hierarchy levels are recognized as of the date of the event or change in circumstances that gave rise to the transfer.

NOTE 5 – FINANCIAL RISK MANAGEMENT

5.1. Risk Management Policy

The Company's risk management strategy is designed to safeguard the stability and sustainability of AES Gener and its subsidiaries at all times, under both normal and exceptional circumstances in relation to all relevant components of financial uncertainty. The Company's risk management is aligned with the general guidelines defined by its controlling shareholder, The AES Corporation.

"Financial risk events" refer to situations in which there is exposure to conditions that indicate financial uncertainty, and are classified based on the source of the uncertainty and associated transmission mechanisms. The responsible and effective management of these uncertainties is viewed by the Company as strategic from the standpoint of value creation, both under normal and exceptional conditions.

The following aspects of financial risk management are the most important:

- Providing transparency, establishing and managing risk tolerances and determining guidelines in order to develop strategies to limit significant exposure to risk.
- Providing a disciplined and formal process for assessing risk and carrying out the commercial aspects of the business.

Financial risk management involves the identification, determination, analysis, quantification, measurement and control of these events. It is management's responsibility, particularly financial and commercial management, to constantly assess and manage financial risk.

5.2. Risk Factors

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in market prices. Market risks comprise three types: Foreign Exchange Risk, Interest Rate Risk, and Commodity Price Risk.

(i) Foreign Exchange Risk

With the exception of operations in Colombia, the Company's functional currency is the US dollar given that its revenue, expenses and investments in equipment and debt are mainly denominated in or linked to the US dollar. Also, the Company is authorized to file the returns and pay its income taxes in Chile in US dollars. Exchange rate risk is associated with any revenue, expenses, investments and debt denominated in any currency other than US dollars. The main items denominated in Chilean pesos are contract sales and tax credits mainly associated with VAT. As of December 31, 2014, Gener maintained several currency derivative instruments to decrease its foreign exchange risk from energy sales. This risk arises from the fact that although most energy supply contracts are denominated in US dollars, they are paid in Chilean pesos using an exchange rate that is fixed over a certain period of time, and VAT payments. Given the Company's net asset position in Chilean pesos as of December 31, 2014, the impact of 10% depreciation in the exchange rate of the Chilean peso with respect to the US dollar could have generated a negative impact of approximately ThUS$1,586 in the Group's Income Statement. During the year ended December 31, 2014, approximately 85.9% of operating revenue and 88.7% of the Company's expenses were in US dollars in comparison to 85.2% of operating revenue and 90.5% of expenses during the year ended December 31, 2013.

The functional currency of Chivor, the Company's Colombian subsidiary, is the Colombian peso since the majority of its revenue, particularly contract sales and operating costs are linked to the Colombian peso. For the year ended December 31, 2014, sales in Colombian pesos represented 10.9% of the Company's consolidated operating revenue (11.5% for the year ended December 31, 2013). Additionally, Chivor's dividends are determined in Colombian pesos, although financial hedge instruments are used to fix the amount to be distributed in US dollars. Given AES Chivor's net liability position in US Dollars as of that date, a 10% depreciation in the exchange rate of the Colombian peso with respect to the US dollar could have generated a negative impact of approximately ThUS$9,463 in the Group's Income Statement.

Spot prices in the Argentinean market are denominated in Argentinean pesos. Argentinean-peso denominated sales represented 3.2% of the Company's consolidated operating revenue for the year ended December 31, 2014 (3.3% for the year ended December 31, 2013). Given TermoAndes' net asset position in Argentinean pesos as of December 31, 2014, 10% depreciation in the exchange rate of the Argentinean peso with respect to the US dollar could have generated a negative impact of approximately de ThUS$2,691 in the Group's Income Statements. It is worth mentioning that the Argentinean government devalued the Argentinean peso by approximately 22% in January 2014, the fastest devaluation since 2002, which implied a negative impact for approximately US$16.7 million in the Company's result in January due to the reasons aforementioned. A weaker Argentinean peso and economy could cause significant volatility in TermoAndes' operating income, cash flows, capacity to pay dividends to Gener and the value of its assets.

Argentina, after ceasing to pay its public debt in 2001 for approximately US$100 billion between 2005 and 2010, restructured its bonds in defaults for new debt instruments for close to 33 cents of dollars per each dollar owed in the past. Between both operations, 93% of the bond holders agreed to exchange their default bonds for new bonds for 33% their original nominal value. The remaining 7% of debtors did not accept the restructured agreement. A group of such bond holders filed a suit against Argentina for the non-payment of the debt. In June 2014, the District Court of USA ruled that Argentina had to pay such bond holders "Initial holders" according to the original applicable terms. Despite intense negotiations with them and the mediator of the District Court of the USA, the parties did not reach an agreement by July 30, 2014. Therefore (as per the provisions of the risk rating agencies, Standard & Poor and Fitch) Argentina went into a selective default resulting from not paying the interests of their restructured bonds due in December 2033. This situation has caused significant changes that impact our current exposure related to the country's macro economy.

Investments in new plants and maintenance of equipment are denominated in US dollars. The majority of short-term investments for cash management purposes are also in US dollars. As of December 31, 2014, 74.2% of short-term investments were in US dollars, 11.4% in Colombian pesos. 9.7% in Chilean pesos and 4.7 % in Argentinean pesos. Cash balances in Argentinean pesos are subject to exchange restrictions and exchange rate volatility particular to the Argentinean market. As of December 31, 2013, 82.3% of investments were in US dollars. 8.9% in Argentinean pesos. 6.9% in Chilean pesos and 1.9% in Colombian pesos.

With respect to debt denominated in currencies other than the US dollar, Gener has entered into currency swaps to reduce the majority of the foreign exchange risk. AES Gener has a cross currency swap for the duration of the UF-denominated bonds issued in 2007 for approximately ThUS$219,527. As for the O series of the bond due in 2015, it was settled in June 2014 and only the N series is currently outstanding with maturity in 2028 for ThUS$172,264. As of the closing of December 2014, 97.2% of the Group's debt is denominated in US dollars, including the bonds series N mentioned above and the associated cross currency swaps. The following table shows the composition of debt by currency as of December 31, 2014 and 2013:

Currency	December 31, 2014 %	December 31, 2013 %
US$	97.2	97.4
UF	1.3	1.5
Col$	1.5	1.1

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans. Additionally, the Company has entered into interest rate swaps to mitigate interest rate risk for long-term obligations. Currently, the Group has interest rate swaps for an important part of the debt associated with subsidiaries Ventanas, Cochrane and Alto Maipo. A 10% increase in variable interest rates would not have a significant impact on net income as 92.4% of the Group's debt is at fixed rates or rate swaps.

The following table shows the composition of debt by type of interest rate as of December 31, 2014 and 2013:

Rate	December 31, 2014 %	December 31, 2013 %
Fixed rate	92.4	88.6
Variable rate	7.6	11.4

(iii) Commodity Price Risk

The Group is affected by the volatility of certain commodities. The fuels used by the Company, mainly coal, diesel and liquefied natural gas (LNG), are commodities with international prices set by market factors outside of the Company's control. Specifically, diesel and LNG are bought based on international oil prices through bilateral local supply agreements. In Argentina, the Company's subsidiary TermoAndes purchases natural gas at a fixed price under short-term contracts.

The price of fuel is a key factor in plant dispatch and spot prices both in Chile and Colombia. Since AES Gener is a company based mainly on thermal generation, fuel costs represent a significant portion of the cost of sales.

Currently the majority of Gener's energy sales contracts incorporate an indexation factor that adjusts the energy sales price to the variations in coal prices, according to the indexes and schedules contained in each contract, which in turn helps mitigating most of the fuel price variations.

Currently, the energy volume under contract in AES Gener is balanced with the generation of the plants with high probability of dispatch (efficient generation), so it is expected that the other units (backup units) that use diesel or LNG will only operate in circumstances such as drought conditions in the SIC and will be sold at market spot price. Currently, diesel and LNG purchases are not hedged as spot market sales allow variations in fuel prices to be transferred to the sale price. However, the price of fuel (particularly LNG or diesel) directly affects the spot price and plant dispatch. It is estimated that a 10% increase in diesel fuel cost would have caused a negative impact on the Company's consolidated gross profit of approximately ThUS$24,273 for the year ended December 31, 2014. It is worth noting that ESSA's Nueva Renca unit can use either diesel or LNG and is able to acquire the necessary LNG volumes using short-term contracts when the LNG price is more competitive than diesel.

(b) **Credit Risk**

Credit risk is related to the credit rating of the parties with whom AES Gener and its subsidiaries do business. The Company is exposed to credit risk primarily from its operating activities related to trade receivables and from its financing activities including deposits with banks and financial institutions and other financial instruments.

With respect to trade receivables, AES Gener's counterparties are mainly distribution companies and other generators with high solvency and the majority of its counterparties or their parent companies have local and/or international investment grade credit ratings. As per Chilean regulations, the Company's spot sales are required to be with other CDEC participants that have energy deficits according to economic dispatch balance prepared by the CDEC. In September 2011, a generator participant of the SIC was declared bankrupt as a result of financial losses due to dry hydrological conditions experienced in the SIC. In the bankruptcy proceedings, Gener and ESSA recovered close to 30% amounting to approximately ThUS$3,000. At the end of 2013, a distribution company part of the SIC declared bankruptcy after stop paying energy purchase invoices. As a result, AES Gener filed a legal claim to recover at least a portion of the debt, for which it created a provision for ThUS$1,626.

In Colombia, Chivor performs risk assessments of its counterparties based on internal credit quality evaluations, which in some cases may include guarantees. In 2010, also in dry hydrological conditions, Chivor suffered collection problems with an energy trader and eventually registered a loss of ThUS$1,300. In this case, the trader was suspended from participating in the spot market and Chivor filed actions to recover the outstanding amount.

Management considers that the Argentinean subsidiary. TermoAndes S.A. has no major credit risks as its commercial operations are primarily with Argentina's wholesale electric market administrative agent, CAMMESA, and unregulated clients denominated "Major Users of the Electric Market", whose contracts operate under Energía Plus legislation. TermoAndes makes internal credit analyses of unregulated clients and it includes guarantees to secure payments.

Financial investments carried by AES Gener and its subsidiaries such as mutual funds, time deposits and derivatives are executed with local and foreign financial institutions that have national and/or international credit ratings greater than or equal to "A" under the S&P and Fitch scale and "A2" in Moody's rating scale. Similarly, derivatives executed for financial debt are carried out with top-level international entities. The Company has cash, investment and treasury policies to guide its cash management and minimize credit risk.

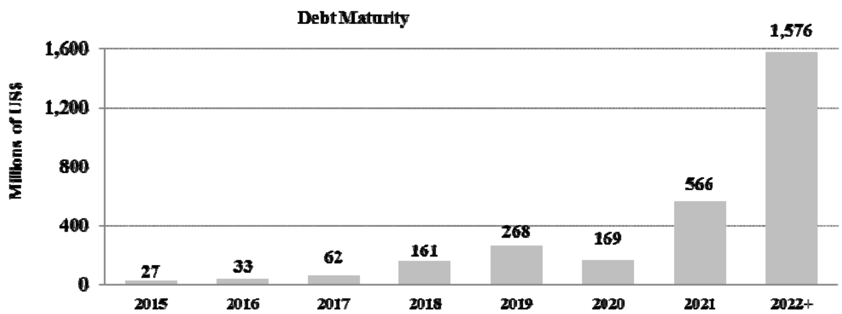
(c) **Liquidity Risk**

Liquidity risk relates to the need for funds to meet payment obligations. The Company's objective is to maintain balance between fund continuity and financial flexibility through normal operating cash flows, bank loans, public bonds, short-term investments and committed and uncommitted credit lines.

As of December 31, 2014, AES Gener had available liquid resources of ThUS$228,691, included in cash and cash equivalent. Meanwhile, as of December 31, 2013, the balance of available liquid resources was ThUS$727,521, including cash and cash equivalents for ThUS$707.516 and time deposits and short-term mutual funds for a total of ThUS$20.005 recorded under other current financial assets. Cash and cash equivalents includes cash, time deposits with original maturities under three months, marketable securities, short-term, low-risk US dollar mutual funds, rights with repo agreements and fiduciary rights.

As of December 31, 2014, AES Gener holds committed and unused lines of credit for close to ThUS$243,531, in addition to uncommitted and unused lines of credit for close to ThUS$235,003.

In December 2013, subordinated hybrid bond for ThUS$450,000 maturing in 2073 was issued to refinance the outstanding balance of ThUS$147,050 of Gener's 144A bond maturing in March 2014, to finance construction of new projects, and for other general corporate purposes. In January 2014, the 144A/Reg S bond of AES Gener for ThUS$147,050 was prepaid. In addition, in November 2014 the subsidiary Empresa Eléctrica Angamos S.A. completed the refinancing of its debt through the issuance of a 144A/Reg S bond in the global market for a total of ThUS$800,000. In December 2014, Chivor's 144A bond for a total of ThUS$170,000 matured and it was paid with the subsidiary's own cash and an intercompany loan granted by AES Gener. The chart and table below show the maturity profile, based on actual debt in millions of US dollars as of December 31, 2014:



	As of December 31, 2014					
		Expected contractual maturity date				
	Average interest rate	**2015**	**2016**	**2017**	**2018**	**2019+**
		(in US$ millions)				
Fixed Rate						
(UF Swapped to US$).....	7.34%	-	-	-	15.7	156.6
(US$)	5.25%	-	-	-	-	401.7
(US$)	8.00%	-	-	-	-	102.2
(US$) (*).........................	8.38%	-	-	-	-	450.0
(UF)	7.50%	1.0	1.1	1.2	1.3	34.1
(US$)	8.60%	0.4	0.4	0.4	0.4	7.5
(US$)	4.88%	-	-	-	69.6	730.4
Variable Rate						
(US$)	LIBOR + Spread (**)	25.9	30.4	33.5	38.3	179.5
(US$)	LIBOR + Spread (**)	-	-	20.8	30.0	464.0
(US$)	LIBOR + Spread (**)	-	-	-	-	23.7
(Col$).............................	Colombia CPI + Spread	-	1.5	5.9	5.9	28.6
Total..............................		**27.3**	**33.4**	**61.8**	**161.1**	**2,578.2**

(*) The 60-year subordinated hybrid bond issued in December 2013 for a total of ThUS$450,000 has a fixed interest rate of 8.375% for 5.5 years after the date of issuance. Afterwards, the interest rate will be recalculated every five years until the date of maturity based on Bloomberg's five-year swap rate plus a defined spread.

(**) A significant percentage of these debts have interest rate swaps.

5.3. Risk Measurement

The Company has methods for measuring the effectiveness and efficiency of risk management strategies, both prospectively and retrospectively.

For this analysis, the Company documents and employs different market methodologies for risk quantification such as regression analysis, risk tolerance and maximum exposure, in order to adjust risk management and mitigation strategies and evaluate their impact.

NOTE 6 – SIGNIFICANT ACCOUNTING JUDGMENTS. ESTIMATES AND ASSUMPTIONS

Management must make judgments and estimates that have a significant effect on the figures presented in the financial statements. Changes in these assumptions and estimates may have a significant impact on the financial statements. The estimates and critical judgments used by the Company's management are detailed below:

- Hypotheses used in actuarial calculations of employee benefits obligations. (See Note 22)
- The useful life and residual values of property, plant and equipment and intangible assets. (See Note 17 and 18)
- The assumptions used to calculate the fair value of financial instruments, including credit risk. (See Note 10)
- The probability of occurrence and the value of contingent liabilities or liabilities whose amount is uncertain. (See Note 22)
- Future disbursements for asset dismantling or removal obligations. (See Note 22)
- Determination of the existence of finance or operating leases based on the transfer of risks and rewards of the leased assets. (See Note 18)
- Asset and investment valuation and the existence and amount of potential impairment. (See Notes 17 and 18)

Although these estimates have been made based on the best information available as of the date of these consolidated financial statements, it is possible that future developments may force the Company to modify these estimates in upcoming periods. Such modifications would be adjusted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

NOTE 7 – OPERATING SEGMENTS

7.1. Earnings by Segment

The Company defines and manages its activities based on certain business segments that meet economic, regulatory, commercial or operating characteristics.

A segment is a component of the Group:

- that engages in business activities from which it generates income and incurs costs; and
- whose operating results are regularly monitored by management, in order to make decisions, allocate resources and evaluate performance; and
- for which discrete financial information is available.

Management monitors the operating results of each segment separately to make decisions related to resource allocation and performance evaluations. A segment's performance is evaluated based on certain operating indicators such as gross profit (difference between operating revenues and cost of sales) and EBITDA. EBITDA is calculated as net income, plus interest expense, depreciation and amortization, foreign currency exchange differences, asset retirement obligation accretion expense, other gains (losses) and the participations in earnings of associates.

Earnings and asset balances in segments are measured in accordance with the same accounting policies applied in preparation of the financial statements. Transactions and associated unrealized gains or losses between segments are eliminated.

AES Gener's financial liabilities are centralized and controlled at a corporate level and are not presented by reportable segments.

7.2. Segment Description

The Company segments its business activities based on the interconnected energy markets in which it operates, which are:

- The Central Interconnected Grid ("SIC")
- The Great North Interconnected Grid ("SING")
- The Argentinean Interconnected Grid ("SADI")
- The National Interconnected Grid ("SIN"), for its operations in Colombia.

These segments refer to geographic areas.

Throughout all segments, the Company's principal activity consists of electricity generation.

7.3. Assets by Segment

The details of Assets by Segment are as follows:

	December 31, 2014						Dec		
ASSETS BY OPERATING SEGMENT	**SIC Market**	**SING Market**	**SIN Market**	**SADI Market**	**Intercompany Eliminations**	**Total**	**SIC Market**	**SING Market**	**SIN Mark**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS**
Cash and Cash Equivalents	92,619	82,846	40,264	12,962	-	**228,691**	521,346	95,336	28,4
Trade and Other Receivables (1)	327,996	371,844	35,365	42,635	(338,981)	**438,859**	582,446	564,135	34,9
Property, Plant and Equipment, Net	2,391,402	2,266,289	554,753	221,449	(1,850)	**5,432,043**	2,227,929	1,727,112	676,4
Investment in Empresa Eléctrica Guacolda S.A.	343,502	-	-	-	-	**343,502**	321,759	-	

(1) Trade and Other Receivables include both current and non-current portions as well as the account Current Related Party R

7.4. Revenue, Expenses and Capital Expenditures by Segment

The details of Revenues and Costs and other selected information are as follows:

	December 31, 2014						Decemb		
REVENUE, EXPENSES AND CAPITAL EXPENDITURES BY OPERATING SEGMENT	**SIC Market**	**SING Market**	**SIN Market**	**SADI Market**	**Intercompany Eliminations**	**Total**	**SIC Market**	**SING Market**	**SIN Market**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Operating Revenue	1,289,042	569,639	551,061	155,525	(236,861)	2,328,406	1,308,253	525,498	522,332
Cost of Sales	1,087,182	504,456	288,216	149,027	(236,861)	1,792,020	1,140,879	426,152	313,776
Gross Profit	**201,860**	**65,183**	**262,845**	**6,498**	**-**	**536,386**	**167,374**	**99,346**	**208,556**
Net Income Before Taxes	239,534	203,285	213,854	(17,853)	(403,864)	234,956	336,576	282,930	176,036
Net Income Attributable to Shareholders of the Parent	133,959	193,719	140,045	(19,705)	(403,864)	44,154	331,579	273,697	117,711
EBITDA	**253,586**	**122,921**	**262,931**	**31,777**	**-**	**671,215**	**203,869**	**150,997**	**208,663**
Participation in Earnings of Associates	19,295	-	-	-	-	19,295	38,526	-	-
Depreciation and Amortization Expense	109,344	71,189	15,399	27,858	-	223,790	104,213	70,403	16,278
Capital Expenditures	513,912	481,796	18,246	4,968	-	1,018,922	239,665	280,565	27,116

REVENUE, EXPENSES AND CAPITAL EXPENDITURES BY OPERATING SEGMENT	December 31, 2012					
	SIC Market	SING Market	SIN Market	SADI Market	Intercompany Eliminations	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Operating Revenue	1,396,259	539,536	453,076	167,660	(228,810)	2,327,721
Cost of Sales	1,238,168	413,742	205,416	136,130	(228,810)	1,737,828
Gross Profit	**158,091**	**125,794**	**247,660**	**31,530**	**-**	**589,893**
Net Income Before Taxes	306,982	213,848	213,847	11,190	(396,161)	349,706
Net Income Attributable to Shareholders of the Parent	270,076	186,393	143,491	(871)	(396,161)	202,928
Adjusted EBITDA	**178,042**	**177,341**	**244,918**	**60,400**	**-**	**660,701**
Participation in Earnings of Associates	9,187	-	-	-	-	9,187
Depreciation and Amortization Expense	86,928	69,367	18,795	38,930	-	214,020
Capital Expenditures	272,459	92,401	19,215	942	-	385,017

	As of and for the years ended December 31,		
	2014	2013	2012
	ThUS$	ThUS$	ThUS$
EBITDA Calculation			
Operating Revenue	2,328,406	2,244,790	2,327,721
Cost of Sales	(1,792,020)	(1,734,711)	(1,764,646)
Gross Profit	**536,386**	**510,079**	**563,075**
Depreciation and Amortization expense	223,790	225,800	214,020
Operating Margin	**760,176**	**735,879**	**777,095**
Asset Retirement Obligation Accretion Expense	4,100	4,152	2,918
Other Operating Income	1,389	972	2,056
Other Operating Expenses	(1,128)	(4,608)	(3,066)
Administrative Expenses	(93,322)	(113,366)	(118,302)
Total EBITDA	**671,215**	**623,029**	**660,701**

NOTE 8 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Cash on Hand	48	140
Cash at Banks	138,860	202,762
Short-Term Deposits	72,892	482,833
Other Cash and Cash Equivalents	16,891	21,781
Total Cash and Cash Equivalents	**228,691**	**707,516**

Short-Term Deposits mature in less than three months from their date of acquisition and accrue interest at market rates for this type of short-term investments.

Other Cash and Cash Equivalents primarily includes mutual funds, which are low-risk investments in US dollars that allow for immediate liquidation without restrictions, recorded at their fair value as of the closing date of these consolidated financial statements, and repurchase agreements, which are short-term investments with banks and stock brokerage firms, backed by financial instruments issued by the Chilean Central Bank and private banks with high-quality credit ratings.

Balances of Cash and Cash Equivalents included in the Statement of Financial Position do not differ from those in the Statements of Cash Flows.

Cash and Cash Equivalents by type of currency as of December 31, 2014 and 2013, are detailed as follows:

Cash and Cash Equivalents by Currency	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Ch$	22,145	50,247
Ar$	10,718	64,856
Col$	26,115	13,997
US$	169,713	578,416
Total Cash and Cash Equivalents	**228,691**	**707,516**

As of December 31, 2014 and 2013, the Company has the following cash amounts with minor restrictions held in bank accounts. These funds are being used by the Company for operational and working capital requirements, as follows:

Restricted Cash and Cash Equivalents	December 31, 2012 ThUS$	December 31, 2011 ThUS$
Empresa Eléctrica Angamos S.A.	-	69,920
Empresa Eléctrica Ventanas S.A.	17,355	16,564
Empresa Eléctrica Cochrane S.p.A.	41,141	25,268
Alto Maipo S.p.A.	6,453	49,084
TermoAndes S.A. / InterAndes S.A.	10,639	61,259
Total	**75,588**	**222,095**

The balance related to Angamos, as of December 31, 2013, was restricted by the requirements of the credit agreement led by the Royal Bank of Scotland (formerly ABN AMRO) and BNP Paribas (including the portion belonging to Fortis). Such restrictions were eliminated as of December 31, 2014 as a consequence of the payment of such credit agreement.

Reserve amounts related to the operating activities of Empresa Eléctrica Ventanas S.A. are required by the credit agreement with several banks, led by BNP Paribas (formerly Fortis) and Credit Agricole (formerly Calyon Bank).

The balance related to Cochrane is restricted by the requirements of the credit agreement with several banks, led by Mizuho Corporate Bank Ltd., Sumitomo Mitsui Banking Corporation, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and HSBC Bank USA, National Association.

The balance related to Alto Maipo is restricted by the requirements of the credit agreement with several banks, led by Banco CorpBanca as managing agent.

In Argentina, where our subsidiaries Termoandes and Interandes operate, exchange rate policy regulates access to foreign currency, which gives rise to certain restrictions on access to US dollars. Those restrictions require the subsidiaries to maintain balances in Argentinean pesos; various investment options are undertaken in order to mitigate foreign exchange risk.

NOTE 9 – OTHER FINANCIAL ASSETS

As of December 31, 2014 and 2013, Other Financial Assets are detailed as follows:

Other Financial Assets	Current		Non-Current	
	December 31, 2014 ThUS$	December 31, 2013 ThUS$	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Time Deposits (1)	-	20,005	-	-
Foreign Exchange Forwards (2)	3,877	819	-	-
Hedging Instruments (2)	2,037	3,173	-	75,580
Gasoducto GasAndes S.A. (3)	-	-	2,988	4,417
Gasoducto GasAndes S.A. (Argentina) (3)	-	-	2,200	2,200
CDEC SIC Ltda.	-	-	137	137
CDEC SING Ltda.	-	-	557	557
Restricted Investments	-	-	421	486
Investment in Bonds (4)	341	-	33,126	-
Other	950	1,465	-	-
Total	**7,205**	**25,462**	**39,429**	**83,377**

(1) Time deposit investments are considered Other Financial Assets as they have a maturity of more than three months and less than twelve months. However, given the short-term nature of these instruments, their carrying values approximate their fair values.

(2) Foreign Exchange Forwards and Hedging Instruments are recorded at their fair value (more detail in Note 10.4 Derivative Instruments).

(3) The investments in Gasoducto GasAndes S.A. (Argentina) and Gasoducto GasAndes S.A. correspond to a 13% interest that AES Gener S.A. holds in both companies as detailed in Note 10.1.

(4) It corresponds to the investment in sovereign bonds, Argentina Bonar X (AA17), held by the subsidiary Termoandes. The bonds are denominated in US Dollars and have agreed upon a 7% annual rate, with maturity on April 17, 2017.

NOTE 10 – FINANCIAL INSTRUMENTS

10.1. Financial Assets and Liabilities

Financial assets are classified into the categories described in Note 4.8, detailed as follows:

December 31, 2014	Cash and Cash Equivalents ThUS$	Loans and Receivables ThUS$	At Fair Value through Profit or Loss ThUS$	Hedging Instruments ThUS$	Available-For-Sale ThUS$	Total ThUS$
Cash and Cash Equivalents	228,691	-	-	-	-	228,691
Other Current Financial Assets	-	-	3,877	2,037	1,291	7,205
Trade Receivables	-	228,214	-	-	-	228,214
Other Non-Current Financial Assets	-	421	-	-	39,008	39,429
Related Party Receivables	-	3,631	-	-	-	3,631
Total	**228,691**	**232,266**	**3,877**	**3,877**	**40,299**	**507,170**

December 31, 2013	Cash and Cash Equivalents ThUS$	Loans and Receivables ThUS$	At Fair Value through Profit or Loss ThUS$	Hedging Instruments ThUS$	Available-For-Sale ThUS$	Total ThUS$
Cash and Cash Equivalents	707,516	-	-	-	-	707,516
Other Current Financial Assets	-	-	819	3,173	21,470	25,462
Trade Receivables	-	228,615	-	-	-	228,615
Other Non-Current Financial Assets	-	486	-	75,580	7,311	83,377
Related Party Receivables	-	1,680	-	-	-	1,680
Total	**707,516**	**230,781**	**819**	**78,753**	**28,781**	**1,046,650**

The carrying amount of financial assets such as Cash and Cash Equivalents and the current portion of Related Party Receivables are approximately equivalent to their fair values, due to the short-term nature of their maturities.

Instruments recorded in Other Current and Non-Current Financial Assets, classified as at Fair Value through Profit or Loss and Derivative Instruments (i.e. hedging and non-hedging instruments) are presented at their fair value in the Consolidated Statements of Financial Position. See Note 10.2 for the methods used in the calculation of their fair value.

Financial instruments classified as Available-for-Sale Financial Investments that are recorded in Other Current and Non-Current Financial Assets consist of investment funds that are recorded at fair value (coupon value of the funds) and time deposits that, due to the short-term nature of their maturities, have carrying amounts that are approximately equivalent to their fair values. Additionally, investments in the CDECs and Gasoducto GasAndes are presented in that category at cost due to the insufficient information available to determine their market value (see Note 9 Other Financial Assets for more information).

Financial liabilities are classified into the categories described in Note 4.9, detailed as follows:

December 31, 2014	At Fair Value, through Profit or Loss ThUS$	Hedging Instruments ThUS$	Other Financial Liabilities ThUS$	Total ThUS$
Other Current Financial Liabilities	-	53,096	50,437	103,533
Trade Payables	-	-	509,685	509,685
Other Non-Current Financial Liabilities	-	185,994	2,683,313	2,869,307
Related Party Payables	-	-	186,425	186,425
Total	**-**	**239,090**	**3,429,860**	**3,668,950**

December 31, 2013	At Fair Value, through Profit or Loss ThUS$	Hedging Instruments ThUS$	Other Financial Liabilities ThUS$	Total ThUS$
Other Current Financial Liabilities	348	42,182	401,605	444,135
Trade Payables	-	-	393,569	393,569
Other Non-Current Financial Liabilities	-	42,658	2,383,324	2,425,982
Related Party Payables	-	-	64,536	64,536
Total	**348**	**84,840**	**3,243,034**	**3,328,322**

The book value of the current portion of Accounts Payable to Related Parties and Trade Payables approximates their fair values given the short-term nature of their maturities.

Instruments recorded in Other Current and Other Non-Current Financial Liabilities classified as Financial Liabilities at Fair Value through Profit or Loss (derivatives not designated as hedging instruments) and hedging derivatives are presented at fair value in the Statements of Financial Position. See Note 10.2 for the methods used to calculate these fair values.

The carrying value of interest-bearing loans included in Other Current and Other Non-Current Financial Liabilities differs from their fair values principally due to fluctuations in exchange rates (US dollar and UF) and market interest rates. The methodology to calculate fair values of these instruments consists of discounting future cash flows of the debt using a yield curve. For the purposes of calculating this present value, assumptions are used such as the value of the exchange rate of the debt, the credit rating of the instrument and the credit rating of the Company or Group. The assumptions used as of December 31, 2013 and 2014, are classified as Level 2 within the Fair Value Hierarchy as defined in Note 10.2 (d).

The following table details the carrying amounts and fair values of interest-bearing loans:

	December 31, 2014		December 31, 2013	
Interest-Bearing Loans	Carrying Value ThUS$	Fair Value ThUS$	Carrying Value ThUS$	Fair Value ThUS$
Interest-Bearing Loans	2,733,750	3,180,881	2,784,929	3,027,233

10.2. Fair Values

The Company uses the Reval Hedge Rx system to calculate the fair value of interest rate and cross currency swaps. For the calculation of embedded derivatives and interest rate and cross currency swaps of AES Gener S.A., the Company has developed internal valuation models.

The following are the main assumptions used in valuation models for derivative instruments:

a) Market assumptions such as future spot prices, other price projections, credit risk (own and counterparty),

b) Discount rate inputs such as risk-free rates, local and counterparty spreads (based on risk profiles and data available in the market),

c) The models also incorporate variables such as volatilities, correlations, regression formulas and market spreads using observable market data and techniques commonly used by market participants.

Valuation Methodology for Derivative Instruments

(a) **Interest Rate Swaps**

The valuation model for interest rate swaps involves forecasting interest rate forwards based on spot rates for each intermediate and final settlement date, and then discounting the cash flows using the LIBOR zero coupon rate. The assumptions used in the model include prices and rates observable in the market, risk-free rates, country and/or counterparty risk, the Company's credit risk, etc.

(b) **Cross Currency Swaps**

The valuation model for cross currency swaps involves discounting expected cash flows using a representative interest rate and then converts these cash flows into US dollars using spot rates. The assumptions used in the model include historic transactions, prices and rates observable in the market, risk-free rates, country and/or counterparty risk, the Company's credit risk, etc.

(c) **Foreign Exchange Forwards**

The Company uses forward prices observable in the market and other assumptions, such as country and/or counterparty risk and the Group's own credit risk, to calculate the fair value of foreign exchange forwards.

(d) **Hierarchy of Fair Value of Financial Instruments**

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability, which are not based on observable market data.

The following table shows the financial asset and liability by fair value hierarchy:

December 31, 2014	Note	(Level 1) ThUS$	(Level 2) ThUS$	(Level 3) ThUS$	Total ThUS$
Assets					
At Fair Value through Profit or Loss					
Foreign Exchange Forwards	10.4 (a.2)	-	3,877	-	3,877
Hedging Intruments					
Foreign Exchange Forwards	10.4 (a.2)	-	2,037	-	2,037
Available for Sale					
Mutual Funds		421	-	-	421
Total Assets		**421**	**5,914**	**-**	**6,335**
Liabilities					
Hedging Intruments					
Cross Currency Swaps	10.4 (a.2)	-	29,001	-	29,001
Interest Rate Swaps	10.4 (a.1)	-	54,139	118,050	172,189
Foreign Exchange Forwards	10.4 (a.3)	-	37,900	-	37,900
Total Liabilities		**-**	**121,040**	**118,050**	**239,990**

December 31, 2013	Note	(Level 1) ThUS$	(Level 2) ThUS$	(Level 3) ThUS$	Total ThUS$
Assets					
At Fair Value through Profit and Loss					
Foreign Exchange Forwards	10.4 (b)	-	819	-	|819
Hedging Instruments					
Cross Currency Swaps	10.4 (a.2)	-	5,025	-	5,025
Interest Rate Swaps	10.4 (a.1)	-	70,755	-	70,755
Foreign Exchange Forwards	10.4 (a.1)	-	3,173	-	3,173
Available for Sale					
Mutual Funds		486	-	-	486
Total Assets		**486**	**79,572**	**-**	**80,058**
Liabilities					
At Fair Value through Profit and Loss					
Foreign Exchange Forwards	10.4 (c)	-	348	-	348
Hedging Intruments					
Cross Currency Swaps	10.4 (a.2)	-	10,539	-	10,539
Interest Rate Swaps	10.4 (a.2)	-	58,765	-	58,765
Foreign Exchange Forwards	10.4 (a.1)	-	15,536	-	15,536
Total Liabilities		**-**	**85,188**	**-**	**85,188**

The amount classified in Level 3 at December 31, 2014 represents interest rate swaps of the subsidiary Alto Maipo, which corresponds to instruments entered into during the period.

The valuation of such derivatives has variables not observable in the market, related mainly to the credit risk of Alto Maipo. The credit risk used in the valuation of these instruments considers the spread on LIBOR used in the financing of Alto Maipo, which is an input currently not observable in the market.

The Company has carried out sensibility tests related to these non-observable variables and their impact on the valuation of the market value of the instruments classified in Level 3 It is estimated that a 15% change in the credit risk rate would have a 2% impact on the current valuation of such derivatives.

During the year ended December 31, 2014, the Company recorded no movements of financial assets and liabilities at fair value between Levels 1 and 2.

(e) Master Netting Agreements

The following table shows the derivative instruments as of December 31, 2014 and 2013, that are subject to master netting agreements, where there is a contractual right to set off assets and liabilities under these financial instruments.

Current and Non-Current Derivative Instruments	December 31, 2014 Assets ThUS$	December 31, 2014 Liabilities ThUS$	December 31, 2013 Assets ThUS$	December 31, 2013 Liabilities ThUS$
Current	5,914	53,096	4,103	42,530
Non-Current	-	185,994	75,578	42,659
Total Derivative Instruments	**5,914**	**239,090**	**79,681**	**85,189**
Derivative Instruments Subject to Master Netting Agreements				
Subject to Master Netting Agreements (Gross is Equal to Net)	5,914	239,090	79,681	85,189
Gross Amount of Derivative Instruments not Offset	(232)	(232)	(2,966)	(2,966)
Total	**5,682**	**238,858**	**76,715**	**82,223**

As of December 31, 2013 and 2014, the Company has not provided any cash guarantees.

10.3. Credit Risk of Financial Assets

The Company is exposed to credit risk in its commercial activities as well as in its financial activities.

Risk Rating of Gener's and Other Chilean Subsidiaries' Counterparties

The Company evaluates the risk rating of its counterparties (clients), which include primarily distribution companies and industrial clients. In Gener's case, most of them have local and international investment-grade ratings. Risk rating is determined by qualified rating agencies that determine the solvency of the entities from most solvent (rating of "AAA") to least solvent (rating of "E"). Investment grade is considered "BBB" or higher.

Regarding financial assets and derivatives, Gener and its subsidiaries execute investments with local and international counterparties with international or national risk ratings of A or A2 according to Standard & Poor's and Moody's, respectively. Similarly, derivatives executed for financial debt are carried out with top-level international entities. The Company has cash, investment and treasury policies to guide its cash management and minimize credit risk.

Risk Rating of Foreign Subsidiaries

The Colombian subsidiary, Chivor, executes transactions that are denominated in Colombian pesos with banks that have risk ratings of "AAA", which is considered to be the highest credit quality rating according to Duff & Phelps, a Colombian risk rating agency. With respect to the credit quality of the counterparty for Chivor's financing activities in US dollars, they have a rating of "A+" (Standard & Poor's) or "A1" (Moody's), which indicates a low credit risk.

Historically, Chivor has maintained minimal exposure to credit risk given the short-term nature of its receivables.

Management considers that the Argentinean subsidiary, TermoAndes S.A. has no major credit risks as its commercial operations are primarily with Argentina's wholesale electric market administrative agent (CAMMESA) and clients known as "Major Users of the Electric Market", whose contracts operate under Energía Plus legislation.

10.4. Derivative Instruments

Financial derivatives held by Gener and its subsidiaries correspond primarily to transactions entered into with the intent to hedge interest and exchange rate volatility arising from financing development projects.

The Company, in line with its risk management policy, enters into interest rate and cross currency swaps and currency forwards to reduce the anticipated variability of the underlying debt's future cash flows.

The portfolio of derivative instruments as of December 31, 2014 and 2013, is detailed as follows:

(a) Cash Flow Hedges

a.1 Interest Rate Swaps:

These swap contracts partially hedge the syndicated loans related to Empresa Eléctrica Angamos S.A., Empresa Eléctrica Ventana
Maipo S.p.A. and Empresa Eléctrica Cochrane S.p.A. The fair values are as follows:

				As of December 31, 2014				As o	
				Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Interest Rate	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-(Th
Interest Rate Swaps	Various	Cash Flow Hedge	2.80% - 5.77%	-	-	25,132	147,057	-	
Total				**-**	**-**	**25,132**	**147,057**	**-**	

Empresa Eléctrica Ventanas S.A.

In June 2007, Empresa Eléctrica Ventanas S.A. signed four interest rate swap contracts with the banks Standard Charterec
(formerly Calyon) and BNP Paribas (formerly Fortis), maturing in 15 years for ThUS$315,000, to fix variable interest rates during
periods of its power plant. The value of current liability to December 31, 2014 amount to ThUS$12,063 and the value of non-curre

These swap contracts partially hedge the loan from a consortium of banks led by BNP Paribas (formerly Fortis) for the Nueva
construction finalized in December 2009.

Empresa Eléctrica Angamos S.A.

In December 2008, Empresa Eléctrica Angamos executed seven interest rate swap contracts, which are currently held by SMB(
Bank (formerly ABN Amro), BNP Paribas (formerly Fortis), Credit Agricole (formerly Calyon), HSBC and ING, maturing in 17 y
variable interest rates during the construction and operating periods of its power plant.

In November 2014, Angamos settled these contracts as part of a credit refinancing strategy based on the payment of the credit
Amro for the plant construction (ThUS$746,500) and the acquisition of a new credit from the issuance of a 144A/Reg, S Junior bo

Empresa Eléctrica Alto Maipo S.p.A.

In January 2014, Alto Maipo entered into ten interest rate swaps with KFW IPEX Bank, DNB Bank ASA, Banco Itau Chile and
The contracts have a 19 year term aimed at converting variable interest rates into a fixed rate during the plant's construction and op
current liability to December 31, 2014 amount to ThUS$2,560 and the value of non-current liability to ThUS$115,490.

Empresa Eléctrica Cochrane S.p.A.

In May 2013, Empresa Eléctrica Cochrane S.p.A. signed eight interest rate swap contracts with the banks Mizuho Capital Mar Tokyo-Mitsubishi UFJ Ltd., Sumitomo Mitsui Banking Corporation and HSBC Bank NA, maturing in 18 years for ThUS$800,0 during the construction and operating periods of its power plant. The value of current liability to December 31, 2014 amount to non-current liability to ThUS$4,929.

a.2 Cross Currency Swaps

Derivative Instrument	Counterparty	Classification	As of December 31, 2014				As of	
			Asset		Liability		Asset	
			Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-C Th
Cross Currency Swap	Credit Suisse - Deutsche Bank	Cash Flow Hedge	-	-	5,679	23,322	-	
Total			**-**	**-**	**5,679**	**23,322**	**-**	

In December 2007, AES Gener signed two cross currency swaps with Credit Suisse International to fix in U.S. dollars the UF series of locally placed bonds (N and O), equivalent to approximately ThUS$217,000 as of the date of issuance, maturing in 2015

In September 2009, AES Gener S.A. signed a modification to the cross currency swap contract associated with the N Series bo modified and a portion was executed with Deutsche Bank. Both swap contracts include provisions that require AES Gener to g credit when the swap market value exceeds the limit established in the contracts.

In July, the Company decided to prepay the debt associated with the O series (UF 1.2 million) and in June 2014 it settled the swa the Company received ThU$3,562.

a.3 Foreign Exchange Forwards

Derivative Instrument	Counterparty	Classification	As of December 31, 2014				As of	
			Asset		Liability		Asset	
			Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-Current ThUS$	Current ThUS$	Non-C Th
Foreign Exchange Forward (AES Gener)	Various	Financial Asset at Fair Value through Profit or Loss	1,982	-	-	-	3,173	
Foreign Exchange (AES Gener – VAT Cochrane)	Various	Financial Asset at Fair Value through Profit or Loss	55	-	232	-	-	
Foreign Exchange Forward (Cochrane USD/UF)	Various	Financial Asset at Fair Value through Profit or Loss	-	-	12,469	4,719	-	

Foreign Exchange Forward (Alto Maipo USD/UF)	Corpbanca	Financial Asset at Fair Value through Profit or Loss	-	-	9,584	10,896	--	
Total			**2,037**	**-**	**22,285**	**15,615**	**3,173**	

In February 2013, AES Gener S.A. executed foreign exchange forwards related to accounts receivable from sales to regulated Morgan and CorpBanca for a total of ThUS$136,171, with partial maturities and the final settlement on November 25, 2014 outstanding as of December 31, 2014.

In November and December 2014, AES Gener S.A. executed foreign exchange forwards, associated to a credit tax, VAT surplus fo with JP Morgan and Scotiabank for ThU$54,170 with partial maturities and the final settlement on July 3, 2015. The nominal am 2014 amount to ThUS$54,170.

In August 2014, AES Gener S.A. executed foreign exchange forwards associated to accounts receivable from sales to regulat Corpbanca and JP Morgan for ThUS$152,338, with partial maturities, and the final settlement on May 26, 2015. The nominal am 2014 amount to ThUS$123,763.

In May 2013, Empresa Eléctrica Cochrane S.p.A. executed foreign exchange forwards, related to supplier payments in UF with and HSBC for ThUS$272,549, with partial maturities and the final settlement on November 15, 2016. The nominal amount outsta is ThUS$119,291.

In December 2013, Alto Maipo S.p.A. executed foreign exchange forwards related to supplier payments in UF with Banco ThUS$44,257, with partial maturities and the final settlement in October 2017. The nominal amount outstanding as of December 3

In January 2014, Alto Maipo S.p.A. executed foreign exchange forwards, related to supplier payments in UF with Banco ThUS$361,277 with partial maturities and the final settlement in October 2017. The nominal amount outstanding as of December 3

a.4 Other Information - Cash Flow Hedges

Hedge maturities are included in the following table:

Company	Derivative Instrument	Counterparty	Hedged Item	Period Covered		Maturity (Noti	
				Start	End	2015 ThUS$	2016 ThUS$
AES Gener S.A.	Cross Currency Swaps	Deutsche Bank and Credit Suisse	Interest Rate	12-01-2007	12-01-2028	-	-
Empresa Eléctrica Ventanas S.A.	Interest Rate Swaps	Various	Interest Rate	08-31-2007	06-30-2022	20,000	21,000
Empresa Eléctrica Cochrane S.p.A.	Interest Rate Swaps	Various	Interest Rate	04-24-2013	11-15-2030	-	-
Alto Maipo S.p.A.	Interest Rate Swaps	Various	Interest Rate	04-15-2014	10-17-2033	-	-
Total						**20,000**	**21,000**

For more details on debt maturity, see Note 20 Other Financial Liabilities.

The Company has not executed cash flow hedge instruments for highly probable transactions that then failed to occur.

For the years ended December 31, 2013 and 2014, the ineffectiveness of cash flow hedges caused losses in the Income Statements of ThUS$1,645 and ThUS$94, respectively.

The following movements were recognized in Other Reserves during 2014 and 2013:

Movements in Other Comprehensive Income	December 31, 2014 ThUS$	December 31, 2013 ThUS$	December 31, 2012 ThUS$
Valuation of Available-for-Sale Assets	984	1	(202)
Gains (Losses) related to Derivatives Recognized in Other Comprehensive Income	(278,445)	97,079	1,944
Gains (Losses) related to Derivatives Reclassified from Other Comprehensive Income to Net Income	22,360	18,260	(23,491)
Gains (Losses) related to Derivatives of Associate Recognized in Other Comprehensive Income	2,448	7,080	2,923

(b) Derivatives Not Designated as Hedging Instruments

In February 2014, the subsidiary Chivor executed foreign exchange forwards related to U.S. dollar disbursements with JP Morgan, Bancolombia and BNP Paribas, for a nominal amount of ThUS$44,964 with partial maturities and the last settlement in December 2014. There are no nominal amounts outstanding as of December 31, 2014.

In April 2014, Chivor executed foreign exchange forwards related to dollar disbursements with JP Morgan, Bancolombia and BNP Paribas, for a nominal amount of ThUS$17,978 with partial maturities and the last settlement in December 2014. There are no nominal amounts outstanding as of December 31, 2014.

In November 2014, Chivor executed foreign exchange forwards related to dollar disbursements with Bancolombia and BNP Paribas, for a nominal amount of ThUS$43,172 with partial maturities and the last settlement in September 2015. The nominal amount outstanding as of December 31, 2014 is ThUS$31,716.

The amounts related to these contracts are classified under current assets/liabilities.

(c) Embedded Derivatives

As of December 31, 2014 and 2013, there are no balances for this type of instrument.

NOTE 11 – OTHER NON-FINANCIAL ASSETS

As of December 31, 2013 and 2014, Other Non-Financial Assets are as follows:

	December 31			
	Current		Non-Current	
Other Non-Financial Assets	**2014 ThUS$**	**2013 ThUS$**	**2014 ThUS$**	**2013 ThUS$**
Prepaid Insurance	9,143	7,982	1,518	-
Taxes Receivable (a)	-	-	26,426	20,642
Advance Payments to Compañía Papelera del Pacífico	642	642	910	1,552
Prepaid Insurance as per Financing Agreements	7,507	6,461	1,645	10,040
Deposits Given as Guarantees	-	-	7,343	8,262
Other	1,067	178	525	118
Total	**18,359**	**15,263**	**38,367**	**40,614**

(a) The non-current portion corresponds primarily to recoverable taxes related to water rights permits.

NOTE 12 – TRADE AND OTHER RECEIVABLES

Amounts in Trade and Other Receivables relate to transactions within the Company's line of business and that of its subsidiaries, which principally consists of sales of energy, capacity, transmission services and coal.

Amounts in Other Receivables consist primarily of recoverable taxes (tax credits) related to Argentinian subsidiaries and prepayments to suppliers, among other items.

1) As of December 31, 2014 and 2013, this account is detailed as follows:

	December 31			
	Current		Non-Current	
Trade and Other Receivables, Gross	**2014 ThUS$**	**2013 ThUS$**	**2014 ThUS$**	**2013 ThUS$**
Trade Receivables, Gross	232,895	234,016	601	1,096
Allowance for Doubtful Accounts	(5,282)	(6,497)	-	-
Trade Receivables, Net	**227,613**	**227,519**	**601**	**1,096**
Value Added Tax Credits	132,098	67,794	49,598	-
Other Receivables	24,885	38,108	433	306
Trade and Other Receivables, Net	**384,596**	**333,421**	**50,632**	**1,402**

Other Receivables consist of prepayments made to suppliers, receivables relating to employees and guarantees provided.

Non-current Value Added Tax Credits relate to capital expenditures on construction projects.

The fair value of Trade and Other Receivables does not differ significantly from their carrying amount.

2) Trade Receivables past due but not impaired are detailed as follows:

	December 31	
Trade Receivables Past Due but not Impaired	**2014 ThUS$**	**2013 ThUS$**
Less than Three Months	26,243	41,800
Between Three and Six Months	4,725	841
Between Six and Twelve Months	-	-
More than Twelve Months	976	2,030
Total Trade Receivables Past Due but not Impaired	**31,944**	**44,671**

3) Impaired Trade and Other Receivables are detailed in the following table:

Allowance for Doubtful Accounts	**ThUS$**
Balance as of January 1, 2013	**7,181**
Increase (Decrease) for the Year	701
Amounts Written-off to Income	(1,385)
Balance as of December 31, 2013	**6,497**
Increase (Decrease) for the Year	(1215)
Amounts Written-off to Income	-
Total as of December 31, 2014	**5,282**

NOTE 13 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries consist of recurring transactions executed at terms equivalent to those transaction. These intercompany transactions have been eliminated upon consolidation and are not detailed in this note.

13.1. Balances and Transactions with Related Parties

(a) The balances of Accounts Receivable between the Company and its related companies are detailed as follows:

Related Party Receivables

Taxpayer ID Number	Company	Country	Transaction	Relationship	Currency	De
Foreign	AES Corporation	United States	Miscellaneous Services	Ultimate Parent Company	US$	
Foreign	AES Energy Storage	United States	Project Consulting	Common Parent	US$	
Foreign	AES Maritza East LTD.	Bulgaria	Miscellaneous Services	Common Parent	US$	
Foreign	AES Panamá Limitada	Panama	Miscellaneous Services	Common Parent	US$	
Foreign	AES Hawaii	United States	Fuel Sales	Common Parent	US$	
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Common Parent	US$	
Foreign	Masinloc Power Partners Co. Ltd	Philippines	Miscellaneous Services	Common Parent	US$	
Foreign	AES TEG Operations, S de RL, De CV	Mexico	Miscellaneous Services	Common Parent	US$	
Foreign	AES Andres BV	Dominican Republic	Miscellaneous Services	Common Parent	US$	
Foreign	AES Big Sky, LLC	United States	Miscellaneous Services	Common Parent	US$	
Foreign	AES Strategic Equipment Holding Corp	United States	Miscellaneous Services	Common Parent	US$	
Foreign	Dominican Power Partners	Dominican Republic	Miscellaneous Services	Common Parent	US$	
96,635,700-2	Empresa Eléctrica Guacolda S.A.	Chile	Miscellaneous Services	Associate	US$	
Total						

There are no account receivable balances with related entities classified as non-current.

(b) The balances of account payable between the Company and its non-consolidated related parties are as follows:

Related Party Payables						Curre
Taxpayer ID Number	Company	Country	Transaction	Relationship	Currency	December 3 2012 ThUS$
Foreign	AES Corporation	United States	Salaries	Ultimate Parent Company	US$	13,9
Foreign	AES Corporation	United States	Reimbursement of Expenses	Ultimate Parent Company	US$	2,8
Foreign	AES Corporation	United States	Other Services	Ultimate Parent Company	US$	1,5
Foreign	AES Servicios América	Argentina	IT and Administrative Services	Common Parent	US$	1,0
Foreign	AES Argentina Generacion S.A.	Argentina	Miscellaneous Services	Common Parent	US$	
Foreign	AES Energy Ltd	Argentina	Miscellaneous Services	Common Parent	US$	
Foreign	Cía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Common Parent	US$	1
Foreign	AES Panamá Limitada	Panama	Miscellaneous Services	Common Parent	US$	
Foreign	AES Big Sky, LLC	United States	Miscellaneous Services	Common Parent	US$	
Foreign	AES NA Central, LLC	United States	Miscellaneous Services	Common Parent	US$	
Foreign	Dayton Power and Light Co.	United States	Miscellaneous Services	Common Parent	US$	
Foreign	AES Latinoamerica, S De RL	Panama	Miscellaneous Services	Common Parent	US$	
Foreign	Masinloc Power Partners Co, Ltd	Phillipines	Miscellaneous Services	Common Parent	US$	
Foreign	AES Energy Storage	United States	Miscellaneous Services	Common Parent	US$	
96,635,700-2	Empresa Eléctrica Guacolda S.A.	Chile	Miscellaneous Services	Associate	US$	8,6
96.790.240-3	Minera Los Pelambres	Chile	Gas Transportation Loan	Non-Controlling Interest in Subsidiary	US$	
Total						**28,2**

(c) The effects on the Income Statements of these transactions with unconsolidated related companies during the years ended December 31, 2014 and 2013

Taxpayer ID Number	Company	Country	Relationship	Transaction	2014 ThUS$	Effect on Income (Charge/ Credit) ThUS$
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Sale of Energy and Capacity	8,905	8,905
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Purchase of Energy and Capacity	59,235	(59,235)
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Fuel Sales	14,051	14,051
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Fuel Purchase	9,771	(9,771)
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Management fee and technical assistance	2,583	2,583
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Transmission Revenues	275	275
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Miscellaneous Services	794	794
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Associate's Subsidiary	Transmission Expenses	432	(432)
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Associate's Subsidiary	Transmission Revenues	431	431
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Associate's Subsidiary	Purchase of Energy and Capacity	-	-
Foreign	Gasoducto Gasandes Argentina	Argentina	Investment	Dividends	736	736
77.345.310-1	CDEC SING	Chile	Investment	Withdrawal of future profits	-	-
Foreign	AES Corporation	United States	Ultimate Parent	Foreign personnel costs	2,516	(2,516)
Foreign	AES Corporation	United States	Ultimate Parent	Miscellaneous Services	1,253	(1,253)
Foreign	AES Corporation	United States	Ultimate Parent	Insurance settlement and other settlements	1,319	1,319
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Common Parent	Miscellaneous Services	-	-
Foreign	AES Big Sky, LLC	United States	Common Parent	Miscellaneous Services	-	-
Foreign	AES Energy Ltd	Argentina	Common Parent	Miscellaneous Services	-	-
Foreign	AES Energy Storage,	United States	Common Parent	Project Consulting	80	80
Foreign	AES Andres BV	Dominican Republic	Common Parent	Miscellaneous Services	-	-
Foreign	AES Fomseca Energía Limit	Puerto Rico	Common Parent	Miscellaneous Services	-	-
Foreign	AES Panamá S.A.	Panamá	Common Parent	Miscellaneous Services	-	-
Foreign	AES Pacific	United States	Common Parent	Miscellaneous Services	-	-
Foreign	AES Solutions	United States	Common Parent	Miscellaneous Services	-	-
Foreign	AES Servicios America S.R.L.	Argentina	Common Parent	Miscellaneous Services	3,195	(3,195)
Foreign	AES - 3 Maritza East 1 Ltd	Bulgaria	Common Parent	Miscellaneous Services	-	-
Foreign	AES Hawaii	United States	Common Parent	Sale of Coal	-	-
Foreign	Dayton Power and Light Co.	United States	Common Parent	Miscellaneous Services	-	-
Foreign	Dominican Power Part	Dominican Republic	Common Parent	Project Consulting	19	19
96.790.240-3	Minera Los Pelambres	Chile	Non-Controlling Interest in Subsidiary	Loan received and interest costs	111,150	(5,750)

Transactions with related companies, in general, consist of recurring transactions made at terms equivalent to those that prevail in date, there are no allowances for doubtful accounts relating to these balances.

13.2. Key Management Personnel

Key management personnel are those that have the authority and responsibility to plan, direct and control the activities of the Company, whether direct or indirectly. AES Gener S.A. is managed by the members of the Senior Management and by a Board of Directors composed of seven directors and their respective alternates, who are elected for a period of three years by the shareholders in the Ordinary General Shareholders' Meeting.

In conformity with the provisions of Article 50-bis of Law 18,046 on Corporations, AES Gener S.A. has an Audit Committee composed of 3 members that have been granted the powers contained in that article.

(a) Balances and Transactions with Key Management Personnel

There are no pending receivables or payables between the Company and its Directors and Senior Management.

In the periods covered by these consolidated financial statements, no transactions other than those disclosed in Note 13.2, section c) and payment of compensations took place between the Company and its Directors or Senior Management.

The Company has established no guarantees on behalf of the Directors.

There are no guarantees granted by the Company in favor of the Senior Management.

There are no compensation plans linked to the market value of shares of the Company.

(b) Board Compensation

AES Gener's by-laws establish that its directors do not receive compensation for serving as directors.

During the periods covered by these consolidated financial statements, the Company's Directors who are employed by AES Corporation or any subsidiary or associate did not receive any compensation, entertainment or travel expenses, royalties, or any other stipend. However, some directors do receive compensation for serving as members of the Audit Committee, as disclosed in the following paragraph.

In the Ordinary General Shareholders' Meeting held April 29, 2014 shareholders agreed to set compensation for Audit Committee members at UF 160 for the 2014 period. For the years ended December 31, 2014 and 2013 the amounts detailed in the following table were paid to Audit Committee members and directors of subsidiaries.

Board Members		December 31, 2014		
Name	**Position**	**Board of Directors AES Gener ThUS$**	**Board of Directors Subsidiaries ThUS$**	**Audit Committee ThUS$**
Andres Gluski	Chairman	-	-	-
Margaret Tigre	Director	-	-	-
Tom O'Flynn	Director	-	-	-
Arminio Borjas	Director	-	-	-
Ivan Diaz-Molina	Director	-	-	81
Jose Pablo Arellano Marin	Director	-	-	6
Juan Andres Camus Camus	Ex-Director	-	-	27
Radovan Roque Razmilic Tomicic	Director	-	-	81
Total		-	-	**195**

Director Remuneration		December 31, 2013		
Name	Position	Board of Directors AES Gener ThUS$	Board of Directors Subsidiaries ThUS$	Audit Committee ThUS$
Andres Gluski	Chairman	-	-	-
Andrew Vesey	Director	-	-	-
Tom O'Flynn	Director	-	-	-
Arminio Borjas	Director	-	-	-
Ivan Diaz-Molina	Director	-	-	89
Juan Andres Camus Camus	Director	-	-	89
Radovan Roque Tazmilic Tomicic	Director	-	-	89
Total		-	-	**267**

On May 2, 2014, the Company informed the SVS of an essential event, that on April 2, 2014 Juan Andrés Camus had resigned as Director of AES Gener S.A.

On October 23, the Company also informed, as an essential event, that according to the Extraordinary Shareholders' Meeting held on October 23, 2014, a new Board of Directors had been appointed and will assume such role until the ordinary shareholders' meeting to be held in 2017. The new Board is composed of: Andrés Gluski, Radován Razmilic, Arminio Borjas, Andrew Vesey, Thomas O'Flynn, Iván Díaz Molina and José Pablo Arellano.

On November 20, 2014 the SVS was informed, as an essential event, that on November 19, 2014 Andrew Vessey resigned as Director of AES Gener S.A.

(c) **Overall Compensation of Executives that are Not Directors**

The overall compensation of the Company's Senior Management includes fixed monthly compensation, bonuses based on performance and corporate results as compared to the year prior, in addition to long-term compensation. The Company's key management personnel include its Chief Executive Officers and the executives of the following departments: Operations, Legal and Corporate Matters, Engineering and Construction, Development, and Finance.

Key management personnel participate in an annual bonus plan based on goal achievement and individual contribution to the Company's results. These incentives are structured as a minimum and maximum number of gross monthly salaries and are paid once a year.

The Company's key executives received overall compensation for the years ended as of December 31, 2013 and 2014, of ThUS$5,673 and ThUS$4,661 respectively.

NOTE 14 – INVENTORY

Inventory, valued in accordance with Note 4.11, is detailed as follows:

Inventory	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Coal	36,239	45,628
Oil	10,111	9,872
Spare Part and Materials	39,982	38,359
Coal in Transit	28,317	13,876
Materials in Transit	1,265	1,931
Other Inventory	906	94
Total	**116,820**	**109,760**

The amount of inventory recognized as cost of sales in income for the years ended December 31, 2014, 2013 and 2012, is detailed as follows:

Inventory Recognized as Cost of Sales in Net Income	2014 ThUS$	2013 ThUS$	2012 ThUS$
Coal	419,234	400,730	447,946
Oil	132,608	52,660	108,268
Gas	206,292	177,258	310,865
Other (1)	27,953	22,645	16,917
Total	**786,087**	**653,293**	**883,996**

(1) Other inventory costs consist principally of materials, lime and biomass consumption.

In the periods covered by these financial statements, no adjustments exist that would significantly affect the carrying value of inventory.

NOTE 15 – CURRENT TAXES RECEIVABLE

Current Taxes

Current Taxes Receivable as of December 31, 2014 and December 31, 2013, are detailed as follows:

	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Monthly Provisional Tax Payments	13,221	23,825
Argentinean Tax Credits	3,392	2,833
Absorbed Tax Profits Credit	16,373	-
Refund Receivable	13,369	8,199
Other	328	1,308
Less:		
Monthly Tax Provision	359	287
Rejected Expenses Provision	152	9
First Category Tax Provision	2,378	12,523
Total	**43,794**	**23,346**

Current Taxes Payable are detailed as follows, they do not imply a net position from the previous chart:

	December 31, 2014 ThUS$	December 31, 2013 ThUS$
First Category Tax Provision	68,521	64,294
Others	132	467
Less		
Monthly Provisional Tax Payments	9,954	10,404
Colombian Income Tax Advance Payments	18,248	41,091
Total	**40,451**	**13,266**

NOTE 16 – INVESTMENTS IN ASSOCIATES

The following tables include detailed information on changes in the investment in associates balance and participation in associates' earnings for the years ended December 31, 2014, 2013 and 2012:

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	January 1, 2014 ThUS$	Participation in Earnings ThUS$	Other Increase (Decrease) ThUS$	December 31, 2014 ThUS$
Empresa Eléctrica Guacolda S.A.	Chile	US$	50.00%	50.00%	321,759	19,295	2,448	343,502
TOTAL					**321,759**	**19,295**	**2,448**	**343,502**

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting rights	January 1, 2013 ThUS$	Participation in Earnings ThUS$	Other Increase (Decrease) ThUS$	December 31, 2013 ThUS$
Empresa Eléctrica Guacolda S.A.	Chile	US$	50.00%	50.00%	276,153	38,526	7,080	321,759
TOTAL					**276,153**	**38,526**	**7,080**	**321,759**

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	Balance as of January 1, 2012 ThUS$	Participation in Earnings ThUS$	Other Increase (Decrease) ThUS$	Balance as of December 31, 2012 ThUS$
Empresa Eléctrica Guacolda S.A.	Chile	US$	50.00%	50.00%	273,375	9,187	(6,409)	276,153
TOTAL					**273,375**	**9,187**	**(6,409)**	**276,153**

The associate Guacolda can distribute dividends as long as:

(i) it is not in breach of its credit agreements,

(ii) its debt reserve accounts are funded or covered by bank guarantees, and

(iii) it complies with the debt coverage ratio that increases inversely to its contracted capacity,

During 2014 and 2013 no dividends were received.

The following table shows summarized information as of December 31, 2014 and 2013 of the financial statements of the entity accounted for under the equity method:

	December 31, 2014							
Investments in Associates	% Ownership Interest	Current Assets ThUS$	Non-Current Assets ThUS$	Current Liabilities ThUS$	Non-Current Liabilities ThUS$	Operating Revenue ThUS$	Operating Expenses ThUS$	Net Income ThUS$
Empresa Eléctrica Guacolda S.A.	50.00%	183,230	1,510,086	(234,958)	(773,873)	515,271	418,337	38,447
TOTAL		**183,230**	**1,510,086**	**(234,958)**	**(773,873)**	**515,271**	**418,337**	**38,447**

	December 31, 2013							
Investments in Associates	% Ownership Interest	Current Assets ThUS$	Non-Current Assets ThUS$	Current Liabilities ThUS$	Non-Current Liabilities ThUS$	Operating Revenue ThUS$	Operating Expenses ThUS$	Net Income ThUS$
Empresa Eléctrica Guacolda S.A.	50.00%	225,539	1,193,763	(141,766)	(635,546)	554,339	418,079	77.053
TOTAL		**225,539**	**1,193,763**	**(141,766)**	**(635,546)**	**554,339**	**418,079**	**77,053**

In April 2014, AES Gener S.A. bought 108,845,612 shares issued by Empresa Eléctrica Guacolda S.A. from Copec S.A. and Inversiones Ultraterra LImitada for a total price of ThUS$728,000. On the same date, in a linked transaction AES Gener sold to El Aguila Energy S.p.A., company related to Global Infrastructure Partners (GIP), 108,845,611 shares issued by Guacolda under substantially similar conditions.

As a result of the aforementioned transactions, AES Gener directly owns 50% plus one share of the shares issued by Guacolda, which is now legally a subsidiary of AES Gener, while El Aguila Energy S.p.A. is the direct owner of the remaining 50% less one share. Nevertheless, AES Gener S.A. does not consolidate Guacolda due to certain characteristics of the agreements made with GIP, which result in AES Gener continuing to have only significant influence in Guacolda.

NOTE 17 – INTANGIBLE ASSETS

17.1. Intangible Assets

Details of and movements in the principal classes of Intangible Assets, valued as described in Notes 4.5 and 4.6, are detailed as follows:

Intangible Assets	December 31, 2014 Gross ThUS$	December 31, 2014 Accumulated Amortization ThUS$	December 31, 2014 Net ThUS$
Goodwill	7,309	-	7,309
Intangible Assets with Definite Useful Lives	38,699	(17,014)	21,685
Intangible Assets with Indefinite Useful Lives	31,623	-	31,623
Intangible Assets, Gross	**77,631**	**(17,014)**	**60,617**
Software	12,035	(7,892)	4,143
Easements	16,013	(214)	15,799
Water Rights	17,207	-	17,207
Other Identifiable Intangible Assets	25,067	(8,908)	16,159
Identifiable Intangible Assets, Gross	**70,322**	**(17,014)**	**53,308**

Intangible Assets	December 31, 2013 Gross ThUS$	December 31, 2013 Accumulated Amortization ThUS$	December 31, 2013 Net ThUS$
Goodwill	7,309	-	7,309
Intangible Assets with Definite Useful Lives	29,463	(11,028)	18,435
Intangible Assets with Indefinite Useful Lives	30,330	-	30,330
Intangible Assets, Gross	**67,102**	**(11,028)**	**56,074**
Software	10,018	(5,977)	4,041
Easements	14,618	(100)	14,518
Water Rights	17,207	-	17,207
Other Identifiable Intangible Assets	17,950	(4,951)	12,999
Identifiable Intangible Assets, Gross	**59,793**	**(11,028)**	**48,765**

Easements and water rights do not have defined useful lives, therefore it has been determined that they are indefinite and continuously permanent. These intangibles have not suffered any contractual or legal modification as of December 31, 2014. Accumulated amortization of easements as of December 31, 2014 and 2013, corresponds exclusively to the easement of the Mejillones lot A of the subsidiary Empresa Eléctrica Angamos, the easement of the Angamos-Atacama and Angamos-Encuentro lines of the subsidiary Empresa Eléctrica Cochrane, and the easement of the Laberinto-Lomas Bayas and Norgener-Crucero lines of Norgener, which have a defined useful life related to the duration of the underlying contracts.

Estimated Useful Lives or Amortization Rates Used	Maximum Life or Rate	Minimum Life or Rate
Software	5 Years	3 Years
Easements	Indefinite	27 Years
Water Rights	Indefinite	29 Years
Other Identifiable Intangible Assets	12 Years	3 Years

The following tables present movements in Intangible assets during the years ended December 31, 2014, 2013 and 2012, respectively:

	2014					
Movements in Intangible Assets	**Software ThUS$**	**Easements ThUS$**	**Water Rights ThUS$**	**Other Identifiable Intangible Assets ThUS$**	**Goodwill ThUS$**	**Intangible Assets ThUS$**
Opening Balance as of January 1, 2014......	4,041	14,518	17,207	12,999	7,309	56,074
Additions	2,581	1,996	-	7,168		11,745
Removals	-	(651)	-	-		(651)
Amortization..	(2,270)	(64)	-	(4,008)		(6,342)
Increase (Decrease) due to Foreign Currency Exchange Differences	(209)	-	-	-	-	(209)
Total Changes	**102**	**1.281**	**-**	**3,160**	**-**	**4,543**
Ending Balance as of December 31, 2014	**4,143**	**15,799**	**17,207**	**16,159**	**7,309**	**60,167**

	2013					
Movements in Intangible Assets	**Software ThUS$**	**Easements ThUS$**	**Water Rights ThUS$**	**Other Identifiable Intangible Assets ThUS$**	**Goodwill ThUS$**	**Intangible Assets ThUS$**
Opening Balance as of January 1, 2013......	2,969	9,935	16,729	10,185	7,309	47,127
Additions	2,912	4,629	1,865	5,203		14,609
Removals	5	17	(1,387)	(5)		(1,370)
Amortization..	(1,711)	(64)	-	(2,384)		(4,159)
Increase (Decrease) due to Foreign Currency Exchange Differences	(134)	1	-	-	-	(133)
Total Changes.......................................	**1,072**	**4,583**	**478**	**2,814**	**-**	**8,947**
Ending Balance as of December 31, 2013	**4,041**	**14,518**	**17,207**	**12,999**	**7,309**	**56,074**

	2012					
Movements in Intangible Assets	**Software ThUS$**	**Easements ThUS$**	**Water Rights ThUS$**	**Other Identifiable Intangible Assets ThUS$**	**Goodwill ThUS$**	**Intangible Assets ThUS$**
Opening Balance as of January 1, 2012......	1,967	6,787	14,245	10,817	7,309	41,125
Additions	1,686	3,176	2,489	303	-	7,654
Disposals..	-	-	(5)	-	-	(5)
Amortization..	(829)	(28)	-	(935)	-	(1,792)
Increase (Decrease) due to Foreign Currency Exchange Differences	145	-	-	-	-	145
Total Changes.......................................	**1,002**	**3,148**	**2,484**	**(632)**	**-**	**6,002**
Ending Balance as of December 31, 2012	**2,969**	**9,935**	**16,729**	**10,185**	**7,309**	**47,127**

17.2. Goodwill Impairment and Intangible Assets with Indefinite Useful Lives

The goodwill acquired in business combinations and intangible assets with indefinite lives have been assigned to the following cash generating units ("CGUs"), which at the same time are operating segments for the purposes of the annual impairment test:

	December 31, 2014		
Concepts	**SIC ThUS$**	**SING ThUS$**	**Total ThUS$**
Goodwill	7,309	-	7,309
Water Rights	18,057	-	18,057
Easements	11,581	1,192	12,773
Other Intangibles	793	-	793
Total	**37,740**	**1,192**	**38,932**

	December 31, 2013		
Concepts	**SIC ThUS$**	**SING ThUS$**	**Total ThUS$**
Goodwill	7,309	-	7,309
Water Rights	17,207	-	17,207
Easements	11,115	1,215	12,330
Other Intangibles	793	-	793
Total	**36,424**	**1,215**	**37,639**

During the first quarter of 2013, Management determined a new income source for the transmission lines between the SING and SADI markets, leading to a change in the CGUs. This change also resulted in an indicator of impairment (See Note 18.3).

The new detail of intangible assets based on the new CGUs does not affect previously disclosed information, as the new CGU associated with the SADI market do not have any intangible assets or goodwill associated with it.

The recoverable value that was applied in the impairment test is the value in use. Considering that an active market for these assets does not exist, the value in use was calculated using the discounted cash flow method. The assumptions used are consistent with the information utilized for the projected budget and cash flows, applying a discount rate that includes the time value of money and the specific risks of the CGU. No impairment losses were identified.

As of December 31, 2014, no impairment losses were recorded for intangible assets or at the CGU level.

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

18.1. Property, Plant and Equipment

The balances of the different categories of Property, Plant and Equipment for the years ended December 31, 2014 and 2013, are detailed as follows:

	December 31, 2014		
Classes of Property, Plant and Equipment	**Gross ThUS$**	**Accumulated Amortization ThUS$**	**Net ThUS$**
Construction in Progress	1,415,370	-	1,415,370
Land	39,350	-	39,350
Buildings	19,833	(8,114)	11,719
Plant and Equipment	5,314,178	(1,468,188)	3,845,990
IT Equipment	16,012	(9,574)	6,438
Furniture	13,818	(8,663)	5,155
Motor Vehicles	5,363	(3,402)	1,961
Other Property, Plant and Equipment	115,299	(9,239)	106,060
Total	**6,939,223**	**(1,507,180)**	**5,432,043**

	December 31, 2013		
Classes of Property, Plant and Equipment	**Gross Value ThUS$**	**Accumulated Amortization ThUS$**	**Net Value ThUS$**
Construction in Progress	683,070	-	683,070
Land	38,836	-	38,836
Buildings	17,530	(6,862)	10,668
Plant and Equipment	5,397,339	(1,327,205)	4,070,134
IT Equipment	13,963	(7,061)	6,902
Furniture	13,505	(7,865)	5,640
Motor Vehicles	4,965	(2,738)	2,227
Other Property, Plant and Equipment	70,888	(16,611)	54,277
Total	**6,240,096**	**(1,368,342)**	**4,871,754**

Construction in Progress corresponds principally to investments associated with Alto Maipo and Cochrane projects as well as some other minor projects.

The useful lives of the Company's principal classes of Property, Plant and Equipment are detailed as follows:

Classes of Property, Plant and Equipment	**Minimum Life (Years)**	**Maximum Life (Years)**
Buildings	20	40
Plant and Equipment	5	30
Plant and Equipment (Colombian Dam)	80	80
IT Equipment	2	5
Furniture	2	20
Motor Vehicles	2	5
Other Property, Plant and Equipment	5	25

Additional Disclosures for Property, Plant and Equipment	**2014 ThUS$**	**2013 ThUS$**	**2012 ThUS$**
Commitments for Additions	1,418,360	1,918,042	1,147,643

The following tables present movements in Property, Plant and Equipment during the years ended December 31, 2014, 2013 and 20

	Movements Year 2014	Construction in Progress ThUS$	Land ThUS$	Buildings ThUS$	Plant and Equipment ThUS$	IT Equipment ThUS$	Furniture ThUS$	Motor Vehicles ThUS$
	Opening Balance as of January 1, 2014	683,070	38,836	10,668	4,070,134	6,902	5,640	2,22
Changes	Additions	851,424	1,044	-	5,253	450	368	8
	Disposals	-	-	-	(4,313)	-	-	(1
	Depreciation	-	-	(1,325)	(214,130)	(2,651)	(1,208)	(62
	Increase (Decrease) due to Foreign Currency Exchange Differences(a)	(6,853)	(530)	(208)	(115,776)	(561)	(232)	(2
	Transfers	(112,271)	-	2,584	104,822	2,298	587	(46
	Total Changes	**732,300**	**514**	**1,051**	**(224,144)**	**(464)**	**(485)**	**(26**
	Ending Balance as of December 31, 2014	**1,415,370**	**39,350**	**11,719**	**3,845,990**	**6,438**	**5,155**	**1,9**

	Movements Year 2013	Construction in Progress ThUS$	Land ThUS$	Buildings ThUS$	Plant and Equipment ThUS$	IT Equipment ThUS$	Furniture ThUS$	Motor Vehicles ThUS$
	Opening Balance as of January 1, 2013	755,715	35,772	716,203	3,016,799	6,475	4,669	1,651
Changes	Reclassification (c)....	-	-	(712,021)	712,175	-	(154)	-
	Additions	565,209	3,304	-	10,791	420	240	1,314
	Disposals	-	-	(5)	(19,592)	(13)	(3)	(1)
	Depreciation	-	-	(971)	(216,256)	(2,231)	(1,088)	(775)
	Increase (Decrease) due to Foreign Currency Exchange Differences (a)	(1,572)	(240)	(60)	(58,242)	(264)	(136)	(3)
	Transfers (b)	(636,282)	-	7,522	624,459	2,515	2,112	41
	Total Changes	**(72,645)**	**3,064**	**(705,535)**	**1,053,335**	**427**	**971**	**576**
	Ending Balance as of December 31, 2013	**683,070**	**38,836**	**10,668**	**4,070,134**	**6,902**	**5,640**	**2,227**

	Movements Year 2012	Construction in Progress ThUS$	Land ThUS$	Buildings ThUS$	Plant and Equipment ThUS$	IT Equipment ThUS$	Furniture ThUS$	Motor Vehicles ThUS$
	Opening Balance as of January 1, 2012	469,436	35,097	714,218	3,111,639	5,666	2,535	1,487
Changes	Additions	339,641	758	4,753	9,602	635	755	527
	Disposals	-	(196)	(969)	(11,007)	-	(6)	(47)
	Depreciation	-	-	(20,886)	(187,199)	(1,810)	(906)	(556)
	Increase (Decrease) due to Foreign Currency Exchange Differences (a)	276	186	68	62,918	283	114	8
	Transfers................	(53,638)	(73)	19,019	30,846	1,701	2,177	232
	Total Changes	**286,279**	**675**	**1,985**	**(94,849)**	**809**	**2,134**	**164**
	Ending Balance as of December 31, 2012	**755,715**	**35,772**	**716,203**	**3,016,799**	**6,475**	**4,669**	**1,651**

(a) This is related to the currency translation of Colombian subsidiary Chivor, which uses the Colombian peso as its functional

(b) On March 6, 2013, the Ventanas IV Power Plant, owned by Empresa Eléctrica Campiche S.A., was commissioned wit MW. This power plant is connected to the SIC.

(c) Since January 1, 2013, based on changes in the policy for classifying property, plant and equipment, all buildings directly are presented as plant and equipment.

The costs of capitalized interests during the year and the average effective rate of the Company's debt are detailed below:

	2014 ThUS$	2013 ThUS$	2012 ThUS$
Capitalized Interest Expense	41,492	22,292	33,714
Capitalization Rate	6.98%	6.98%	6.36%

The Company and its subsidiaries have insurance contracts for their generation plants, including all-risk policies and business interruption insurance, which cover damages caused by fire, flood and earthquakes, among other events.

18.2. Leased Assets

Finance leases by asset class, where the Company acts as a lessee:

Finance Leases	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Buildings	8,504	10,183
Plant and Equipment	3,239	3,558
IT Equipment	16	16
Motor Vehicles	9	62
Total Property, Plant and Equipment under Finance Leases	**11,768**	**13,819**

Minimum lease payments related to finance leases, where the Company acts as a lessee:

Minimum Lease Payments on Finance Leases, Lessee	December 31, 2014			December 31, 2013		
	Gross ThUS$	Interest ThUS$	Present Value ThUS$	Gross ThUS$	Interest ThUS$	Present Value ThUS$
Less than a Year	1,302	693	609	1,469	766	703
Between 1 and 5 Years	2,834	1,529	1,305	4,451	1,882	2,569
More than 5 Years	39,658	20,710	18,948	47,528	26,206	21,322
Total	**43,794**	**22,932**	**20,862**	**53,448**	**28,854**	**24,594**

Information about operating leases, where the Company acts as a lessee:

Minimum Lease Payments on Operating Leases, Lessee	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Between 1 and 5 Years	10,648	8,620
More than 5 Years	15,043	17,071
Total	**25,691**	**25,691**

Contingent payments are based on variations in the CPI and the energy spot price. The Company made contingent payments during the year ended December 31, 2014 for ThUS$511.

18.3. Asset Impairment

As indicated in Note 4.7, the recoverable amounts of property, plant and equipment are evaluated when there is evidence that the asset may be impaired.

During the first quarter of 2013, the export permit of the subsidiary TermoAndes (Argentina), which had allowed that company to sell energy to the Chilean energy market, expired. The Company reached the conclusion that the permit's expiration was an indicator of impairment under IAS 36. Consequently, the Company performed an impairment test based on an alternative use plan for this group of assets, which did not produce any significant differences between the carrying value and their recoverable value and, as a result, had no effect on net income. The recoverable value was estimated using cash flows discounted at a rate equal to the Company's pre-tax WACC. The Company periodically monitors the progress of this plan as well as the related assumptions used in the impairment analysis. The analysis for these assets was updated as of December 31, 2014 and 2013 and did not result in an impairment loss.

No impairment losses were identified during the years ended December 31, 2014 and 2013.

18.4. Disposal of Property, Plant and Equipment

On June 1, 2014, AES Gener sold the diesel-fire plants Santa Lidia and Los Vientos to its subsidiary Sociedad Eléctrica Santiago S.p.A. Such sale included the transfer of operational contracts, permits and water rights necessary for the operation. The sale was executed at market value for ThUS$132,089. The transaction did not generate any effects on the consolidated net income because it was a transaction between the Group companies.

18.5. Term Extension of Rio Bata Concession in Chivor

In December 2014, the Regional Environmental Authority approved the term extension of the concession of Rio Bata for another 50 years from 2019, the original expiration term. Chivor has two large concessions for its operations. Rio Bata that represents close to 75% of the water rights of the plant, which was issued on December 12, 1969 for a period of 50 year. The second concession is the deviation of rivers Rucio, Negro and Tunjita, which was approved on March 24, 1984 for 50 years.

NOTE 19 – DEFERRED TAXES

Deferred Taxes

On September 29, 2014, Law 20,780 of the tax reform was passed in Chile, which, among other matters, gradually increases the first category tax rate from the current 20% to a rate that will depend on the regime selected according to two options: i) Attributed Income regime in which the tax rate increases gradually until 25% in 2017, and ii) Partially Integrated System in which the tax rate increase gradually until 27% in 2018. The option has to be executed by the Shareholders Extraordinary Meeting between June and December 2016, for each company and it has to have the approval of at least 66% of the votes. In case the company does not make a choice, it will by default be under one system or the other: if the tax payer is an individual entrepreneur, a limited liability company or a partnership of individual persons, the company would be under the Attributed Income Regime. In all other cases, such as private and public limited corporations or partnerships with legal entities as shareholders, the regime will be the Partially Integrated System.

Thus, since the Extraordinary Shareholders Meeting was not held to determine the tax regime, the assets and liabilities for deferred taxes of AES Gener S.A. and subsidiaries were re-measured according to the estimated pattern of temporary difference reversal, using the rates of the Partially Integrated System (applicable by default).

Balances of deferred tax assets as of December 31, 2014 and 2013 are as follows:

Deferred Tax Assets	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**
Amortization	223	413
Provisions	6,528	7,644
Employee Benefits	3,973	2,896
Fair Value of Financial Instruments	17,698	13,403
Tax Losses	304,119	200,515
Deferred Income	3,789	3,832
Interest-Bearing Loans	4,075	1,426
Lease Obligations	2,572	5,334
Finance Expense	4,285	245
Other	31,542	15,556
Total Deferred Tax Assets	**378,804**	**251,264**

The most significant deferred asset is related to the tax losses of companies in the stage of construction or only with a few years of operations, such as Empresa Eléctrica Ventanas S.A., Empresa Eléctrica Cochrane S.p.A., Empresa Eléctrica Alto Maipo S.p.A. and Empresa Eléctrica Angamos S.A. The origin of such losses is mainly financial expenses not activated under projects, accelerated depreciation of plants that are already in operation, and the valuation of derivative instruments.

There is positive evidence that these losses will be reversed in the future as a result of taxable revenues associated with power purchase agreements (PPAs) executed by such companies.

As of December 31, 2014 the item “Others” includes mainly the difference related to the asset retirement obligation.

Balances of deferred tax liabilities as of December 31, 2014 and 2013 are as follows:

	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Depreciation	756,397	605,091
Provisions	155	89
Employee Benefits	105	217
Fair Value of Financial Instruments	9,324	10,863
Interest-Bearing Loans	9,510	7,480
Lease Obligations	261	108
Finance Expense	38,396	33,386
Other	17,446	10,700
Total Deferred Tax Liabilities	**831,594**	**667,934**
Deferred Tax Net Position	**(452,790)**	**(416,670)**

Reconciliation between the balance in the statement of financial position and the deferred tax tables above is as follows:

Statement of Financial Position	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Deferred Tax Asset	69,211	474
Deferred Tax Liability	(522,001)	(417,144)
Total Deferred Tax Liabilities	**(452,790)**	**(416,670)**

Note 15 - Deferred Taxes	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Deferred Tax Asset	378,804	251,264
Deferred Tax Liability	(831,594)	(667,934)
Deferred Tax Net Position	**(452,790)**	**(416,670)**

The movements of assets and liabilities for deferred tax in the years ended December 31, 2014 and 2013 are as follows:

	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Balance as of January 1, 2013	**212,890**	**610,279**
Increase in Income (Losses)	61,880	66,468
Decrease in Other Comprehensive Income	(23,038)	-
Foreign Currency Translation Adjustment	(468)	(8,813)
Balance as of December 31, 2013	**251,264**	**667,934**
Increase in Income (Losses)	55,565	180,850
Increase in Other Comprehensive Income	72,027	-
Foreign Currency Translation Adjustment	(52)	(17,190)
Balance as of December 31, 2014	**378,804**	**831,594**

NOTE 20 – OTHER FINANCIAL LIABILITIES

As of December 31, 2014 and December 31, 2013, Other Financial Liabilities are detailed as follows:

	Current		Non-Current	
Other Financial Liabilities	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**
Interest-Bearing Loans (see Note 20.1)	50,437	401,605	2,683,313	2,383,324
Hedging Derivatives (see Note 10.1)	53,096	42,182	185,994	42,658
Derivatives Net Designated as Hedges	-	348	-	-
Total	**103,533**	**444,135**	**2,869,307**	**2,425,982**

20.1. Interest-Bearing Loans

	Current		Non-Current	
Interest-Bearing Loans	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**
Bank Loans	30,500	72,903	814,857	1,220,569
Bonds Payable	19,328	327,999	1,914,699	1,204,558
Lease Obligations	609	703	20,253	23,891
Deferred Financing Costs (1)	-	-	(66,496)	(65,694)
Total	**50,437**	**401,605**	**2,683,313**	**2,383,324**

(1) Corresponds mainly to deferred expenses related to the financing of Alto Maipo project and expenses related to the UF 6,000,000 (ThUS$243,531) credit line renewal with a syndicate of banks executed in December 2014. As of December 31, 2014, this line had not been used.

On November 20, 2014, Empresa Eléctrica Angamos S.A. paid its outstanding debt associated to "project finance" for ThUS$746,500 and it terminated the interest rate swaps paying ThUS$25,000 for the fair value of such instruments. The transaction generated a loss of ThUS$21,000 associated mainly to the accelerated amortization of the deferred financing expenses.

(a) Bank Loans

The following tables detail bank loans by financial institution, including loan currency, rate and a maturity schedule as of Dec
schedule represents expected future cash flows of capital and projected interest payments.

Taxpayer ID Number	Company Name	Country	Lender Name	Currency	Amortization	Effective Rate	Nor R
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	US$	Semi-Annual	2.27%	
76.085.254-6	Empresa Eléctrica Cochrane S.p.A.	Chile	Syndicated Banks led by Bank of Tokyo	US$	Semi-Annual	1.99%	
76.170.761-2	Alto Maipo S.p.A.	Chile	Syndicated Banks led by Corpbanca	US$	Semi-Annual	4.14%	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	Col$	Monthly	8.54%	
Total							

Non-discounted interest and capital payments:

				Current			
Taxpayer ID Number	**Company Name**	**Country**	**Lender Name**	**Maturity Less than 90 days ThUS$**	**Maturity More than 90 days ThUS$**	**Total Current December 31 2014 ThUS$**	**Matu betw 1 a 3 Y Th**
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	-	30,297	**30,297**	7
76.085.254-6	Empresa Eléctrica Cochrane S.p.A.	Chile	Syndicated Banks led by Bank of Tokyo	3,528	7,199	**10,727**	3
76.170.761-2	Alto Maipo S.p.A.	Chile	Syndicated Banks led by Corpbanca	41	792	**833**	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	-	-	**-**	1
Total				**3,569**	**38,288**	**41,857**	**12**

(1) The capital associated to the obligation of Empresa Eléctrica Cochrane S.p.A. will be paid starting in 2016. Alto Maipo princip

The following tables detail bank loans by financial institution, including loan currency, rate and a maturity schedule as of Dece
schedule represents expected future cash flows of capital and projected interest payments:

Taxpayer ID Number	Company Name	Country	Lender Name	Currency	Amortization	Effective Rate	Nor R
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Syndicated Banks led by BNP PARIBAS	US$	Semi-Annual	3.05%	2.
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	US$	Semi-Annual	2.18%	1.
76.085.254-6	Empresa Eléctrica Cochrane S.p.A.	Chile	Syndicated Banks led by Bank of Tokyo	US$	Semi-Annual	2.01%	2.
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	Syndicated Banks led by BCI	US$	Semi-Annual	7.69%	6.
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	Col$	Monthly	8.54%	8.
Total							

Non-discounted interest and capital payments:

				Current			
Taxpayer ID Number	**Company Name**	**Country**	**Lender Name**	**Maturity Less than 90 days ThUS$**	**Maturity More than 90 days ThUS$**	**Total Current December 31 2013 ThUS$**	**Matu betw 1 a 3 Y Th**
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Syndicated Banks led by BNP PARIBAS	4,039	54,409	58,448	11
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks led by BNP PARIBAS	-	30,446	30,446	6
76.085.254-6	Empresa Eléctrica Cochrane S.p.A	Chile	Syndicated Banks led by Bank of Tokyo	1,620	3,669	5,289	1
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	Syndicated Banks led by BCI	-	3,105	3,105	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Leasing Bancolombia S.A.	-	-	-	
Total				**5,659**	**91,629**	**97,288**	**19**

(b) Bonds Payable

The following table details bonds payable including loan currency, rate, and a maturity schedule as of December 31, 2014. Th
expected future cash flows of capital and projected interest payments.

Taxpayer ID Number	Company Name	Country	Instrument Registration Number	Currency	Amortization	Effective Rate	Nominal Rate
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	Semi-Annual	7.92%	7.34%
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	Semi-Annual	5.64%	5.25%
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	Semi-Annual	8.23%	8.00%
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	Semi-Annual	8.38%	8.58%
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Rule 144 A/REG S Bonds	US$	Semi-Annual	5.14%	4.79%
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	Semi-Annual	8.04%	7.50%
Total							

Non-discounted interest and capital payments:

					Current			Matur
Taxpayer ID Number	**Company Name**	**Country**	**Instrument Registration Number**	**Currency**	**Maturity Less than 90 days ThUS$**	**Maturity More than 90 days ThUS$**	**Total Current as of December 31, 2014 ThUS$**	**betwe 1 and 3 Yea ThUS**
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	-	12,819	**12,819**	25
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	10,544	10,543	**21,087**	42
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	-	8,019	**8,019**	16
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	-	37,688	**37,688**	75
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Rule 144 A/REG S Bonds	US$	-	38,812	**38,812**	77
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	-	3,869	**3,869**	7
Total					**10,544**	**111,750**	**122,294**	**244**

(*) In December 2013, a subordinated hybrid bond for ThUS$450,000, maturing in 2073, was issued to refinance the outstanding
Gener's 144A bond maturing in March 2014, to finance construction of new projects and for other general corporate purposes. T
Gener's 144A bond was prepaid in January 2014.

The following table details bonds payable including loan currency, rate, and a maturity schedule as of December 31, 2013. Th expected future cash flows of capital and projected interest payments.

Taxpayer ID Number	Company Name	Country	Instrument Registration Number	Currency	Amortization	Effective Rate	Nominal Rate
94.272.000-9	AES Gener S.A.	Chile	Series O Bond	UF	Semi-Annual	6.35%	5.50%
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	Semi-Annual	7.92%	7.34%
94.272.000-9	AES Gener S.A.	Chile	Rule 144 A/REG S Bonds	US$	Semi-Annual	8.26%	7.50%
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	Semi-Annual	5.64%	5.25%
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	Semi-Annual	8.23%	8.00%
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	Semi-Annual	8.38%	8.58%
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	Semi-Annual	8.04%	7.50%
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Ordinary Bonds – Single	US$	Semi-Annual	10.76%	9.75%
Total							

Non-discounted interest and capital payments:

					Current			
Taxpayer ID Number	**Company Name**	**Country**	**Instrument Registration Number**	**Currency**	**Maturity Less than 90 days ThUS$**	**Maturity More than 90 days ThUS$**	**Total Current as of December 31, 2013 ThUS$**	**Matu betw 1 an 3 Ye ThU**
94.272.000-9	AES Gener S.A.	Chile	Series O Bond	UF	-	2,623	**2,623**	4
94.272.000-9	AES Gener S.A.	Chile	Series N Bond	UF	-	12,819	**12,819**	2
94.272.000-9	AES Gener S.A.	Chile	Rule 144 A/REG S Bonds	US$	152,564	-	**152,564**	
94.272.000-9	AES Gener S.A.	Chile	Senior Notes – US$ Bonds	US$	10,544	10,544	**21,088**	4
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds – Q Series	US$	-	8,019	**8,019**	1
94.272.000-9	AES Gener S.A.	Chile	Hybrid Bond - US$ Bonds	US$	-	37,688	**37,688**	7
96.717.620-6	Sociedad Eléctrica Santiago S.p.A.	Chile	214 – B Series	UF	-	4,217	**4,217**	
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Ordinary Bonds – Single	US$	4,144	182,431	**186,575**	
Total					**167.252**	**258.341**	**425,593**	**21**

NOTE 21 – TRADE AND OTHER PAYABLES

Trade and Other Payables as of December 31, 2014 and 2013 are detailed as follows:

	Current		Non-Current	
Trade and Other Payables	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**
Trade Payables (a)	476,249	350,431	33,436	43,138
Other Accounts Payable (b)	19,183	24,451	12,787	12,180
Total Trade and Other Payables	**495,432**	**374,882**	**46,223**	**55,318**

(a) The non-current portion includes the contract between the Argentinean subsidiary TermoAndes and Siemens Power Generation Inc., and Siemens S.A. for spare parts and maintenance services.

(b) As of December 31, 2014, the current portion includes mainly sales tax and withholding tax liabilities as well as third-party liabilities related to the employees. The non-current portion principally consists of a liability related to an exchange of water rights.

The average payment period for suppliers is 30 days; therefore, carrying amounts do not differ significantly from their fair values.

NOTE 22 – PROVISIONS

As of December 31, 2014 and 2013, provisions are detailed as follows:

Provisions	Current December 31, 2014 ThUS$	Current December 31, 2013 ThUS$	Non-Current December 31, 2014 ThUS$	Non-Current December 31, 2013 ThUS$
Legal Provisions (a)	2,057	550	108	137
Decommissioning Costs (b)	297	1,597	119,858	65,007
Other Provisions (c)	1,187	477	775	748
Total	**3,541**	**2,624**	**120,741**	**65,892**

(a) Legal Provisions

Current balances correspond primarily to contingent fines and penalties from regulatory authorities, mentioned in greater detail in Note 32.

Given the characteristics of this type of provision, the Company is unable to determine a reasonable timeframe for the dates of any payments that may be required.

(b) Decommissioning Costs

Non-current balances within this provision relate to the decommissioning costs and rehabilitation of land on which the Company's different power plants are located. The expected disbursement period fluctuates between 30 and 45 years, depending on the laws, regulations or contracts that gave rise to the obligation.

The current amount represents the decommissioning of the Constitución Plant, owned by AES Gener S.A.

During the year ended December 31, 2014, there have been changes to the provisions related to the power plants Laja, Angamos and Ventanas and also the provision associated to the Cochrane plant was recognized. This adjustment resulted against asset for Decommissioning Costs.

(c) Other Provisions

This item primarily includes the provisions for employee bonuses and participation in the Company's results, which are generally paid within the first quarter of the following year.

(d) Movements in Provisions

Provisions	Legal Claims ThUS$	Decommissioning and Restructuring Costs ThUS$	Other Provisions ThUS$	Total ThUS$
Opening Balance as of January 1, 2014	687	66,604	1,225	**68,516**
Movements in Provisions				
Unwinding of Discount and Changes in the Discount Rates	-	6,819	-	**6,819**
Additional Provisions	1,589	39,140	105	**40,834**
Increase (Decrease) in Existing Provisions	(51)	13,544	652	**14,145**
Utilized during Period	-	(1,299)	-	**(1,299)**
Reversal of Unused Provisions	-	-	-	**-**
Increase (Decrease) due to Foreign Currency Exchange Differences	(60)	(4,653)	-	**(4,713)**
Other Increases (Decreases)	-	-	(20)	**(20)**
Changes in Provisions	**1,478**	**53,551**	**737**	**55,766**
Ending Balance as of December 31, 2014	**2,165**	**120,155**	**1,962**	**124,282**

Provisions	Legal Claims ThUS$	Decommissioning and Restructuring Costs ThUS$	Other Provisions ThUS$	Total ThUS$
Opening Balance as of January 1, 2013	13,017	71,655	1,041	85,713
Movements in Provisions				
Unwinding of Discount and Changes in the Discount Rates	-	4,151	-	4,151
Additional Provisions	295	-	75	370
Increase (Decrease) in Existing Provisions	23	(8,090)	(30)	(8,097)
Utilized during Period	(3,230)	(1,112)	(71)	(4,413)
Reversal of Unused Provisions	(8,638)	-	-	(8,638)
Increase (Decrease) due to Foreign Currency Exchange Differences	(1,036)	-	-	(1,036)
Other Increases (Decreases)	256	-	210	466
Changes in Provisions	**(12,330)**	**(5,051)**	**184**	**(17,197)**
Ending Balance as of December 31, 2013	**687**	**66,604**	**1,225**	**68,516**

Provisions	Legal Claims ThUS$	Decommissioning and Restructuring Costs ThUS$	Other Provisions ThUS$	Total ThUS$
Opening Balance as of January 1, 2012	7,678	41,617	945	50,240
Movements in Provisions				
Unwinding of Discount and Changes in the Discount Rates	-	2,811	(2)	2,809
Additional Provisions	5,379	-	73	5,452
Increase (Decrease) in Existing Provisions	-	27,223	193	27,416
Utilized during Period	(692)	-	(160)	(852)
Reversal of Unused Provisions	-	-	-	-
Increase (Decrease) due to Foreign Currency Exchange Differences	652	-	-	652
Other Increases (Decreases)	-	4	(8)	(4)
Changes in Provisions	**5,339**	**30,038**	**96**	**35,473**
Ending Balance as of December 31, 2012	**13,017**	**71,655**	**1,041**	**85,713**

NOTE 23 – EMPLOYEE BENEFITS

AES Gener and some of its subsidiaries offer different employee benefit plans to some of their active or retired workers, which are determined and recorded in the financial statements based on the criteria described in Note 4.15, sections b) and d).

As of December 31, 2014 and 2013, the Company's Employee Benefit Liability is detailed as follows:

	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Current Portion	2,684	1,244
Non-Current Portion	34,320	36,505
Total	**37,004**	**37,749**

23.1. Defined Benefit Plans Obligation

The following movements were recorded in the employee benefit liabilities in the years ended December 31, 2014, 2013 and 2012:

Present Value of Defined Benefit Plan	2014 ThUS$	2013 ThUS$	2012 ThUS$
Opening Balance as of January 1	**37,749**	**40,638**	**31,991**
Current Service Costs	3,147	2,806	2,808
Interest Costs	1,557	1,431	1,495
Participant Contributions	350	342	326
Actuarial Losses (Gains) - Demographic Assumptions	4,677	114	5,912
Actuarial Losses (Gains) - Financial Assumptions*	1,664	(515)	2,443
Increase (Decrease) due to Foreign Currency Exchange Differences	(5,894)	(4,120)	(4,337)
Contributions Paid	(6,246)	(2,947)	-
Ending Balance as of December 31	**37,004**	**37,749**	**40,638**

(*) In accordance with IAS 19R, disclosures of actuarial losses were separated by type of loss as of December 31, 2013.

23.2. Defined Benefit Plan Expense

The following amounts were recorded in consolidated income within Cost of Sales and Administrative Expenses in the Statement of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012:

Expenses Recognized in Income	2014 ThUS$	2013 ThUS$	2012 ThUS$
Current Service Expense	2,631	2,806	2,744
Interest Expense	1,557	1,431	1,481
Other	-	-	427
Expenses Related to Settlement of Obligations	556	936	651
Total Expense	**4,744**	**5,173**	**5,303**

23.3. Other Disclosures:

(a) Actuarial Assumptions:

Actuarial Assumptions Used in Calculating the Liability	Chile		Colombia	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Nominal Discount Rate	4.69%	5.42%	7.28%	8.00%
Average Personnel Rotation Rate	2.90%	2.90%	0.01%	0.01%
Expected Salary Increase	6.09%	6.09%	4.00%	4.00%
Mortality Table	Tables issued in accordance with joint standard of the Chilean SVS and the Chilean Pension Supervisor		Tables issued in accordance with US institutions GAM 1971	

(b) Sensitivity Analysis:

As of December 31, 2014, the sensitivity of the total value of post-employment benefits due to variations in the cost of medical benefits, the discount rate, salary increases and turnover would have generated the following effects:

Medical Expenses Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	(373)	334

Discount Rate Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	(513)	633

Salary Increase Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	390	(378)

Turnover Rate Sensitivity	Increase of 1% ThUS$	Decrease of 1% ThUS$
Effect in the Defined Benefit Obligations	(128)	140

NOTE 24 – OTHER NON-FINANCIAL LIABILITIES

As of December 31, 2014 and 2013, balances of Non-Financial Liabilities are detailed as follows:

	Current		Non-Current	
Other Non-Financial Liabilities	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**
Deferred Revenue (see 24.1)	4,351	4,352	10,409	14,806
Accumulated Liabilities (see 24.2)	31,086	34,163	-	-
Other Liabilities (see 24.3)	1,515	66	519	21
Total	**36,952**	**38,581**	**10,928**	**14,827**

24.1. Deferred Revenue:

As of December 31, 2014 and 2013, Deferred Revenue balances are detailed as follows:

	Current		Non-Current	
Deferred Revenue	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**	**December 31, 2014 ThUS$**	**December 31, 2013 ThUS$**
Escondida - Right of Use Substation Nueva Zaldívar	3,826	3,826	529	4,356
Torquemada - Right to Use Ventanas - Miraflores Line	281	281	6,066	6,347
LNG Quintero - Right to Use and Connect to Transmission Line	168	168	2,181	2,349
Other Deferred Revenue	76	77	1,633	1,754
Total	**4,351**	**4,352**	**10,409**	**14,806**

24.2. Accumulated Liabilities

Accumulated liabilities are primarily accrued vacations and other employee benefits.

24.3. Other Liabilities

Other Liabilities are primarily retained payments to sub-contract and other minor effects of tax payable under Argentinian legislation.

NOTE 25 – EQUITY

25.1. Capital Management

Capital includes issued capital, share premiums, retained earnings and accumulated other comprehensive income.

The main objective of the Company's capital management is to ensure that it maintains a strong credit rating and solid capital ratios in order to sustain business and maximize shareholder value.

The Company manages its capital structure and makes adjustments based on changes in economic conditions. To maintain or adjust its capital structure, the Company can adjust dividend payments or capital returns to shareholders or issue new shares.

No changes were made to the Company's capital objectives, policies or processes during the years ended December 31, 2014 and 2013.

25.2. Subscribed and Issued Capital

As of December 31, 2014 and 2013, the capital of the Company is composed of 8,400,318,891 shares subscribed and paid.

(a) The Company's movement in shares is as follows:

	Issued Capital			
	Authorized	**Issued**	**Subscribed**	**Paid**
Balance as of December 31, 2012....	**8,069,699,033**	**8,069,699,033**	**8,069,699,033**	**8,069,699,033**
Reduction due to Expiration of Subscription....................................	-	-	-	-
Balance as of December 31, 2013....	**8,069,699,033**	**8,069,699,033**	**8,069,699,033**	**8,069,699,033**
Subscription and Payment.................	729,040,097	330,619,858	330,619,858	330,619,858
Balance as of December 31, 2014....	**8,798,739,130**	**8,400,318,891**	**8,400,318,891**	**8,400,318,891**

25.3. Capital Increase

On October 1, 2013, the Extraordinary Shareholders Meeting number 41 agreed to increase the capital by US$450,000,000 through the issuance of 729,040,097 common stocks. Such shares shall be issued, subscribed and paid within three years.

In Board Meeting number 123, held on March 11, 2014, it was agreed to offer up to 335,229,412 common stocks for Ch$85,483,500,000 as preferential shares during 30 days from the publication of the notice for shareholders.

After the completion of this preferential period of the first issuance to be placed by the Company, a total of 330,619,858 shares have been subscribed and paid at Ch$255 per share and total proceeds were Ch$84,308,063,790 (ThUS$150,356). In addition, the controlling shareholder, Inversiones Cachagua S.p.A. subscribed and paid the equivalent to 100% of its options.

25.4. Dividend Policy

In an Ordinary General Shareholders' Meeting held April 29, 2014, the Board agreed to distribute up to 100% of 2014 net income in dividends to shareholders, conditional upon: the Company's actual net income, periodically prepared forecasts and requirements to use its own resources to finance investment projects, among other conditions. Also, it was decided that the Company will intend to distribute interim dividends in 2014.

Shareholders agreed to distribute the following dividends from the net income for the year ended December 31, 2013:

(a) An amount of US$201,320,785, corresponding to approximately 100% of 2013 net income, by distributing a declared dividend of US$0.0096658 per share, less an interim dividend distributed in December 2013 of US$78,000,097, equivalent to 38.74% of 2013 net income and US$0.0087983 per share; and,

(b) The balance of de US$123,320,688equivalent to 61.26% of 2013 net income will be paid as follows:

- A first dividend of US$62,829,870 paid on May 22, 2014, equivalent to 31.21% of 2013 net income, and
- A second dividend of US$60,490,818, paid on August 27, 2014 equivalent to 30.05% of 2013 net income.

On November 24, 2014, during ordinary board meeting number 607, AES Gener's directors agreed to distribute dividends for US$109,300,000 charged to 2014 net income. The dividend was paid on December 15, 2014.

25.5. Retained Earnings

Retained Earnings for each year are detailed as follows:

Retained Earnings	**2014 ThUS$**	**2013 ThUS$**	**2012 ThUS$**
Opening Balance as of January 1	537,818	546,430	642,666
Net Income Attributable to Owners of the Parent	52,909	201,321	202,933
Declared Dividends	(123,323)	(131,933)	(228,169)
Interim Dividends	(109,301)	(78,000)	(71,000)
Total Ending Balance as of December 31	**358,103**	**537,818**	**546,430**

25.6. Other Components of Equity

Other Components of Equity is comprised as follows:

	Share-Based Option Plans ThUS$	**Proposed Dividends Reserve ThUS$**	**Other ThUS$**	**Total ThUS$**
Opening Balance as of January 1, 2014	6,572	218,757	38,766	**264,095**
Share-Based Option Plans	974	-	-	**974**
Other	-	-	323	**323**
Ending Balance as of December 31, 2014	**7,546**	**218,757**	**39,089**	**265,392**

	Share-Based Option Plans ThUS$	**Proposed Dividends Reserve ThUS$**	**Other ThUS$**	**Total ThUS$**
Opening Balance as of January 1, 2013	5,614	218,757	12,586	236,957
Share-Based Option Plans	958	-	-	958
Other	-	-	26,180	26,180
Ending Balance as of December 31, 2013	**6,572**	**218,757**	**38,766**	**264,095**

	Share-Based Option Plans ThUS$	**Proposed Dividends Reserve ThUS$**	**Transactions with Non-Controlling Interests ThUS$**	**Total ThUS$**

	Share-Based Option Plans ThUS$	Proposed Dividends Reserve ThUS$	Transactions with Non-Controlling Interests ThUS$	Total ThUS$
Opening Balance as of January 1, 2012	4,635	218,757	2,647	226,039
Share-Based Option Plans	979	-	-	979
Other	-	-	9,939	9,939
Ending Balance as of December 31, 2012	**5,614**	**218,757**	**12,586**	**236,957**

(1) During the last quarter of 2012, the subsidiary Norgener sold 40% of its interest in its subsidiary Empresa Eléctrica Cochrane S.p.A. to Diamond Pacific Investment Limitada. However, as of December 31, 2012, the amount that the new shareholder has paid is equivalent to 10.76% of the total participation. Given that this transaction did not result in a change in control, the difference between the price paid and the corresponding share of the carrying amount of the subsidiary's net assets resulted in an impact in equity of US$9 million.

25.7. Accumulated Other Comprehensive Income

Movements of Accumulated Other Comprehensive Income for each period were as follows:

	Foreign Currency Translation Reserve ThUS$	Cash Flow Hedge Reserve ThUS$	Defined Benefit Plan Reserve ThUS$	Equity Translation Reserves (1) ThUS$	Other Various Reserves ThUS$	Total ThUS$
Opening Balance as of January 1, 2014	31,261	(87,059)	(7,499)	(136,741)	(10,147)	**(210,185)**
Valuation of Available-for-Sale Assets	-	984	-	-	-	**984**
Derivatives Valuation Recognized in Net Income	-	22,360	-	-	-	**22,360**
Derivatives Valuation Recognized in Other Comprehensive Income	-	(278,445)	-	-	-	**(278,445)**
Valuation of Associate's Derivatives	-	2,448	-	-	-	**2,448**
Deferred Taxes	-	70,683	1,229	-	-	**71,912**
Non-Controlling Interests (Net of Taxes)	-	68,428	-	-	-	**68,428**
Foreign Currency Translation	(85,699)	-	-	-	-	**(85,699)**
Other Changes	-	-	(4,686)	-	-	**(4,686)**
Ending Balance as of December 31, 2014	**(54,438)**	**(200,601)**	**(10,956)**	**(136,741)**	**(10,147)**	**(412,883)**

	Foreign Currency Translation Reserve ThUS$	Cash Flow Hedge Reserve ThUS$	Defined Benefit Plan Reserve ThUS$	Equity Translation Reserves (1) ThUS$	Other Various Reserves ThUS$	Total ThUS$
Opening Balance as of January 1, 2013	73,380	(175,699)	(8,141)	(136,741)	(10,147)	(257,348)
Valuation of Available-for-Sale Assets	-	1	-	-	-	1
Derivatives Valuation Recognized in Net Income	-	18,260	-	-	-	18,260
Derivatives Valuation Recognized in Other Comprehensive Income	-	97,079	-	-	-	97,079
Valuation of Associate's Derivatives	-	7,080	-	-	-	7,080
Deferred Taxes	-	(23,218)	180	-	-	23,038
Non-Controlling Interests (Net of Taxes)	-	(10,562)	-	-	-	(10,562)
Foreign Currency Translation	(42,119)	-	-	-	-	(42,119)
Other Changes	-	-	462	-	-	462
Ending Balance as of December 31, 2013	**31,261**	**(87,059)**	**(7,499)**	**(136,741)**	**(10,147)**	**(210,185)**

	Foreign Currency Translation Reserve ThUS$	Cash Flow Hedge Reserve ThUS$	Defined Benefit Plan Reserve ThUS$	Equity Translation Reserves (1) ThUS$	Other Various Reserves ThUS$	Total ThUS$
Opening Balance as of January 1, 2012	20,735	(161,995)	(3,515)	(136,741)	(10,147)	(291,663)
Valuation of Available-for-Sale Assets	-	(202)	-	-	-	(202)
Derivatives Valuation Recognized in Net Income	-	1,944	-	-	-	1,944
Derivatives Valuation Recognized in Other Comprehensive Income	-	(23,491)	-	-	-	(23,491)
Valuation of Associate's Derivatives	-	2,923	-	-	-	2,923
Deferred Taxes	-	5,122	1,643	-	-	6,765
Foreign Currency Translation	52,645	-	-	-	-	52,645
Other Changes	-	-	(6,269)	-	-	(6,269)
Ending Balance as of December 31, 2012	**73,380**	**(175,699)**	**(8,141)**	**(136,741)**	**(10,147)**	**(257,348)**

(1) It corresponds to an adjustment for the difference between paid-in capital at the year-end exchange rate as of December 31, 2008, and its historical value, in accordance with Official Ruling 456 dated June 20, 2008, of the SVS.

"Other Various Reserves" includes the effect of equity transactions with non-controlling interest:

(1) In July 2013, Alto Maipo S.p.A., subsidiary of Norgener S.p.A., which is a wholly-owned subsidiary of AES Gener S.A., issued new stock to Antofagasta Minerals S.A. ("AMSA") such that AMSA has ownership of 40% of the shares of Alto Maipo. The transaction did not result in a change of control, Approximately US$1.8 million was recorded as issued capital.

(2) On November 29, 2012, Empresa Eléctrica Cochrane S.p.A., subsidiary of Norgener S.p.A., which is a wholly-owned subsidiary of AES Gener S.A., issued new stock to Diamond Pacific Investment Limitada (DPI) through which it owns 40% of Cochrane. Pursuant to the definition of control set forth in IFRS 10, it was determined that this transaction did not result in a change of control. Approximately US$26 million was recognized in Other Reserves.

25.8. Restrictions on Dividend Distributions from Subsidiaries

Gener's subsidiaries can distribute dividends as long as they comply with the restrictions, ratios and limits established in their respective loan agreements. For more details on compliance with covenants, see Note 30.2, on the compliance with ratios associated to financial commitments.

NOTE 26 – REVENUE

26.1. Operating Revenue

Operating Revenue for the years ended December 31, 2014, 2013 and 2012, is detailed as follows:

Operating Revenues	2014 ThUS$	2013 ThUS$	2012 ThUS$
Contract Energy and Capacity Sales (1)	1,608,925	1,622,410	1,554,632
Spot Market Energy and Capacity Sales	574,455	508,176	616,854
Other Operating Revenue (2)	145,026	114,204	156,235
Total	**2,328,406**	**2,244,790**	**2,327,721**

(1) For the year ended December 31, 2014, "Capacity and energy sale contracts" include the revenues related to the lease of Nueva Renca plant to Endesa for ThUS$1,053.

(2) "Other operating revenues" include mainly transmission and coal sale revenues.

NOTE 27 – EXPENSES

27.1. Expenses by Nature

The table below details the principal operating and administrative costs and expenses recorded by the Company in the years ended December 31, 2014, 2013 and 2012, within the following accounts in the Statement of Comprehensive Income: Cost of Sales, Administrative Expenses and Other Operating Expenses:

Expenses by Nature	2014 ThUS$	2013 ThUS$	2012 ThUS$
Purchases of Energy and Capacity (1)	434,708	518,545	340,593
Fuel Consumption	733,216	632,160	824,855
Cost of Fuel Sales	28,129	1,877	51,058
Transmission System Use Costs	88,851	95,835	97,694
Cost of Production and Other Sales	229,244	202,053	184,400
Personnel Expenses	54,082	58,441	52,027
Depreciation	221,948	223,015	212,227
Amortization	1,842	2,785	1,792
Cost of Sales	**1,792,020**	**1,734,711**	**1,764,646**
Personnel Administrative Expenses	34,607	36,173	46,899
Other administrative expenses	58,715	77,193	71,403
Administrative Expenses	**93,322**	**113,366**	**118,302**
Total	**1,885,342**	**1,848,077**	**1,882,948**

(1) Expenses for energy and capacity purchases include energy and capacity purchase agreements accounted for as operating lease.

27.2. Personnel Expenses

Personnel Expenses for the years ended December 31, 2014, 2013 and 2012, are presented as follows:

Personnel Expenses	2014 ThUS$	2013 ThUS$	2012 ThUS$
Salaries and Wages	72,202	79,621	78,283
Short-Term Employee Benefits	9,216	8,149	11,311
Post-Employment Benefit Liability Expenses	720	1,539	1,894
Employment Termination Benefits	4,024	3,158	3,409
Share-Based Payments	1,734	1,466	1,149
Other Personnel Expenses	793	681	2,880
Total	**88,689**	**94,614**	**98,296**

NOTE 28 – OTHER GAINS (LOSSES)

Other gains (losses) for the years ended December 31, 2014, 2013 and 2012, are as follows:

Other Gains (Losses)	2014 ThUS$	2013 ThUS$	2012 ThUS$
Property, Plant and Equipment Disposals	(2,745)	(3,958)	(3,544)
Sale of Property, Plant and Equipment and Intangible Assets	2,976	(2,989)	5,484
Dividends Received from GasAndes	736	1,996	4,077
Dividends Received from CDEC SING	-	842	-
Gains from Resolution of Legal Contingencies	1,037	8,688	-
Costs related to Refinancing of Debts	(23,871)	-	-
Other Gains	1,680	660	1,416
Total, net	**(20,187)**	**5,239**	**7,433**

NOTE 29 FINANCE INCOME AND EXPENSE

Finance Income and Expense for the years ended December 31, 2014, 2013 and 2012, are detailed as follows:

Other Gains (Losses)	**2014 ThUS$**	**2013 ThUS$**	**2012 ThUS$**
Income from Financial Assets	9,437	8,631	4,055
Other Finance Income	1,053	331	4,352
Total Finance Income	**10,490**	**8,962**	**8,407**
Interest on Bank Loans	(40,693)	(34,266)	(30,929)
Interest on Bonds	(105,091)	(79,383)	(76,514)
Loss from Valuation of Derivatives	(29,886)	(28,851)	(29,405)
Other Finance Expense	(17,354)	(3,698)	(12,318)
Capitalized Finance Expenses	41,492	22,292	33,714
Total Finance Expense	**(151,532)**	**(123,906)**	**(115,452)**
Foreign Currency Exchange Differences	(66,435)	(38,856)	(3,633)
Total Net Finance Expense	**(207,477)**	**(153,800)**	**(110,678)**

NOTE 30 – INCOME TAX EXPENSE

Income Tax

The following is detail of income tax expense / benefit for the years ended on December 31, 2014, 2013 and 2012:

Current and Deferred Income Tax Expense	December 31, 2014 ThUS$	December 31, 2013 ThUS$	December 31, 2012 ThUS$
Current Tax Expense (Benefit)	65,067	80,448	101,294
Adjustment for Current Tax from Prior Period	-	(44)	(10,562)
Other Current Tax Expense (Benefit)	-	(467)	142
Total Current Tax Expense	**65,067**	**79,937**	**90,874**
Deferred Tax Expense related to Changes in Temporary Differences and Tax Rates	125,735	4,588	55,904
Total Deferred Tax Expense	**125,735**	**4,588**	**55,904**
Total Income Tax Expense	**190,802**	**84,525**	**146,778**

Foreign and National Income Tax Expense	December 31, 2014 ThUS$	December 31, 2013 ThUS$	December 31, 2012 ThUS$
Foreign Current Income Tax Expense (Benefit)	79,601	65,586	79,029
National Current Income Tax Expense (Benefit)	(14,534)	14,351	11,845
Total Current Tax Expense	**65,067**	**79,937**	**90,874**
Foreign Deferred Income Tax Expense (Benefit)	(3,941)	4,709	3,571
National Deferred Income Tax Expense (Benefit)	129,676	(121)	52,333
Total Deferred Tax Expense	**125,735**	**4,588**	**55,904**
Total Income Tax Expense	**190,802**	**84,525**	**146,778**

The reconciliation between the income tax that would result from applying the effective rate in the years ended on December 31, 2014, 2013 and 2012 is shown below:

Reconciliation of Tax Expense	December 31, 2014 ThUS$	December 31, 2013 ThUS$	December 31, 2012 ThUS$
Tax Expense Using the Statutory Rate	**53,450**	**56,608**	**69,941**
Effect of the Tax Rates in Other Jurisdictions (a)	26,318	27,924	29,408
Non-Taxable Operating Revenue	(20,475)	(14,696)	(8,068)
Non-Deductible Expenses	4,447	2,513	8,402
Utilization of Previously Unrecognized Tax Losses	3,438	1,200	51
Tax Benefit Previously Unrecognized in Income Statement	1,005	1,152	-
Effect of tax rates changes	109,578	2,894	38,300
Tax Benefit from Excess Taxes from Previous Periods	(880)	-	(441)
Tax at the applicable tax rate	(4,948)	-	-
Reversal of Tax Contingency	-	415	-
Foreign Currency Exchange Differences	18,797	6,780	9,418
Other	72	(265)	(233)
Adjustments to Tax Expenses using Statutory Rate	**137,352**	**27,917**	**76,837**
Tax Expense Using Effective Rate	**190,802**	**84,525**	**146,778**

(a) The item “Effect of the tax rates in other jurisdictions” shows differences resulting between the current rate in Chile (21% in 2014 and 20% in 2013 and 2012) and the other jurisdictions where the foreign subsidiaries are located (Argentina 35% and Colombia 34%).

Deferred Tax in Other Comprehensive Income	December 31, 2014 ThUS$	December 31, 2013 ThUS$	December 31, 2012 ThUS$
Net Movements in Cash Flow Hedges	70,683	(23,218)	5,122
Actuarial Gains (Losses) on Defined Benefit Plan	1,229	180	1,643
Total Tax Effect Related to Items Recorded in Equity	**71,912**	**(23,038)**	**6,765**

The deferred tax credited in equity is related to Other Comprehensive Income (Other reserves) for cash flow hedging derivatives.

NOTE 31 – EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income attributable to the Company's net equity holders by the weighted average number of shares in circulation in a year, excluding common shares acquired by the Company and maintained as treasury shares, should any exist.

Basic Earnings per Share is expressed in US dollars:

Basic and Diluted Earnings per Share	2014	2013	2012
Net Income Attributable to Shareholders of Parent (ThUS$)	52,909	201,231	202,933
Net Income Attributable to Common Shareholders, Basic (ThUS$)	**52,909**	**201,231**	**202,933**
Weighted Average Number of Shares, Basic..................................	8,290,112,272	8,069,699,033	8,069,699,033
Basic Earnings per Share (Presented in US$)	**0.006**	**0.025**	**0.025**

There are no transactions or concepts that create a dilutive effect on earnings per share. Shares do not have nominal values.

NOTE 32 – CONTINGENCIES, LAWSUITS AND OTHER

32.1. Litigation and Disputes

(a) Proceeding initiated against Empresa Eléctrica Casablanca S.A. ("EMELCA")

On August 14, 2013, AES Gener filed a complaint with the 30th Civil Court of Santiago against EMELCA for an amount of Th$798,125 (ThUS$1,315) plus adjustments, interests and court associated costs. On August 22, 2013, AES Gener filed a complaint before the lower Court of Casablanca to prepare the summary proceeding for collection of invoices amounting to ThCh$60,706 (ThUS$100) plus adjustments, interests and court associated costs. The proceedings are finished and the invoices were ruled enforceable. On July 31, 2013, AES Gener initiated before the local Police Court of Casablanca a misdemeanor claim derived from EMELCA's transgression of Article 4, final paragraph and subsection 5c of Law 19,983 and a civil claim for damages not less than ThCh$1,661,368 (ThUS$2,738) and no more than ThCh$4,153,421 (ThUS$6,845) plus adjustments, interests and court associated costs due to the failure to receive by EMELCA 19 invoices and credit notes. In December 2013, at the request of a third party, the Court declared EMELCA bankrupt. With regard to such bankruptcy, AES Gener verified credits of capital plus interests owed for unpaid invoices and conditionally, it verified approximately ThCh$1,419,000 (ThUS$2,339) for an eventual favorable result for the claim for violation of Law 19,983. As of today, the Board of Creditors has approved a Public Bidding for EMELCA as it is reviewing the terms and minimum price. The Board of Creditors approved a public auction for EMELCA that should have taken place on August 29, 2014 in Casablanca with a minimum price of ThCh$4,000 (ThUS$7). Such auction did not take place. Currently, there are outstanding reports from Superintendency of Electricity and Fuels ("SDEC") and National Commission of Energy so no new auction date has been set, but it is expected to take place during the first semester 2015. AES Gener has established a provision of ThCh$898,692 (ThUS$1,481).

(b) Revindication Process AES Chivor & Cía., S.C.A. E.S.P. ("Chivor")

In December 2005, Chivor initiated a special plan to recover possession of the lands located within the reservoir's eight-meter security parameter. As a part of this process, the Company has filed six lawsuits on illegally occupied properties. Chivor has established a provision of ThCol$255,639 (ThUS$108).

(c) Sanction of Sociedad Eléctrica Santiago S.p.A. ("ESSA")

On December 30, 2013, via Exempt Resolution No. 1541/2013, the Superintendency of Environment fined ESSA for the sum of 316 UTA (ThUS$268) for exceeding noise limits at sensitive receptors and failure to implement additional mitigation measures to remedy the situation. In January 2014, the Company challenged the legality of the fine before the Environmental Court. In September 2014, the Court partially accepted ESSA's claim therefore the Company filed a motion against the ruling before the Supreme Court. The Company established a provision of ThUS$269 for the fine.

(d) Legal arbitration - Norgener S.p.A. ("Norgener")

On March 7, 2014, two contractors filed an arbitration suit with the Commerce Chamber of Santiago, related to the EPC contract for the preliminary works of PMA Norgener, held on March 26, 2012. The claim is based on two alleged breaches by Norgener: hidden interferences not adequately valued, debts for executed works, penalties and bonuses, all of which amount approximately to ThUS$1,483 (ThCh$900,000). On April 4, 2014, Norgener replied and also filed a counterclaim alleging several contract violations by the plaintiff and it also requested the application of the contractual penalties amounting in total to ThUS$809 (ThCh491,000). The settlement hearing took place on June 26, 2014. on which it was agreed to suspend the procedure during 20 days to study the possibilities of settlement, Subsequently, the procedure was suspended for additional 20 days. In December 2014, the evidentiary period started and then the Arbitration Court requested an independent expert witness analysis that has not taken place as of today. The Company has registered the corresponding provisions.

(e) AES Gener and ESSA Sanctions

On July 22 and 25, 2014, AES Gener and ESSA, respectively, were informed about Resolutions No. °4237 and 4238 dated July 5, 2024 issued by the Superintendency of Electricity and Fuels (”SDCE”) SDEC through which the SDEC imposed both of them with a fine for UTM 2,400 (ThUS$187) and UTM 6,000 (ThUS$468) respectively, due to a violation of their obligation to maintain the service security in the electrical grid an guarantee the cheapest operation possible of the group of the facilities of the electrical grid because they executed contracts and unduly assigned higher deficits to those established., On July 30, 2014, both companies submitted a motion to vacate with the SDEC. On October 16, 2014, the SDEC rejected the motions and on October 24, 2014 the companies filed a claim with the Court of Appeals of Santiago, AES Gener and ESSA have a provision for UTM 2,400 and UTM 6,000 respectively.

(f) CGE EMEL Arbitration Proceeding

The CGE EMEL Group has a discrepancy with Gener about the interpretation of the supply contracts, particularly related to Decree Supreme Number 14 that regulates the sub-transmission tariffs. In November 2014, Gener initiated an arbitration claim against CGE EMEL so that the arbitrator would decide about such discrepancies. In January 2015, CGE EMEL rejected paying the invoices of Gener for electrical consumption in December 2014. On January 29, 2015, AES Gener sent a letter to the CGE EMEL Group against the measure and issued a new document to collect the debt, which was similarly rejected. On February 19, 2015, AES Gener issued the invoices again, for non-disputed amount. As of the date of the elaboration of these financial statements, the amount in controversy with the CGE EMEL Group is ThUS$8,620 (ThCh$5,230,000). It is important to mention that CGE EMEL Group has informed its intention to offset payments of up to ThUS$23,073 (ThCh$14,000,000).

32.2. Financial Commitments

(a) Commitments Involving AES Gener

Both the loan covenants entered into by Gener with various financial institutions and the issuance contracts that govern the Company’s bonds impose certain financial obligations over the duration of the loans and bonds. These obligations are standard for these types of transactions. As of December 31, 2014, Gener is in compliance with all of the debt commitments and financial restrictions in accordance with the terms and conditions of each covenant and contract.

In December 2013, Gener issued a subordinated bond for an amount of ThUS$450,000 at an interest rate of 8.375% maturing in 2073. The bond was issued to finance development of new projects, including Alto Maipo and Cochrane, and to prepay ThUS$147,000 international AES Gener bond maturing in March 2014. This junior subordinated bond does not carry financial restrictions. The prepayment of this bond maturing March 2014 was made on January 27, 2014.

In August 2011, Gener successfully completed a refinancing process which included the exchange and voluntary tender of approximately 63% on the ThUS$400,000, 7.5% Senior Notes due in 2014, and the issuance of new Senior Notes for a total of ThUS$401,682 due in 2021 at an interest rate of 5.25%. Upon conclusion of the transaction, the outstanding amount under the 2014 Senior Notes totals ThUS$147,050. It should be noted that as part of the refinancing process, the covenants under the 2014 Senior Notes were modified and the indebtedness and restricted payment conditions were eliminated. The senior bond for ThUS$147,050 was prepared on January 27, 2014.

In December 2007, Gener placed UF 5,600,000 (ThUS$240,459) in bonds, issued in two series, which were registered in Chile’s Securities Registry under numbers 516 and 517 on November 9, 2007. This issuance includes Series N bonds for UF 4,400,000 at 4.3% maturing in 2028 and Series O bonds for UF 1,200,000 at 3.10% maturing in 2015. On April 8, 2009, Gener issued a second bond under the line of bonds registered in the Securities Registry under number 517 on November 9, 2007. The issuance consisted of Series Q bonds for US$196 million at 8.0% maturing in 2019. As part of the same refinancing process detailed above, on July 28, 2011, Gener accepted voluntary tender offers for approximately 48% of the Series Q bonds, reducing the outstanding principal to ThUS$102,200.

In accordance with the obligations established in the bond agreements, the Company must comply with the following financial ratios on a quarterly basis, calculated using the consolidated financial statements:

- Consolidated indebtedness level no greater than 1.20;
- Financial expense coverage ratio no less than 2.50;
- Minimum equity no less than ThUS$1,574,622; and
- Maintain essential assets equivalent to at least 70% of total consolidated operating income in investments related to generating, transmitting, retailing, distributing and/or supplying electricity or fuels.

As of December 31, 2014, Gener was in compliance with the aforementioned ratios.

According to the financing credit line agreement subscribed with a syndicate of banks in October 2011 and modified in December 2014 for ThU$243,531 (UF6,000,000), every six months, Gener must comply with the following financial ratios based on its consolidated financial statements, as established in the loan agreement signed with the banks syndicate mentioned above:

- Indebtedness level no greater than 1.20 times;
- Financial expense coverage ratio no less than 2.50 times;
- Minimum equity no less than ThUS$1,574,622; and
- Maintain essential assets equivalent to at least 70% of total consolidated operating income in investments related to generating, transmitting, retailing, distributing and/or supplying electricity or fuels.

As of December 31, 2014, this credit line has not been drawn down.

On December 18, 2014, AES Gener closed the financing for ThUS$100,000 with various banks with maturity in December 2017. As of December 31, 2014, this credit line has not been drawn down. Gener must comply with the following financial ratios every three months, as per the contract:

- Indebtedness level no greater than 1.20 times;
- Financial expense coverage ratio no less than 2.50 times;
- Minimum equity no less than ThUS$1,574,622; and
- Maintain essential assets equivalent to at least 70% of total consolidated operating income in investments related to generating, transmitting, retailing, distributing and/or supplying electricity or fuels.

As of December 31, 2014, this credit line has not been drawn down.

(b) **Commitments Involving Eléctrica Santigo**

On a quarterly basis, ESSA must comply with the following financial ratios established in its bond issuance contract (outstanding balance UF 954,051 (ThUS$38,723)) for bonds registered in Chile's Securities Registry under No. 214, calculated based on its unconsolidated financial statements:

- Unencumbered assets should be equal to at least 125% of unsecured current liabilities;
- Indebtedness level no greater than 1.75 times equity plus non-controlling interest;
- Minimum equity no less than UF 2 million (ThUS$81,117); and
- Prohibition to sell "essential assets", which represent more than 40% of total assets, without prior authorization from the Bondholders' Council.

As of December 31, 2014, ESSA was in compliance with the aforementioned ratios.

(c) **Commitments Involving Chivor**

On November 30, 2004, Chivor completed the refinancing of its entire debt for ThUS$253,000. As part of this process, Chivor issued secured senior bonds at 9.75% for ThUS$170,000, maturing in 2014.

On December 30, 20014, all secured senior bonds were paid for ThU$170,000. To pay this financial obligation, AES Chivor obtained a loan from AES Gener for ThUS$80,000 for 5 years, with no guarantees.

(d) **Commitments involving Empresa Eléctrica Ventanas S.A. ("EEVSA")**

On June 13, 2007, EEVSA secured financing for up to ThUS$415,000 for the construction of the Nueva Ventanas thermoelectric power plant and also provided a letter of credit for up to ThUS$25,000 to guarantee six months of debt service. The loan is for a 15-year period and is guaranteed by assets, shares and project cash flows. The principal amount owed as of December 31, 2014 was ThUS$307,522. In addition, in June 2014 the letter of credit issued by EEVSA was settled early and it was replaced by a letter of credit issued by AES Gener for the same amount.

(e) **Commitments involving Empresa Eléctrica Angamos S.A. ("EEASA")**

On November 20, 2014, EEASA paid its debt associated with the construction of Angamos Power Plant for ThUS$746,500.

On November 25, 2014, EEASA completed the issuance and placement of a secured bond at 4.875% with maturity in 2029 for a total amount of ThU$800,000. The purpose was to refinance the Company's liabilities. The operation was performed under Rule 144A and Regulation S of the securities regulation of the United States. This bond does not have any financial restrictions. In addition, the company released the restriction associated with the previous financing as for guaranteeing 6 months of debt service through a letter of credit EEASA had with Banco de Chile for ThUS$48,000.

(f) **Other commitments involving Empresa Eléctrica Cochrane S.p.A. ("EEC")**

On March 27, 2013, EEC secured financing for up to ThUS$1,000,000 for the construction of Cochrane power plant as well as letters of credit for up to ThUS$55,000 to guarantee several obligations. The loan is for an 18-year period and is guaranteed by assets, shares and project cash flows. As of December 31, 2014, ThUS$514,700 has been drawn from this line.

(g) **Other commitments involving Alto Maipo S.p.A.**

On December 9, 2013, Alto Maipo S.p.A. closed financing for up to ThUS$1,217,000 for the construction of Alto Maipo power plant, pus letters of credit for up to ThUS$14,000 to guarantee certain project obligations. The loan is for a 20-year period and is guaranteed by assets, shares and project cash flows. As of December 31, 2014, ThUS$23,694 from this financing has been drawn down.

32.3. Other Commitments

(a) Other Commitments Involving Inversiones Nueva Ventanas S.p.A. ("Inversiones Nueva Ventanas")

On June 8, 2007, Inversiones Nueva Ventanas and Gener constituted a commercial pledge on shares issued by EEVSA in favor of its creditors to guarantee its obligations related to the financing for the Nueva Ventanas power plant.

On March 27, 2013, Inversiones Nueva Ventanas constituted a commercial pledge on shares issued by EEC in favor of its creditors to guarantee its obligations related to financing for the Cochrane power plant.

(b) Other Commitments Involving Norgener S.p.A.

On December 9, 2013, Norgener constituted a commercial pledge on shares issued by Alto Maipo S.p.A. in favor of the creditors to guarantee the obligations related to the financing of Alto Maipo Power Plant.

(c) Obligation Arising from Decree Number 14 of the Ministry of Energy, dated February 14, 2012

As per Decree Number 14 of the Ministry of Energy dated February 14, 2012, published on April 9, 2013, related to the determination of tariffs of the sub-transmission grid and additional transmission, the Company has established a provision for ThCh$3,007,906 (ThUS$5,073) based on the estimates of the obligation arising from such Decree. On December 9, 2014, SDEC issued Official Ruling Number 13,442 with instructions on the procedures of energy/capacity retrospective settlements for generation and distribution companies in the SIC and SING.

NOTE 33 – GUARANTEES

Guarantees Granted

Gener has the following commitments and guarantees:

(a) Guarantees to Third Parties

On December 19, 2007, Gener signed a cross currency swap contract with Credit Suisse International to hedge the risk of foreign exchange variations between the UF and US dollars related to the UF bonds issued in December 2007 for UF 4.4 million and UF 1.2 million with maturities in 2028 and 2015 respectively. On September 16, 2009, the swap contract for UF 4.4 million was modified and one part was assigned to Deutsche Bank Securities. Both swap contracts require Gener to grant a guarantee when the fair value of the swap exceeds the limit established in the contract. On June 12, 2014, the swap portion associated with the Series O of the bond, which was prepaid on July 14, 2014, was terminated, and only the portion associated with Series N due in 2028 is still outstanding.

As of December 31, 2014, the "mark-to-market" of the contract with Credit Suisse was negative for ThUS$21,000 so it was necessary to provide guarantees through the issuance of 3 Stand-by Letters of Credit for a total of ThUS$25,000 issued by The Bank of Nova Scotia, with maturities after 12 months (ThUS$15,000), 6 months (ThUS$5,000) and 3 months (ThUS$5,000).

(b) Guarantees on behalf of subsidiaries

The gas transport agreement between the subsidiary TermoAndes S.A. ("TermoAndes") and Transportadora de Gas del Norte S.A. ("TGN") currently does not require a guarantee from Gener. According to the contract, no guarantee is required if TermoAndes maintains an investment grade rating, defined in the contract as BBB- (in Argentina) or higher. If TermoAndes does not maintain an investment-grade rating while one of its direct or indirect controlling shareholders does maintain such a rating, that shareholder must grant a corporate guarantee to TGN or, in its absence, TermoAndes must provide a bank guarantee equal to the payment for transport service for one year. TermoAndes currently has a rating of A (in Argentina), issued by Fitch Ratings, with a stable outlook.

Beneficiary	Guarantee Description	Date		
		From	To	ThUS$
HSBC Bank N.A., New York	Property Tax for Empresa Eléctrica Cochrane	03-27-2013	09-30-2016	116,749
Sierra Gorda SCM	Line of Credit	04-05-2013	03-15-2017	25,100
Deutsche Bank Trust Company Americas	Ventanas Debt Service Payments	06-17-2014	06-30-2015	25,000
Terminal Graneles del Norte S.A.	Compliance of Port Contract Services	10-22-2013	10-22-2015	15,600
Credit Suisse International	Guarantee bond debt Cross Currency Swap	12-05-2014	12-07-2015	15,000
Cia. Minera Teck Quebrada Blanca S.A.	Fullfilment of Supply	04-05-2013	03-15-2017	10,167
Ministerio de Obras Públicas , Dirección General de Aguas	Construction of Hydraulic Works for Alfalfal II and Alto Maipo Project	12-09-2013	12-09-2021	7,341
Minera Escondida Ltda	Fullfilment of Supply	10-22-2013	10-22-2015	6,568
Credit Suisse International	Guarantee bond debt Cross Currency Swap	12-12-2014	03-11-2015	5,000
Credit Suisse International	Guarantee bond debt Cross Currency Swap	12-12-2014	06-03-2015	5,000
Minera Spence S.A.	Fullfilment of Supply	10-22-2013	10-22-2015	1,750
Luis Gardeweg Baltra	Compliance of Contract	10-22-2013	10-30-2015	1,367
Francisco Enrique Fernandez Valdes	Guarantee Payment of Easement	05-02-2014	05-02-2015	522
Ministerio de Bienes Nacionales	Compliance with Concession Contract	01-03-2014	01-06-2016	297
Other	Minor guarantees			434
TOTAL				**235,895**

Guarantees Received

Grantor of Guarantee	Guarantee Description	Date From	Date To	ThUS$
Posco Engineering and Construction Co.	Engineering Construction, Assembly and Commissioning of Cochrane Power Plant	04-09-2013	10-10-2016	245,075
Teck Resources Ltd.	Fullfilment of Electricity Supply Contract	12-07-2012	12-31-2015	216,667
Cía. Minera Teck Quebrada Blanca S.A.	Fullfilment of Electricity Supply Contract	12-07-2012	12-31-2015	216,667
Cía. Minera Teck Quebrada Blanca S.A.	Fullfilment of Electricity Supply Contract	12-07-2012	12-31-2014	102,917
Sumitomo Metal Mining Co. Ltd.	Fullfilment of Electricity Supply Contract	03-14-2013	12-31-2015	78,750
Strabag SPA	Construction of Tunnel Complex	12-11-2013	12-10-2015	77,113
Voith Hydro S.A.	Turnkey Construction of Las Lajas Power Plant	12-09-2013	12-14-2015	59,745
Constructora Nuevo Maipo S.A.	Construction of Tunnel Complex	01-07-2014	02-28-2018	47,165
Posco Engineering and Construction Co. Ltd.	Engineering Construction, Assembly and Commissioning of Campiche Power Plant	07-20-2011	03-13-2015	46,112
Strabag SPA	Construction of Tunnel Complex	12-30-2013	12-27-2015	38,557
Sumitomo Corporation	Fullfilment of Electricity Supply Contract	03-15-2013	12-31-2015	33,750
Constructora Nuevo Maipo S.A.	Construction of Tunnel Complex	02-07-2014	01-31-2018	30,283
Posco Engineering and Construction Co. Ltd.	Engineering Construction, Assembly and Commissioning of Angamos Power Plant	05-28-2008	11-16-2015	27,888
Cía Minera Teck Quebrada Blanca S.A.	Corporate Guarantee	10-29-2013	12-31-2015	22,000
Ing. y Consdtrucción Sigdo Koppers S.A.	Construction of Transmission System for Cochrane Power Plant	12-22-2014	02-28-2015	12,490
Andritz Energy & Enviroment GMBH	Engineering, Construction, Assembly and Commissioning of the Desulphurization System for Units 1 and 2 of the Ventanas Plant	03-12-2012	10-14-2016	12,023
China Bluestar International Chemical Co, Ltd	Construction Plant ET solar	10-20-2014	10-15-2015	9,339
Andritz Chile Ltda.	Engineering, Construction, Assembly and Commissioning of the Desulphurization System for Units 1 and 2 of the Ventanas Plant	03-16-2012	10-14-2016	8,941
Compañía Portuaria Mejillones S.A.	Fullfilment of Contract to Transfer and Handle Bulk Products	04-04-2014	04-05-2015	6,000
Parker Hannifin Corporation	Fulfilment of Contractual Obligations	07-09-2014	07-09-2015	5,881
Isolux Ingenieria Agencia en Chile	Prepayment as per Contract	11-10-2014	11-10-2014	4,023
R & Q Ingenieria	Fulfilment of Contractual Obligations	12-18-2013	12-18-2013	2,728
Babcock & Wilcox	Fulfilment of Contractual Obligations	03-20-2014	03-20-2014	2,695
Abengoa Chile S.A.	Prepayment as per Contract	09-30-2014	09-30-2014	2,023
Constructora Con-Pax	Fulfilment of Contractual Obligations	01-10-2014	01-10-2014	1,687
MHI Corporation	EPC Contract Fulfilment for Reduction System at the Central Tocopilla Plant	10-29-2013	10-29-2013	1,611
Abengoa Chile S.A.	Prepayment as per Contract	09-30-2014	09-30-2014	1,518
Constructora Nuevo Maipo S.A.	Fulfilment of Contractual Obligations	12-03-2013	12-03-2013	1,380
Babcock & Wilcox	Fulfilment of Contractual Obligations	08-19-2014	08-19-2014	1,339
Atlantic Group INC	Prepayment as per Contract	07-02-2014	07-02-2014	1,180
Atlantic Group INC	Prepayment as per Contract	07-02-2014	07-02-2014	990
Echeverria Izquierdo Montajes Industriales	Prepayment as per Contract	12-04-2014	05-18-2015	840
Atco Structures & Logistics	Prepayment as per Contract	12-02-2014	03-15-2015	742
MHI Corporation	EPC Contract Fulfilment for Reduction System at the Central Tocopilla Plant	10-29-2013	12-05-2014	736
Siemens	Prepayment as per Contract	12-04-2014	06-03-2016	700
MHI Corporation	EPC Contract Fulfilment for Reduction System at the Central Tocopilla Plant	10-29-2013	12-31-2014	537
Dongil Rubber Belt America Inc	Prepayment as per Purchase Order	12-23-2014	05-31-2015	461
Howden South America Ventiladores e Compresores	Prepayment as per Contract	12-02-2014	03-06-2015	433
Maquinas y herramientas Black Decker de Chile	Advance payment on contract	12-15-2014	07-15-2015	408
Andritz Hydro SRL	Advance payment on contract	12-18-2013	01-15-2015	387
Amberg Enginnering AG	Prepayment as per Contract	02-20-2014	12-31-2017	347
Maestranza Alemania Ltda	Advance payment on contract	07-10-2014	09-15-2015	300
Flowserve Chile S.A.	Prepayment as per Contract	10-22-2014	03-06-2015	300
Ingeniería y construcciones Incolur S.A.	Prepayment as per Contract	06-25-2014	03-02-2015	296
Imtech Spain SLU	Advance payment on contract	12-26-2014	12-31-2015	268
Multiconsult	Fulfilment of Contractual Obligations	02-18-2014	12-31-2017	265
Other	Other minor guarantees			7,278
TOTAL............				**263,199**

NOTE 34 – SHARE BASED PAYMENTS

(a) Stock Options

AES Corporation grants options to purchase common stocks under stock option plans. Under the terms of the plans, AES Corporation may issue options to purchase shares of common stock of AES Corporation at a price equal to 100% of the market price at the date the option is granted. Stock options are generally granted based upon a percentage of an employee's base salary, Stock options issued under these plans in 2014 and 2013 have a three-year vesting schedule and vest in one-third increments over the three-year period. The stock options have a contractual term of ten years.

The weighted average fair value of each option grant has been estimated, as of the grant date, using the Black Scholes option pricing model with the following weighted average assumptions:

	December 31, 2014	December 31, 2013
Expected Volatility	24.48%	23.08%
Expected Annual Dividend Yield	1.42%	1.44%
Expected Option Term (Years)	6	6
Risk-Free Interest Rate	1.88%	1.13%

The Company exclusively relies on implied volatility as the expected volatility to determine the fair value using the Black Scholes option-pricing model.

The Company used a simplified method to determine the expected term based on the average of the original contractual term and the pro rata vesting term. This simplified method was used for the years ended December 31, 2014 and 2013. This is appropriate given a lack of relevant stock option exercise data.

The Company does not discount the grant date fair values determined to estimate post-vesting restrictions. Post-vesting restrictions include black-out periods when the employee is not able to exercise stock options based on their potential knowledge of information prior to the release of that information to the public. The assumptions that the Company has made in determining the grant date fair value of its stock options and the estimated forfeiture rates represent its best estimate.

Using the above assumptions, the weighted average fair value of each stock option granted was US$2.21 and US$3.31 for the years ended December 31, 2013 and 2014, respectively.

The following table summarizes the components of share-based compensation related to employee stock options recognized in the Company's financial statements:

	December 31, 2014	December 31, 2013
Total Intrinsic Value of Options Exercised	55	98
Total Grant Date Fair Value of Options Vested	101	95
Cash Received from the Exercise of Stock Options	95	215

There were no modifications to stock option awards during the year ended December 31, 2014.

The following table summarizes option activity for the year ended December 31, 2014:

	Options	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value ThUS$
Outstanding as of December 31, 2013............................	**308,122**	**1,176.70**		
Exercised During the Period	(10,580)	8.97		
Forfeited and Expired During the Period	(23,223)	13.95		
Granted During the Period	34,074	14.63		
Transferred to Gener During the Period............................	(2,575)	15.07		
Outstanding as of December 31, 2014............................	**305,818**	**15.68**	**4.64**	**224**
Vested and Expected to Vest as of December 31, 2014	297,025	15.74	4.52	217
Eligible for Exercise as of December 31, 2014	231,641	16.52	3.42	142

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price of AES Corporation on the last trading day of the third quarter 2014 and the year's price, multiplied by the number of in-the-money options) that would have been received by options holders had all options holders exercised their options on December 31, 2014. The amount of the aggregate intrinsic value will change based on the fair market value of AES Corporation's stock.

The Company initially recognizes compensation cost on the estimated number of instruments for which the requisite service is expected to be rendered.

(b) **Restricted Stock**

AES Corporation also issues restricted stock units ("RSUs") under its long-term compensation plan. The RSUs are generally granted based upon a percentage of the participant's base salary. The units have a three-year vesting schedule and vest in one-third increments over the three-year period. The units are then required to be held for an additional two years before they can be redeemed for shares, and thus become transferable.

For the years ended December 31, 2014 and 2013, RSUs issued had a grant date fair value equal to the closing price of AES Corporation's stock on the grant date. The Company does not discount the grant date fair values to reflect any post-vesting restrictions.

The RSUs granted to employees during the years December 31, 2013 and 2014 had grant date fair values per RSU of US$11.17 and US$14.63, respectively.

The following table summarizes the components of share-based compensation related to employee RSUs recognized in the Company's financial statements:

	December 31, 2014 ThUS$	December 31, 2013 ThUS$
Total Intrinsic Value of RSUs Converted (1)	1,469	740
Total Intrinsic Value of RSUs Vested	874	744

(1) Amount represents the fair value on the conversion date.

There was no cash used to settle RSUs or compensation cost capitalized as part of the cost of an asset for the years ended December 31, 2014 and 2013.

The following table summarizes RSU activity for the years ended December 31, 2014 and 2013:

	RSU	Weighted Average Grant Date Fair Value ThUS$	Weighted Average Remaining Vesting Term
Outstanding as of December 31, 2013	**198,169**	**12.82**	
Exercised During the Period	(69,324)	12.61	
Forfeited and Expired During the Period	(33,460)	14.03	
Granted During the Period	83,354	14.68	
Transferred to Gener During the Period	(2,668)	11.94	
Outstanding as of December 31, 2014	**176,071**	**13.56**	**1.10**
Vested During the Year	45,084	12.18	
Forfeited and Expired During the Year	199,850	13.23	

NOTE 35 – ENVIRONMENTAL EXPENDITURES

The Group has a long-term sustainable development policy that governs its activities, in harmony with the environment. In this context, investments made in facilities, equipment and industrial plants include state-of-the-art technology with the latest advances available.

The principal Environmental Expenditures for the years ended December 31, 2014 2013 and 2012, are presented below:

Detail	2014 ThUS$	2013 ThUS$	2012 ThUS$
Air Quality Monitoring Station	846	1,207	745
Waste Water System	-	14	75
Ash Deposit	1,805	2,412	2,044
Marine Monitoring (Oceanographic Monitoring and Liquid Industrial Waste Control)	331	1,075	202
Smokestack and Noise Monitoring	92	607	114
Expenses for Law 99 in Colombia	8,124	6,970	9,806
River and road transport	542	585	-
Waste Disposal	1,021	1,489	223
Other	432	645	1,314
Total	**13,193**	**15,004**	**14,523**

As part of the environmental investment plan, the Group is working on the replacement of discharge pipelines in Ventanas U1 and U2; as of December 31, 2014, the accumulated investment had reached ThUS$784.

As a result of new emissions standards, the Group has authorized ThUS$126,359 and ThUS$124,871 for environmental decontamination plans for the Ventanas and Tocopilla, respectively. As of December 31, 2014, the accumulated investments had reached ThUS$97,874 and ThUS$105,569, respectively.

The projects included are intended to optimize plant performance in order to guarantee compliance with applicable regulations.

All projects detailed here are currently under development as of the date of these consolidated financial statements. AES Gener also has other projects to develop new technologies to reduce environmental impact.

NOTE 36 –SUBSEQUENT EVENTS

As of the date of issuance of these consolidated financial statements, no subsequent events were registered that may affect the information presented herein.

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