LISTING PARTICULARS

U.S.$299,801,000
AES Gener S.A.
5.25% Senior Notes due 2021

U.S.$101,881,000
5.25% Senior Notes due 2021
pursuant to the U.S. Exchange Offer

Interest payable on February 15 and August 15

We issued U.S.$299,801,000 aggregate principal amount of our 5.25% senior notes due 2021 (the "notes"). The notes will mature on August 15, 2021. Interest on the notes will accrue at a rate of 5.25% per annum and will be payable semi-annually in arrears on each February 15 and August 15 of each year, commencing on February 15, 2012. Interest on the notes will accrue from the date of original issuance, or if interest has already been paid, from the date it was most recently paid. We also issued additional notes in an aggregate principal amount of U.S.$101,881,000 in connection with our offer to exchange such additional notes for any and all of our properly tendered (and not validly withdrawn) outstanding 7.50% Senior Notes due 2014, such additional notes, together with the notes offered hereby, having an aggregate principal amount of U.S.$401,682,000. Such additional notes constitute a single series with, are assigned the same CUSIP and ISIN numbers, and have the same terms and conditions as, the notes offered hereby, and are immediately fungible for U.S. federal income tax purposes with 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, plus accrued and unpaid interest to the date of redemption. The notes may also be redeemed, at any time, upon the occurrence of specified events relating to Chilean tax law, as set forth in these listing particulars.

The notes will constitute our direct, unconditional unsecured and unsubordinated obligations and will rank at all times *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law).

There is currently no public market for the notes. Application has been made to list the notes (including the additional notes in an aggregate principal amount of U.S.$101,881,000) on the Official List of the Luxembourg Stock Exchange and to trading, on the Euro MTF market. These listing particulars constitute a prospectus for the purposes of Luxembourg law dated July 10, 2005 on Prospectuses for Securities.

Investing in the notes involves risks. See "Risk Factors" beginning on page 12.

Price: 99.037% plus accrued interest, if any, from August 2, 2011.

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.

Delivery of the notes in book-entry form took place on August 2, 2011, through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). Delivery of U.S.$100,199,000 of additional notes in book-entry form took place on August 2, 2011 and of U.S.$1,682,000 of additional notes took place on August 12, 2011

Joint Lead Managers

Citi **Deutsche Bank Securities**

The date of these listing particulars is August 26, 2011.

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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 have been prepared by us solely for use in connection with the proposed offering of the notes described in these listing particulars. These listing particulars do 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 have been prepared by us, and we are solely responsible for its contents.

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 are truthful or complete. Any representation to the contrary is a criminal offense.

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 IMPLIES 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.

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.$2,000 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 an open stock corporation, organized under the laws of the Republic of Chile, or Chile. Only 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., our special Chilean counsel, that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. Chilean courts would enforce 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 reviewing 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 (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 law (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 its 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 & Cía., 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 CT Corporation System as our authorized agent upon which process may be served in any action which may be instituted in any United States federal or state court having subject matter jurisdiction in the Borough of Manhattan, The City of New York, New York, arising out of or based upon the indenture governing the notes or the notes. See "Description of the Notes."

AVAILABLE INFORMATION

AES Gener is a *sociedad anónima abierta*, or an open stock corporation, organized under the laws of Chile. Our principal executive offices are located at Mariano Sánchez Fontecilla 310, 3rd Floor, Las Condes, Santiago, Chile, and our telephone number at that address is (56-2) 686-8900. 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 "GENER." 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.

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 investees 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 investees' 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 investees' 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 investees' 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 flow, 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 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.

Accordingly, 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

For Chilean statutory purposes, effective as of January 1, 2009, the SVS requires us to prepare our annual audited consolidated financial statements and our unaudited interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the respective regulations of the SVS. Prior to January 1, 2009, we prepared our audited consolidated financial statements in Chilean pesos in accordance with generally accepted accounting principles in Chile and the regulatory standard of the SVS, as applicable (collectively, "Chilean GAAP"). As required by IFRS 1—*First Time Adoption of International Financial Reporting Standards* ("IFRS 1"), our financial position as of January 1, 2008 and our comprehensive income for the year ended December 31, 2008 have been restated in accordance with IFRS 1 for comparative purposes.

Unless otherwise indicated, the financial information in these listing particulars with respect to 2010, 2009 and 2008 has been derived from financial statements that have been prepared in accordance with IFRS. IFRS differs in certain significant respects from Chilean GAAP. As a result, our financial information presented under IFRS is not directly comparable to our financial information presented under Chilean GAAP in the past. Accordingly, readers should avoid such comparison.

We disclose in these listing particulars our so-called non-GAAP financial measures, primarily Adjusted EBITDA and Adjusted Operating Income. Adjusted EBITDA, 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 operating income as defined and required under IFRS.

We believe that Adjusted EBITDA and 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 Adjusted Operating Income are useful as objective and comparable measures of operating profitability. Adjusted EBITDA is composed of net income, less the effects of interest, taxes, depreciation, amortization, foreign exchange differences, other income (as specified in note 26 of our consolidated financial statements, as defined below) and the participations in earnings of associates (refer to note 14 of our consolidated financial statements, as defined below). Adjusted Operating Income is composed of gross profit and selling, general and administrative expenses and other operating income (expenses). Accordingly, our management believes that disclosure of Adjusted EBITDA and Adjusted Operating Income provides useful information to investors, financial analysts and the public in their evaluation of our operating performance. Adjusted EBITDA and 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. Our audited consolidated financial statements included in these listing particulars present our consolidated financial position and comprehensive income as of and for the three years ended December 31, 2010, 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 and comprehensive income as of and for the three-month periods ended March 31, 2011 and 2010, together with the notes thereto (collectively, our "unaudited interim consolidated financial statements"). Our earnings for the three-month period ended March 31, 2011 are not necessarily indicative of results to be expected for the year ended December 31, 2011 or any future period. We refer to our audited consolidated financial statements and our unaudited interim consolidated financial statements as our "consolidated financial statements."

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 "Arg$" 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 *Instituto Nacional de Estadísticas* (the "Chilean National Statistics

Institute"). As of December 31, 2010 and as of March 31, 2011, one UF was equivalent to Ch$21,455.55 and Ch$21,578.26, 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 IAS 27 "*Consolidated and Separate 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 to exist if the parent owns directly or indirectly more than half of the voting power of an entity. Additionally, control is also considered to exist even when the parent does not own a majority of the voting rights when there is:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of a company under a statute or agreement;
- power to appoint or remove the majority of the members of the board of directors and control of the company is held by that board; or
- power to cast the majority of votes at meetings of the board of directors and control of the company is held by that board.

Our principal consolidated subsidiaries include:

- Norgener S.A., "or Norgener," which is 100.0% owned by us and operates a 277 MW coal-fired plant with two units and a 12 MW battery energy storage ("BESS") facility in northern Chile;
- Empresa Eléctrica Angamos S.A., or "Eléctrica Angamos," which is 100.0% owned by us and operates a 264 MW coal-fired unit and is constructing an additional 259 MW coal-fired unit on the same site in northern Chile;
- Empresa Eléctrica 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; and
- AES Chivor & CIA SCA E.S.P., or "Chivor," which is 99.9% owned by us and operates a 1,000 MW hydroelectric plant in Colombia.

In accordance with the segment information found in note 5, "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, Energía Verde S.A., Sociedad Eléctrica Santiago S.A., or "Eléctrica Santiago," Eléctrica Ventanas and Eléctrica Angamos and "our Argentinean Operations" refers to TermoAndes S.A., or "TermoAndes," and InterAndes S.A., or "InterAndes." In these listing particulars "our Colombian Operations" refers solely to 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 Associate and Joint Ventures*. Our only equity-method investee is:

- Empresa Eléctrica Guacolda S.A., or "Guacolda," which is 50.0% owned by us and operates a 608 MW generation facility in Chile.

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; and

- 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.

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. Our electrical capacity in the SING includes the total gross capacity of TermoAndes.

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 and 2008, 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 Chilean Central Bank and CAMMESA, among others. We believe such information is reliable and accurate, but we have not independently verified it.

GLOSSARY

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 organization 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.

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 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.

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.

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 2,000 kW that have not opted to be subject to an unregulated regime.

RM 39: Ministerial Resolution 39 (*Resolución Ministerial 39)* of the Chilean Ministry of Economy, issued in 2000, whereby an additional tariff is included in the price at which energy is transacted on the spot market in the SING 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.

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).*

SO_2: Sulfur dioxide.

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

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, 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 2,000 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 and the customer.

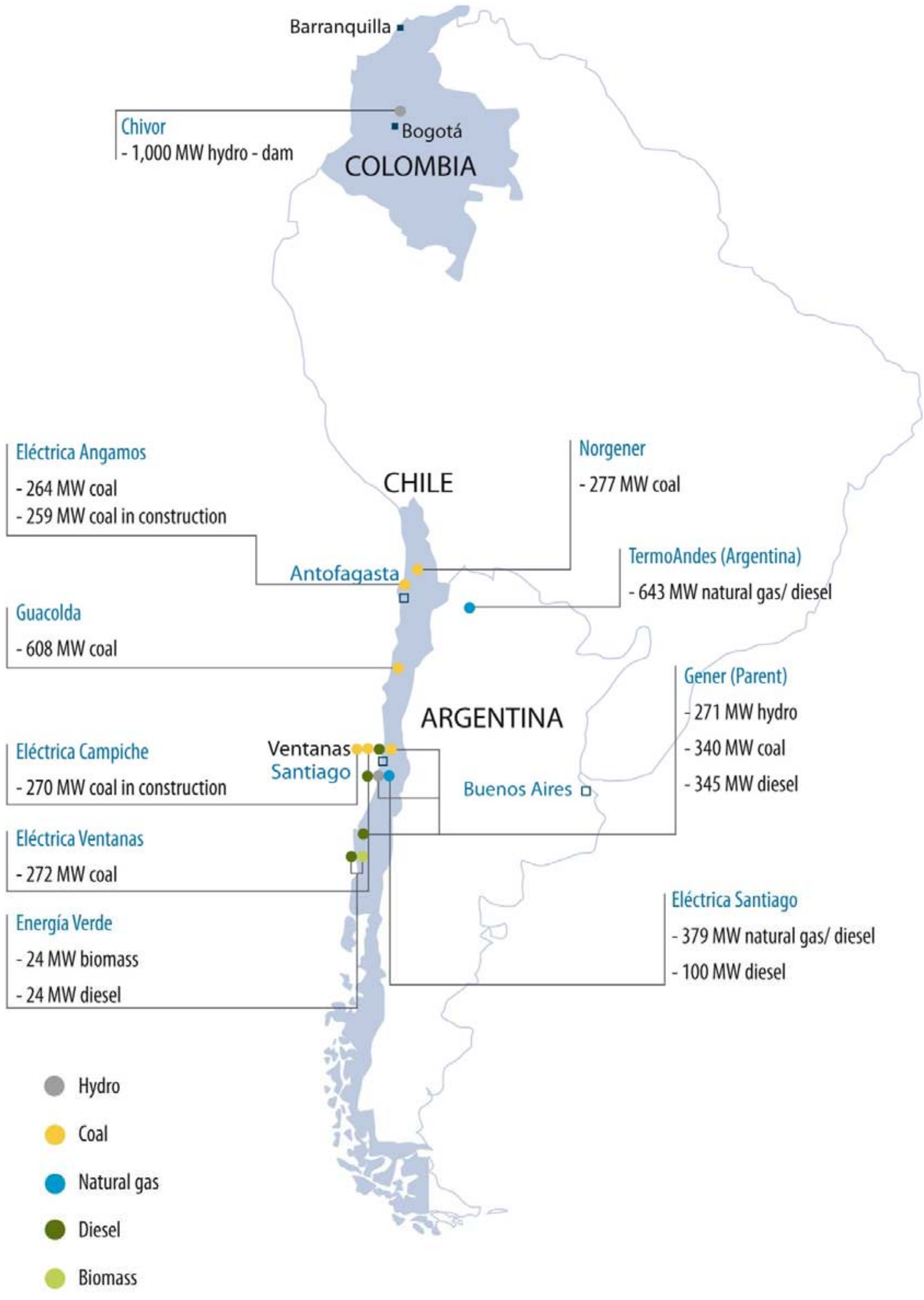
UPME: Mining and Energetic Planning Unit (*Unidad de Planeación Minero Energética*), a governmental entity in Colombia in charge of analyzing future energy demand and supply and elaborating an integral expansion plan for the electricity sector.

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 PLANTS



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.

General

We are engaged in the generation and supply of electricity in three principal markets: the SIC and the SING in Chile and the SIN in Colombia. We also generate and supply electricity in the SADI in Argentina. We are the second-largest electricity generation company in Chile, with a market share of approximately 21.5% as of May 31, 2011, based on installed capacity, and a significant presence in both the SIC and the SING. In the SIC, which covers over 92.2% of Chile's population, including the densely populated Santiago Metropolitan Region, our market share totaled 18.8% and in the SING, where mining consumption is dominant, our market share totaled 29.9%, both as of May 31, 2011. In Colombia, we own the third-largest hydroelectric facility and our market share as of May 31, 2011 was 7.2% based on installed capacity, making us the sixth-largest generation company in the country.

In Chile, we have a diversified generation portfolio in terms of geography, technology and fuel source. Our installed capacity is located near the principal electricity consumption centers, including Santiago, Valparaiso and Antofagasta, extending from Antofagasta in the north to Concepción 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. As of May 31, 2011, our installed capacity in Chile totaled 3,546 MW, comprised of 2,362 MW in the SIC and 1,184 MW in the SING. Our TermoAndes plant is connected to the SING and the SADI. In Chile, we also have two coal-fired projects with gross capacity of 529 MW, a 20 MW battery energy storage project currently under construction and several other projects in development, including hydroelectric and thermoelectric projects with environmental permits for 1,992 MW.

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

Competitive Strengths

We believe our key competitive strengths are:

- *High-quality and diversified generation assets*. We have high-quality generation assets diversified in terms of geographic location, technology and energy source. We operate principally in three independent markets, the SIC and the SING, each in Chile, and the SIN in Colombia, which provides us with a competitive advantage due to the diversification of our revenues from each market. We also generate and supply electricity in the SADI in Argentina. In the three-month period ended March 31, 2011, the Adjusted EBITDA contribution from the SIC, SING & SADI and Colombia was 35.4%, 43.6% and 21.0%, respectively. We are the second-largest generation company in Chile with 21.5% of total installed capacity in the country, and have a significant presence in both major electric systems in Chile, with participation of 18.8% in the SIC and 29.9% 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 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 and plant outages. Our dam-based plant in Colombia has unique hydrology which is counter-cyclical to that of the other principal Colombian generators, providing us with a competitive advantage to strategically manage our operations.

- *Established and robust presence in attractive markets.* Our principal businesses are in the Chilean and Colombian markets. We have been supplying electricity to the Chilean market since 1981, with the spin-off of the state-owned vertically integrated power company into distinct operating companies, and to the Colombian market since 1996, with the acquisition of our 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. Recent regulatory reforms in both countries further consolidated the regulatory framework to encourage investment by improving the transparency and recovery of investment expenditures. In Chile, regulatory amendments in 2004 and 2005 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-capacity 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 gross generation, has grown at an average compounded rate of 4.1% in the SIC and 5.1% in the SING since 2000. The CNE projects electricity consumption to grow at an annual average compounded rate of 6.1% in each of the SIC and SING in the next ten years. Demand for electricity in Colombia, based on gross generation, has grown at an average compounded annual rate of 3.2% since 2000 and the UPME projects annual growth of 3.8% in the next ten years.

- *Commercial policy based on contracts with high-quality and reliable customers providing stable cash flows*. In Chile, we optimally 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, 2011, we have long-term contracts with high-quality and reliable distribution companies as well as mining and industrial companies for a total of 1,829 MW in Chile. Our principal customers include the distribution companies Chilectra S.A., Chilquinta Energía S.A., Compañía General de Electricidad S.A. and EMEL S.A. and mining companies such as Minera Escondida Ltda., Minera Spence S.A. and Anglo American Sur S.A. 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 include both fixed and variable payments along with indexation mechanisms which periodically adjust prices based on our generation cost structure related to the United States Consumer Price Index ("U.S. CPI") and the international price of coal, even in some cases with pass-through of full fuel and regulatory costs. In Colombia, we maximize cash flow and operating margin by applying integrated business risk management 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, 2010, approximately 84.7% of our generation in Colombia 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 three years, include indexation mechanisms to adjust for movements in the Colombian Producer Price Index ("Colombian PPI").

- *Solid financial profile*. We maintain a solid financial profile with strong liquidity, stable cash flows and broad access to local and international capital markets. We hold investment grade ratings with the principal international rating agencies (Baa3 with Moody's and BBB- with both S&P and Fitch). As of March 31, 2011, our total consolidated cash and cash equivalents balance, including time deposits, was equal to U.S.$579.5 million and we had unused committed credit facilities for approximately U.S.$219.2 million.

- *Successful project management and attractive development portfolio*. Since 2007, we have constructed and initiated commercial operations of 1,123 MW of new capacity, representing almost 21.5% of the aggregate new capacity in the SIC and SING during the same period. Our successful project management and demonstrated construction skills with completion of these projects represent a clear competitive advantage. Additionally, we currently have under construction two coal-fired projects with gross capacity of 529 MW, of which 259 MW are scheduled to begin operations in October 2011 and the remaining 270 MW in the first quarter of 2013, and one 20 MW battery energy storage project scheduled to initiate operations in early 2012. Our development strategy focuses its efforts on obtaining environmental permits, solid construction contracts, power purchase agreements and structured financing for the execution of a new investment. We have several other projects in development totaling 1,992 MW, including advanced hydroelectric and thermoelectric projects for which environmental permits have been obtained. We also possess significant water rights which can be used to develop new hydroelectric projects in Chile.

- *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. Additionally, our management's experience in project management and construction has recently been demonstrated with the successful completion of new generation projects totaling 1,123 MW since 2007.

Business Strategy and Objectives

Our goal is to maximize long-term shareholder returns by achieving operational, commercial and financial excellence in the provision of reliable and sustainable electricity in the markets in which we operate.

Our strategy is based on the following:

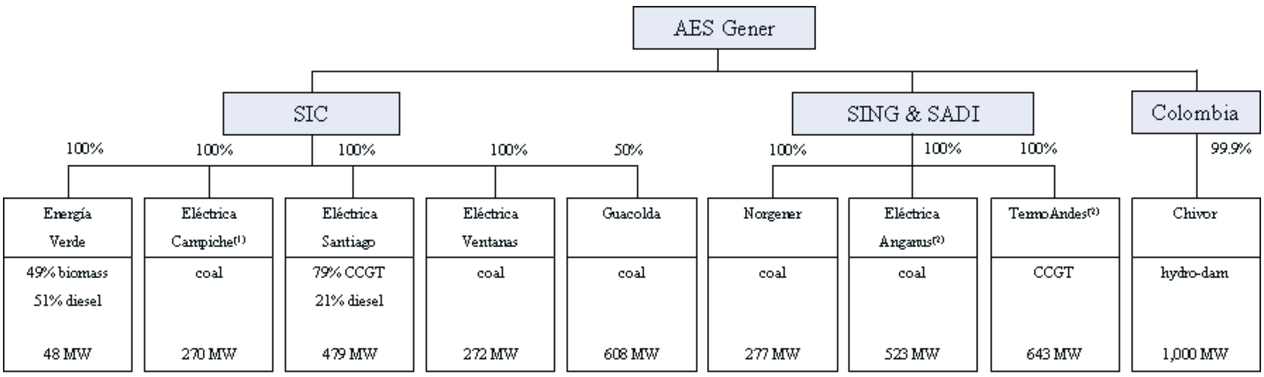
- *Operational excellence.* We focus on comprehensive operational excellence, which includes safety, operational efficiency, community cooperation and environmental management, in order to achieve sustainable long-term electricity generation. Safety is our top corporate value. To this end, a world class 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 flow 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 price indexed 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 flow and operating margin by applying an integrated business risk management and optimizing 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.

- *Financial excellence*. Our financial policy focuses on profitability, stability and liquidity 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 flow 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 tenure of these new investments and in the future, we plan to continue to balance our capital structure in the same manner, maintaining a broad and balanced access to the local and international capital markets. Specifically, with the execution of non-recourse project finance debt, we isolate a significant portion of the development risks. We focus on maintaining strong liquidity and a manageable debt amortization schedule. As of March 31, 2011, our total consolidated cash and cash equivalents balance, including time deposits, was equal to U.S.$579.5 million, our outstanding indebtedness was equal to U.S.$2,159.1 million and we had unused committed credit facilities of approximately U.S.$219.2 million. We actively manage risks to ensure 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 one equity-method investee. The following chart presents, as of June 30, 2011, 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 investees.



(1) Campiche and Angamos Unit II currently under construction.
(2) TermoAndes is connected to both the SING and the SADI.

Concurrent Transactions

On July 14, 2011, we announced that we commenced our tender offer and exchange offer and consent solicitation to purchase for cash any and all of our properly tendered (and not validly withdrawn) outstanding 7.50% Senior Notes due 2014 (the "2014 Existing Notes") (the "U.S. Tender Offer") and to exchange for the notes offered hereby any and all of our properly tendered (and not validly withdrawn) 2014 Existing Notes (the "U.S. Exchange Offer", and together with the U.S. Tender Offer, the "U.S. Tender and Exchange Offer.")

The U.S. Tender Offer expired at 5:00 p.m., New York City time, on July 27, 2011 (the "Tender Expiration Date"). The U.S. Exchange Offer expired at 11:59 p.m., New York City time, on August 10, 2011 (the "Exchange Expiration Date"). Pursuant to the terms of the U.S. Tender Offer, we paid a cash payment, which we refer to as the tender consideration, to those holders of 2014 Notes who tendered their notes in the U.S. Tender Offer, and did not validly withdraw such tendered notes before the Tender Expiration Date.

Pursuant to the terms of the U.S. Exchange Offer, holders of the 2014 Existing Notes who validly tendered for exchange by 5:00 p.m., New York City time, on July 27, 2011 (the "Early Exchange Date"), received U.S.$1,000 principal amount of the notes offered hereby for each U.S.$1,000 principal amount of 2014 Existing Notes properly tendered (and not validly withdrawn) plus a cash payment, which we refer to as the total exchange consideration. Holders of the 2014 Existing Notes who validly tendered for exchange after the Early Exchange Date but on or prior to the Exchange Expiration Date received U.S.$1,000 principal amount of the notes offered hereby for each U.S.$1,000 principal amount of 2014 Existing Notes properly tendered (and not validly withdrawn) plus a cash payment, which we refer to as the exchange consideration.

We purchased all 2014 Existing Notes accepted by us in the U.S. Tender Offer on August 2, 2011, which we refer to as the Cash Tender Settlement Date. Payment for all 2014 Existing Notes validly tendered prior to the Early Exchange Date was made on August 2, 2011 (the "Early Exchange Settlement Date").

Payment for all validly tendered 2014 Existing Notes in the U.S. Exchange Offer not previously purchased was made on August 12, 2011 (the "Final Settlement Date").

On July 14, 2011, we announced that we commenced our tender offer (the "Chilean Tender Offer," and together with the U.S. Tender and Exchange Offer, the "Tender and Exchange Offers") to purchase for cash all or a pro rata share of our outstanding Chilean 8.00% Series Q Notes due 2019 (the "2019 Existing Notes"), which are listed in Chile and registered with the SVS.

The Chilean Tender Offer expired at 5:00 p.m., Santiago time, on July 27, 2011, which we refer as the Chilean tender date. Pursuant to its terms, (i) the Chilean Tender Offer was subject to the condition that the U.S. Tender and Exchange Offer is completed and that we will have proceeds available relating to such offering after the consummation of the U.S. Tender and Exchange Offer; and (ii) we will pay a tender premium to holders of 2019 Existing Notes that tender their notes in the Chilean Tender Offer. The settlement date in respect of any 2019 Existing Notes that were validly tendered at or prior to the Chilean tender date, and accepted by us for purchase, was August 2, 2011 (the "Chilean Tender Settlement Date").

We cancelled U.S.$151,069,000 of the 2014 Existing Notes pursuant to the U.S. Tender Offer, U.S.$100,199,000 of the 2014 Existing Notes pursuant to the U.S. Exchange Offer, and U.S.$93,800,000 of the 2019 Existing Notes pursuant to the Chilean Tender Offer on August 2, 2011. We cancelled U.S.$1,682,000 of the 2014 Existing Note pursuant to the U.S. Exchange Offer on August 12, 2011. We also issued additional notes (the "New Notes") in an aggregate amount of U.S.$101,881,000 in connection with the U.S. Exchange Offer on the Early Exchange Settlement Date or promptly following the Exchange Expiration Date, as the case may be. Any New Notes constituted a single series with, were assigned the same CUSIP and ISIN numbers and Common Codes, and had the same terms and conditions as, the notes offered hereby. The New Notes are fungible for U.S. federal income tax purposes with the notes.

We intend to pay the respective fees and expenses relating to the Tender and Exchange Offer to the holders of the 2014 Existing Notes and the 2019 Existing Notes with the proceeds from this offering. See "Use of Proceeds." Citigroup Global Markets Inc. and Deutsche Bank Securities are acting as our dealer managers for the U.S. Tender and Exchange Offer. The settlement of the U.S. Tender and Exchange Offer was conditioned upon the consummation of this offering.

THE OFFERING

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in these listing particulars.

Issuer	AES Gener S.A.
Notes Offered	U.S.$299,801,000 aggregate principal amount of 5.25% senior notes due 2021.
Additional Notes Offered	U.S.$101,881,000 aggregate principal amount of 5.25% senior notes due 2021 issued pursuant to our U.S. Exchange Offer.
Issue Price of the U.S.$299,801,000 5.25% Senior Notes Due 2021	99.037%.
Maturity Date	August 15, 2021.
Interest Payment Dates	August 15 and February 15, commencing on February 15, 2012.
Interest	The notes will bear interest from August 2, 2011 at the annual rate of 5.25%, 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 indebtedness (except those obligations preferred by operation of Chilean law, including labor and tax claims). The notes will be effectively subordinated to our secured indebtedness to the extent of the assets securing such indebtedness. In addition, the notes will be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of our operating subsidiaries. As of March 31, 2011, we had U.S.$2,159.1 million of outstanding indebtedness, U.S.$1,276.0 million of which was secured. As of March 31, 2011, our subsidiaries had indebtedness of U.S.$1,343.6 million.
Optional Redemption	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. See "Description of the Notes—Optional 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. 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 have been applied to fund the cash payments under the concurrent Tender and Exchange Offers, and used to pay fees and expenses relating to this offer and the Tender and Exchange Offers. See "Use of Proceeds."

Form and Denomination	The notes have been 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 have been issued in minimum denominations of U.S.$2,000 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. An additional U.S.$101,881,000 aggregate principal amount of the notes issued pursuant to the U.S. Exchange Offer are also included in the application.
Governing Law	The notes and the indenture will be governed by the laws of the State of New York.
Trustee, Registrar, Transfer Agent and Paying Agent	Deutsche Bank Trust Company Americas.
Luxembourg Listing Agent, Transfer Agent and Paying Agent	Deutsche Bank Luxembourg S.A.

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 and for each of the years ended December 31, 2010, 2009 and 2008 has been derived from our audited consolidated financial statements, which have been prepared in U.S. dollars in accordance with IFRS. The data as of and for the three months ended March 31, 2011 and 2010, as well as annualized figures ending the same date, has been extracted from our unaudited consolidated financial statements, which have been prepared in U.S. dollars in accordance with IFRS. 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 years ended December 31,		
	2011	2010	2010	2009	2008
INCOME STATEMENT DATA	**(*ThU.S.$*) Unaudited**	**(*ThU.S.$*) Unaudited**	**(*ThU.S.$*)**	**(*ThU.S.$*)**	**(*ThU.S.$*)**
Operating Revenues					
Contract Energy and Capacity Sales [(1)]	283,401	266,005	1,217,247	1,018,478	1,075,544
Spot Market Energy Sales [(2)]	251,977	155,373	455,370	546,307	727,197
Other Operating Revenues	45,238	33,052	129,432	88,635	55,171
Total Operating Revenue	**580,616**	**454,430**	**1,802,049**	**1,653,420**	**1,857,912**
Cost of Sales					
Fuel Consumption	(188,355)	(120,641)	(573,904)	(443,462)	(723,368)
Energy and Capacity Purchases	(62,128)	(131,214)	(373,766)	(424,469)	(479,904)
Depreciation and Amortization Expense	(41,790)	(40,002)	(168,228)	(131,249)	(106,578)
Other Costs of Sales	(88,002)	(58,978)	(252,980)	(166,307)	(177,479)
Total Costs of Sales	**(380,275)**	**(350,835)**	**(1,368,878)**	**(1,165,487)**	**(1,487,329)**
Gross Profit	**200,341**	**103,595**	**433,171**	**487,933**	**370,583**
Selling, General and Administrative Expenses	(48,780)	(35,880)	(135,192)	(96,772)	(81,746)
Other Operating Income	1,377	1,663	5,881	5,631	1,151
Finance Income	1,823	1,150	22,452	21,866	9,880
Finance Expense	(22,735)	(18,870)	(99,313)	(90,222)	(87,769)
Foreign Currency Exchange Differences	(2,436)	(3,050)	16,451	60,115	(102,728)
Other Income (Expense)	3,822	6,545	(46,426)	29,305	(17,782)
Income Before Tax and Non-Controlling Interest	**133,412**	**55,153**	**197,024**	**417,856**	**91,589**
Income Tax Expense	(29,889)	1,514	(31,169)	(92,262)	(57,321)
Non-Controlling Interest	(3)	1,181	3,917	2,343	(165)
Net Income Attributable to Shareholders of Parent	**103,520**	**57,848**	**169,772**	**327,937**	**34,103**

(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 Colombia.

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

	As of and for the three-month period ended March 31,		As of and for the years ended December 31,		
	2011	**2010**	**2010**	**2009**	**2008**
	(*ThU.S.$*)	**(*ThU.S.$*)**	**(*ThU.S.$*)**	**(*ThU.S.$*)**	**(*ThU.S.$*)**
	(Unaudited)	**(Unaudited)**			
Selected Information from the Statement of Financial Position					
Cash and Cash Equivalents	266,560	271,234	294,261	162,647	61,541
Total Current Assets	1,106,592	1,094,103	1,085,655	1,002,166	497,643
Property, Plant and Equipment	4,222,618	4,074,907	4,178,072	3,962,339	3,186,789
Total Non-Current Assets	4,620,437	4,522,442	4,577,124	4,421,907	3,594,754
Total Assets	5,727,029	5,616,545	5,662,779	5,424,073	4,092,397
Total Current Liabilities	405,007	575,737	499,455	556,818	383,444
Total Non-Current Liabilities	2,632,962	2,352,616	2,608,748	2,264,757	1,669,900
Total Liabilities	3,037,969	2,928,353	3,108,203	2,821,575	2,053,344
Total Equity Attributable to Shareholders of Parent	2,684,021	2,682,304	2,554,489	2,593,766	2,029,628
Non-Controlling Interest	92	5,888	87	8,732	9,425
Total Liabilities and Equity	5,727,029	5,616,545	5,662,779	5,424,073	4,092,937
Cash Flow Data					
Net Cash Flows Provided by Operating Activities	40,805	97,469	187,170	384,223	105,981
Net Cash Flows Used in Investing Activities	(94,757)	(85,228)	(350,090)	(1,139,778)	(593,096)
Net Cash Flows Provided by Financing Activities	26,127	95,997	289,886	849,323	454,602
Other Financial Data					
Capital Expenditures Paid in the Period	(80,922)	(150,767)	(510,886)	(864,719)	(656,952)
Depreciation and Amortization	41,790	40,002	168,228	131,249	106,578
Adjusted EBITDA(3)	194,728	109,380	472,088	528,041	396,566
Interest Coverage Ratio (4)	8.57	5.80	4.75	5.85	4.52
Adjusted EBITDA Margin (5)	34%	24%	26%	32%	21%
Total Debt (6)	2,231,688	1,960,199	2,227,107	1,861,639	1,307,887
Total Debt / Capitalization (7)	45%	42%	47%	42%	39%
Total Debt / Shareholders' Equity	83%	73%	87%	72%	64%
Dividends Paid	(73,031)	–	(159,874)	(120,011)	(56,071)
Net Debt (8)	1,652,191	1,367,102	1,634,217	1,381,079	1,245,325
Times Interest Earned (9)	5.72	3.18	2.92	5.56	2.06

(3) Adjusted EBITDA is composed of net income, less the effects of interest, taxes, depreciation, amortization, foreign exchange differences, other income (as specified in note 26 of our consolidated financial statements) and the participations in earnings of associates (refer to note 14 of our consolidated financial statements).
(4) Interest Coverage Ratio is calculated by dividing Adjusted EBITDA by Finance Expense, which includes the net effect of swaps.
(5) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Total Operating Revenues.
(6) Total Debt is the sum of total financial debt and Related Party Payables.
(7) The Debt to Capitalization Ratio is Total Debt divided by Shareholders' Equity plus Total Debt.
(8) Net debt is a non-GAAP measure and is calculated as Total Debt less Cash and Cash Equivalents and Short-term Investments at the end of the period.
(9) Earnings consist of Net Income before tax and Non-Controlling Interest, Finance Expense (including capitalized Interest), amortization of previously capitalized interest. Finance Expense includes Interest (both interest expense and capitalized interest).

	As of and for the twelve-month period ended March 31,		As of and for the years ended December 31,		
	2011 Unaudited	2010 Unaudited	2010	2009	2008
	(ThU.S.$)	***(ThU.S.$)***	***(ThU.S.$)***	***(ThU.S.$)***	***(ThU.S.$)***
Total Debt / Adjusted EBITDA	4.00	4.08	4.72	3.53	3.30
Net Debt / Adjusted EBITDA.............	2.96	2.85	3.46	2.62	3.14
Adjusted EBITDA Calculation					
Net Income	215,444	290,705	169,772	327,937	34,103
Non-Controlling Interest.....................	(2,733)	(3,588)	(3,917)	(2,343)	165
Income Tax Expense...........................	62,572	68,352	31,169	92,262	57,321
Other Operating Income (Expense)	49,149	(34,449)	46,426	(29,305)	17,782
Foreign Currency Exchange Differences......................................	(17,065)	(56,002)	(16,451)	(60,115)	102,728
Finance Income...................................	103,178	94,181	93,313	90,222	87,769
Finance Expense	(23,125)	(19,224)	(22,452)	(21,866)	(9,880)
Depreciation and Amortization...........	170,016	140,283	168,228	131,249	106,578
Adjusted EBITDA	557,436	480,258	472,088	528,041	396,566

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 include 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 investees 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 investees or that any requested environmental approval will be granted by government authorities.

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

We conduct a substantial portion of our operations through our subsidiaries and equity-method investees. In 2010, 35.7% of our operating revenues were accounted for by our subsidiaries. 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 investees. As of December 31, 2010, our subsidiaries had aggregate indebtedness of U.S.$1,317.6 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 investees 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—Contractual Obligations" 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 year ended December 31, 2010, we derived 73.2%, 59.4% and 14.4% of our operating revenues in Chile, Colombia and Argentina, respectively, from electricity sales contracts. In Chile, our contracts are long-term in nature, currently with average terms of 9 years and 12 years in the SIC and SING, respectively. In Colombia, our contracts are typically for one to three year periods and in Argentina, for 12 to 18 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 and in certain cases to other fuels, specifically natural gas. 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 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.

Our and our equity-method investees' thermoelectric plants burn coal, diesel, natural gas and liquefied natural gas, or "LNG," with the cost of fuel representing a significant portion of our variable costs. Fuel costs, primarily coal, represented 41.9% and 38.0% of our total costs of sale in 2010 and 2009, respectively. Coal is purchased internationally as the primary fuel for several of our plants and our equity-method investee Guacolda purchases coal both locally and internationally for its plants. 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 and TermoAndes, is not contracted and instead is sold in the spot market. In Argentina, TermoAndes sells both to the spot market and to Energía Plus customers under contract.

We are geographically located far from the main international sources of coal and any disruption in the supply and transport of coal could impact our ability to meet our obligations under our customer contracts and consequently affect our financial performance. Our coal supplies are imported from 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 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.

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, which is connected to the SING via a transmission line owned by us, has continued to receive gas supplies purchased under contracts with Argentine producers. TermoAndes sells electricity in the SING and the SADI. In recent years, gas supply restrictions in Argentina, particularly during the southern cone's winter season, have periodically reduced generation by TermoAndes which has resulted in a reduction of electricity exports to Chile, while typically maintaining generation levels in the Argentine market. In the past, TermoAndes has also occasionally utilized diesel purchased on the spot market.

The majority of our long-term energy supply contracts with customers include indexation mechanisms that adjust prices based on the fluctuation in the price of coal in accordance with the indices and adjustment periods specified under each contract, in order to align our generation costs with energy sales contract revenue. 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 awards 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. 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.

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. While some of our PPAs include pass-through clauses with respect to changes in law and, in particular, environmental law, future changes in environmental laws, or in the interpretation of those laws, including new requirements related to air and wastewater emissions, and new regulations or agreements related to climate, could subject our business to the risk of higher costs resulting from these changes and could have a material adverse effect on our business, results of operations and financial condition. On June 23, 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 will enter into effect by the end of 2013 and the new limits for SO_2, NO_x and mercury emissions will begin to apply in mid-2016, except for those plants operating in zones declared saturated or latent zones, where these emission limits will become effective by June 2015. In order to comply with the new emissions standards, we estimate that we will have to invest approximately U.S.$150.0 million between 2012 and 2014 and our equity-method investee Guacolda will have to invest approximately U.S.$50.0 million between 2012 and 2015. We are currently in the process of requesting engineering studies and equipment offers in order to determine the exact investment amounts and the timing of each investment.

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. In 1993, the Chilean Government declared the Puchuncaví area, where our existing Ventanas and Nueva Ventanas coal facilities are located and our Campiche coal-fired plant is currently under construction, a saturated zone with respect to particulate matter and SO_2. An air pollution abatement plan was previously developed and enacted by the government in September 1992. In 1996, the Chilean Government declared the Metropolitan Region, where our Renca and Nueva Renca diesel and gas facilities are located, a saturated zone with respect to particulate matter, ozone and carbon monoxide and a latent zone for nitrogen dioxide. The first air pollution abatement plan was enacted by the government in 1998 and the plan has been amended several times since, with the most recent amendment published in 2010. In 2007, the Chilean Government declared the Tocopilla area, where our Norgener coal facilities are located, a saturated zone with respect to particulate matter. A pollution abatement plan was enacted by the government in October 2010 which requires compliance with particulate material emissions by April 2014. In June 2011, the Ministry of the Environment proposed declaring the Huasco area, where our equity-method investee Guacolda operates four coal facilities, a latent zone with respect to particulate matter. This proposal is currently under review by the Controller General. In certain cases, the new air emission standards for power plants impose stricter emission limits for latent and saturated areas than those in the existing pollution abatement plans for specific areas. In addition, the new standards require earlier compliance for facilities in these areas, with compliance for particulate matter emissions by December 31, 2013, and compliance for NO_x and SO_2 by June 2015. If we are unable to sufficiently reduce our emissions, we may be exposed to sanctions and penalties. 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. During 1960 and 1985, Chile suffered 9.5 and 8.0 magnitude earthquakes, respectively. Moreover, on February 27, 2010, an 8.8 magnitude earthquake hit central Chile, followed by a subsequent tsunami. The earthquake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second-largest city. Our plants in south-central Chile were not substantially damaged by the earthquake and subsequent tsunami. The principal impact on us was minor damages at our coal-fired facilities, all of which were repaired during the first half of March 2010. 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 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. The other four generating units comprising the second sub-facility were offline for prescheduled maintenance at the same time. 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 Chile, we also 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.

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 depends on numerous external factors, including the cost and availability of equipment, materials, labor and financing, as well as the impact from delays or difficulties related to regulatory approvals, including required permits, court rulings against governmental approvals already granted, opposition by local and/or international political, environmental and ethnic groups, strikes, adverse changes in the political or regulatory environment, adverse weather conditions, natural disasters, accidents or other unforeseen events. 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, operating results and financial condition.

In Chile, public opposition to our development projects and those of our competitors has 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. Legal challenges against the environmental permit granted for our Campiche project resulted in an 18-month construction suspension period, with the project resuming construction in December 2010. Additionally, protests and advertising campaigns by local and environmental non-governmental agencies have been organized against our Alto Maipo run-of-river hydroelectric project which is under development. 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.

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

We and our related companies sell electricity on a contractual basis to several distribution companies, industrial 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.

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 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 operating results.

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 and our subsidiaries' debt maturities in coming years include U.S.$45.5 million in 2012, U.S.$60.1 million in 2013 and U.S.$627.2 million in 2014, including the U.S.$400.0 million in outstanding notes which is the subject of the concurrent Tender and Exchange Offer and Chivor's U.S.$170.0 million notes. Our ability to refinance our indebtedness could be adversely affected by variations in our international and local credit ratings and on 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 our business activities or plans.

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 flow may be adversely affected by difficulties in collecting accounts receivable from our customers.

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 rating 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 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.

Additionally, in the SIC, during the severe drought that occurred in 1998 and 1999, generation companies disputed the amounts to be paid for purchases made on the spot market during rationing periods, resulting in collection difficulties. In 2011, also during a drought in the first quarter, we experienced delays in collecting outstanding payments from one generator in the SIC. Difficulties in collecting payments for electricity supply from contract or spot market customers may adversely affect our operating results and cash flow.

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 under IFRS. 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 ours, 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 our expansion plan by constructing 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. We estimate that our current short- to medium-term development projects, including the Alto Maipo hydroelectric project and the Cochrane coal-fired project, will require capital expenditures in excess of U.S.$2.5 billion on a combined basis. We plan to fund a significant portion of these investments with new structured debt. However, we cannot assure you that we will obtain sufficient funds from internal or external sources to fund our capital expenditure requirements. Our failure to generate sufficient cash flows from operations or 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 May 31, 2011, 48.3% of our employees were represented by unions under eight separate collective bargaining agreements. Although we currently enjoy good relations with our employees and their unions and, since 2002, have been able to agree on terms without exposing the Company to strikes, 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.

Our controlling shareholder has the power to, among other things, appoint the majority of the members of our Board of Directors and, except for specific circumstances provided for in statutes, determine the result of any resolution requiring the shareholders' approval, including related-party transactions, corporate restructuring, disposals, partnerships and the timing and amount of payment of any future dividends or capital reductions. Our controlling shareholder may be interested in making acquisitions, disposals, entering into partnerships, seeking financing or similar transactions that may conflict with your interests, and in such cases the interest of our controlling shareholder may prevail.

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

The Chilean peso, the Colombian peso and the Argentinean peso have been subject to large 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 in part 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 December 31, 2010, in Colombia, 93.2% of our indebtedness is denominated in U.S. dollars, but only 40.6% of our revenues are denominated in U.S. dollars. As a result, a devaluation of the Colombian peso in relation to the U.S. dollar may adversely affect our financial condition and results of operations. In Argentina, the revenues from export energy from our TermoAndes plant sold into the Chilean SING and the revenues from energy sold under short-term contracts in Argentina are denominated in U.S. dollars. The remainder of the TermoAndes energy spot sales in Argentina is denominated in Argentinean pesos. TermoAndes' net tax credits (including value-added tax ("VAT") and others) are also denominated in Argentinean pesos. Consequently, a devaluation of the Argentinean peso may result in a decrease in our tax credits in U.S. dollar terms.

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, advisor payments and import duties, 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 fluctuated by 3.0%, -1.4% and 7.1%, in 2010, 2009 and 2008, respectively. In Colombia, the Colombian consumer price index increased by 3.2%, 2.0% and 7.7%, in 2010, 2009 and 2008, respectively. In Argentina, the official consumer price index increased by 11.0%, 7.7% and 7.2% in 2010, 2009 and 2008, 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 any 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.

As of December 31, 2010, 73.7% of our consolidated operating revenues were derived from our operations in Chile, including generation sold in the SING in Chile from our TermoAndes plant, which is located in Argentina. Accordingly, our financial condition and results of operations are dependent upon economic conditions prevailing in Chile. Although the Chilean economy proved resilient to 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 prices. 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 in order to influence the Chilean economy. For example, as a result of the February 27, 2010 earthquake, which struck the south-central part of Chile, the Chilean government, through a law passed by the Chilean Congress, has temporarily increased the corporate income tax rate applicable to us from the current 17.0% to 20.0% for income accrued in 2011 and 18.5% for income accrued in 2012, with the rate returning to 17.0% in 2013. We have no control over government policies and cannot predict how those policies or government intervention will affect the Chilean economy or, directly and indirectly, our business, results of operations and financial condition. Changes in policies involving exchange controls, taxation and other matters related to our sector may adversely affect our business, results of operations and financial condition and the market price of the notes.

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 energy supply failure. All electricity companies supervised by 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 actors. 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 an 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.

On February 17, 2011, the Chilean government published a "rationing" decree, which focuses on the prevention of future planned and unplanned outages in the SIC during the drought currently affecting the system. This rationing decree is effective as of the date of enactment until August 31, 2011 unless extended.

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 years ended December 31, 2009 and 2010, our Colombian operations accounted for 21.0% and 21.8%, respectively, of our consolidated operating revenue. As a result, economic conditions in Colombia have a significant impact on our results of operations and financial condition.

Economic growth in Colombia slowed down in 2008 and 2009 due to the adverse economic and financial effects of the global economic crisis beginning in 2008. According to preliminary figures based on the new methodology for calculating Colombia's GDP data, using 2005 as the base year for calculating constant prices, real GDP grew approximately 4.3% in 2010, 1.5% in 2009 and 3.6% in 2008 in accordance with IMF statistics. Due to the volatility in the current global economic environment, no assurances can be given concerning actual results for the 2011 period and beyond. Tightening credit conditions in the financial markets could have potential, although limited, impact in the balance of payments mainly as a result of lower foreign direct investment.

A significant decline in the economic growth of any of Colombia's major trading partners, such as the United States, the European Union or Venezuela, or deterioration in trading relationships could have a material adverse impact on Colombia's balance of trade and adversely affect Colombia's economic growth. The United States and Venezuela have traditionally been Colombia's largest export markets. As a result of disagreements between former Colombian president Álvaro Uribe and Venezuela's president, Hugo Chavez, since the third quarter of 2009, both Colombia and Venezuela have recently been pursuing a policy of diversification of their trading counterparties.

Our Colombian subsidiary, Chivor, is a partnership limited by shares (*sociedad en comandita por acciones*) registered as a utility company under the laws of Colombia. All of Chivor's assets and income are located or earned in Colombia and denominated in Colombian pesos. 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, 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 only asset in Colombia consists of the 1,000 MW Chivor dam-based hydroelectric facility which is located in the east-central region of Boyacá, about 160 km east of Bogotá. Our operations are run under two water rights concessions continuing through 2019 and 2034, which will be renewed upon expiration. Chivor's reservoir, La Esmeralda, is fed by two primary and three secondary rivers. The Chivor plant consists of eight 125 MW dam-based hydroelectric generating units distributed in two separate sub-facilities.

Given our geographic location in Colombia, our basin's hydrology consists of one rainy season from May to October, during which our reservoir is filled, and one dry season from November 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.

In 2009 and 2010, Colombia presented extreme weather patterns. The year 2009 began with the phenomenon of "La Niña," but by mid-May weather patterns were changing, giving way to the "El Niño" phenomenon, which produced an extreme drought in Colombia and had an atypical effect on our reservoir, resulting in the greatest impact on the Colombian climate in recent years. Conditions were such that the energy regulatory agency in Colombia 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 also categorized as the most severe experienced in Colombia in 80 years. In the future, hydrological conditions could materially and adversely affect our operating results.

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. Most of this activity has been directed towards the oil industry, but it has also affected the electric power industry. Attacks by guerilla groups have disrupted power supplies which, in some cases, have led to short-term regional power outages. 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.

Risk Factors Related to Our Argentinean Operations

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

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."

Although general economic conditions in Argentina have recovered significantly during recent years, there is uncertainty as to whether this growth is sustainable. This is mainly because the economic growth was initially dependent on a significant devaluation of the Argentine peso and a high excess production capacity derived after a long period of deep recession, and was favored by high commodity prices. The global economic crisis of 2008 has led to a sudden deceleration of the economy, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures and lack of consumer and investor confidence. According to the IMF, Argentina's gross domestic product, grew by 9.2% in 2010, 0.8% in 2009 and 6.8% in 2008. We cannot assure you that GDP will increase or remain stable in the future. Even though projections for 2011 according to the IMF are around 6.0%, 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 upcoming elections, among other factors, may affect the development of the Argentine economy and have an adverse effect on us.

Additionally, Presidential and congressional elections in Argentina are scheduled for October 2011. 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 cannot be assured and, if the administration changes, it cannot be assured that the next administration will continue with current economic and other policies. 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 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 flow and profitability following any increases in Argentine taxes 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. Although Argentina has shown some indications of economic recovery since 2003, the country 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 Argentinean 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.

We cannot make assurances that these or other measures that may be adopted by the Argentine government will not have a material adverse effect on our business 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.

Our business may be affected by the interruption of TermoAndes' natural gas supply and reduced exports to the SING.

Our TermoAndes facility is a 643 MW combined-cycle plant composed of two gas turbines and one steam turbine, efficiently operating with natural gas. TermoAndes is located in northwest Argentina and is connected to the SING by a transmission line owned by us. The plant commenced operations in 2000, selling exclusively in the Chilean SING. 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 Argentine interconnected grid, the SADI, in 2007, and later in 2008, requested the connection of two of the three units. Since then and to date, TermoAndes has operated most of the time with two gas turbines connected to the SADI and the sole steam turbine connected to the SING. However, gas supplies to TermoAndes have occasionally been restricted, particularly during the southern cone winter months when demand for gas for domestic heating is high, resulting in less generation to the SING. For example, in 2010, due to gas supply restrictions, TermoAndes was unable to deliver generation to the SING between mid-June and the end of August, selling exclusively to the SADI with all three units during such period. Although we do not sell generation from TermoAndes under contract in the SING and as a result are not required to replace the reduced generation with spot purchases, the decrease in generation from gas supply restrictions results in a reduction in spot sales in the SING, adversely affecting our operating income.

In the future, the proportion of the generation that will be delivered by TermoAndes to the Argentine and Chilean markets will depend on many factors such as the availability of gas in the Northwest basin, expansions in the transport capacity of the electricity network in Argentina currently in progress and the electricity export permits, currently approved through January 31, 2013, provided by the Argentine government, which are outside our control and could adversely affect our financial position. When events or circumstances warrant, we review the book values of our assets to determine whether there has been an impairment of the value of any of our assets and we cannot assure you that changes in TermoAndes generation and sales in the SING or SADI will not result in an impairment of the value of this asset. A downward adjustment to the book values of our assets would have a negative impact on our earnings and therefore would reduce our capacity to pay dividends to our shareholders.

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 be publicly offered in Chile unless they are registered with the SVS. 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 do not expect to register the notes with the SVS.

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 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, subject to applicable Chilean law, 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, we become obligated to pay additional amounts on the notes (in excess of additional amounts payable in respect of the 4.0% withholding tax payable on payments of interest 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.

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For a discussion of certain restrictions on resale and transfer, see "Plan of Distribution" and "Transfer Restrictions." Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

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 subsidiaries.

The notes will be structurally subordinated to the outstanding indebtedness and other liabilities of our subsidiaries, including Chivor, Eléctrica Ventanas and Eléctrica Angamos. Assuming we had completed the transactions described under "Capitalization" on March 31, 2011, the notes offered hereby would have been structurally junior to U.S.$1,276.0 million of indebtedness and other liabilities of our subsidiaries. These subsidiaries generated about 19.7% of our consolidated operating revenues for the three-month period ended March 31, 2011. As of March 31, 2011, these subsidiaries held 50.0% of our net consolidated property, plant and equipment. 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 Chilean bankruptcy law, the obligations under the notes are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including 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.

Holders of the notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.

We are organized under the laws of Chile and our principal place of business is in Santiago, Chile. Some of our directors and most of our officers and controlling persons reside outside of the United States. In addition, all or a substantial portion 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."

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. For more information, see "Exchange Controls."

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 (the "Chilean Central Bank Compendium"), including the obligation to provide certain information to the Central Bank. See "Exchange Controls." 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 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.

EXCHANGE RATES

Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorized by the Chilean Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Chilean Central Bank is empowered to require that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market.

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Chilean Central Bank be informed of certain transactions and that they 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 daily in the Chilean newspapers, is the weighted average exchange rate of the previous business day's transactions in the Formal Exchange Market. On September 2, 1999, the Chilean Central Bank eliminated the band within which the Observed Exchange Rate could fluctuate, in order to provide greater flexibility in the exchange market. Nevertheless, 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 Observed Exchange Rate within a desired range. During the past few years, the Chilean Central Bank has attempted to keep the 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 Observed Exchange Rate. In recent years, the variation between the Observed Exchange Rate and the Informal Exchange Rate has not been significant.

The following table sets forth the annual low, high, average and period-end Observed Exchange Rate for U.S. dollars for each year starting in 2006, and of the months from January through December 2010, as reported by the Chilean Central Bank.

	Observed Exchange Rates (Ch$ per U.S.$)			
Year	**Low(1)**	**High(1)**	**Average(2)**	**Period-end(3)**
2006	511.44	549.63	530.26	532.39
2007	493.14	548.67	522.69	496.89
2008	431.22	676.75	521.79	636.45
2009	491.09	643.87	559.61	507.10
2010	468.01	549.17	510.22	468.01
2011				
January	466.05	499.03	490.21	484.14
February	468.94	481.56	475.24	475.21
March	472.74	485.37	479.84	479.46
April	460.04	476.90	470.35	460.09
May	461.65	474.19	467.96	465.13
June	466.25	496.03	469.56	468.15
July	455.91	467.40	462.43	457.41
August(4)	458.05	474.10	467.55	468.47

(1) Exchange rates are the actual low and high on a daily basis for each period.
(2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.
(3) 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.
(4) The period-end date for 2011 is August 19, 2011, and the respective exchange rate was published by the Chilean Central Bank on August 22, 2011.

Source: Chilean Central Bank.

We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, 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. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

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 Observed Exchange Rate for U.S. dollars for each year starting in 2006, based on information published by the Colombian Superintendency of Finance (*Superintendencia Financiera de Colombia*).

Observed Exchange Rate of Col$ per U.S.$[1]

	Observed Exchange Rates (Col$ per U.S.$)			
Year	**Low[1]**	**High[1]**	**Average[2]**	**Period-end[3]**
2006	2,225.44	2,634.06	2,363.75	2,238.79
2007	1,877.88	2,261.22	2,076.57	2,014.76
2008	1,652.41	2,392.28	1,989.35	2,243.59
2009	1,825.68	2,596.37	2,180.19	2,044.23
2010	1,786.20	2,044.23	1,902.50	1,913.98
2011				
January	1,838.94	1,913.98	1,867.08	1,857.98
February	1,852.67	1,907.69	1,882.37	1,895.56
March	1,865.11	1,916.05	1,881.81	1,879.47
April	1,767.54	1,870.60	1,809.83	1,768.19
May	1,763.12	1,831.58	1,800.51	1,798.66
June	1,769.83	1,797.83	1,783.16	1,798.66
July	1,748.41	1,777.82	1,761.28	1,777.82
August[4]	1,765.53	1,811.68	1,785.13	1,775.84

(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) The period-end date for 2011 is August 19, 2011.
Source: Colombian Superintendency of Finance

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. The Federal Reserve Bank of New York does not report a noon buying rate for Colombian pesos.

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 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.

Observed Exchange Rate of Arg$ per U.S.$(1)

	Observed Exchange Rates (Arg$ per U.S.$)			
Year	Low(1)	High(1)	Average(2)	Period-end(3)
2006	3.03	3.11	3.08	3.07
2007	3.06	3.18	3.12	3.15
2008	3.01	3.45	3.18	3.45
2009	3.45	3.85	3.75	3.80
2010	3.79	3.99	3.92	3.98
2011				
January	3.97	4.00	3.98	4.00
February	4.01	4.03	4.02	4.03
March	4.03	4.05	4.04	4.05
April	4.05	4.08	4.07	4.08
May	4.08	4.09	4.08	4.09
June	4.09	4.11	4.10	4.11
July(4)	4.11	4.14	4.13	4.14
August(4)	4.15	4.18	4.16	4.18

(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) The period-end date for 2011 is August 19, 2011.
Source: Central Bank of Argentina

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 (the "Chilean Central Bank Compendium").

Pursuant to the provisions of Chapter XIV of the Chilean Central Bank Compendium, 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, within the first ten days of the month following the date on which we received the funds. 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 of the Chilean Central Bank Compendium, 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 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 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 of the Chilean Central Bank Compendium, 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 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 Ministry of Economy and Production 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

We applied the net proceeds from this offering to fund the cash payments under the concurrent Tender and Exchange Offers. We used the proceeds to pay an estimated U.S.$185.7 million of principal and premium on our outstanding 2014 Existing Notes and an estimated U.S.$107.9 million of principal and premium on our 2019 Existing Notes in connection with the concurrent Tender and Exchange Offers and paid fees and expenses relating to this offering and the concurrent Tender and Exchange Offers.

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, 2011 on an actual basis, and as adjusted to give effect to the proceeds from this offering. Long term debt has been adjusted by carrying values associated with the U.S.$101,881,000 aggregate principal amount of 2014 Existing Notes exchanged for New Notes in the U.S. Exchange Offer to date (corresponding accounting value is U.S.$100,057,330), the U.S.$151,069,000 aggregate principal amount of 2014 Existing Notes tendered for cash in the U.S. Tender Offer to date (corresponding accounting value is U.S.$148,364,865), and the U.S.$93,800,000 aggregate principal amount of 2019 Existing Notes tendered in the Chilean Tender Offer to date (corresponding accounting value is U.S.$90,931,443).

The notes offered hereby consist of the U.S.$299,801,000 of notes offered in these listing particulars and U.S.$101,881,000 of New Notes (less deferred financing costs of U.S.$1,823,670) issued on the Early Exchange Settlement Date and the Final Settlement Date in connection with the U.S. Exchange Offer.

Consolidated	**As of March 31, 2011**	
	Actual	**As Adjusted**
	(in millions of U.S. dollars) **(unaudited)**	
Short-Term Debt	107.7	107.7
Long-Term Debt	2,124.0	1784.6
Notes Offered Hereby	–	399.9
Non-Controlling Interest	1.0	1.0
Total Equity	2,689.0	2,684.5[1]
Total Capitalization	**$ 4,921.7**	**4977.7**

(1) This includes deferred financing costs less the related tax effect.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present selected consolidated financial information 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 for the 2010, 2009 and 2008 balance sheet and income statement data appears in our audited consolidated financial statements included elsewhere in these listing particulars.

The consolidated statement of operations and balance sheet data for the three month periods ended and as of March 31, 2011 and 2010 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	**2011**	**2010**	**2010**	**2009**	**2008**
	(ThU.S.$) ***Unaudited***	***(ThU.S.$)*** ***Unaudited***	***(ThU.S.$)***	***(ThU.S.$)***	***(ThU.S.$)***
Operating Revenue					
Contract Energy and Capacity Sales(1)	283,401	266,005	1,217,247	1,018,478	1,075,544
Spot Market Energy Sales(2)	251,977	155,373	455,370	546,307	727,197
Sales of Gas	–	–	–	–	–
Other Operating Revenues	45,238	33,052	129,432	88,635	55,171
Total Operating Revenue	**580,616**	**454,430**	**1,802,049**	**1,653,420**	**1,857,912**
Cost of Sales					
Fuel Consumption	(188,355)	(120,641)	(573,904)	(443,462)	(723,368)
Energy and Capacity Purchases	(62,128)	(131,214)	(373,766)	(424,469)	(479,904)
Depreciation and Amortization Expense	(41,790)	(40,002)	(168,228)	(131,249)	(106,578)
Other Costs of Sales	(88,002)	(58,978)	(252,980)	(166,307)	(177,479)
Total Cost of Sales	**(380,275)**	**(350,835)**	**(1,368,878)**	**(1,165,487)**	**(1,487,329)**
Gross Profit	**200,341**	**103,595**	**433,171**	**487,933**	**370,583**
Selling, General and Administrative Expenses	(48,780)	(35,880)	(135,192)	(96,772)	(81,746)
Other Operating Revenues	1,377	1,663	5,881	5,631	1,151
Finance Income	1,823	1,150	22,452	21,866	9,880
Finance Expenses	(22,735)	(18,870)	(99,313)	(90,222)	(87,769)
Foreign Currency Exchange Differences	(2,436)	(3,050)	16,451	60,115	(102,728)
Other Income (Expense)	3,822	6,545	(46,426)	29,305	(17,782)
Income before Tax and Non-Controlling Interest	**133,412**	**55,153**	**197,024**	**417,856**	**91,589**
Income Tax Expense	(29,889)	1,514	(31,169)	(92,262)	(57,321)
Non-Controlling Interest	(3)	1,181	3,917	2,343	(165)
Net Income Attributable to Shareholders of Parent	**103,520**	**57,848**	**169,772**	**327,937**	**34,103**

(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 Colombia.

(2) Spot market energy sales is calculated as the sum of spot sales in the SIC, SING, SADI and Colombia to regulated customers without contract sales in the SIC.

BALANCE SHEET ASSETS	As of March 31,		As of December 31,		
	2011	2010	2010	2009	2008
	(ThU.S.$) Unaudited	*(ThU.S.$) Unaudited*	*(ThU.S.$)*	*(ThU.S.$)*	*(ThU.S.$)*
Cash and Cash Equivalents	266,560	271,234	294,261	162,647	61,541
Other Current Financial Assets	315,418	333,465	300,500	329,210	10,539
Other Current Non-Financial Assets	5,544	10,873	11,476	16,439	9,539
Trade and Other Receivables	450,634	416,891	422,540	435,178	338,166
Related Party Receivables	8,352	5,439	12,437	5,426	358
Inventory	52,758	54,942	42,078	52,100	69,406
Taxes Receivables	7,326	1,259	2,363	1,166	8,094
Total Current Assets	**1,106,592**	**1,094,103**	**1,085,655**	**1,002,166**	**497,643**
Other Non-Current Financial Assets	79,579	99,186	68,631	98,115	70,050
Other Non-Current Non-Financial Assets	15,055	28,055	17,134	28,000	32,200
Trade and Other Receivables	6,642	56,261	8,171	79,293	85,883
Investments in Associates	261,825	230,051	252,051	224,978	178,069
Intangible Assets	12,629	11,946	12,682	10,139	8,827
Goodwill	7,309	7,309	7,309	7,309	7,309
Property, Plant and Equipment	4,222,618	4,074,907	4,178,072	3,962,339	3,186,789
Deferred Taxes	14,780	14,727	33,074	11,734	25,627
Total Non-Current Assets	**4,620,437**	**4,522,442**	**4,577,124**	**4,421,907**	**3,594,754**
Total Assets	**5,727,029**	**5,616,545**	**5,662,779**	**5,424,073**	**4,092,397**

LIABILITIES	As of March 31,		As of December 31,		
	2011	2010	2010	2009	2008
	(ThU.S.$) Unaudited	*(ThU.S.$) Unaudited*	*(ThU.S.$)*	*(ThU.S.$)*	*(ThU.S.$)*
Other Current Financial Liabilities	90,664	75,541	97,946	84,565	73,910
Trade and Other Payables	231,602	428,202	314,335	406,845	266,431
Related Party Payables	16,991	6,934	26,313	6,474	3,411
Provisions	3,802	4,751	4,244	6,819	10,296
Taxes Payables	42,673	45,173	31,621	29,149	10,498
Employee Benefits	2,656	2,366	3,014	2,695	1,873
Other Current Non-Financial Liabilities	16,619	12,770	21,982	20,271	17,025
Total Current Liabilities	**405,007**	**575,737**	**499,455**	**556,818**	**383,444**
Other Non-Current Financial Liabilities	2,124,033	1,877,724	2,100,472	1,770,600	1,230,566
Trade and Other Payables	59,858	3,247	50,737	15,422	–
Related Party Payables	–	–	2,376	–	–
Provisions	31,915	24,064	31,035	43,082	23,865
Deferred Taxes	365,775	380,087	366,885	376,892	343,527
Employee Benefits	30,013	26,598	29,719	25,706	21,987
Other Non-Current Non-Financial Liabilities	26,315	40,896	27,524	33,055	49,955
Total Non-Current Liabilities	**2,637,909**	**2,352,616**	**2,608,748**	**2,264,757**	**1,669,900**
Total Liabilities	**3,042,916**	**2,928,353**	**3,108,203**	**2,821,575**	**2,053,344**
Issued Capital	1,901,720	1,901,720	1,901,720	1,901,720	1,662,196
Retained Earnings	614,758	703,629	511,238	645,781	518,496
Share Premium	49,908	49,908	49,908	49,908	43,852
Other Components of Equity	293,599	20,046	293,452	165,082	99,489
Other Reserves	(175,964)	7,001	(201,829)	(168,725)	(294,405)
Total Equity Attributable to Shareholders of Parent	**2,684,021**	**2,682,304**	**2,554,489**	**2,593,766**	**2,029,628**
Non-Controlling Interest	92	5,888	87	8,732	9,425
Total Liabilities and Equity	**5,727,029**	**5,616,545**	**5,662,779**	**5,424,073**	**4,092,397**

	For the three month period ended March 31,		For the year ended December 31,		
	2011	2010	2010	2009	2008
STATEMENT OF CASH FLOWS	***(ThU.S.$) Unaudited***	***(ThU.S.$) Unaudited***	***(ThU.S.$)***	***(ThU.S.$)***	***(ThU.S.$)***
Net Cash Flows Provided by Operating Activities					
Net Income	103,523	56,667	165,855	325,594	34,268
Non-Cash Adjustments to Net Income					
Depreciation and Amortization	41,790	40,002	168,228	131,249	106,578
Impairment Recognized in Period	–	–	3,370	–	–
Unrealized Foreign Exchange Gains	(4,849)	(1,755)	(30,305)	(44,014)	46,395
Losses (Gains) on Differences in Fair Value	–	–	9,822	6,711	4,562
Expenses Associated with Hedging Instruments	–	–	(355)	(8,921)	(17,820)
Finance Income	–	–	(22,452)	(21,866)	(9,880)
Finance Expense	–	–	99,313	90,222	87,769
Loss on Disposal of New Caribbean Investment	–	–	–	–	9,907
Loss on Contract Settlement	–	–	45,392	–	–
Gains (Losses) on Disposal of Non-Current Assets	–	–	(7)	8,502	(19,027)
Gain on Disposal of Property, Plant and Equipment	–	–	14,671	13,439	5,200
Income Taxes	29,889	(1,514)	31,169	92,262	57,321
Other Non-Cash	32,560	21,962	870	70	–
Decrease (Increase) in Inventory	(10,780)	(2,945)	9,205	(3,689)	(29,614)
Decrease (Increase) in Trade and Other Receivables	(46,931)	46,123	45,568	152,272	115,988
Increase (Decrease) in Trade and Other Payables	6,910	(10,987)	(22,700)	(54,800)	(104,894)
Movements in Provisions	95	(11,918)	(4,862)	6,270	3,438
Undistributed Equity Participation in Net Income of Associates	(7,671)	(6,819)	(42,361)	(28,049)	(13,128)
Changes in Deferred Taxes	–	–	5,699	(25,314)	(13,549)
Increase (Decrease) in Taxes Payables	–	–	(8,833)	(18,095)	(4,759)
Dividend Payments	(73,031)	–	(159,874)	(120,011)	(56,071)
Dividend Received	–	–	11,219	1,327	2,947
Interest Payments	(16,192)	(21,172)	(101,015)	(88,119)	(59,089)
Interest Received	1,514	–	4,355	5,178	–
Income Tax Paid	(16,953)	(9,470)	(65,182)	(12,673)	(22,182)
Other Operating Inflows (Outflows) of Cash and Cash Equivalents	931	(705)	30,380	(23,322)	(18,379)
Net Cash Flows Provided by Operating Activities	**40,805**	**97,469**	**187,170**	**384,223**	**105,981**

STATEMENT OF CASH FLOWS	For the three month period ended March 31,		For the year ended December 31,		
	2011	2010	2010	2009	2008
	(ThU.S.$) Unaudited	*(ThU.S.$) Unaudited*	*(ThU.S.$)*	*(ThU.S.$)*	*(ThU.S.$)*
Equity Investments in Associates	–	–	(2,005)	(11,500)	(26,000)
Proceeds from Sales of Investment in Associates	–	–	–	–	68,000
Proceeds from Sales of Property, Plant and Equipment	151	–	760	1,176	2,473
Additions to Property, Plant and Equipment	(80,922)	(150,767)	(510,886)	(864,719)	(656,952)
Acquisitions of Intangible Assets	(141)	(1,974)	(3,666)	(1,905)	(4,444)
Interest Received	–	–	100	1,017	1,969
Income Tax Refund	–	–	35	–	–
Proceeds from Sale of Financial Assets	–	–	147,330	74,301	–
Purchase of Financial Assets	–	–	(120,840)	(391,391)	–
VAT Recovery Related to Construction Projects	–	–	139,019	53,841	22,392
Other Investing Inflows (Outflows) of Cash and Cash Equivalents	(13,845)	67,513	63	(598)	(534)
Net Cash Flows Provided by (Used in) Investing Activities	**(94,757)**	**(85,228)**	**(350,090)**	**(1,139,778)**	**(593,096)**
Proceeds from Share Issuance	–	–	–	245,579	269,810
Proceeds from Issuing Other Equity Instruments	–	–	–	188,312	–
Proceeds from Borrowings	29,750	102,654	335,189	431,356	305,197
Repayments on Loans	(3,148)	(3,067)	(27,439)	(36,677)	(48,212)
Repayments on Finance Lease Liabilities	(531)	(469)	(2,443)	(12,388)	(1,483)
Other Financing Inflows (Outflows) of Cash and Cash Equivalents	56	(3,121)	(15,421)	33,141	(70,710)
Net Cash Flows Provided by Financing Activities	**26,127**	**95,997**	**289,886**	**849,323**	**454,602**
Net Cash and Cash Equivalents Increase (Decrease)	(27,825)	108,238	126,966	93,768	(32,513)
Net Foreign Currency Exchange Differences	124	349	4,648	7,338	(29,034)
Cash and Cash Equivalents at the Beginning of Period	294,261	162,647	162,647	61,541	123,088
Cash and Cash Equivalents at the End of Period	**266,560**	**271,234**	**294,261**	**162,647**	**61,541**

OPERATING DATA	As of and for the three month period ended March 31		As of and for the year ended December 31		
	2011	2010	2010	2009	2008
Installed Capacity (MW)					
Thermoelectric Capacity	3,275	3,010	3,011	2,586	2,295
Hydroelectric Capacity	1,271	1,271	1,271	1,271	1,271
Total installed Capacity (MW)	**4,546**	**4,281**	**4,282**	**3,857**	**3,566**
Energy Sales (GWh)					
Contract Sales	2,889	3,069	12,819	11,462	11,391
Sales to Regulated Customers Without Contracts	–	–	–	1,179	1,210
Spot Sales	2,281	1,685	6,612	6,394	6,744
Total Energy Sales	**5,170**	**4,754**	**19,431**	**19,035**	**19,345**

OPERATING DATA	As of and for the three month period ended March 31		As of and for the year ended December 31		
	2011	2010	2010	2009	2008
Generation (GWh)					
Coal	1,355	1,133	5,876	4,250	4,627
Diesel	134	379	1,395	1,379	1,927
Gas	1,543	1,063	3,896	3,641	2,484
Biomass	21	19	80	86	94
Hydroelectric	1,451	1,124	4,746	4,768	5,266
Total Generation	**4,504**	**3,718**	**15,993**	**14,124**	**14,398**

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 U.S. dollars in accordance with IFRS.

Overview

We are an electricity generation company and derive our sales revenue from the sale of electric energy and capacity to our customers under long-term contracts and the spot market. For the years ended December 31, 2010, 2009 and 2008, sales under contracts represented 67.6%, 61.2% and 58.1% of our consolidated revenue, respectively. We generate and sell electricity in three principal markets: the SIC and SING in Chile, and the SIN in Colombia. Additionally, we sell electricity in the SADI in Argentina.

With installed capacity of 3,546 MW, we are the second-largest electricity generation company in Chile, with significant participation in both major markets. Based on installed capacity, our market share was approximately 21.5% as of May 31, 2011. In the SIC, which covers over 92.2% of Chile's population, including the densely populated Santiago Metropolitan Region, we have installed capacity of 2,362 MW and our market share is approximately 18.8%. In the SING, where mining consumption prevails over residential consumption, we have 1,184 MW of installed capacity and our market share totals approximately 29.9%. Our TermoAndes plant also generates and sells in the SADI in Argentina. In Colombia, we own a 1,000 MW dam-based hydroelectric facility, the third largest in the country, and our market share is approximately 7.2%, making us the sixth-largest generation company in the country.

Our strategy focuses on maximizing long-term returns on our asset portfolio while maintaining cash flow stability. Our commercial policy seeks to maximize cash flow from our electricity business, managing and mitigating risks related to market and industry conditions, such as hydrological and fuel price variability, in order to minimize volatility and reduce uncertainty. The most significant variables affecting our results of operations are the quantity of energy sold under contract and on the spot market, the prices of energy and capacity, hydrological conditions in the SIC and Colombia, and the cost of fuel utilized by our thermoelectric plants. Our principal customers in Chile are distribution companies and unregulated customers with which we enter into long-term power supply agreements. In Colombia, our principal customers are distribution companies. In Argentina, we sell electricity on the spot market and under contract to industrial customers.

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 a total of 10 plants with installed capacity of more than 2,500 MW being built in the SIC and five plants with installed capacity of over 2,000 MW in the SING. 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, such as us, 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 2008 and 2007.

The natural gas crisis produced the need for the construction of new cost-efficient capacity, not sourced 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 a significant expansion plan of new generation projects with total planned investment of approximately U.S.$3.0 billion and installed capacity of 1,672 MW. Our ambitious expansion plan, which includes six coal-fired generation units with combined installed capacity of 1,369 MW to increase efficient base load generation, two diesel-fired back-up facilities with combined installed capacity of 271 MW and two 32 MW BESS facilities to improve system reliability. We have successfully commenced commercial operations of 1,123 MW of new installed capacity and are in the process of completing construction of an additional 549 MW, which is comprised of two coal units totaling 529 MW and one 20 MW 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 potential source of fuel for gas-fired facilities. We are not a member of the off-take or purchasing pool in the regasification terminals, as price and purchase terms offered in Chile are not yet competitive to coal-based generation for base load power nor yet 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.

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 were terminated in 2010 and as such, as of January 1, 2011, all of its generation is currently sold on the spot market. During the extreme drought which affected the SIC from mid-2010 to the present, Eléctrica Santiago, and in particular the Nueva Renca CCGT, generated continuously utilizing LNG purchased from the 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. Generation from Eléctrica Santiago increased by 55.2% in the first quarter of 2011, from 405 GWh for the period ended March 31, 2010 to 628 GWh for the period ended March 31, 2011.

All natural gas and natural gas transportation contracts for Eléctrica Santiago have been terminated. In December 2007, an arbitral tribunal terminated Eléctrica Santiago's gas supply contracts entered into with members of the Sierra Chata Consortium in light of the restrictions that had been placed on the export of gas by the Argentine Republic. Eléctrica Santiago thereafter terminated its gas transportation contract with Transportadora de Gas del Norte S.A. ("TGN") and initiated arbitration seeking relief from the obligation to pay the firm tariff under Eléctrica Santiago's gas transportation contracts with GasAndes Argentina and GasAndes Chile or in the alternative, termination of such contracts. TGN (which later filed a lawsuit against Eléctrica Santiago in Argentina), GasAndes Argentina and GasAndes Chile argued that the restrictions on the export of gas justified the adjustment or termination of the respective gas transportation contracts and sought due tariff payments. On December 29, 2010, Eléctrica Santiago reached settlement agreements with GasAndes Argentina, GasAndes Chile and TGN terminating the respective gas transportation contracts and resolving all pending legal disputes and potential future claims. Eléctrica Santiago recognized approximately U.S.$72.2 million as other expense for the year ended December 31, 2010 related to the settlement agreements.

We responded to the SIC's need for capacity by initiating an ambitious expansion under which we have successfully added 847 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 to the SIC, with a total of 576 MW in coal-fired facilities which initiated commercial operations in 2009 and 2010. This new efficient capacity is composed of the 272 MW Nueva Ventanas coal-fired facility and our equity-method investee Guacolda's, third and fourth coal-fired units, with installed capacity of 152 MW each. We are also currently constructing a fourth coal-fired plant in the SIC, the 270 MW Campiche plant with reported construction progress of 59.2% as of May 31, 2011. The Campiche plant is scheduled to initiate operations in the first quarter of 2013.

SING & SADI

In the SING, our only asset directly affected by the gas supply curtailments was our 643 MW TermoAndes CCGT owned by 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. 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. Since then and to date, TermoAndes has operated most of the time with two gas turbines connected to the SADI and the sole steam turbine connected to the SING. We sold a portion of TermoAndes capacity under contracts in the SING when the gas curtailments initiated and these contracts expired in 2008. At present, TermoAndes' export generation sold in the SING is sold on the spot market and in Argentina, TermoAndes sells a portion of its generation on the spot market and the remainder is sold to unregulated customers under short-term contracts.

In recent years, gas supply restrictions in Argentina (particularly in the southern cone winter season) have periodically reduced generation by TermoAndes, which has resulted in a reduction of electricity exports to Chile, while typically maintaining generation levels in the Argentine market. In the future, the proportion of the generation that will be delivered by TermoAndes to the Argentine and Chilean markets will depend on many factors, such as the availability of gas in the northwest basin, expansions in the transport capacity of the electricity network in Argentina currently in progress and the electricity export permits provided by the Argentine government. TermoAndes' current export permit expires in January 2013 and renewal is uncertain.

We also responded to the SING's need for new capacity with 523 MW in new cost-efficient installed capacity and 12 MW in BESS capacity. After approximately three years of construction, the first unit of our Angamos coal-fired plant with installed capacity of 264 MW initiated commercial operations in April 2011 and the second unit with installed capacity of 259 MW is on scheduled to initiate operations in October 2011. 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 is under construction at our Angamos site which is scheduled to initiate operations in early 2012.

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 contract program was created. Energía Plus 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 the increase in demand from large users with consumption greater than or equal to 300 kW. The provision of Energía Plus 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 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 Argentine Secretariat of Energy to participate in the Energía Plus program for all generation capacity in excess of 100 MW. As of June 30, 2011, our Energía Plus contracts with unregulated customers totaled 194.4 MW, the average energy price was 57.4 U.S.$/MWh and the average term of the contracts was one year. Going forward, our commercial strategy for TermoAndes will focus on continuing to increase the portion of unregulated contract sales in Argentina in order to improve our operating margin in the SADI. During the three-month period ended March 31, 2011, the difference between the spot price and the average Energía Plus contract price for sales made by TermoAndes was approximately 43.3%, with TermoAndes registering an average spot price in the SADI of 26.5 U.S.$/MWh and an average Energía Plus contract price of 61.2 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. The first of the new investments, approximately 829 MW, are expected to initiate operations in 2011. Additional capacity of 1,230 MW is scheduled for completion between 2012 and 2014, and several other hydroelectric plants representing 1,805 MW are currently under construction and expected to initiate operations between 2015 and 2018.

Electricity Demand and Electricity Supply

SIC

Electricity demand in the SIC has grown at a compound annual growth rate of 4.1% from 2000 to 2010. In its latest semi-annual node price-fixing report, the CNE projected a compounded annual average growth rate in electricity demand of 6.1% per year for the next ten years. The severe reduction in the availability of natural gas in Chile's electricity grid arising from export restrictions in Argentina produced a sharp increase in spot market prices. These price increases encouraged new investments to increase efficient installed capacity in the SIC. According to data published by the CNE, 661 MW, 1,462 MW and 345 MW of new capacity were introduced to the SIC in 2010, 2009 and 2008, respectively, and another 2,016 MW are currently under construction according to the latest node price-fixing report from CNE, including our Campiche plant with 270 MW.

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 12,538 MW at the end of May of 2011, which accounts for 76.0% of the total installed capacity in the SIC and SING grids in Chile. Of the total installed capacity in the SIC, 45.5% is hydroelectric, 53.1% is thermoelectric and 1.4% is wind-generated. In 2010, 49.1% of total energy demand in the SIC was supplied by hydroelectric plants, 50.1% by thermoelectric generation and the remaining 0.8% was supplied by wind power. Total electric power production in the SIC in 2010 was 43,158 GWh, 3.4% higher than in 2009.

In the past and until the end of 2010, changes in electricity demand and supply related to macroeconomic and other external variables principally affected the amount of energy sold under node price contracts executed with distribution companies in the SIC. Specifically, given our over-contracted efficient generation subsequent to the Argentine gas curtailments, reductions in electricity demand positively impacted our results by reducing our contractual commitments and generation with non-efficient capacity or energy purchases made at costs above the contract price. At present, we no longer have over-contracted efficient generation. Furthermore, and although the majority of our contracts in the SIC continue to be with distribution companies, these contracts now include market-driven indexed prices set in public bid processes. As in the past, a significant reduction in overall energy demand in the system could lead to lower contract volume requirements. However, given that in the next several years the SIC requires installation of additional efficient capacity to meet the expected demand growth, any efficient generation not required to meet contractual commitments would likely be sold on the spot market without significantly affecting our results of operations. The majority of our unregulated contracts in the SIC include take-or-pay provisions and, as a result, we believe that changes in electricity demand and supply would not significantly affect our expected unregulated contract operating margins.

SING

Electricity demand in the SING has grown at a compound annual growth rate of 5.1% from 2000 to 2010. The CNE, in its latest semi-annual node price-fixing report, projected a compounded annual average growth rate in electricity demand of 6.1% per year for the next ten years. The severe reduction in the availability of natural gas in Chile's electricity grid arising from export restrictions in Argentina produced a sharp increase in spot market prices.

These price increases encouraged new investments to increase installed capacity in the SING. According to data published by the CNE, 2 MW and 115 MW of new capacity were introduced to the SING in 2010 and 2009, respectively, and another 530 MW are currently under construction according to the latest node price-fixing report from the CNE, including the second unit of our Angamos plant with 259 MW. We anticipate that spot prices should begin to stabilize once all new capacity currently under development, in particular coal-fired plants, enters into operation. Subsequently there should then be enough base capacity to meet demand at all times of the day without the need to generate power with more expensive peaking capacity.

The SING serves about 6.2% 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 3,960 MW at the end of May 2011, which accounts for 24.0% 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 from Argentina and the redirection of a portion of our TermoAndes plant located in Argentina to the SADI. Of the total installed capacity in the SING, 0.3% is hydroelectric and 99.7% is thermoelectric. In 2010, 57.9% of total energy demand in the SING was supplied by coal generation, 26.8% by gas generation, and 15.5% was supplied by diesel or fuel-oil generation. Total electric power production in the SING in 2010 was 15,100 GWh, 1.4% higher than in 2009.

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 has grown at a compound annual growth rate of 3.2% from 2000 to 2010. In its last report, the UPME projected an average annual compounded growth rate in electricity demand of 3.9% per year for the next ten years. In 2006, the regulatory framework for the electricity sector was amended with the adoption of a reliability payment mechanism. The reliability charge was designed to compensate generation companies for firm capacity made available, particularly during conditions of scarcity, allowing the system to improve the predictability and stability of generation. Under the reliability payment mechanism, firm energy auctions are held in order to allocate firm energy among existing generation companies and potential new investors. 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 first firm energy auction was held in 2008 and effectively triggered new investments. In the auctions held to date, new capacity of 829 MW is scheduled to initiate operations in 2011, and additional capacity of 1,230 MW is scheduled for completion between 2012 and 2014. In addition, several other hydroelectric plants representing 1,805 MW are currently under construction and are expected to initiate operations between 2015 and 2018.

Total installed capacity in the SIN amounted to 13,796 MW at the end of 2010. Of the total capacity, 65.8% was hydroelectric, 32.2% was thermoelectric, and 2.0% was cogeneration and other self-generation. In 2010, 67.0% of total energy demand was supplied by hydroelectric plants, 27.4% by thermoelectric generation and the remaining 5.6% by cogeneration and self-generation power. Total electric power production in the SIN in 2010 was 56,888 GWh, which represented a 1.7% increase from 2009. During 2010, net exports to Ecuador and Venezuela were 798 GWh, which represented a 41.3% decrease from 2009 due to restrictions imposed by the government to ration energy exports during the unusually dry conditions experienced during the year. Net Colombian electricity exports are currently growing with total exports of 737 GWh sold during the five-month period ended May 31, 2011, representing a 1,252.0% increase as compared with the same period in 2010.

Given that our contracts in Colombia include take-or-pay provisions, changes in electricity demand and supply during the term of the contracts would not significantly affect our operating margins. Additionally, given our relative low-cost generation, we would not expect changes in electricity demand and supply related to macroeconomic and other external variables to significantly modify our contract volume commitments or results of operations.

Contract and Spot 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, denominated back-up facilities, principally our diesel and gas-fired units in Chile, for sales to the spot market during scarce 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 flow under normal hydrological conditions and improved earnings and cash flow under extreme hydrological conditions.

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 proportion of the new project capacity is committed through long-term PPAs. As of March 31, 2011, we had long-term contracts with distribution companies and mining and industrial companies for a total of 1,829 MW. As of June 30, 2011, the average term of our contracts in the SIC was approximately 9 years and in the SING approximately 12 years. Our principal customers include the distribution companies Chilectra S.A., Chilquinta Energía S.A., Compañía General de Electricidad S.A. and EMEL S.A. and mining companies Minera Escondida Ltd., Minera Spence Ltd. and Anglo American Sur S.A.

In recent years, including the years ended December 31, 2010, 2009 and 2008, given our over-contracted efficient capacity position in the SIC resulting from the Argentine gas curtailments, an increase in the price of fuel adversely affected our results of operations. In order to meet our contractual obligations which were executed prior to the gas supply curtailments, we were forced to generate with higher cost generation or purchase on the spot market. Given that the majority of our contracts in the SIC were regulated node price contracts which were adjusted every six months based on a series of variables, one of which was fuel cost, our contract prices often did not allow us to fully recover our fuel costs. Our subsidiary Eléctrica Santiago, which almost exclusively generated utilizing diesel during this period, recorded losses in 2010 and 2009. In the SING, the natural gas crisis had the opposite affect on our results of operations, since spot market prices increased significantly due to the replacement of gas-fired generation with diesel-fired generation. During these periods, with the exception of limited periods when TermoAndes was unavailable, we sold energy on the spot market at historically high prices, thereby increasing our results of operations in the SING.

In Chile, given that at present we have achieved our 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 contract portfolio. We engage in spot market sales only when our higher cost plants are dispatched by the grid operators due to higher system marginal costs. As a result, our spot market sales are generally made during conditions of scarcity such as natural gas restrictions which have affected the SING since 2004 and droughts which have affected Chile, most recently in 2011 and 2008. During these periods, energy sales from our back-up facilities, specifically TermoAndes in the SING and Eléctrica Santiago in the SIC, have improved our results of operations. In the future, spot market sales will continue to depend on system requirements but, in any case, always provide an upside to our contract margin from efficient generation.

Colombia

In Colombia, we also seek to maximize cash flow and operating margin by applying integrated business risk management to optimize our commercial strategy based on 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 between 75.0% and 85.0% 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, 2011, our contracts with distribution companies totaled 789 GWh, representing approximately 87.6% of our capacity in Colombia. In Colombia, sales on the spot market are made to other generation and trading companies at the system marginal cost.

In accordance with our commercial strategy, we have currently committed approximately 71.0% of our expected generation under medium-term contracts for the next two years, and we expect to sell our remaining generation on the spot market. 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 operating results.

Firm Capacity and Firm Energy Sales

Chile

In Chile, we also receive firm 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 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. 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 physical and financial 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 2010, our annual firm capacity payments totaled U.S.$79.1 million and U.S.$29.6 million in the SIC and SING, respectively.

In Chile, at present, our firm capacity payments 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 Angamos Unit II in the SING in October 2011 and Campiche in the SIC in the first quarter of 2013, 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 critical 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. In the case of the SING, any reduction in firm capacity from TermoAndes would reduce our SING firm capacity compensation. In any case, the higher amount of firm capacity from Angamos will offset lower capacity from TermoAndes's plant.

Colombia

In Colombia, we also receive reliability payments for the availability and reliability of our reservoir during periods of scarcity, such as adverse hydrological conditions. These payments, denominated "reliability charge payments" are designed to compensate generation companies for the firm energy that they are capable of providing to the system during critical periods of low supply in order to prevent electricity shortages. The reliability charge regulation was enacted in 2006 with two implementation periods. The first period consists of a transition period from December 2006 to November 2012 during which the price is equal to 13,045 U.S.$/MWh and volume is determined based on each plant's firm energy which is prorated so that the total firm energy level does not exceed system demand. During the second period, which begins on December 2012, the reliability charge will be determined based on the energy price and the volume of offers submitted by market participants bidding for new capacity for the system. Chivor's firm capacity or reliability charge payments, previously calculated under a capacity charge mechanism, increased significantly under the new regulation, from U.S.$19.6 million in 2006 to U.S.$33.3 million in 2010. Chivor's reliability charge payments totaled U.S.$35.2 million in 2010.

In Colombia, at present, our reliability charge payments 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.

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 currency prices, 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. Generation from our back-up facilities is sold on the spot market. Given the replacement of natural gas with diesel and the lack of sufficient cost-efficient capacity, spot prices have reached historical highs in recent years. We anticipate that spot prices should begin to stabilize once all new capacity currently under construction, in particular coal-fired plants, enters into operation.

In recent years, including the years ended December 31, 2010, 2009 and 2008, our over-contracted efficient capacity at regulated node prices in the SIC, as calculated by the CNE every six months, led to volatile operating results influenced largely by external factors such as hydrology and fuel prices. In rainier years, we were able to purchase energy at relatively low spot market prices, while in drier years, we were forced to either generate with our less-efficient higher cost generation plants or purchase energy at higher spot prices, under both scenarios, re-selling the energy generated or purchased at the node price in accordance with our contracts. Increases in the price of fuel also adversely affected our results given that node price adjustments were made only semi-annually, unless a variation in excess of 10.0% is recorded for which an extraordinary node price adjustment would be applied. In recent years, in the SING, the impact of the natural gas crisis had a positive effect on our operating results, given that our efficient coal-fired Norgener plant was almost fully contracted at unregulated contract prices and our TermoAndes plant was able to sell energy on the spot market at historically high prices which were determined by peaking plants utilizing diesel.

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 15-year maximum. More precisely, the long-term energy node 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.

All of our contracts with distribution companies at the regulated node price expired in 2010 and, as a result, going forward, prices under our contracts with distribution companies will be based on long-term auction node prices. We participated in the distribution auction processes carried out during 2009, 2008 and 2007 and were awarded 5,419 GWh of energy contracts. We began supplying 3,619 GWh under these contracts in January 2010 and the remaining 1,800 GWh in January 2011. 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—Commercial Strategy & Customers."

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 one 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 correlated with 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. 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 10.0%, 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.

Going forward, recent and future investments in efficient capacity in the SIC and the SING, including coal and hydroelectric capacity, are expected to reduce the long-term marginal cost of production and, consequently, spot prices. During normal market conditions, if an equilibrium between demand and efficient capacity is eventually reached, diesel-fired generation will decrease and diesel-plants will return to operating almost exclusively as peaking plants. We believe that our contract strategy, under which we execute long-term contracts for our efficient capacity and reserve our peaking capacity for tight market supply conditions, will result in stable cash flows and results of operations.

Colombia

In Colombia, we sell our electricity under medium-term (one to three 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 rainier than normal conditions, 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 rainier than average 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. Similarly, when the Colombian system as a whole experiences rainier than normal 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.

Hydrology

SIC

In the SIC, where hydroelectric plants represent approximately 45.5% 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. After the Argentine natural gas crisis that resulted in us having an over-contracted position above our cost-efficient capacity and until our node price contract expired in 2010, we supplied our contracts with more expensive thermal generation and/or spot purchases which negatively affected our operating results. At present, given the balance between our cost-efficient generation and our contractual commitments, under normal 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 rainy 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.

Colombia

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 rainier periods to compensate for spot price reductions and decreasing contracts in drier 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 October, during which our reservoir is filled, and one dry season from November 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.

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, 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 include the cost of sales related to the sale of coal. 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, including coal, diesel, natural gas and LNG, are our most significant cost of operations. Fuel costs, primarily coal, represented 38.0% and 41.9% of our total costs of sale in 2009 and 2010, respectively. Coal is purchased internationally as the primary fuel for several of our plants and locally and internationally for our equity-method investee Guacolda's plants. 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 and TermoAndes, 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. Argentine natural gas is purchased under contracts for TermoAndes' combined-cycle plant.

During the drought which has been affecting the SIC since mid-2010, we have purchased LNG for our Nueva Renca CCGT under short-term agreements with Metrogas S.A., a member of the off-take of the regasification terminal in the SIC. During this period, we have generated continuously utilizing LNG, ultimately selling 100% of our generation on the spot market and providing the system with back-up energy supplies necessary to meet demand. We have no plans to purchase LNG on a long-term or firm basis, as price and purchase terms offered in Chile are not yet competitive to coal-based generation for base load power nor yet as flexible as diesel supply for back-up power.

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 three-year period ended March 31, 2011, the value of the Chilean peso relative to the U.S. dollar has fluctuated between a low of Ch$434.0 to U.S.$1.00 and a high of Ch$676.8 to U.S.$1.00, based on observed exchange rates. During the three-month period ended March 31, 2011, the value of the Chilean peso relative to the U.S. dollar depreciated approximately 2.4% in nominal terms from Ch$468.0 to U.S.$1.0, based on observed exchange rates of Ch$479.5 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 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 from both distribution companies without contracts and for electricity sales related to Ministerial Resolution N° 88, in addition to tax credits, primarily VAT associated with our construction projects and local salaries. As of March 31, 2011, 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, 2011, the impact of a variation of 10.0% in the Chilean peso to the U.S. dollar exchange rate would have resulted in a variation of approximately U.S.$13.4 million in our net income. During the first three months of 2011, approximately 86.8% of our revenue and 92.8% of our costs were denominated in U.S. dollars.

The functional currency for 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, 2011, approximately 11.3% of our consolidated revenues were denominated in Colombian pesos. Additionally, 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 sales are denominated in U.S. dollars but paid in Argentine pesos. SADI sales represented just 2.0% of our consolidated revenues in the three month period ended March 31, 2011. 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, 2011, 85.8% of our short-term investments were denominated in U.S. dollars, 8.9% in Chilean pesos and 5.3% in Colombian pesos.

We have a cross currency swap to eliminate foreign currency risk. We entered into a cross currency swap for the UF-denominated bonds issued in 2007 for approximately U.S.$217.0 million which extends through the duration of the debt. As of March 31, 2011, 97.4% 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 & SADI and Colombia. 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 Energía Verde. The SING segment includes the operations of our subsidiaries Norgener and Eléctrica Angamos and the sale of energy and capacity from TermoAndes in the SING and the SADI. These spot market operations are also included in our results in the SING & SADI market segment. In addition, the SING & SADI segment also includes the sales of TermoAndes in the SADI, both under contract and on the spot market. The Colombia segment relates exclusively to the operations of our Chivor subsidiary.

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Operating Revenues

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited					
Operating Revenues - SIC	362.5	62.4%	244.2	53.7%	118.3	48.4%
Operating Revenues - SING & SADI	141.5	24.4%	125.9	27.7%	15.6	12.4%
Operating Revenues - Colombia	95.3	16.4%	101.3	22.3%	(6.0)	(5.9%)
Consolidation Adjustments	(18.6)	(3.2%)	(17.0)	(3.7%)	(1.6)	9.4%
Total Operating Revenues	**580.7**	100.0%	**454.4**	100.0%	**126.3**	27.8%

Operating revenues increased by U.S.$126.3 million, or 27.8%, for the period ended March 31, 2011 as compared to the same period in 2010 driven by a U.S.$118.3 million and U.S.$15.6 million increase in the SIC and the SING & SADI revenues, respectively. This increase was partially offset by a U.S.$6.0 million decrease in SIN revenues. The consolidation adjustment represents coal sales from AES Gener to its subsidiary Norgener in the SING.

SIC

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Operating Revenues						
Regulated Customer Sales	151.6	41.8%	182.0	74.5%	(30.4)	(16.7%)
Unregulated Customer Sales	13.5	3.7%	4.5	1.8%	9.0	200.0%
Spot Sales	136.5	37.7%	9.9	4.1%	126.6	1278.8%
Other Operating Revenue	60.9	16.8%	47.8	19.6%	13.1	27.4%
Total Operating Revenues	**362.5**	100.0%	**244.2**	100.0%	**118.3**	48.4%
Physical Data (in GWh)						
Regulated Customer Sales	1,271	61.3%	1,991	94.6%	(720)	(36.1%)
Unregulated Customers	156	7.5%	52	2.5%	104	200.0%
Spot Sales	647	31.2%	62	2.9%	585	943.5%
Total Energy Sales	**2,074**	100.0%	**2,105**	100.0%	**(31)**	(1.5%)
Average Monomic Price - SIC (U.S.$/MWh)	**145.4**		**93.3**		**52.1**	55.8%

In the SIC, operating revenues increased by U.S.$118.3 million, or 48.4%, for the period ended March 31, 2011 compared to the period ended March 31, 2010. Spot sales increased by U.S.$126.6 million due to a significant increase in physical energy sales to the spot market, to 647 GWh for the period ended March 31, 2011 from 62 GWh for the same period in 2010. This increase was driven by higher dispatch of our back-up facilities as a result of drier hydrological conditions, particularly in the Santa Lidia and Nueva Renca plants, which utilized LNG during the period. Additionally, higher spot prices were recorded, increasing to an average of 226.2 U.S.$/MWh during the period ended March 31, 2011 from an average of 132.7 U.S.$/MWh in the same period in 2010.

Sales to regulated customer companies decreased by U.S.$30.4 million as a result of a 36.1% decrease in physical energy sales to 1,271 GWh for the period ended March 31, 2011 from 1,991 GWh for the period ended March 31, 2010, driven by the expiration of the Chilquinta and Chilectra contracts in April and December 2010, respectively. This effect was partially offset by higher sales to unregulated customers of U.S.$9.0 million associated with the increase in physical energy sales to unregulated customers of 104 GWh.

The 27.4% increase in other revenues is mainly due to a U.S.$8.0 million increase in related party coal sales associated with the execution of a coal supply contract with a related party (AES Hawaii).

SING & SADI

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Operating Revenues						
Unregulated Customer Sales - SING	51.7	36.6%	41.1	32.7%	10.6	25.8%
Contract Sales - SADI	10.9	7.7%	1.2	0.9%	9.7	808.3%
Spot Sales - SING	64.4	45.5%	63.2	50.2%	1.2	1.9%
Spot Sales - SADI	11.5	8.1%	17.7	14.0%	(6.2)	(35.0%)
Other Operating Revenues	3.0	2.1%	2.7	2.2%	0.3	11.1%
Total Operating Revenues	**141.5**	100.0%	**125.9**	100%	**15.6**	12.4%
Physical Data (in GWh)						
Unregulated Customer Sales - SING	495	34.3%	479	31.9%	16	3.3%
Contract Sales - SADI	178	12.3%	37	2.5%	141	381.1%
Spot Sales - SING	337	23.3%	412	27.4%	(75)	(18.2%)
Spot Sales - SADI	434	30.1%	573	38.2%	(139)	(24.3%)
Total Energy Sales	**1,444**	100.0%	**1,501**	100%	**(57)**	(3.8%)
Average Monomic Price - SING (U.S.$/MWh)	**139.6**		**117.1**		**22.5**	19.2%
Average Monomic Price - SADI (U.S.$/MWh)	**36.5**		**31.0**		**5.6**	18.1%

In the SING & SADI, operating revenues increased by U.S.$15.6 million, or 12.4%, for the period ended March 31, 2011, compared to the period ended March 31, 2010. Sales to unregulated customers in the SING and contract sales in the SADI increased by U.S.$10.6 million and U.S.$9.7 million, respectively, which was principally related to a 3.3% increase in physical energy sales in the SING, to 495 GWh for the period ended March 31, 2011, from 479 GWh for the same period in 2010, and a 381.1% increase in physical contracted energy sales in the SADI, to 178 GWh for the period ended March 31, 2011, from 37 GWh for the same period in 2010, driven by higher contracted capacity under Energía Plus.

Spot sales decreased by U.S.$5.0 million, as physical energy sales to the SADI decreased to 434 GWh for the period ended March 31, 2011 from 573 GWh during the same period in 2010, primarily explained by an increase in TermoAndes' contract sales in the SADI.

Colombia

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Operating Revenues						
Contract Sales	65.4	68.6%	35.6	35.2%	29.8	83.7%
Spot Sales	29.9	31.4%	65.7	64.8%	(35.8)	(54.5%)
Total Operating Revenues	**95.3**	100.0%	**101.3**	100.0%	**(6.0)**	(5.9%)
Physical Data (in GWh)						
Contract Sales	789	47.8%	510	44.4%	279	54.7%
Spot Sales	863	52.2%	638	55.6%	225	35.3%
Total Energy Sales	**1,652**	100.0%	**1,148**	100.0%	**504**	43.9%
Average Monomic Price - Colombia (U.S.$/MWh)	**57.7**		**88.2**		**(30.6)**	(34.7%)

In Colombia, operating revenues decreased by U.S.$6.0 million, or 5.9%, for the period ended March 31, 2011 as compared to the period ended March 31, 2010. Spot sales decreased by U.S.$35.8 million primarily due to a 66.4% decrease in spot prices, to an average of 34.6 U.S.$/MWh in the period ended March 31, 2011 from an average of 103.0 U.S.$/MWh in the period ended March 31, 2010, as a result of higher water availability. This effect was partially offset by 35.3% increase in physical sales, to 863 GWh for the period ended March 31, 2011 from 638 GWh for the period ended March 31, 2010. Contract sales to distribution companies increased by U.S.$29.8 million due a 54.7% increase in physical sales, to 789 GWh for the period ended March 31, 2011 from 510 GWh for same period in 2010, as a result of higher contract volumes.

Cost of Sales

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited					
Cost of Sales- SIC	(289.5)	76.1%	(255.4)	72.8%	(34.1)	13.3%
Cost of Sales- SING & SADI	(67.3)	17.7%	(61.0)	17.4%	(6.3)	10.3%
Cost of Sales- Colombia	(42.1)	11.1%	(51.4)	14.6%	9.3	(18.1%)
Consolidation Adjustments	18.6	(4.9%)	17.0	(4.8%)	1.6	9.4%
Total Cost of Sales	**(380.3)**	100%	**(350.8)**	100%	**(29.5)**	8.4%

Cost of sales increased by U.S.$29.5 million, or 8.4%, mainly due to increases of U.S.$34.1 million and U.S.$6.3 million in cost of sales under the SIC and SING & SADI segments, respectively. This increase was partially offset by a U.S.$9.3 million decrease in Colombia. The consolidation adjustment represents coal sales from us to our subsidiary Norgener in the SING.

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					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Cost of Sales						
Fuel Consumption	(151.1)	52.2%	(81.2)	31.8%	(69.9)	86.1%
Energy and Capacity Purchases	(27.4)	9.5%	(90.5)	35.4%	63.1	(69.7%)
Transmission Tolls	(20.8)	7.2%	(28.8)	11.3%	8.0	(27.8%)
Fuel Cost of Sales	(43.0)	14.8%	(17.9)	7.0%	(25.1)	140.2%
Depreciation and Amortization Expense	(22.0)	7.6%	(21.4)	8.4%	(0.6)	2.8%
Other Cost of Sales	(25.2)	8.7%	(15.6)	6.1%	(9.6)	61.5%
Total Cost of Sales	**(289.5)**	100.0%	**(255.4)**	100.0%	**(34.1)**	13.3%
Physical Data (in GWh)						
Coal Generation	828	41.4%	606	38.5%	222	36.6%
Diesel Generation	133	6.7%	379	24.0%	(246)	(64.9%)
Gas Generation	606	30.3%	63	4.0%	543	861.9%
Biomass Generation	21	1.0%	19	1.2%	2	10.5%
Hydroelectric Generation	411	20.6%	509	32.3%	(98)	(19.3%)
Total Generation	**1,999**	100.0%	**1,576**	100.0%	**423**	26.8%

In the SIC, cost of sales increased by U.S.$34.1 million, or 13.3%, for the period ended March 31, 2011 as compared to the period ended March 31, 2010, primarily due to a U.S.$69.9 million increase in fuel consumption costs as a result of higher diesel prices and our higher thermoelectric generation. Our thermoelectric production rose to 1,588 GWh for the period ended March 31, 2011 from 1,066 GWh in the same period in 2010, as a result of a 222 GWh increase in coal generation associated with the commencement of commercial operations of the Nueva Ventanas plant in February 2010 and a 544 GWh increase in gas generation from the Nueva Renca back-up plant, utilizing LNG. This effect was partially offset by a 246 GWh decrease in diesel generation, principally from Nueva Renca.

Energy and capacity purchases decreased by U.S.$63.1 million, or 69.7%, due to a 474 GWh decrease in physical energy purchases for the period ended March 31, 2011 when compared to the same period in 2010, driven by a 30.1% decrease in physical contract sales and a 67.2% increase in generation from our back-up plants as a result of drier hydrological conditions. This was partially offset by an increase in spot energy prices to an average of 226.2 U.S.$/MWh in the period ended March 31, 2011 from an average of 132.7 U.S.$/MWh in the period ended March 31, 2010.

The fuel cost of sales increased by U.S.$25.1 million as a result of higher coal sales, principally made to AES Hawaii. It should be noted that this increase was offset by higher fuel sales and lower coal prices.

SING & SADI

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Cost of Sales						
Fuel Consumption	(41.8)	62.1%	(39.4)	64.6%	(2.4)	6.1%
Energy and Capacity Purchases	(2.9)	4.3%	0.4	(0.6%)	(3.3)	825.0%
Transmission Tolls	(0.6)	0.9%	(0.7)	1.2%	0.1	(14.3%)
Fuel Cost of Sales	(0.9)	1.3%	(0.9)	1.4%	(0.0)	0.0%
Depreciation and Amortization Expense	(14.5)	21.6%	(13.3)	21.8%	(1.2)	9.0%
Other Cost of Sales	(6.6)	9.8%	(7.1)	11.6%	0.5	(7.0%)
Total Cost of Sales	**(67.3)**	100.0%	**(61.0)**	100.0%	**(6.3)**	10.3%
Physical Data (in GWh)						
Coal Generation	527	36.0%	528	34.5%	(1)	(0.2%)
Gas Generation	937	63.9%	1,001	65.5%	(64)	(6.4%)
Diesel Generation	1	0.1%	0	0.0%	1	100.0%
Total Generation	**1,465**	100.0%	**1,529**	100.0%	**(64)**	(4.2%)

In the SING & SADI, cost of sales increased by U.S.$6.3 million, or 10.3%, for period ended March 31, 2011 as compared to the period ended March 31, 2010 primarily due to a U.S.$2.4 million increase in fuel consumption costs, related to higher coal and gas prices. Energy and capacity purchases increased by U.S.$3.3 million due to a reclassification made in 2010 related to provisions concerning energy sales estimates. Depreciation costs also increased by U.S.$1.2 million, associated with acceleration of the useful life of certain TermoAndes' assets.

Colombia

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

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Cost of Sales						
Energy and Capacity Purchases	(29.3)	69.7%	(41.1)	80.0%	11.8	(28.7%)
Depreciation and Amortization Expense	(5.3)	12.5%	(5.3)	10.3%	0.0	0.0%
Other Cost of Sales	(7.5)	17.8%	(5.0)	9.7%	(2.5)	50.0%
Total Cost of Sales	**(42.1)**	100.0%	**(51.4)**	100.0%	**9.3**	(18.1%)

	For the three months ended March 31					
	2011		2010		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes) Unaudited					
Physical Data (in GWh)						
Hydroelectric Generation	1,039	100.0%	616	100.0%	424	68.8%
Total Generation	**1,039**	100.0%	**616**	100.0%	**423.7**	68.8%

In Colombia, cost of sales decreased by U.S.$9.3 million, or 18.1%, for the period ended March 31, 2011 as compared to the same period in 2010, primarily as a result of a U.S.$11.8 million decrease in energy purchases due to a decrease in spot energy prices to an average of 34.6 U.S.$/MWh in the period ended March 31, 2011 from an average of 103.0 U.S.$/MWh in the period ended March 31, 2010, as a result of higher water availability. This effect was partially offset by an 84 GWh increase in physical energy purchases.

Gross Profit

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

	For the three months ended March 31			
	2011	2010	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Gross Profit - SIC	73.0	(11.2)	84.2	751.8%
Gross Profit - SING & SADI	74.2	64.9	9.3	14.3%
Gross Profit - Colombia	53.2	49.9	3.2	6.4%
Total Gross Profit	**200.3**	**103.6**	**96.7**	93.3%

Gross profit increased by U.S.$96.7 million, or 93.3%, for the period ended March 31, 2011 as compared to the same period in 2010 driven by an increase in gross profit in all three market segments, as a result of the factors discussed above. Gross profit increased by U.S.$84.2 million, U.S.$9.3 million and U.S.$3.2 million in the SIC, SING & SADI and Colombia, respectively.

SIC

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

	For the three months ended March 31			
	2011	2010	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Operating Revenues	362.5	244.2	118.3	48.4%
Cost of Sales	(289.5)	(255.4)	(34.1)	13.3%
Total Gross Profit	**73.0**	**(11.2)**	**84.2**	751.8%

In the SIC, gross profit increased by U.S.$84.2 million, or 48.4%, for the period ended March 31, 2011 compared to the period ended March 31, 2010 driven by a U.S.$118.3 million increase in revenues as a result of a U.S.$126.6 million increase in spot sales explained by higher dispatch of our back-up facilities at increased spot prices given drier hydrological conditions. This effect was partially offset by a U.S.$34.1 million increase in cost of sales primarily due to an increase in fuel consumption as a result of an increase in diesel prices and in thermoelectric generation.

SING & SADI

The following table presents our gross profit in the SING & SADI for the periods indicated:

	For the three months ended March 31			
	2011	2010	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Operating Revenues	141.5	125.9	15.6	12.4%
Cost of Sales	(67.3)	(61.0)	(6.3)	10.3%
Total Gross Profit	**74.2**	**64.9**	**9.3**	(14.3%)

In the SING & SADI, gross profit increased by U.S.$9.3 million, or 14.3%, for the period ended March 31, 2011 compared to the period ended March 31, 2010, driven by a U.S.$15.6 million increase in revenues related to an increase in contract sales to unregulated customers in the SING and the SADI. This effect was partially offset by a U.S.$6.3 million increase in cost of sales primarily due to an increase in fuel consumption as a result of higher diesel prices and higher thermoelectric generation.

Colombia

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

	For the three months ended March 31			
	2011	2010	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Operating Revenues	95.3	101.3	(6.0)	(5.9%)
Cost of Sales	(42.1)	(51.4)	9.3	(18.1%)
Total Gross Profit	**53.2**	**49.9**	**3.2**	6.4%

In Colombia, gross profit increased by U.S.$3.2 million, or 6.4%, for the period ended March 31, 2011 compared to the period ended March 31, 2010, driven by a decrease in spot energy purchases due to lower spot prices as a result of an increase in water availability in the system.

Adjusted Operating Income[(1)]

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

	For the three months ended March 31			
	2011	2010	Variation	Variation
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Adjusted Operating Income				
Operating Revenues	599.2	471.4	–	–
Consolidation Adjustments	(18.6)	(17.0)	–	–
Total Operating Revenues	**580.6**	**454.4**	**126.2**	27.8%
Consolidation Adjustments	18.6	17.0		
Total Cost of Sales	**(380.3)**	**(350.8)**	**(29.5)**	8.4%
Gross Profit	**200.3**	**103.6**	**96.7**	93.3%
Selling, General and Administrative Expenses and Other Operating Income (Expenses)	(47.4)	(34.2)	(13.2)	38.6%
Total Adjusted Operating Income	**152.9**	**69.4**	**83.5**	120.3%

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

As a result of improved earnings in all three of our market segments, the SIC, SING & SADI and Colombia, consolidated adjusted operating income increased by 120.3%, or U.S.$83.5 million, for the period ended March 31, 2011 compared to the same period in 2010. This increase was principally due to the increase in gross profit of U.S.$96.7 million, partially offset by higher selling, general and administrative expenses.

Selling, general and administrative expenses and others increased by 38.6%, to U.S.$47.4 million for the period ended March 31, 2011 from U.S.$34.2 million for the period ended March 31, 2010. The increase was primarily driven by a U.S.$9.7 million increase in Chivor's equity tax, determined by the Colombian government requirement, which increased to 6.0% of taxable equity as of March 31, 2011 from 1.2% of taxable equity as of March 31, 2010. Additionally, a U.S.$3.1 million increase in compensation and social benefits expense was recorded, related to the expansion projects in process, principally Angamos, and the new plants which recently initiated operations, principally Nueva Ventanas.

Other Operating Income

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

	For the three months ended March 31			
	2011	2010	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Other Operating Income				
Finance Income	1.8	1.1	0.7	63.6%
Finance Expense	(22.7)	(18.9)	(3.8)	20.1%
Other Income / (Loss)	(3.8)	(0.3)	(3.5)	(1166.7%)
Foreign Currency Exchange Differences	(2.4)	(3.1)	0.7	22.6%
Equity in Earnings of Associates	7.7	6.8	0.9	13.2%
Total Other Operating Income	**(19.4)**	**(14.4)**	**(5.0)**	(34.7%)

Net finance expense increased by U.S.$3.1 million, or 17.4%, for the period ended March 31, 2011 as compared to the same period in 2010, primarily associated with a lower gain on the market value of the cross currency swap for our UF bonds driven by (i) variations in the Chilean peso to U.S. dollar exchange rate, which appreciated by 0.6% and (ii) UF variations, which increased by 3.4% during the period. This effect was partially offset by a 47.7% increase in capitalized interest related to the resumption of the construction of the Campiche project.

In the period ended March 31, 2011, we recorded a U.S.$3.5 million increase in other losses as compared to the same period in 2010, due to final adjustments to the variable cost of the settlement reached between Eléctrica Santiago and gas transportation companies TGN, Gasoducto GasAndes S.A. and Gasoducto GasAndes (Argentina) S.A. and to a lesser extent, the disposal of fixed assets as a result of modernization and replacement of equipment at the Ventanas Unit 2.

The increase in our share of income from associates of U.S.$0.9 million during the period ended March 31, 2011 was principally due to higher net income from equity-method investee Guacolda, which recorded a 12.3% increase in gross profit driven by the initiation of commercial operations of the Guacolda Unit 4 in March 2010.

Income Tax Expense

Income tax expense increased by U.S.$31.4 million, including the tax expense of U.S.$29.9 million in the period ended March 31, 2011 and the tax gain of U.S.$1.5 million recorded at the end of the same period in 2010. As of March 31, 2010, a tax contingency provision equal to U.S.$20.1 million was reversed resulting in a tax gain for the period. The increase is also explained by the 141.7% increase in income before tax for the period ended March 31, 2011, compared to the same period in 2010. The effective tax rate for the period ended March 31, 2011 was 22.4% compared to 2.7% in the period ended March 31, 2010.

Net Income

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

	For the three months ended March 31			
	2011	2010	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages) Unaudited			
Net Income				
Income before Income Tax and Non-Controlling Interest	133.4	55.2	78.2	141.7%
Income Tax (Expense) Income	(29.9)	1.5	(31.4)	2093.3%
Net Income Attributable to Shareholders of Parent	**103.5**	**57.9**	**45.6**	78.8%
Non-Controlling Interest	0.0	1.2	(1.2)	(100.0%)

As a result of the factors discussed above, net income increased by U.S.$78.2 million to U.S.$133.4 million in the period ended March 31, 2011 from U.S.$55.2 million in the period ended March 31, 2010.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Operating Revenues

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Operating Revenues - SIC	1,071.3	59.5%	960.1	58.0%	111.2	11.6%
Operating Revenues - SING & SADI	409.7	22.7%	417.8	25.3%	(8.1)	(1.9%)
Operating Revenues - Colombia	392.5	21.8%	347.0	21.0%	45.5	13.1%
Consolidation Adjustments	(71.4)	(4.0%)	(71.4)	(4.3%)	0.0	0.0%
Total Operating Revenues	**1,802.1**	100.0%	**1,653.5**	100.0%	**148.6**	9.0%

Operating revenues increased by U.S.$148.6 million, or 9.0%, for the year ended December 31, 2010 as compared to 2009, primarily explained by increases of U.S.$111.2 million and U.S.$45.5 million in revenues from the SIC and Colombia, respectively. This increase was partially offset by a U.S.$8.1 million decrease in revenues from the SING & SADI. The consolidation adjustment represents coal sales from us to our subsidiary Norgener in the SING.

SIC

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenues						
Regulated Customer Sales	772.5	72.1%	618.5	64.4%	154.0	24.9%
Unregulated Customer Sales	31.4	2.9%	22.7	2.4%	8.7	38.3%
Spot Sales	77.9	7.3%	18.4	1.9%	59.5	323.4%
Regulated Customer Without Contract Sales	0.0	0.0%	146.6	15.3%	(146.6)	(100.0%)
Other Operating Revenue	189.5	17.7%	153.9	16.0%	35.6	23.1%
Total Operating Revenue	**1,071.3**	100.0%	**960.1**	100.0%	**111.2**	11.6%
Physical Data (in GWh)						
Regulated Customer Sales	7,502	88.3%	5,776	77.4%	1,726	29.9%
Unregulated Customers	244	2.9%	334	4.5%	(90)	(26.9%)
Spot Sales	745	8.8%	175	2.3%	570	325.7%
Regulated Customer Without Contract	0	0.0%	1,179	15.8%	(1,179)	(100.0%)
Total Energy Sales	**8,491**	100.0%	**7,464**	100.0%	**1,027**	13.8%
Average Monomic Price – SIC (U.S.$/MWh)	**103.9**		**108.0**		**(4.2)**	(3.9%)

In the SIC, operating revenues increased by U.S.$111.2 million, or 11.6%, for the year ended December 31, 2010 as compared to 2009, primarily due to a U.S.$154.0 million increase in sales to regulated customers driven by an increase in physical energy sales to 7,502 GWh in 2010 from 5,776 GWh in 2009. This increase in physical energy sales is the result of the initiation of five new long-term supply contracts with distribution companies awarded in the bid processes held in 2006, 2007, 2008 and 2009.

Sales to regulated customers without contracts totaled U.S.$146.6 million in 2009. As a result of the initiation of the new distribution supply contracts in January 2010, we no longer sell to distribution companies without contracts. During 2009, physical sales to distribution companies without contracts totaled 1,179 GWh, and the sales price equal to the average marginal cost for the period was 104.4 U.S.$/MWh.

Spot sales increased by U.S.$59.5 million in 2010 due to a 325.7% increase in physical energy sales to the spot market, to 745 GWh in 2010 from 175 GWh in 2009, in part as a result of the suspension of our supply contract with Eléctrica Santiago in the last two months of 2010. Additionally, as a result of drier hydrological conditions, dispatch of Eléctrica Santiago's Nueva Renca back-up plant fueled with LNG increased and higher spot energy prices were recorded, increasing to an annual average of 148.9 U.S.$/MWh in 2010 from an annual average of 104.4 U.S.$/MWh in 2009.

The 23.1% increase in other revenues was mainly due to a U.S.$32.5 million increase in transmission revenues in 2010 principally due to a reclassification of these revenues from energy and capacity revenue to transmission toll revenue, as required by the sub-transmission law enacted in 2009 and additional transmission revenues associated with the new contracts with distribution companies.

SING & SADI

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating revenues						
Unregulated Customer Sales - SING	169.1	41.3%	189.6	45.4%	(20.5)	(10.8%)
Contract Sales - SADI	11.6	2.8%	2.9	0.7%	8.7	300.0%
Spot Sales - SING	147.6	36.0%	154.9	37.1%	(7.3)	(4.7%)
Spot Sales - SADI	69.1	16.9%	63.7	15.2%	5.4	8.5%
Other Operating Revenue	12.3	3.0%	6.7	1.6%	5.6	83.6%
Total Operating Revenue	**409.7**	100.0%	**417.8**	100.0%	**(8.1)**	(1.9%)
Physical Data (in GWh)						
Unregulated Customer Sales - SING	2,033	37.6%	2,015	37.3%	18	0.9%
Contract Sales - SADI	242	4.5%	46	0.9%	196	426.1%
Spot Sales - SING	970	18.0%	1,120	20.7%	(150)	(13.4%)
Spot Sales - SADI	2,154	39.9%	2,222	41.1%	(68)	(3.1%)
Total Energy Sales	**5,399**	100.0%	**5,403**	100.0%	**(4)**	(0.1%)
Average Monomic Price SING (U.S.$/MWh)	**105.5**		**109.9**		**(4.4)**	(4.0%)
Average Monomic Price SADI (U.S.$/MWh)	**33.7**		**29.4**		**4.3**	14.6%

In the SING & SADI, operating revenues decreased by U.S.$8.1 million, or 1.9%, in 2010 as compared to 2009. Sales to unregulated customers in the SING & SADI decreased by U.S.$11.8 million due to lower contract prices. This decrease was partially offset by an increase in physical energy sales in the SING to 2,033 GWh in 2010 from 2,015 GWh in 2009 and an increase in contract energy sales in the SADI, to 242 GWh in 2010 from 46 GWh in 2009.

Spot sales in the SING decreased by U.S.$7.3 million in 2010 as compared to 2009, specifically related to lower net capacity reconciliation payments. Firm capacity reconciliation payments relate to the true-up performed by the CDEC annually to balance capacity payments received by each generator with its final annual firm capacity allocation. Spot sales in the SADI increased by U.S.$5.4 million due to the increase in average marginal energy cost in the SADI to 29.8 U.S.$/MWh in 2010 from 26.2 U.S.$/MWh during 2009, which was partially offset by a decrease in physical energy sales, to 2,154 in 2010 from 2,222 GWh in 2009.

Colombia

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenues						
Contract Sales	233.3	59.5%	176.7	50.9%	56.6	32.0%
Spot Sales	159.1	40.5%	170.3	49.1%	(11.2)	(6.6%)
Other Operating Revenues	0.1	0.0%	0.0	0.0%	0.1	100.0%
Total Operating Revenues	**392.5**	100.0%	**347.0**	100.0%	**45.5**	13.1%
Physical Data (in GWh)						
Contract Sales	2,799	50.5%	3,291	53.4%	(492)	(14.9%)
Spot Sales	2,743	49.5%	2,876	46.6%	(133)	(4.6%)
Total Energy Sales	**5,542**	100.0%	**6,167**	100.0%	**(625)**	(10.1%)
Average Monomic Price Colombia (U.S.$/MWh)	**70.8**		**56.3**		**14.5**	25.8%

In Colombia, operating revenues increased by U.S.$45.5 million, or 13%, for the period ended December 31, 2010 as compared to 2009. Contract sales to distribution companies increased by U.S.$56.6 million in 2010 as compared to 2009, due to a 30.3% increase in energy prices in U.S. dollars. This increase was partially offset by a decrease in physical sales to 2,799 GWh in 2010 from 3,291 GWh in 2009 due to a decrease in contract volumes associated with lower expected generation.

Spot energy and ancillary service sales decreased by U.S.$11.2 million in 2010 as compared to 2009 primarily due to a decrease in physical sales to 2,743 GWh in 2010 from 2,876 GWh in 2009 and a decrease in the spot price to an annual average of 67.6 U.S.$/MWh in the year ended December 31, 2010 from 68.5 U.S.$/MWh in the same period in 2009.

Cost of Sales

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Cost of Sales- SIC	(987.5)	72.1%	(790.2)	67.8%	(197.3)	25.0%
Cost of Sales- SING & SADI	(265.5)	19.4%	(241.8)	20.7%	(23.7)	9.8%
Cost of Sales- Colombia	(187.3)	13.7%	(205.0)	17.6%	17.7	(8.6%)
Consolidation Adjustments	71.4	(5.2%)	71.4	(6.1%)	0.0	0.0%
Total Cost of Sales	**(1,368.9)**	100.0%	**(1,165.6)**	100.0%	**(203.3)**	17.4%

In 2010, cost of sales increased by U.S.$203.3 million, or 17.4%, as compared to 2009 mainly explained by a U.S.$197.3 million and U.S.$23.7 million increase in the SIC and SING & SADI cost of sales, respectively. This increase was partially offset by a U.S.$17.7 million decrease in the Colombia cost of sales. The consolidation adjustment represents coal sales from us to our subsidiary Norgener in the SING.

SIC

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(420.9)	42.6%	(292.0)	36.9%	(128.9)	44.1%
Energy and Capacity Purchases	(225.8)	22.9%	(242.6)	30.7%	16.8	(6.9%)
Transmission Tolls	(96.0)	9.7%	(63.1)	8.0%	(32.9)	52.1%
Fuel Cost of Sales	(92.1)	9.3%	(83.4)	10.6%	(8.7)	10.4%
Depreciation and Amortization Expense	(86.4)	8.8%	(61.8)	7.8%	(24.6)	39.8%
Other Cost of Sales	(66.3)	6.7%	(47.3)	6.0%	(19.0)	40.2%
Total Cost of Sales	**(987.5)**	100.0%	**(790.2)**	100.0%	**(197.3)**	25.0%
Physical data (in GWh)						
Coal Generation	3,766	52.1%	2,423	45.0%	1,343	55.4%
Diesel Generation	1,388	19.2%	1,373	25.5%	15	1.1%
Gas Generation	554	7.7%	35	0.6%	519	1,482.9%
Biomass Generation	80	1.1%	86	1.6%	(6)	(7.0%)
Hydroelectric Generation	1,441	19.9%	1,468	27.3%	(27)	(1.8%)
Total Generation	**7,229**	100.0%	**5,384**	100.0%	**1,845.0**	34.3%

In the SIC, cost of sales increased by U.S.$197.3 million, or 25.0%, in 2010 as compared to 2009, primarily due to a U.S.$128.9 million increase in fuel consumption, as a result of an increase in coal and LNG consumption due to an increase in our thermoelectric generation and higher diesel prices. Thermoelectric production increased to 5,788 GWh in 2010 from 3,917 GWh in 2009, as a result of higher coal generation of 1,343 GWh associated with the initiation of commercial operations of the Nueva Ventanas plant in February 2010, and a 519 GWh increase in generation by the Nueva Renca back-up plant, principally using LNG, in November and December of 2010.

Spot purchases decreased by U.S.$16.8 million due to a 784 GWh decrease in physical energy purchases in 2010 as compared to 2009, as a result of an increase in the dispatch of our thermoelectric plants. This effect was offset by the increase in the average marginal energy cost to 148.9 U.S.$/MWh in 2010 from 104.4 U.S.$/MWh in 2009, driven by a decrease in water availability in the system. Transmission tolls increased by U.S.$32.9 million primarily as a result of the sub-transmission law enacted in 2009, which required us to record separately sub-transmission revenue and costs which were previously included in energy revenue and purchases.

Depreciation increased by U.S.$24.6 million as a result of the commencement of commercial operation of the new Nueva Ventanas power plant in February 2010.

SING & SADI

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(153.0)	57.6%	(151.5)	62.7%	(1.5)	1.0%
Energy and Capacity Purchases	(7.9)	3.0%	(18.8)	7.8%	10.9	(58.0%)
Transmission Tolls	(2.4)	0.9%	(1.9)	0.8%	(0.5)	26.3%
Fuel Cost of Sales	(2.3)	0.9%	0.0	0.0%	(2.3)	–
Depreciation and Amortization Expense	(61.0)	23.0%	(49.9)	20.6%	(11.1)	22.2%
Other Cost of Sales	(38.9)	14.6%	(19.7)	8.1%	(19.2)	97.5%
Total Cost of Sales	**(265.5)**	100.0%	**(241.8)**	100.0%	**(23.7)**	9.8%
Physical data (in GWh)						
Coal Generation	2,110	38.7%	1,827	33.6%	283	15.5%
Gas Generation	3,342	61.2%	3,607	66.3%	(265)	(7.3%)
Diesel Generation	7	0.1%	6	0.1%	1	16.7%
Total Generation	**5,459**	100.0%	**5,440**	100.0%	**19.0**	0.3%

In the SING & SADI, cost of sales increased by U.S.$23.7 million, or 9.8%, in 2010 as compared to 2009, primarily as a result of a U.S.$11.1 million increase in depreciation related to the acceleration of the useful life of certain assets in TermoAndes and a U.S.$19.2 million increase in other costs of sales, principally associated with an embedded derivative related to TermoAndes' principal gas transport contract. The fair value of this embedded derivative as of December 31, 2010 differed significantly from the value presented as of December 31, 2009 given a modification in the indexation clause in the gas transport contract, causing an asset reversal of U.S.$10.0 million. Additionally, there was an increase in operating and maintenance costs, and an increase of U.S.$1.5 million in fuel consumption, principally coal consumption at Norgener due to the 283 GWh increase in generation. The increase in generation by Norgener is attributable to the installation of the Norgener BESS project, rechargeable lithium battery banks, by the company at the end of 2009 in order to replace a portion of the plant's spinning reserve. These negative effects were partially offset by a U.S.$10.9 million decrease in energy and capacity purchases due to a decrease in physical purchases to 26 GWh in 2010 from 53 GWh in 2009.

Colombia

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Energy and Capacity Purchases	(140.1)	74.8%	(163.1)	79.5%	23.0	(14.1%)
Depreciation and Amortization Expense	(20.8)	11.1%	(19.6)	9.6%	(1.2)	6.1%
Other Cost of Sales	(26.4)	14.1%	(22.3)	10.9%	(4.1)	18.4%
Total Cost of Sales	**(187.3)**	100.0%	**(205.0)**	100.0%	**17.7**	(8.6%)
Physical Data (in GWh)						
Hydroelectric Generation	3,305	100.0%	3,300	100.0%	6	0.2%
Total Generation	**3,305**	100.0%	**3,300**	100.0%	**6**	0.2%

In Colombia, cost of sales decreased by U.S.$17.7 million, or 8.6%, in 2010 as compared to 2009. Energy purchases decreased by U.S.$23.0 million due to a decrease in physical purchases of 637 GWh, while the price in U.S. dollars remained practically unchanged. In Colombian pesos, spot prices decreased to 129.0 Col$/kWh in 2010 from an average of 144.4 Col$/kWh in 2009, equivalent to a decrease of 10.6%. In U.S. dollars, the spot price decreased by 1.3% to an average of 58.0 U.S.$/MWh in 2010 from 59.2 U.S.$/MWh in 2009.

Gross Profit

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

	For the year ended December 31,					
	2010		2009		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Gross Profit - SIC	83.8	19.3%	169.9	34.8%	(86.1)	50.7%
Gross Profit - SING & SADI	144.2	33.3%	176.0	36.1%	(31.8)	(18.1%)
Gross Profit - Colombia	205.2	47.4%	142.0	29.1%	63.2	44.5%
Total Gross Profit	**433.2**	100%	**487.9**	100%	**(54.7)**	(11.2%)

Gross profit decreased by U.S.$54.7 million, or 11.2%, for the period ended December 31, 2010 as compared to 2009, as a result of the factors discussed above, including decreases in gross profit of U.S.$86.1 million and U.S.$31.8 million in the SIC and the SING & SADI, respectively, which was partially offset by a U.S.$63.2 million increase in Colombia gross profit.

SIC

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

	For the year ended December 31,			
	2010	2009	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Operating Revenues	1,071.3	960.1	111.2	11.6%
Cost of Sales	(987.5)	(790.2)	(197.3)	25.0%
Total Gross Profit	**83.8**	**169.9**	**(86.1)**	(50.7%)

In the SIC, gross profit decreased by U.S.$86.1 million, or 50.7%, for the period ended December 31, 2010 compared to the same period in 2009 driven by a U.S.$197.3 million increase in cost of sales as a result of an increase in fuel consumption explained by an increase in thermoelectric generation and higher diesel prices. This effect was partially offset by a U.S.$111.2 million increase in operating revenues primarily as a result of an increase in contract sales to regulated customers.

SING & SADI

The following table presents our gross profit in the SING & SADI for the periods indicated:

	For the year ended December 31,			
	2010	2009	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Operating Revenues	409.7	417.8	(8.1)	(1.9%)
Cost of Sales	(265.5)	(241.8)	(23.7)	9.8%
Total Gross Profit	**144.2**	**176.0**	**(31.8)**	(18.1%)

In the SING & SADI, gross profit decreased by U.S.$31.8 million, or 18.1%, for the period ended December 31, 2010 compared to the same period in 2009, primarily driven by a U.S.$23.7 million increase in cost of sales from higher depreciation and negative adjustments to an embedded derivative at TermoAndes.

Colombia

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

	For the year ended December 31,			
	2010	2009	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Operating Revenues	392.5	347.0	45.5	13.1%
Cost of Sales	(187.3)	(205.0)	17.7	(8.6%)
Total Gross Profit	**205.2**	**142.0**	**63.2**	44.5%

In Colombia, gross profit increased by U.S.$63.2 million, or 44.5%, for the period ended December 31, 2010 compared to the same period in 2009, driven by an increase in sales to distribution companies as a result of an increase in contract prices and a decrease in spot energy purchases.

Adjusted Operating Income[1]

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

	For the year ended December 31,			
	2010	2009	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Adjusted Operating Income				
Operating Revenues	1,873.5	1,724.9	–	–
Consolidation Adjustments	(71.4)	(71.4)	–	–
Total Operating Revenues	**1,802.1**	**1,653.5**	**148.6**	9.0%
Total Cost of Sales	(1,440.3)	(1,237.0)	–	–
Consolidation Adjustments	71.4	71.4	–	–
Total Cost of Sales	**(1,368.9)**	**(1,165.6)**	**(203.3)**	17.4%
Gross Profit	**433.2**	**487.9**	**(54.7)**	(11.2%)
Selling, General and Administrative Expenses and Other Operating Income (Expenses)	(129.3)	(91.1)	(38.2)	41.9%
Total Adjusted Operating Income	**303.9**	**396.8**	**(92.9)**	(23.4%)

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

Consolidated adjusted operating income decreased by U.S.$92.9 million, or 23.4%, in 2010 as compared to 2009, due to a U.S.$54.7 million decrease in gross profit primarily resulting from an increase in fuel consumption due to higher thermoelectric generation and a U.S.$38.2 million increase in selling, general and administrative and other expenses.

Selling, general and administrative and other expenses increased by U.S.$38.2 million, or 41.9% in 2010 as compared to 2009, increasing to U.S.$129.3 million in 2010 from U.S.$91.1 million in 2009, principally due to an increase in third-party services, compensation and social benefits, which are all related to the expansion projects in process, principally Angamos, and the new plants which recently began operations, principally Nueva Ventanas.

Other Operating Income

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

	For the year ended December 31,			
	2010	2009	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Other Operating Income				
Finance Income	22.5	21.9	0.6	2.7%
Finance Expense	(99.3)	(90.2)	(9.1)	10.1%
Other Income / (Loss)	(88.8)	1.3	(90.1)	(6930.8%)
Foreign Currency Exchange Differences	16.5	60.1	(43.6)	(72.5%)
Equity in Earnings of Associates	42.4	28.0	14.4	51.4%
Total Other Operating Income	**(106.7)**	**21.1**	**(127.8)**	(605.7%)

Net finance expenses increased by U.S.$8.5 million in 2010 as compared to 2009, primarily due to an increase in interest payments by Eléctrica Ventanas due to the commissioning of its plant in 2010. Prior to the commissioning of this plant, interest expenses associated to its debt were capitalized.

Other losses increased by U.S.$90.1 million in 2010 as compared to 2009 as a result of a U.S.$72.2 million non-recurring loss recorded in December 2010 related to the definitive contract termination settlements reached between Eléctrica Santiago and gas transportation companies TGN, GasAndes Chile and GasAndes Argentina and other losses associated with the disposal of fixed assets at Norgener and TermoAndes as a result of modernization and replacement of equipment as well as the disposal of fixed assets at our subsidiary Energía Verde.

Earnings from foreign currency exchange differences relate to our net asset position denominated in Chilean pesos between December 2009 and December 2010. The principal effects include the effect of exchange rate differences on accounts receivable in Chilean pesos, mainly accounts receivable from both distribution companies without contracts, electricity sales and VAT and differences on the foreign exchange swaps related to financial debt. Between December 31, 2009 and December 31, 2010, the Chilean pesos to U.S. dollar exchange rate appreciated by 7.7%, while it appreciated by 20.3% between December 31, 2008 and December 31, 2009.

The increase in our share of income (loss) from associates in the period is due to higher net income from equity-method investee Guacolda as a result of a U.S.$63.4 million increase in Guacolda's gross profit.

Income Tax Expense

Income tax expense decreased by U.S.$61.1 million, to a tax expense of U.S.$31.2 million in 2010 from a tax expense of U.S.$92.3 million in 2009. The decrease in taxes is explained by the 52.8% decrease in net income before tax in 2010 compared to 2009, in addition to the reversal of a U.S.$20.1 million provision related to a tax contingency in 2010. The effective tax rate for the period ended December 31, 2010 was 15.8% compared to 22.1% for the period ended December 31, 2009.

Net Income

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

	For the year ended December 31,			
	2010	2009	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Net Income				
Income Before Income Tax and Non-Controlling Interest	197.2	417.9	(220.7)	(52.8%)
Income Tax Expense (Income)	(31.2)	(92.3)	61.1	(66.2%)
Net Income Attributable to Shareholders of Parent	**169.9**	**327.9**	**(158.0)**	(48.2%)
Non-Controlling Interest	3.9	2.3	1.6	69.6%

As a result of the factors discussed above, net income decreased U.S.$158.0 million, or 48.2%, to U.S.$169.9 million in the period ended December 31, 2010 from U.S.$327.9 million in 2009.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Operating Revenues

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Operating Revenues - SIC	960.1	58.0%	1,297.6	69.9%	(337.5)	(26.0%)
Operating Revenues - SING & SADI	417.8	25.3%	383.3	20.6%	34.5	9.0%
Operating Revenues - Colombia	347.0	21.0%	287.8	15.5%	59.2	20.6%
Consolidation Adjustments	(71.4)	(4.3%)	(110.8)	(6.0%)	39.4	(35.6%)
Total Operating Revenues	**1,653.5**	100.0%	**1,857.9**	100.0%	**(204.4)**	(11.0%)

Operating revenues decreased by U.S.$204.4 million, or 11.0%, in 2009 as compared to 2008, mainly due to a U.S.$337.5 million decrease in SIC revenues, partially offset by U.S.$34.5 million and U.S.$59.2 million increases in revenues from the SING & SADI and Colombia, respectively. The consolidation adjustment represents coal sales from us to our subsidiary Norgener in the SING.

SIC

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenues						
Regulated Customer Sales	618.5	65.4%	715.1	55.1%	(96.6)	(13.5%)
Unregulated Customer Sales	22.7	2.4%	22.9	1.8%	(0.2)	(0.9%)
Spot Sales	18.4	1.9%	137.8	10.6%	(119.4)	(86.6%)
Regulated Customer Without Contract Sales	146.6	15.3%	265.6	20.5%	(119.0)	(44.8%)
Other Operating Revenue	153.9	16.0%	156.2	12.0%	(2.3)	(1.5%)
Total Operating Revenue	**960.1**	100.0%	**1,297.6**	100.0%	**(337.5)**	(26.0%)
Physical Data (in GWh)						
Regulated Customer Sales	5,776	77.4%	5,744	69.0%	32	0.6%
Unregulated Customers	334	4.5%	538	6.5%	(204)	(37.9%)
Spot Sales	175	2.3%	833	10.0%	(658)	(79.0%)
Regulated Customer Without Contract	1,179	15.8%	1,210	14.5%	(31)	(2.6%)
Total Energy Sales	**7,464**	100.0%	**8,325**	100.0%	**(861.0)**	(10.3%)
Average Monomic Price Sic (U.S.$/MWh)	**108.0**		**137.1**		**(29.1)**	(21.2%)

In the SIC, operating revenues decreased by U.S.$337.5 million, or 26.0%, in 2009 as compared to 2008 primarily driven by a U.S.$119.4 million decrease in spot sales, a U.S.$119.0 million decrease in sales to distribution companies without contracts and a U.S.$96.6 million decrease in regulated sales driven by lower physical sales and lower regulated prices.

Sales to regulated customers decreased by U.S.$96.6 million as a result of the 4.8% decrease in the regulated contract price, equal to the node price, in 2009 as compared to 2008, partially offset by an increase in physical energy sales to 5,776 GWh in 2009 from 5,744 GWh in 2008.

Spot sales decreased by U.S.$119.4 million due to lower physical energy sales to the spot market of 657 GWh, decreasing to 175 GWh in 2009 from 833 GWh in 2008, and a decrease in the average marginal energy cost which decreased to 104.4 U.S.$/MWh in 2009 from 207.4 U.S.$/MWh in 2008, principally as a result of lower fuel prices. The volume sold in the spot market decreased principally due to the suspension of our fixed price energy supply contract with Eléctrica Santiago for an eleven month period from August 1, 2007. The suspension allowed Eléctrica Santiago to more rapidly recover taxes applied to diesel purchases. The contract resumed on July 1, 2008 and was finally terminated in January 2011.

Sales to distribution companies without contracts decreased by U.S.$119.0 million, primarily due to the decrease in the average marginal energy cost detailed above and a slight decrease in physical energy sales from 1,210 GWh in 2008 to 1,179 GWh in 2009.

SING & SADI

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

	For the year ended December 31,					
	2009		**2008**		**Variation**	
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**%**
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenues						
Unregulated Customer Sales - SING	189.6	45.4%	191.9	50.1%	(2.3)	(1.2%)
Contract Sales - SADI	2.9	0.7%	0.0	0.0%	2.9	–
Spot Sales - SING	154.9	37.1%	144.6	37.7%	10.3	7.1%
Spot Sales - SADI	63.7	15.2%	37.0	9.6%	26.7	72.2%
Other Operating Revenue	6.7	1.6%	9.8	2.6%	(3.1)	(31.6%)
Total Operating Revenue	**417.8**	100.0%	**383.3**	100.0%	**34.5**	9.0%
Physical Data (in GWh)						
Unregulated Customer Sales - SING	2,015	37.3%	2,301	52.1%	(286)	(12.4%)
Contract Sales - SADI	46	0.9%	0	0.0%	46	–
Spot Sales - SING	1,120	20.7%	733	16.6%	387	52.8%
Spot Sales - SADI	2,222	41.1%	1,379	31.3%	843	61.1%
Total Energy Sales	**5,403**	100.0%	**4,413**	100.0%	**990.0**	22.4%
Average Monomic Price SING (U.S.$/MWh)	**109.9**		**110.9**		**(1.0)**	(0.9%)
Average Monomic Price SADI (U.S.$/MWh)	**29.3**		**26.8**		**2.5**	9.3%

In the SING & SADI, operating revenues increased by U.S.$34.5 million, or 9.0%, in 2009 as compared to 2008 primarily due to a U.S.$26.7 million increase in spot sales, driven by an increase in physical energy sales to 2,222 GWh in 2009 from 1,379 GWh in 2008, as a result of a 18.6% increase in generation from TermoAndes to the SING.

Spot sales in the SING increased by U.S.$10.3 million, mainly due to a U.S.$17.8 million increase in spot capacity sales in 2009 as compared to 2008, specifically related to capacity reconciliation payments in both years. In 2009, a positive reconciliation payment was registered as compared to a negative reconciliation in 2008. This was partially offset by a U.S.$7.6 million decrease in spot energy sales due to the decrease in average marginal cost in the SING, to an average of 111.2 U.S.$/MWh in 2009 from an average of 202.0 U.S.$/MWh in 2008.

Colombia

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Operating Revenues						
Contract Sales	176.7	50.9%	145.5	50.6%	31.2	21.4%
Spot Sales	170.3	49.1%	142.3	49.4%	28.0	19.7%
Total Operating Revenues	**347.0**	100.0%	**287.8**	100.0%	**59.2**	20.6%
Physical Data (in GWh)						
Contract Sales	3,291	53.4%	2,808	42.5%	483	17.2%
Spot Sales	2,876	46.6%	3,799	57.5%	(922)	(24.3%)
Total Energy Sales	**6,167**	100.0%	**6,607**	100.0%	**(439.4)**	(6.7%)
Average Monomic Price Colombia (U.S.$/MWh)	**56.3**		**43.6**		**12.7**	29.2%

In Colombia, operating revenues increased by U.S.$59.2 million, or 20.6%, in 2009 as compared to 2008. Contract sales increased by U.S.$31.2 million due to an increase in physical sales under contracts to 3,291 GWh in 2009 from 2,808 GWh in 2008.

Spot energy sales and ancillary service sales increased by U.S.$28.0 million due to an increase in the average spot price to an average of 59.2 U.S.$/MWh in 2009 from 37.5 U.S.$/MWh in 2008 as a result of drier hydrological conditions, partially offset by a decrease in physical sales on the spot market to 2,876 GWh in 2009 from 3,799 GWh in 2008.

Cost of Sales

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Cost of Sales - SIC	(790.2)	67.8%	(1,211.0)	81.4%	420.8	(34.7%)
Cost of Sales - SING & SADI	(241.8)	20.7%	(244.5)	16.4%	2.7	(1.1%)
Cost of Sales - Colombia	(205.0)	17.6%	(142.6)	9.6%	(62.4)	43.8%
Consolidation Adjustments	71.4	(6.1%)	110.8	(7.4%)	(39.4)	(35.6%)
Total Cost of Sales	**(1,165.6)**	100.0%	**(1,487.3)**	100.0%	**321.7**	(21.6%)

Cost of sales decreased by U.S.$321.7 million, or 21.6%, in 2009 as compared to 2008, mainly due to the U.S.$420.8 million and U.S.$2.7 million decreases in SIC and SING & SADI cost of sales, respectively, partially offset by a U.S.$62.4 million increase in Colombia cost of sales. The consolidation adjustment represents coal sales from us to our subsidiary Norgener in the SING.

SIC

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(292.0)	37.0%	(550.9)	45.5%	258.9	(47.0%)
Energy and Capacity Purchases	(242.6)	30.7%	(379.4)	31.3%	136.8	(36.1%)
Transmission Tolls	(62.7)	7.9%	(50.0)	4.1%	(12.7)	25.4%
Fuel Cost of Sales	(83.4)	10.6%	(135.3)	11.2%	51.9	(38.4%)
Depreciation and Amortization Expense	(61.8)	7.8%	(42.0)	3.5%	(19.8)	47.1%
Other Cost of Sales	(47.7)	6.0%	(53.4)	4.4%	5.7	(10.7%)
Total Cost of Sales	**(790.2)**	100.0%	**(1,211.0)**	100.0%	**420.8**	(34.7%)
Physical Data (in GWh)						
Coal Generation	2,423	45.0%	2,664	43.2%	(241)	(9.0%)
Diesel Generation	1,373	25.5%	1,893	30.7%	(520)	(27.5%)
Gas Generation	35	0.6%	6	0.1%	29	483.3%
Biomass Generation	86	1.6%	94	1.5%	(8)	(8.5%)
Hydroelectric Generation	1,468	27.3%	1,506	24%	(38)	(2.5%)
Total Generation	**5,385**	100.0%	**6,163**	100.0%	**(778.0)**	(12.6%)

In the SIC, cost of sales decreased by U.S.$420.8 million, or 34.7%, in 2009 as compared to 2008. Fuel consumption decreased U.S.$258.9 million as a result of a decrease in thermoelectric generation and a decrease in prices of diesel and coal. Our thermoelectric generation decreased to 3,916 GWh in 2009 from 4,657 GWh in 2008, primarily associated with a 25.9% decrease in the dispatch of back-up plants in the SIC due to improved hydrological conditions in 2009.

Spot purchases decreased by U.S.$136.8 million due to a 171 GWh decrease in physical purchases in 2009 as compared to 2008 driven by the suspension of our fixed-price energy supply contract with our subsidiary Eléctrica Santiago for a period of eleven months starting on August 1, 2007.

The cost of fuel sales decreased by U.S.$51.9 million due to a decrease in coal sales from us to our subsidiary Norgener in the SING due to a 6.9% decrease in generation by Norgener in 2009 as compared to 2008 as a result of plant maintenance and a decrease in coal prices.

SING & SADI

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Fuel Consumption	(151.5)	62.7%	(172.5)	70.6%	21.0	(12.2%)
Energy and Capacity Purchases	(18.8)	7.8%	(11.1)	4.5%	(7.7)	69.4%
Transmission Tolls	(2.0)	0.8%	(3.0)	1.2%	1.0	(33.3%)
Fuel Cost of Sales	0.0	0.0%	(0.1)	0.1%	0.1	(100.0%)
Depreciation and Amortization Expense	(49.9)	20.6%	(41.6)	17.0%	(8.3)	20.0%
Other Cost of Sales	(19.6)	8.1%	(16.2)	6.6%	(3.4)	21.0%
Total Cost of Sales	**(241.8)**	100.0%	**(244.5)**	100.0%	**2.7**	(1.1%)
Physical Data (in GWh)						
Coal Generation	1,827	34%	1,963	44%	(136)	(6.9%)
Gas Generation	3,607	66%	2,478	55%	1,129	45.6%
Diesel Generation	6	0%	34	1%	(28)	(82.4%)
Total Generation	**5,440**	100%	**4,475**	100%	**965.0**	21.6%

In the SING & SADI, cost of sales decreased by U.S.$2.7 million, or 1.1%, in 2009 as compared to 2008. Fuel consumption decreased by U.S.$21.0 million, associated with a 136 GWh decrease in Norgener's generation due to plant maintenance in 2009 and a decrease in coal prices.

Spot purchases increased by U.S.$7.7 million due to a negative capacity payment reconciliation of U.S.$5.2 million in 2009 compared to positive capacity payment reconciliation of U.S.$2.2 million in 2008 at Norgener. Additionally, depreciation increased by U.S.$8.3 million due to a change in the depreciation methodology used for TermoAndes, from depreciation based on hours of service to depreciation based on the useful life of the plant as a result of higher plant dispatch.

Colombia

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Cost of Sales						
Energy and Capacity Purchases	(163.1)	79.5%	(95.6)	67.1%	(67.5)	70.6%
Depreciation and Amortization Expense	(19.6)	9.6%	(23.0)	16.1%	3.4	(14.8%)
Other Cost of Sales	(22.3)	10.9%	(24.0)	16.8%	1.7	(7.1%)
Total Cost of Sales	**(205.0)**	100.0%	**(142.6)**	100.0%	**(62.4)**	43.8%

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages and volumes)					
Physical Data (in GWh)						
Hydroelectric Generation	3,300	100.0%	3,760	100.0%	(460)	(12.2%)
Total Generation	**3,300**	100.0%	**3,760**	100.0%	**(460)**	(12.2%)

In Colombia, cost of sales increased by U.S.$62.4 million, or 43.8%, in 2009 as compared to 2008. Energy purchases increased U.S.$67.5 million, primarily associated with an increase in spot prices in Colombian pesos as a result of lower reservoir levels in the system, increasing to an average of 69.2 U.S.$/MWh in 2009 from 37.5 U.S.$/MWh in 2008.

Gross Profit

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

	For the year ended December 31,					
	2009		2008		Variation	
	Amount	% of total	Amount	% of total	Amount	%
	(in U.S.$ millions, except for percentages)					
Gross Profit - SIC	169.9	34.8%	86.6	23.4%	83.3	96.2%
Gross Profit - SING & SADI	176.0	36.1%	138.8	37.5%	37.2	26.8%
Gross Profit - Colombia	142.0	29.1%	145.2	39.2%	(3.2)	2.2%
Total Gross Profit	**487.9**	100.0%	**370.6**	100.0%	**117.3**	31.7%

Gross profit increased by U.S.$117.3 million, or 31.7%, for the period ended December 31, 2009 as compared to the same period in 2008, as a result of the factors discussed above, including a U.S.$83.3 million and U.S.$37.2 million increase in the SIC and the SING & SADI gross profit, respectively, which was partially offset by a U.S.$3.2 million decrease in Colombia gross profit.

SIC

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

	For the year ended December 31,			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Operating Revenues	960.1	1,297.6	(337.5)	(26.0%)
Cost of Sales	(790.2)	(1,211.0)	420.8	(34.7%)
Total Gross Profit	**169.9**	**86.6**	**83.3**	96.2%

In the SIC, gross profit increased by U.S.$83.3 million, or 96.2%, for the period ended December 31, 2009 compared to the same period in 2008, driven by a U.S.$420.8 million decrease in cost of sales as a result of a reduction in fuel consumption due to a decrease in thermoelectric generation and lower coal and diesel prices. This cost of sales improvement was partially offset by a decrease in sales to regulated customers driven by lower node prices.

SING & SADI

The following table presents our gross profit in the SING & SADI for the periods indicated:

	For the year ended December 31,			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Operating Revenues	417.8	383.3	34.5	9.0%
Cost of Sales	(241.8)	(244.5)	2.7	(1.1%)
Total Gross Profit	**176.0**	**138.8**	**37.2**	26.8%

In the SING & SADI, gross profit increased by U.S.$37.2 million, or 26.8%, for the period ended December 31, 2009 compared to the same period in 2010, primarily driven by a U.S.$34.5 million increase in operating revenues principally due to the 18.6% increase in TermoAndes generation to the SING at higher spot prices.

Colombia

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

	For the year ended December 31			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Operating Revenues	347.0	287.8	59.2	20.6%
Cost of Sales	(205.0)	(142.6)	(62.4)	43.8%
Total Gross Profit	**142.0**	**145.2**	**(3.2)**	(2.2%)

In Colombia, gross profit decreased by U.S.$3.2 million, or 2.2%, for the period ended December 31, 2009 compared to the same period in 2008 driven by an increase in net spot energy purchases at higher spot prices as a result of drier hydrological conditions in the system, partially offset by an increase in sales to distribution companies principally associated with higher physical sales.

Adjusted Operating Income[1]

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

	For the year ended December 31,			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Adjusted Operating Income				
Operating Revenues	1,724.9	1,968.7	–	–
Consolidation Adjustments	(71.4)	(110.8)	–	–
Total Operating Revenues	**1,653.5**	**1,857.9**	**(204.4)**	(11.0%)

	For the year ended December 31,			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Total Cost of Sales	(1,237.0)	(1,598.1)	–	–
Consolidation Adjustments	71.4	110.8	–	–
Total Cost of Sales	**(1,165.6)**	**(1,487.3)**	**321.7**	(21.6%)
Gross Profit	**487.9**	**370.6**	**117.3**	31.7%
Selling, General and Administrative Expenses and Other Operating Income (Expenses)	(91.1)	(80.6)	(10.5)	13.0%
Total Adjusted Operating Income	**396.9**	**290.0**	**106.9**	36.9%

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

Our consolidated adjusted operating income increased by U.S.$106.9 million, or 36.9%, in 2009 as compared to 2008, mainly due to a U.S.$117.3 million increase in gross profit, which was offset by higher selling, general and administrative expenses, which increased by 13.1% to U.S.$91.1 in 2009 from U.S.$80.6 million in 2008, primarily related to an increase in additional services from third parties, compensation and social benefits, all related to the expansion projects in process, principally Nueva Ventanas.

Other Operating Income

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

	For the year ended December 31,			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Other Operating Income				
Finance Income	21.9	9.9	12.0	121.2%
Finance Expense	(90.2)	(87.8)	(2.4)	2.7%
Other Income / (Loss)	1.3	(30.9)	32.2	104.2%
Foreign Currency Exchange Differences	60.1	(102.7)	162.8	158.5%
Equity in Earnings of Associates	28.0	13.1	14.9	113.7%
Total Other Operating Income	**21.1**	**(198.4)**	**219.5**	110.6%

Finance income increased by U.S.$12 million due to the ineffective hedge treatment of the interest rate swap of Eléctrica Ventanas' project finance debt, primarily as a result of modifications in the disbursement schedule which resulted in a mismatch between the projected disbursements at the time the swap was executed and the effective disbursements under the loan. Additionally, financial investments increased as a result of a U.S.$101.1 million increase in our cash balance.

Other losses decreased by U.S.$32.2 million, or 104.2%, primarily due to the extraordinary loss recorded in 2008 associated with the sale of our 25.0% ownership participation in Empresa Generadora de Electricidad Itabo

S.A. ("Itabo") and our 50.0% ownership participation in New Caribbean Investment S.A. ("NCI"), both in the Dominican Republic.

The U.S.$162.8 increase in income from foreign exchange differences relates to our net asset position denominated in Chilean pesos between the periods ended December 31, 2009 and December 31, 2008. The principal effects include the impact of exchange rate differences on accounts receivable in Chilean pesos, mainly accounts receivable from both distribution companies without contracts, electricity sales and VAT, related to our construction projects and differences on the foreign exchange swaps related to financial debt. Between January 1, 2009 and December 31, 2009 the Chilean U.S. dollar exchange rate depreciated 20.3%, compared to depreciation of 28.1% between January 1, 2008 and December 31, 2008. The higher earnings in our share of income (loss) from associates in the period are due to a higher contribution from equity-method investee Guacolda of U.S.$23.0 million, driven by a U.S.$39.7 million increase in Guacolda's net income explained by higher gross profit, primarily as a result of the initiation of commercial operation of the Guacolda Unit 3 in July 2009.

Income Tax Expense

Income tax expense increased by U.S.$34.9 million, from U.S.$57.3 million in 2008 to U.S.$92.3 million during in 2009 due principally to the U.S.$326.4 million increase in pre-tax income in 2009 as compared to 2008. The effective tax rate for the period ended December 31, 2009 was 22.1% compared to 35.8% in the period ended December 31, 2008.

Net Income

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

	For the year ended December 31,			
	2009	2008	Variation	
	Amount	Amount	Amount	%
	(in U.S.$ millions, except for percentages)			
Net Income				
Income Before Income Tax and Non-Controlling Interest	418.0	91.6	326.4	356.3%
Income Tax (Expense) Income	(92.3)	(57.3)	(35.0)	61.0%
Net Income Attributable to Shareholder of Parent	**328.0**	**34.1**	293.9	861.9%
Non-Controlling Interest	2.3	(0.2)	2.5	1,250.0%

As a result of the factors discussed above, net income increased U.S.$293.9 million, or 861.9%, to U.S.$328.0 million in 2009 from U.S.$34.1 million in 2008.

Liquidity and Capital Resources

Cash generated by operations is our primary source of liquidity, supplemented by proceeds from capital increases (executed in 2008 and 2009), issuance of foreign and local bonds, and borrowings from foreign and Chilean banks by way of corporate loans and project finance loans. 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 flow by category for the periods indicated:

Cash Flow	For the three months ended March 31, 2011	For the year ended December 31, 2010	2009
	(in U.S.$ millions)		
Cash Flow Provided by Operating Activities	40.8	187.2	384.2
Cash Flow Used in Investing Activities	(94.8)	(350.1)	(1,139.8)
Cash Flow Provided by Financing Activities	26.1	289.9	849.3
Total Cash Flow	**(27.9)**	**127.0**	**93.7**

Cash Flow Provided by Operating Activities

Cash flow provided by operating activities was U.S.$40.8 million for the period ended March 31, 2011, which represents a decrease of U.S.$56.7 million compared to the same period in 2010, primarily the result of the payment of an interim dividend in an amount of U.S.$73.0 million paid out in January 2011, which was compensated by our higher operating income during the first quarter of 2011.

Cash flow provided by operating activities decreased by U.S.$197.0 million in the year ended December 31, 2010, compared to the same period in 2009. This decrease is principally the result of lower operating income, higher taxes paid and higher dividend payments. This decrease was partially offset by an increase in other adjustments related to prepaid expenses and the settlements executed by Eléctrica Santiago with three gas transportation companies.

Cash flow provided by operating activities increased by U.S.$278.2 million in the year ended December 31, 2009, compared to the previous year. This increase is principally the result of the higher level of earnings recorded in 2009.

Cash Flow used in Investing Activities

Cash flow provided by investment activities was equal to a net outflow of U.S.$94.8 million for the period ended March 31, 2011, which represents a decrease of U.S.$9.5 million compared to the same period in 2010. This reduction is principally the result of a decrease in the acquisition of property, plant and equipment of U.S.$69.8 million principally, due to lower investments in the Nueva Ventanas and Angamos projects.

Cash flow provided by investment activities increased by U.S.$789.7 million in the year ended December 31, 2010, compared to the same period in 2009, principally due to higher other cash inflows of U.S.$429.4 million related to redemptions of financial investments (time deposits and repurchase agreements) and higher VAT recovery related to fixed asset purchases associated with our construction projects. In addition, acquisition of property, plant and equipment decreased by U.S.$353.8 million principally due to the completion of construction of the Nueva Ventanas plant in late 2009.

Cash flow provided from investment activities increased by U.S.$546.7 million in the year ended December 31, 2009, compared to the previous year, principally due an increase of U.S.$391 million for acquisition of other financial assets related to the proceeds of U.S.$245.6 million from the equity offering completed in February 2009 and U.S.$188.3 million from the local bond issued in April 2009. In addition, we recorded higher payments of U.S.$207.8 million associated with the incorporation of property, plant and equipment related to projects under construction and a negative variation of U.S.$68.0 million associated with the proceeds from the sale of associates related to the sale of our ownership participation in Itabo and NCI in 2008.

Cash Flow provided by Financing Activities

Cash flow provided from financing activities was equal to a net inflow of U.S.$26.1 million for the period ended March 31, 2011, which represents a decrease of U.S.$69.9 million compared to the same period in 2010. This reduction is principally the result of lower long-term debt disbursements of U.S.$72.9 million due to the completion of construction of the Nueva Ventanas plant which started commercial operations in 2010, and lower disbursements associated with the Angamos project finance debt.

During the period ended March 31, 2011, our principal financing activities were as follows:

- Eléctrica Angamos received U.S.$29.8 million in proceeds from disbursements under its project finance loan agreement. As a result, the total outstanding amount under this credit agreement equaled U.S.$700.9 million as of March 31, 2011, as compared to the outstanding amount of U.S.$671.2 million as of December 31, 2010. This loan bears an interest rate equal to LIBOR plus an annual spread. Principal must be repaid in semi-annual installments beginning twelve months after substantial completion of the facility's second unit and ending 14 years after substantial completion.

Cash flow provided from financing activities decreased by U.S.$559.4 million in the year ended December 31, 2010, compared to the same period in 2009, principally due to lower cash proceeds from the issuance of equity in the amount of U.S.$245.6 million, related to our most recent capital increase completed in February 2009, and lower cash proceeds from the issuance of long-term debt of U.S.$188.3 million related to the local bond issued in April 2009. Additionally, proceeds from long-term debt decreased by U.S.$96.2 million principally due to the completion of construction of the Nueva Ventanas plant in late 2009.

During the year ended December 31, 2010, our principal financing activities were as follows:

- Eléctrica Angamos received U.S.$294.7 million in proceeds from disbursements under its project finance loan agreement. As a result, the total outstanding amount under this credit agreement equaled U.S.$671.2 million as of December 31, 2010, as compared to the outstanding amount of U.S.$376.5 million as of December 31, 2009.

- Eléctrica Ventanas received U.S.$40.5 million in proceeds from disbursements under its project finance loan agreement. As a result, the total outstanding amount under this credit agreement equaled U.S.$404.0 million as of December 31, 2010, as compared to the outstanding amount of U.S.$363.5 million as of December 31, 2009. This loan bears an interest rate equal to LIBOR plus spread per annum. Principal must be repaid in semi-annual installments beginning in December 2010 and ending in June 2022.

Cash flow provided from financing activities increased by U.S.$394.7 million in the year ended December 31, 2009, compared to the previous year, principally due to higher cash proceeds from the issuance of debt of U.S.$188.3 million as a result of the local bond issued in April 2009 and an increase in loans of U.S.$126.2 million related to disbursements under the credit facilities for projects in construction, principally Nueva Ventanas and Angamos. This increase was partially offset by lower cash proceeds from the issuance of equity in the amount of U.S.$24.2 million, given the decrease in cash proceeds from the equity offering of U.S.$245.6 million completed in February 2009 as compared to the equity offering of U.S.$269.8 completed in June 2008.

During the year ended December 31, 2009, our principal financing activities were as follows:

- Eléctrica Angamos received U.S.$364.3 million in proceeds from disbursements under its project finance loan agreement. As a result, the total outstanding amount under this credit agreement equaled U.S.$376.5 million as of December 31, 2009, as compared to the outstanding amount of U.S.$12.2 million as December 31, 2008.

- Eléctrica Ventanas received U.S.$67.1 million in proceeds from disbursements under its project finance loan agreement. As a result, the total outstanding amount under this credit agreement equaled U.S.$363.5 million as of December 31, 2009, as compared to the outstanding amount of U.S.$296.4 million as of December 31, 2008.

- At the extraordinary shareholders' meeting held on November 19, 2008, shareholders voted to issue equity for up to U.S.$300.0 million divided among 945,000,000 shares, designating, as primary use of the funds, the financing of capital expenditure investments in our growth plan. The preemptive rights period for existing shareholders to participate ended on February 5, 2009, with 99.3% of new shares subscribed for a total amount equivalent to U.S.$239.5 million.

- In April 2009, Gener successfully issued Chilean bonds in U.S. dollars to finance capital expenditure investments included in our growth plan. The issuance was comprised of U.S.$196.0 million Series Q ten-year bonds with a bullet structure placed at a coupon rate of 8.5%.

Contractual Obligations

The following table sets forth, in accordance with IFRS, certain contractual obligations related to interest bearings liabilities, including financial lease obligations as of March 31, 2011:

	Contractual Obligations Amortizations due by year, as of March 31, 2011					
	Total	**2011**	**2012**	**2013**	**2014**	**2015 and beyond**
	(in U.S.$ millions)					
Bank Debt	1,126.8	34.4	44.6	59.1	56.1	932.6
Bond Debt	1,032.3	0.8	0.9	1.0	571.1	458.5
Total Interest Bearing Liabilities	**2,159.1**	**35.2**	**45.5**	**60.1**	**627.2**	**1,391.1**
Financial Lease Obligations	**26.7**	**0.9**	**0.6**	**0.6**	**0.6**	**24.0**

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, 2011, we were in compliance with all restrictions and covenants related to our obligations in our credit agreements and bond indentures. See note 30 to our consolidated financial statements.

In the table above, bank debt principally includes drawings under the project finance credit facilities executed by our subsidiaries Eléctrica Ventanas and Eléctrica Angamos for the construction of the Nueva Ventanas and Angamos coal-fired facilities. As of March 31, 2011, the outstanding principal due under both project finance facilities totaled U.S.$1,096.5 million 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. The final amount disbursed under this credit agreement was U.S.$404.0 million.

- On October 22, 2008, Eléctrica Angamos executed a project finance facility for the construction of the Angamos thermoelectric power plant for up to U.S.$908.5 million in a senior secured construction loan converting to a term loan and up to U.S.$80.0 million in letters of credit. The loan has a 17-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, 2011, the amount disbursed under this credit agreement was U.S.$700.9 million.

The remaining outstanding debt in the table above relates to the following:

- In 1999, our subsidiary Eléctrica Santiago issued bonds in the Chilean market with outstanding principal of UF 1,034,415 (U.S.$46.6 million as of March 31, 2011). These bonds are registered with the SVS under number 214. As of March 31, 2011, the outstanding principal amount was U.S.$46.6 million. As a result of a deterioration in Eléctrica Santiago's financial results, principally related to its contractual situation and higher cost generation subsequent to the Argentine gas curtailments, as of June 30, 2010, the minimum net worth covenant equal to UF 2 million (U.S.$75.5 million as of June 30, 2010) under Eléctrica Santiago's Chilean bond was breached resulting in a technical default. The technical default was cured within the 90-day cure period as a result of a capital increase of U.S.$55.0 million that was subscribed and paid for by Gener in Eléctrica Santiago on December 15, 2010. Upon execution of the capital increase, Eléctrica Santiago's net worth was equal to 2.1 million UF (approximately U.S.$91 million as of December 31, 2010). Remediation of the technical default was verified by majority vote, with a 100.0% approval at Eléctrica Santiago's bondholders' meeting held on December 29, 2010. As of December 31, 2010 and March 31, 2011, Eléctrica Santiago was in compliance with all financial covenants.

- In March 2004, we issued U.S.$400.0 million 7.50% Senior Notes due 2014 in the U.S. pursuant to a private placement under Rule 144A and Regulation S under the Securities Act. As of March 31, 2011, the outstanding principal amount was U.S.$400.0 million.

- In November 2004, Chivor executed a peso-denominated Colombian bank facility for approximately U.S.$84.7 million with a seven year maturity. As of March 31, 2011, the outstanding amount under this facility was U.S.$9.5 million.

- In November 2004, our Colombian subsidiary Chivor issued U.S.$170.0 million in 9.75% Senior Secured Notes due 2014 in the U.S. pursuant to a private placement under Rule 144A and Regulation S under the Securities Act. As of March 31, 2011, the outstanding principal amount was U.S.$170.0 million. Both Chivor's Senior Secured Notes and the local syndicated facility are guaranteed by an onshore trust agreement whereby Chivor's revenues from the sale of electricity are received and held in trust to guarantee payment of its debt service obligations under the local syndicated facility and a pledge over all of Chivor shares. In addition to the guarantees provided above, Chivor maintains an interest reserve account which was funded at the closing of the Senior Secured Notes. This reserve must be equal to the next scheduled interest payment at all times and may be funded with cash or one or more letters of credit. On January 11, 2011, Chivor funded this reserve with cash totaling U.S.$8.3 million.

- In October 2006, Eléctrica Santiago executed a U.S.$30.0 million syndicated credit agreement which was guaranteed by Gener under a joint and several liability agreement. As of March 31, 2011, the outstanding amount under this credit agreement was U.S.$21.0 million.

- In December 2007, we issued UF 5,600,000 bonds, divided in two series and registered with the SVS under numbers 516 and 517. This issuance includes Series N for UF 4,400,000 at 4.30% due in 2028 and Series O for UF 1,200,000 at 3.10% due in 2015. As of March 31, 2011, the outstanding principal amount was U.S.$219.5 million based on the amount of debt hedged under cross currency swap executed on December 19, 2007 and December 20, 2007.

- In April 2009, we issued bonds under Series Q for U.S.$196.0 million at 8.0% due in 2019. Series Q is registered with the SVS under number 517. As of March 31, 2011, the outstanding principal amount was U.S.$196.0 million.

Capital Expenditures

Our long-term strategy is to remain an important and profitable participant in the electricity generation business in Chile and Colombia. 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 2009 and March 31, 2011, we have added the following power plants: the Santa Lidia diesel-fired plant, which initiated commercial operations in April 2009; the Nueva Ventanas coal-fired plant, which initiated commercial operations in February 2010, and the first unit of our Angamos coal-fired plant, which was initiated commercial operations in April 2011.

Our most significant investing activities in the past three years have been related to the Nueva Ventanas, Angamos and Campiche 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 we are currently constructing include the second unit of our 523 MW coal-fired Angamos power plant and our 270 MW coal-fired Campiche power plant with estimated dates of completion during the fourth quarter of 2011 and the first quarter of 2013, respectively.

Our capital expenditures from January 1, 2009 through March 31, 2011 totaled U.S.$1,456.5 million. Our principal capital expenditures from January 1, 2009 through March 31, 2011 include the following:

- our Nueva Ventanas coal-fired plant, initiated commercial operations in 2010;
- our Angamos coal-fired plant, the first unit initiated commercial operations in April 2011 and the second unit is scheduled for completion in October 2011;
- our Campiche coal-fired plant, scheduled for completion in 2013;
- overhaul or major maintenance of our power plants, including equipment maintenance and refurbishing; and
- environmental improvements.

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

Capital Expenditures	**For the three months ended March 31, 2011**	**For the year ended December 31, 2010**	**2009**
		(in U.S.$ millions)	
Angamos Coal-Fired Plant	35.3	388.5	519.1
Campiche Coal-Fired Plant	18.7	12.9	116.8
Nueva Ventanas Coal-Fired Plant	0.1	20.7	77.4
Norgener BESS	–	0.0	12.3
Santa Lidia	–	–	3.2
Development Projects	1.7	4.8	0.4
Environmental Improvements	1.5	24.6	49.6
Maintenance	23.6	59.5	84.1
Other	–	–	1.8
Total Capital Expenditures	**80.9**	**511.0**	**864.7**

Although our board of directors has not yet approved their construction, we also have the necessary environmental approvals to construct three plants for a total of 1,992 MW gross installed capacity, these include: the 531 MW run-of-river hydroelectric Alto Maipo power plant in the SIC, the 560 MW coal-fired Cochrane power plant in the SING and the 750 MW coal-fired Los Robles power plant in the SIC. 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. In Colombia, we are in the final development stages for the 20 MW Hydroelectric Tunjita power plant, and expect to start construction in the near term.

We are in the process of developing a capital expenditure plan to upgrade our facilities to meet new emissions standards and to undertake remediation efforts in connection with more stringent environmental regulations in Chile. We estimate that between 2012 and 2014 we will invest approximately U.S.$150.0 million in emissions reduction equipment at four of our older coal plants, which were built between 1964 and 1997. Additionally, we estimate investments of approximately U.S.$50.0 million will be made by our equity-method investee Guacolda between 2012 and 2015. We are currently performing engineering studies in order to accurately determine the amount of the investments and the exact periods in which they will be made. Our new coal-fired plants, including those which recently initiated operations as well as those currently in construction, such as Nueva Ventanas and Campiche in the SIC and Angamos Units I and II, are not expected to require additional environmental 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 wind farms and solar energy projects in Chile.

Dividend Policy

Chilean law requires the distribution of at least 30% of our liquid net income in each fiscal year in the form of a obligatory minimum dividend payment, unless the regular annual shareholders' meeting unanimously votes against such distribution, or in the case that we have unabsorbed losses from prior years. We do not have an established dividend payment policy, and our dividend payment for each year is 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 2009, our shareholders approved an annual dividend payment equal to 55.19% of our 2008 net income with an obligatory minimum payment required by law of 30.0% paid out in May 2009, and an additional payment in July 2009. Subsequently, in November 2009, our board of directors approved an interim dividend of U.S.$40.00 million to be paid in December 2009 and charged to 2009 net income. In April 2010, our shareholders approved a total annual dividend payment equivalent to 61.0% of our 2009 net income, which was divided into four payments, including the interim dividend paid in December 2009, the remaining portion of the required by law dividend payment equal to 33.0% of net income in May 2010, and two additional payments in July 2010 and October 2010. In December 2010 our board approved an interim dividend of U.S.$73.0 million to be paid in January 2011 with respect to 2010 net income. In April 2011, our shareholders approved an annual dividend payment equal to 100.0% of our 2010 net income, which was divided into two payments including the interim dividend payment paid in January 2011 and a second dividend payment in May 2011. Additionally, our shareholders approved an additional dividend payment equal to 24.8% of the future dividends reserve which was also distributed in May 2011.

The dividends paid during the three-month period ended May 31, 2011 and during the years ended December 31, 2009 and 2010 are shown in the following table:

Dividends paid by Gener

Payment Date	Dividend Type	Amount	U.S.$ per share
May 7, 2009	Final	45,690,636	0.005662
July 7, 2009	Additional	40,437,262	0.005011
December 15, 2009	Interim	40,025,707	0.004960
May 11, 2010	Final	70,279,009	0.008709
July 7, 2010	Additional	44,851,387	0.005558
October 7, 2010	Additional	44,851,387	0.005558
January 5, 2011	Interim	73,030,776	0.009050
May 6, 2011	Final	96,739,552	0.011988
May 6, 2011	Additional	71,997,855	0.008922

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 in both 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 internationally as the primary fuel for several of our plants and locally and internationally for our equity-method investee Guacolda's plants. 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 duration of between 1 to 3 years. In terms of pricing, we select distinct mechanisms in order to align sale price indexation formulae 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, which is connected to the SING via a transmission line owned by us, continues to receive gas supplies purchased under contracts with Argentine producers. TermoAndes sells electricity in the SING and the SADI. In recent years, gas supply restrictions in Argentina, particularly in the southern cone winter season, have periodically reduced generation by TermoAndes, which has resulted in a reduction of electricity exports to Chile, while typically maintaining generation levels in the Argentine market.

Our back-up plants, including the CCGTs mentioned above and our gas turbines, utilize diesel. In Chile, diesel is purchased from local suppliers at prices set by the state owned company, *Empresa Nacional del Petroleo*, or ENAP. This price is mainly 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 2009, 2010 or the first half of 2011, 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 SING, our TermoAndes plant sells in the spot market and in the SADI sells to 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 2011, we estimate that an increase of 10.0% in the cost of diesel during the period ended March 31, 2011 would have resulted in a positive variation of approximately U.S.$10.8 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 dollars. We hold our short-term cash investments mostly in U.S. dollars. As of March 31, 2011, 85.8% of AES Gener's short-term cash investments were denominated in U.S. dollars, 8.9% in Chilean pesos and 5.3% in Colombian pesos.

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.$217.0 million, which extends throughout the duration of the debt. As of March 2011, 97.4% 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.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our assets and liabilities will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

We manage our interest rate risk by having a balanced portfolio of fixed and variable rate debt. Additionally, in order to mitigate interest rate risk fluctuations associated with our variable rate long-term obligations, we have executed coverage in the form of interest rate swaps. At present, interest rate swaps have been executed for part of the project finance debt associated with the Nueva Ventanas and Angamos projects. As of March 31, 2011, 87.6% of our total financial debt was at fixed rates, including debt with associated interest rate hedges.

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, over 90% of which 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 Colombia, 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.

Our financing and investment agreements are executed with high-quality local and foreign financial institutions. 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:

- Gener provided a letter of credit to the Municipality of Mejillones on behalf of Eléctrica Angamos for an amount of UF 12,666 (U.S.$570,000) with an expiration date of October 31, 2011, in order to guarantee urban works related to the Angamos project.

- Norgener provided a stand-by letter of credit for the amount of U.S.$500,000 which expired on May 31, 2011, in favor of Corporación Nacional del Cobre S.A. (Codelco) to guarantee the term and validity of the offer presented in the electricity supply bid process for the Mina Ministro Hales project. Currently, contract negotiations continue and, as a result, such letter may be re-issued upon request of Codelco.

- Eléctrica Angamos provided a stand-by letter of credit for the amount of U.S.$28.4 million due on December 5, 2011, in favor of Minera Escondida Ltda. to guarantee a power purchase agreement associated with Angamos power plant.

- Eléctrica Angamos provided a stand-by letter of credit for the amount of U.S.$11.6 million due on December 5, 2011, in favor of Minera Spence S.A. to guarantee a power purchase agreement associated with Angamos power plant.

- Eléctrica Angamos provided a stand-by letters of credit for the total amount of U.S.$18.0 million due on February 11, 2012, in favor of Terminal Graneles del Norte S.A. to guarantee a port services agreement associated with Angamos power plant.

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

- On December 19, 2007, Gener 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 U.S. 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 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, 2011, no credit support was required.

- On October 4, 2006, Gener executed a "Guarantee and Joint and Several Liability Agreement" to secure Eléctrica Santiago's obligations under a local credit agreement entered into between Eléctrica Santiago and a syndicate of banks led by Banco de Crédito e Inversiones for a total amount of U.S.$30.0 million. As of March 31, 2011, the amount of indebtedness outstanding was equal to ThU.S.$21.0.

- On December 29, 2010, Eléctrica Santiago resolved all pending disputes with gas transportation companies TGN, GasAndes Chile and GasAndes Argentina. Gener executed guarantees with TGN and GasAndes Argentina agreeing to jointly and severally guarantee future settlement payments to be made by Eléctrica Santiago.

See notes 30 and 31 to our consolidated financial statements.

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, 2011, we had an outstanding principal amount of interest-bearing indebtedness of U.S.$2,159.1 million, of which U.S.$2,123.9 had maturities beyond 2011.

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

	As of March 31, 2011					
		Expected contractual maturity date				
	Average interest rate	2011	2012	2013	2014	2015 and beyond
		(in U.S.$ millions)				
Fixed Rate						
(UF Swapped to U.S.$)	5.50%	–	–	–	–	47.0
(UF Swapped to U.S.$)	7.34%	–	–	–	–	172.5
(U.S.$)	7.50%	–	–	–	400.0	–
(U.S.$)	8.00%	–	–	–	–	196.0

	As of March 31, 2011					
		Expected contractual maturity date				
	Average interest rate	2011	2012	2013	2014	2015 and beyond
		(in U.S.$ millions)				
(UF)	7.50%	0.8	0.9	1.0	1.1	42.9
(U.S.$)	9.75%	–	–	–	170.0	–
(U.S.$)	6.95%	6.0	6.0	6.0	3.0	–
Variable Rate						
(U.S.$)	LIBOR + Spread	19.0	21.1	22.5	25.5	307.5
(U.S.$)	LIBOR + Spread	–	17.6	30.7	27.6	625.1
(Col$)	DTF(1) + Spread	9.5	–	–	–	–
Total		**35.2**	**45.5**	**60.1**	**627.2**	**1,391.1**

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

A portion of the debt associated with the Eléctrica Ventanas and Eléctrica Angamos project finance debt has been swapped to cover the risk of variations in the LIBOR rate. Accordingly, 83.1% of the total variable rate debt, equal to U.S.$1,096.5 million, has effectively been swapped to fixed rate debt as of March 31, 2011. As a result of these interest rate swaps, as of March 31, 2011, fixed rate debt, including swapped debt, represents U.S.$1,891.7 million, or 87.6% 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, 2010 and in three-month period ended March 31, 2011, the majority of our consolidated net sales, revenues, costs and expenses were denominated in or indexed to the U.S. dollar. As of March 31, 2011:

- approximately 86.8% of our sales are denominated in or indexed to U.S. dollars or are associated with currency hedging;
- approximately 92.8% of our costs are denominated in or indexed to U.S. dollars;
- approximately 97.4% of our indebtedness is denominated in U.S. dollars or is associated with currency hedging; and
- approximately 77.9% of our consolidated total assets are denominated in U.S. dollars.

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 Chivor is the Colombian peso since most of its revenue, specifically contract sales, and cost of sales are primarily in Colombian pesos. As of March 31, 2011, sales in Colombian pesos represented 11% 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 contract prices are determined in U.S. dollars but paid in Argentine pesos. SADI sales represented 2% of our consolidated revenue in the three month period ended March 31, 2010.

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 our allowance for doubtful accounts, inventory, allowance for recoverable taxes, restructuring of our operations, useful lives of property, plant and equipment, goodwill, contingent liabilities, income tax evaluation allowances, pension plans and the fair value of financial instruments. 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 2 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.

Before its elimination under the regulatory mechanism, as of December 31, 2009, the Company accrued revenues from non-contractual energy sales to distributors at spot price in accordance with Transitory Article 3 of Law 20,018. This standard establishes that "generation companies shall receive the current node price for supplies not covered by contracts, crediting or charging the respective positive or negative differences between the spot price and the current node price." In accordance with Exempt Resolution No. 885 dated December 24, 2007, from the National Energy Commission's Toll Office, these differences will be settled by increasing the node price by up to 20.0%. If a 20.0% increase were insufficient to cover these differences, the remaining difference would be added to node prices for future periods until the difference has been completely exhausted.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, as appropriate. As established by IFRS 1 "First-time adoption of IFRS," we opted to use the "fair value or revaluation as deemed cost" for certain assets at the date of transition to IFRS. The revaluation effect has been recorded in the account "Other Reserves" in Equity.

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 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 value 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 units are retired, the original cost and decommissioning charges, less residual value, are charged to accumulated depreciation.

In accordance with IAS 36, "Impairment of Assets," an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall 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.

AES Corporation, the majority shareholder of AES Gener, grants share-based compensation, which consists of a combination of options and restricted stock to some employees of its subsidiaries. In general, the rights of these plans vest over a term of three years.

The fair value of employee services received in exchange for a stock option award is expensed in earnings and a corresponding increase in equity is recorded. The cost is measured as of 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.

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 premeasured 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 flow hedge.

The unrealized losses relating to a fair value hedge are included in earnings, and unrealized gains are deferred until the related contract matures. We have not used fair value hedges in the current reporting years.

The changes in fair value in a cash flow 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 fair value are recognized into 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 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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences 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 rate used to calculate deferred taxes is the same as the one used in the calculation of income tax expense. A change in the income tax rate can affect when deferred taxes reverse.

BUSINESS

General

We are engaged in the generation and supply of electricity in three principal markets: the SIC and the SING in Chile and the SIN in Colombia. We also generate and supply electricity in the SADI in Argentina. We are the second-largest electricity generation company in Chile, with market share of approximately 21.5% as of May 31, 2011, based on installed capacity, and a significant presence in both the SIC and the SING. In the SIC, which covers over 92.2% of Chile's population, including the densely populated Santiago Metropolitan Region, our market share totaled 18.8% and in the SING, where mining consumption is dominant, our market share totaled 29.9%, both as of May 31, 2011. In Colombia, we own the third-largest hydroelectric facility and our market share as of May 31, 2011 was 7.2% based on installed capacity, making us the sixth-largest generation company in the country.

In Chile, we have a diversified generation portfolio in terms of geography, technology and fuel source. Our installed capacity is located near the principal electricity consumption centers, including Santiago, Valparaiso and Antofagasta, extending from Antofagasta in the north to Concepción 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. As of May 31, 2011, our installed capacity in Chile totaled 3,546 MW, comprised of 2,362 MW in the SIC and 1,184 MW in the SING. Our TermoAndes plant is connected to the SING and the SADI. In Chile, we also have two coal-fired projects with gross capacity of 529 MW, a 20 MW battery energy storage project currently under construction and several other projects in development, including hydroelectric and thermoelectric projects with environmental permits for 1,992 MW.

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

Competitive Strengths

We believe our key competitive strengths are:

- *High-quality and diversified generation assets*. We have high-quality generation assets diversified in terms of geographic location, technology and energy source. We operate principally in three independent markets, the SIC and the SING, each in Chile, and the SIN in Colombia, which provides us with a competitive advantage due to the diversification of our revenues from each market. We also generate and supply electricity in the SADI in Argentina. In the three-month period ended March 31, 2011, the Adjusted EBITDA contribution from the SIC, SING and SADI, and Colombia was 35.4%, 43.6% and 21.0%, respectively. We are the second-largest generation company in Chile with 21.5% of total installed capacity in the country, and have a significant presence in both major electric systems in Chile, with participation of 18.8% in the SIC and 29.9% in the SING. Size is a competitive advantage given the capital intensive nature of our industry. We are both geographically and technology 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 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 and plant outages. Our dam-based plant in Colombia has unique hydrology which is counter-cyclical to that of the other principal Colombian generators, providing us with a competitive advantage to strategically manage our operations.

- *Established and robust presence in attractive markets.* Our principal businesses are in the Chilean and Colombian markets. We have been supplying electricity to the Chilean market since 1981, with the spin-off of the state-owned vertically integrated power company into distinct operating companies, and to the Colombian market since 1996, with the acquisition of our 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. Recent regulatory reforms in both countries further consolidated the regulatory framework to encourage investment by improving the transparency and recovery of investment expenditures. In Chile, regulatory amendments in 2004 and 2005 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-capacity 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 gross generation, has grown at an average compounded rate of 4.1% in the SIC and 5.1% in the SING since 2000. The CNE projects electricity consumption to grow at an annual average compounded rate of 6.1% in each of the SIC and SING in the next ten years. Demand for electricity in Colombia, based on gross generation, has grown at an average compounded annual rate of 3.2% since 2000 and the UPME projects annual growth of 3.8% in the next ten years.

- *Commercial policy based on contracts with high-quality and reliable customers providing stable cash flows*. In Chile, we optimally 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, 2011, we have long-term contracts with high-quality and reliable distribution companies as well as mining and industrial companies for a total of 1,829 MW in Chile. Our principal customers include the distribution companies Chilectra S.A., Chilquinta Energía S.A., Compañía General de Electricidad S.A. and EMEL S.A. and mining companies such as Minera Escondida Ltda., Minera Spence S.A., and Anglo American Sur S.A. 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 include both fixed and variable payments along with indexation mechanisms which periodically adjust 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. In Colombia, we maximize cash flow and operating margin by applying integrated business risk management 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, 2010, approximately 84.7% of our generation in Colombia 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 three years, include indexation mechanisms to adjust for movements in the Colombian PPI.

- *Solid financial profile*. We maintain a solid financial profile with strong liquidity, stable cash flows and broad access to local and international capital markets. We hold investment grade ratings with the principal international rating agencies (Baa3 with Moody's and BBB- with both S&P and Fitch). As of March 31, 2011, our total consolidated cash and cash equivalents balance, including time deposits, was equal to U.S.$579.5 million and we had unused committed credit facilities for approximately U.S.$219.2 million.

- *Successful project management and attractive development portfolio*. Since 2007, we have constructed and initiated commercial operations of 1,123 MW of new capacity, representing almost 21.5% of the aggregate new capacity in the SIC and SING during the same period. Our successful project management and demonstrated construction skills with completion of these projects represent a clear competitive advantage. Additionally, we currently have under construction two coal-fired projects with gross capacity of 529 MW, of which 259 MW are scheduled to begin operations in October 2011 and the remaining 270 MW in the first quarter of 2013, and one 20 MW battery energy storage project scheduled to initiate operations in early 2012. Our development strategy focuses its efforts on obtaining environmental permits, solid construction contracts, power purchase agreements and structured financing for the execution of a new investment. We have several other projects in development totaling 1,992 MW, including advanced hydroelectric and thermoelectric projects for which environmental permits have been obtained. We also possess significant water rights which can be used to develop new hydroelectric projects in Chile.

- *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. Additionally, our management's experience in project management and construction has recently been demonstrated with the successful completion of new generation projects totaling 1,123 MW since 2007.

Business Strategy and Objectives

Our goal is to maximize long-term shareholder returns by achieving operational, commercial and financial excellence in the provision of reliable and sustainable electricity in the markets in which we operate.

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 flow 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 price indexed 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 flow and operating margin by applying an integrated business risk management and optimizing 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.

- *Financial excellence*. Our financial policy focuses on profitability, stability and liquidity 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 flow 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 tenure of these new investments and, in the future, we plan to continue to balance our capital structure in the same manner, maintaining a broad and balanced access to the local and international capital markets. Specifically, with the execution of non-recourse project finance debt, we isolate a significant portion of the development risks. We focus on maintaining strong liquidity and a manageable debt amortization schedule. As of March 31, 2011, our total consolidated cash and cash equivalents balance, including time deposits, was equal to U.S.$579.5 million, our outstanding indebtedness was equal to U.S.$2,159.1 million and we had unused committed credit facilities of approximately

U.S.$219.2 million. We actively manage risks to ensure 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, eight years after Thomas Alva Edison invented the light bulb, 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 ("Chilectra"). Chilectra 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'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, Peru and the Dominican Republic. During this decade, in addition to participating in the electricity generation business, Gener was also engaged in other activities such as the generation and commercialization of steam; the extraction and sale of coal; the exploration, extraction and transportation of natural gas; the exploration and production of oil; the production and sale of densified biofuel; shipping and port services; and engineering services provided primarily to the electric and sanitation sectors.

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 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, 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, AES Corporation, through its subsidiary Inversiones Cachagua Ltda. ("Inversiones Cachagua"), launched a tender offer for a controlling percentage of Gener. Additionally, AES Corporation entered into an agreement with the French company TotalFinaElf under which the latter agreed to purchase Gener's electricity assets in Argentina if the tender offer was successful.

On December 28, 2000, the Santiago Stock Exchange auctioned Gener shares, and Inversiones Cachagua purchased 61.1% of Gener's capital stock. On the following day in the United States, Gener's ADRs, representing a 34.6% stake in Gener, were exchanged for AES Corporation shares. After taking control of Gener, Inversiones Cachagua held a second public offering in Chile in February 2001, acquiring an additional 2.9% of 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.

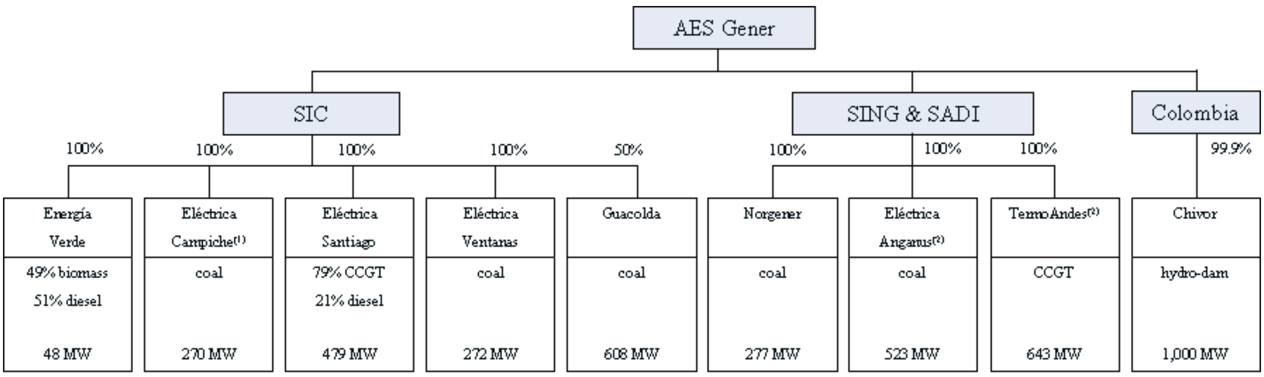
As part of the AES group, Gener changed its name to AES Gener S.A. in 2001 and began to sell assets in order to concentrate its business activities in power generation, primarily in Chile. In 2004, through a capital increase, Inversiones Cachagua's stake in AES Gener increased to 98.8%. In April 2006, 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 80.11% 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 80.16% by the end of the preemptive rights period. Later, in November 2008, Inversiones Cachagua sold 9.55% of AES Gener on the market, reducing its participation to 70.61%. In February 2009, AES Gener concluded the preemptive right period of a capital increase process for approximately U.S.$245.6 million. Inversiones Cachagua took part in the process and increased its participation slightly. As of June 30, 2011, Inversiones Cachagua's stake in AES Gener was 70.67%.

Since 2006, we have successfully expanded in Chile by adding 1,123 MW of new installed capacity and are currently continuing with this expansion plan with 549 MW under construction. Our new cost-efficient generation plants include: subsidiary Eléctrica Ventanas' Nueva Ventanas plant (272 MW), subsidiary Eléctrica Angamos' Unit I (264 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 the first battery energy storage facility in Chile, Norgener BESS (12 MW), in 2009. We are also currently constructing the Campiche coal-fired plant (270 MW), subsidiary Eléctrica Angamos' Unit II (259 MW) and Angamos BESS (20 MW), with scheduled commercial operation dates in the first quarter of 2013, October 2011, and the first quarter of 2012, respectively.

Organizational Structure

We are an operating company and conduct a substantial portion of our business through subsidiaries and one equity-method investee. The following chart presents, as of June 30, 2011, 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 investees.



(1) Campiche and Angamos Unit II currently under construction.
(2) TermoAndes is connected to both the SING and the SADI.

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
Empresa Eléctrica Angamos S.A.	Eléctrica Angamos	100.00%	2008	Chile	Owns and operates a 523 MW coal-fired generation facility with two units in the SING
Empresa Eléctrica Campiche S.A.	Eléctrica Campiche	100.00%	2008	Chile	Owns a 270 MW coal-fired generation project currently under construction in the SIC
Empresa Eléctrica Cochrane S.A.	Eléctrica Cochrane	100.00%	2009	Chile	Owns a 560 MW coal-fired generation facility with two units currently under development 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
Energía Verde S.A.	Energía Verde	99.99%	1991	Chile	Owns and operates two biomass-fired cogeneration plants with capacity of 23.8 MW, a 25 MW diesel oil-fired gas turbine and a biomass-fed low-pressure boiler that generates steam for industrial use in the SIC
Energy Trade And Finance Corporation	ETFC	100.00%	1993	Cayman Islands	Owns 99.98% of AES Chivor
Gener Argentina S.A.	Gener Argentina	100.00%	1993	Argentina	Owns 86.99% and 66.99% in InterAndes and TermoAndes, respectively
InterAndes S.A.	InterAndes	100.00%	1997	Argentina	Owns a 345 kV, 270 km transmission line connecting TermoAndes to the SING
Inversiones Nueva Ventanas S.A.	Inversiones Nueva Ventanas	100.00%	2007	Chile	Owns 99.90% of Eléctrica Ventanas, Eléctrica Angamos, Eléctrica Campiche and Eléctrica Cochrane
Norgener S.A	Norgener	99.99%	1993	Chile	Owns and operates a 277 MW coal-fired generation facility in the SING
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 SING and SADI

Related Companies

Company Name	Short Name	Ownership*	Acquisition / Creation	Headquarters	Description
Empresa Eléctrica Guacolda S.A.	Guacolda	50.00%	1992	Chile	Owns and operates four coal-fired generating units with total capacity of 608 MW 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

* Direct and indirect ownership

Empresa Eléctrica Angamos S.A. has its registered offices at Mariano Sánchez Fontecilla 310, 3rd Floor, Las Condes, Santiago, Chile. Eléctrica Angamos has 396,793,371 in issued capital, of which 59,866,192 is still to be paid. No dividends were received in respect to these shares in the last fiscal year.

Empresa Eléctrica Campiche S.A. has its registered offices at Alonso de Córdova 5151, Of. 902, Las Condes, Santiago, Chile. Eléctrica Campiche has 8,669,066 in issued capital, all of which is fully paid. No dividends were received in respect to these shares in the last fiscal year.

Empresa Eléctrica Ventanas S.A. has its registered offices at Alonso de Córdova 5151, Of. 902, Las Condes, Santiago, Chile. Eléctrica Ventanas has 77,068,470 in issued capital, all of which is fully paid. No dividends were received in respect to these shares in the last fiscal year.

Energy Trade And Finance Corporation has its registered offices at P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands. ETFC has issued capital of 23,596,735, all of which is fully paid. Dividends of U.S.$181,552,123 were received in respect to these shares in the last fiscal year.

Gener Argentina S.A. has its registered offices at Olga Cossettini 771,1º B Capital Federal CP1107, República Argentina. Gener Argentina has issued capital of 224,928,640, all of which is fully paid. No dividends were received in respect to these shares in the last fiscal year.

Inversiones Nueva Ventanas S.A. has its registered offices at Mariano Sánchez Fontecilla 310, 3rd Floor, Las Condes, Santiago, Chile. Inversiones Nueva Ventanas has issued capital of 488,397,773, of which 59,868,217 is still to be paid. No dividends were received in respect to these shares in the last fiscal year.

Norgener S.A. has its registered offices at Jorge Hirmas 2964 Renca, Santiago, Chile. Norgener has issued capital of 261,537,627, all of which is fully paid. No dividends were received in respect to these shares in the last fiscal year.

Sociedad Eléctrica Santiago S.A. has its registered offices at Jorge Hirmas 2964 Renca, Santiago, Chile. Eléctrica Santiago has issued capital of 258,265,680, of which 10,499,994 is still to be paid. No dividends were received in respect to these shares in the last fiscal year. Eléctrica Santiago has reserves equaling U.S.$197,000 and had a net loss of U.S.$59,000,000 in the last fiscal year.

Generation Assets

As of May 31, 2011, our total gross installed capacity was 4,546 MW, of which 1,761 MW (38.7%) is coal-fired, 1,271 MW (28.0%) is hydroelectric, 1,022 MW (22.5%) is dual-fueled, capable of operating alternatively with gas or diesel, 469 MW (10.3%) is diesel-fired and 24 MW (0.5%) is biomass-fired.

In the SIC, our generating portfolio includes 1,220 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 848 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 24 MW in biomass plants in southern SIC near Concepción. Currently, our 270 MW Campiche coal-fired plant is under construction and scheduled to initiate operations during the first quarter of 2013.

In the SING, our 1,184 MW generation portfolio is diversified between coal and gas/diesel. We have 541 MW in coal-fired generating capacity, a 643 MW CCGT which can alternatively utilize natural gas or diesel, and a 12 MW BESS facility. Our CCGT, the TermoAndes plant, is connected to and makes sales in both the SING and the SADI. We also have two facilities currently under construction, including our second coal-fired unit at the Angamos facility (Angamos Unit II) with 259 MW which is expected to start operations in October 2011, and a second BESS project (Angamos BESS) with 20 MW.

In Colombia, through our subsidiary Chivor, we own the third-largest hydroelectric plant in the country with installed capacity of 1,000 MW, according to data provided by XM.

The table below shows our generation assets by market as of May 31, 2011:

SIC GENERATION ASSETS						
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	54.7
Laguna Verde (TG)	Laguna Verde, Valparaíso, Region V	1990	Turbo Gas-diesel	Diesel	1	18.8
Los Vientos	Las Vegas, Llay-Llay, Region V	2007	Turbo Gas-diesel	Diesel	1	132.0
Santa Lidia	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
Eléctrica Santiago						
Renca	Renca Municipality, Santiago, R.M.	1962	Diesel Plant	Diesel	2	100.0
Nueva Renca[2]	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
Energía Verde						
Constitución	Constitución Region VII	1995	Biomass Cogeneration	Biomass	1	11.1
Laja	Cabrero, Region VIII	1995	Biomass Cogeneration	Biomass	1	12.7
San Francisco de Mostazal	San Francisco Mostazal, Region VI	2000	Steam Generation with Biomass	Biomass	1	0[3]
San Francisco de Mostazal	San Francisco Mostazal, Region VI	2002	Turbo Gas-diesel	Diesel	1	24.0
Eléctrica Guacolda						
Guacolda	Huasco, Region III	1995-1996 2009-2010	Coal-steam	Coal	4	608.0
Total Installed Capacity - SIC						**2,362.3**

Projects Under Construction						
Plant	**Location**	**Start-up Year**	**Type**	**Primary Energy Source**	**Units**	**Installed Capacity (MW)**
Campiche[4]	Ventanas, Region V	2013	Coal-steam	Coal	1	270.0

SING GENERATION ASSETS						
Plant	**Location**	**Start-up Year**	**Type**	**Primary Energy Source**	**Units**	**Installed Capacity (MW)**
Norgener						
Norgener	Tocopilla, Region II	1995–1997	Coal-steam	Coal	2	277.3

SIC GENERATION ASSETS						
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
Eléctrica Angamos						
Angamos - Unit I	Mejillones, Region II	April 2011	Coal-steam	Coal	1	264.0
Total Installed Capacity - SING						**1,184.1**

Projects Under Construction - SING

Plant	Location	Start-up Year	Type	Primary Energy Source	Units	Installed Capacity (MW)
Angamos - Unit II(5)	Mejillones, Region II	October 2011	Coal-steam	Coal	1	259.0

COLOMBIA GENERATION ASSETS						
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 - Colombia						**1,000.0**

(1) The Maitenes plant was rebuilt in November 1987 after the flood of the Colorado River; includes auxiliary plant Maitenes.
(2) The Nueva Renca plant has capacity of 355 MW when operating with diesel and 379 MW when operating with natural gas.
(3) Steam turbine.
(4) Commercial operations are scheduled to commence during the first quarter of 2013. Gross capacity is based on technical specifications.
(5) Commercial operations are scheduled to commence during the fourth quarter of 2011. 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 12,538 MW as of December 31, 2010, 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 74.4% of the country's power. The SING is the second-largest power grid in Chile with an installed capacity of 3,960 MW as of December 31, 2010. 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 6.2% of Chile's population. 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, 2010:

Chile Installed Capacity by Energy Source (MW)				
	SIC	%	SING	%
Hydroelectric	5,704	45.5%	110	0.3%
Thermoelectric	6,658	53.1%	3,950	99.7%
Wind	176	1.4%	-	0.0%
Total	**12,538**	**100.0%**	**3,960**	**100.0%**

Source: CNE

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 3,546 MW and market share of 21.5% as of March 31, 2011 based on installed capacity. In the SIC, we have installed capacity of 2,362 MW representing 18.8% 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 5,040 MW and Colbún S.A. (Colbún) with installed capacity of 2,378 MW. In the SING, we have installed capacity of 1,184 MW representing 30.0% of gross installed capacity in the system. Our main competitors in this system are E.CL S.A. ("E.CL"), with installed capacity of 1,796 MW and Endesa with installed capacity of 962 MW.

The following table shows the installed capacity of the principal generation companies in Chile as of December 31, 2010:

Chile Installed Capacity (MW)		
	Installed Capacity	**%**
Endesa	6,003	36.4%
Gener	3,546	21.5%
Colbún	2,378	14.4%
E.CL	1,796	10.9%
Others	2,774	16.8%
Total	**16,498**	**100.0%**

Source: CNE

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% of the country's population. The ZNI, which covers the remaining two-thirds of the Colombian national territory, serves only 4.0% of the population. In the SIN, hydrology has a significant impact on supply given that approximately 66% of the system's installed capacity comes from hydroelectric plants which are dependent upon rainfall. The SIN's installed capacity was 13,796 MW as of December 31, 2010, composed of 65.8% hydroelectric generation, 32.2% thermoelectric generation and 2.0% other mines, cogeneration and self-generation plants.

The following table provides a breakdown of the type of electric capacity in the SIN as of December 31, 2010:

SIN Installed Capacity by Energy Source (MW)		
	SIN	**%**
Hydroelectric	9,075	65.8%
Thermoelectric	4,444	32.2%
Other	277	2.0%
Total	**13,796**	**100.0%**

Source: XM

We sell the electricity we generate in Colombia 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), which together currently provide nearly one-fourth of Colombia's electricity production. We are the sixth-largest generation company in the SIN and our installed capacity represents approximately 7.0% of system capacity as of December 31, 2010. Our principal competitors include Endesa with installed capacity of 2,878 MW, Empresas Públicas de Medellín E.S.P ("EPM") with 2,607 MW, Isagen S.A. E.S.P. ("Isagen") with 2,256 MW, Compañía Colombiana de Inversiones S.A. E.S.P ("Colinversiones") with 1,779 MW and GECELCA S.A. E.S.P. ("Gecelca") with 1,208 MW.

The following table shows the market share of the principal generation companies in the SIN as of December 31, 2010:

SIN Installed Capacity by Company (MW)		
	Installed Capacity	**%**
Endesa	2,879	20.9%
EPM	2,607	18.9%
Isagen	2,256	16.4%
Colinversiones	1,779	12.9%
Gecelca	1,208	8.8%
Chivor	1,000	7.2%
Other	2,067	15.0%
Total	**13,796**	**100.0%**

Source: XM

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, outstripping GDP growth on average in the past 10 years. In the SIC, electricity demand growth was negative in 2008 due to efficiency and reduced energy use programs established by the government to incentivize the reduction of energy consumption given particularly dry hydrology. During 2009, electricity demand growth and GDP growth were negatively affected by the international economic crisis. However, during 2010, growth recovered, growing by 4.2% in the SIC, despite the strong earthquake in Chile in February 2010. In the SING, demand growth depends principally on the development of new large mining projects. In 2010, growth was only 1.3%, as a result of the delay in mining projects related to the international financial economic crisis.

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	GDP Growth
2005	4.5%	2.7%	5.5%
2006	6.5%	4.6%	4.6%
2007	4.6%	5.4%	4.6%
2008	-1.2%	4.0%	3.7%
2009	-0.2%	2.8%	-1.7%
2010	4.2%	1.3%	5.3%

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 compounded average growth rate of approximately 6.1% per year. Below is a summary of projected demand, broken down by regulated and unregulated expected energy consumption:

Chile Energy Sales Projections

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Projected Growth - SIC											
Unregulated Clients GWh	17,691	19,210	20,864	22,536	24,384	26,080	27,872	29,788	31,830	34,007	35,887
Growth Rate	4.00%	6.60%	6.70%	6.50%	6.50%	5.90%	5.90%	5.80%	5.80%	5.80%	5.50%
Regulated Clients GWh	25,020	26,321	27,720	29,187	30,690	32,269	33,897	35,571	37,328	39,170	41,324
Growth Rate	2.10%	5.20%	5.30%	5.30%	5.20%	5.10%	5.00%	4.90%	4.90%	4.90%	5.50%
Total SIC GWh	42,711	45,531	48,584	51,723	55,074	58,349	61,768	65,359	69,158	73,176	77,211
Growth Rate	4.00%	6.60%	6.70%	6.50%	6.50%	5.90%	5.90%	5.80%	5.80%	5.80%	5.50%
										CAGR	6.10%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Projected Growth - SING											
Unregulated Clients GWh	13,117	14,007	14,908	15,869	16,867	17,911	19,002	20,160	21,388	22,670	24,029
Growth Rate	6.70%	6.80%	6.40%	6.40%	6.30%	6.20%	6.10%	6.10%	6.10%	6.00%	6.00%
Regulated Clients GWh	1,503	1,572	1,643	1,717	1,794	1,875	1,959	2,047	2,140	2,236	2,336
Growth Rate	4.70%	4.60%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total SING GWh	14,620	15,579	16,551	17,585	18,661	19,786	20,962	22,208	23,528	24,906	26,365
Growth Rate	6.50%	6.60%	6.20%	6.20%	6.10%	6.00%	5.90%	5.90%	5.90%	5.90%	5.90%
										CAGR	6.07%

Source: CNE April 2011 Node Price Report for the SIC and CNE; April 2011 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% of total generation. On average, during the last three years, hydroelectric generation has represented 55% of total energy production, while the installed hydroelectric capacity of the system is 45.5%. The higher amount of hydroelectric generation produced, as compared to installed capacity in the system, is explained by its competitive position in the dispatch order. Thermoelectric generation represents on average 45.0% of the total generation, while its installed capacity represents approximately 53.1% 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 also 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, 2010, 2009, and 2008:

SIC Total Generation by Energy Source

	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric	21,198	49.1%	24,495	58.7%	23,536	56.2%
Coal	8,835	20.5%	7,296	17.5%	6,311	15.1%
Gas	7,313	16.9%	1,937	4.6%	1,244	3.0%
Diesel	4,645	10.8%	6,972	16.7%	9,964	23.8%
Other	1,167	2.7%	1,037	2.5%	794	1.9%
Total Generation	**43,158**	**100%**	**41,737**	**100.0%**	**41,849**	**100.0%**

Source: CNE

During 2010, our coal generation in the SIC grew by approximately 55.0%, due to the initiation of commercial operations of our Nueva Ventanas facility in February 2010. Additionally, our gas generation increased by 1,500.0% as a result of the dispatch of our back-up CCGT utilizing LNG in the last quarter of 2010, principally due to the drought which affected the system.

The following table provides our electricity generation in the SIC by type of facility during the years ended December 31, 2010, 2009, and 2008:

AES Gener Total Generation in the SIC						
	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric	1,441	19.9%	1,468	27.3%	1,506	24.4%
Coal	3,766	52.1%	2,423	45.0%	2,664	43.2%
Diesel	1,388	19.2%	1,373	25.5%	1,893	30.7%
Gas	554	7.7%	35	0.6%	6	0.1%
Biomass	80	1.1%	86	1.6%	94	1.6%
Total Generation	**7,228**	**100.0%**	**5,384**	**100.0%**	**6,163**	**100.0%**

Source: CNE

SING

The SING, which includes the extensive Atacama desert, is characterized by having very scarce water resources for electricity generation. As a result, 99.7% of the system's total installed capacity comes from thermoelectric generation. As of December 31, 2010, 57.9% of this generation was derived from coal, 26.8% from gas and 15.0% from diesel and fuel oil. In the SING, demand is generally driven by industrial activities, primarily mining. Approximately 89.1% of demand in the SING is derived from unregulated customers and the remaining 10.9% from regulated customers. Coal-fired generation in the SING has been fairly stable over the past three years at an average of 57.7%, while gas generation has increased, thereby replacing diesel generation. This increase in gas generation is driven by the commencement of operations of the GNL Mejillones plant in May 2010. Before GNL Mejillones operations commenced, gas contribution was driven by the availability of gas imported from Argentina.

The following summarizes the energy produced in the SING by energy source facility during the years ended December 31, 2010, 2009, and 2008:

SING Total Generation by Energy Source						
	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Coal	8,737	57.9%	8,439	56.6%	8,481	58.5%
Diesel & Fuel Oil	2,264	15.0%	3,405	22.8%	4,241	29.2%
Gas	4,042	26.8%	3,000	20.1%	1,713	11.8%
Hydroelectric	57	0.3%	62	0.5%	68	0.5%
Total Generation	**15,100**	**100.0%**	**14,906**	**100.0%**	**14,502**	**100.0%**

Source: CNE

During 2010, our coal generation grew by approximately 15.5%, due to the testing of the first unit of the Angamos plant, Angamos Unit I, which started commercial operations in early 2011, and higher generation from Norgener due to the start up of the 12 MW Norgener BESS facility in November 2009. Incorporation of this facility allowed 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%.

The following table provides our electricity generation in the SING by energy source during the years ended December 2010, 2009, and 2008:

AES Gener Total Generation in the SING by Energy Source						
	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Coal	2,110	38.7%	1,827	33.6%	1,963	43.9%

AES Gener Total Generation in the SING by Energy Source						
	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Diesel and Fuel Oil	7	0.1%	6	0.1%	34	0.8%
Gas	3,342	61.2%	3,607	66.3%	2,478	55.3%
Hydroelectric	-	0.0%	-	0.0%	-	0.0%
Total Generation	**5,459**	**100.0%**	**5,440**	**100.0%**	**4,475**	**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 with the exception of 2009, when GDP growth was negative as a result of the international financial crisis. Although demand recovered in 2010, reaching 2.7%, the impact of the extremely rainy conditions from the “La Niña” phenomenon at the end of 2010 caused severe flooding throughout the country which reduced energy consumption.

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
2005	3.9%	5.5%
2006	3.8%	4.6%
2007	3.8%	4.6%
2008	2.5%	3.7%
2009	1.4%	-1.7%
2010	2.9%	5.3%

Source: XM and IMF

Energy growth in the next 10 years is expected to increase at a compounded average growth of approximately 3.9% per year, according to the UPME. Below is a summary of projected demand published by the UPME:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
SIN											
Average Growth Generation (GWh)	57,417	59,258	60,749	62,820	66,464	69,249	71,925	74,749	77,707	80,993	84,392
Growth Rate	2.3%	3.2%	3.8%	3.5%	4.1%	4.2%	3.9%	3.9%	4.0%	4.2%	3.9%
										CAGR	3.8%

Source: UPME

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 most recent "El Niño" occurrence was in 2009-2010, and previous occurrences were in 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" occurred in 2010-2011, with a previous occurrence in 2000-2001.

In 2009 and 2010, Colombia experienced extreme weather patterns. The year 2009 began with the phenomenon of "La Niña," but by mid-May weather patterns were changing, 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.

The following is a summary of energy produced by energy source in the SIN during the years ended December 31, 2010, 2009, and 2008:

SIN Total Generation by Energy Source						
	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric	38,089	67.0%	38,714	69.2%	43,520	80.0%
Coal	3,565	6.3%	3,695	6.6%	2,487	4.6%
Natural Gas	11,445	20.1%	10,413	18.6%	5,232	9.6%
Fuel Oil	581	1.0%	377	0.7%	14	0.0%
Other	3,208	5.6%	2,764	4.9%	3,142	5.8%
Total Generation	**56,888**	**100%**	**55,963**	**100%**	**54,395**	**100%**

Source: XM

The following table provides our electricity generation in the SIN during the years ended December 31, 2010, 2009 and 2008:

Chivor Total Generation						
	2010		2009		2008	
	(GWh)	%	(GWh)	%	(GWh)	%
Hydroelectric Generation	3,305	100.0%	3,300	100.0%	3,760	100.0%
Total Generation	**3,305**	**100.0%**	**3,300**	**100.0%**	**3,760**	**100.0%**

Source: XM

Commercial Strategy and Customers

Chile

Our commercial policy seeks to minimize cash flow 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 shows the energy awarded by the principal distribution companies to generation companies in the SIC during the public bid processes held since 2006:

Generation Companies	Energy Awarded by Distribution Companies (GWh per year)					
	AES Gener	**Endesa**	**Colbún**	**Guacolda**	**Campanario**	**Others**
CGE	0	3,570	2,200	0	900	450
Chilectra	3,000	6,950	2,500	900	0	0
Chilquinta	1,289	1,629	0	0	0	300
EMEL	1,130	877	0	0	0	0
SAESA	0	1,500	2,082	0	850	0
Total	**5,419**	**14,525**	**6,782**	**900**	**1,750**	**750**
% of Total	18.0%	48.2%	22.5%	3.0%	5.8%	2.5%

Source: CNE

- *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. The majority of such contracts, particularly those executed in recent years, have provisions to pass through cost variations to customers through indexation formulae. 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, 100.0% of the export energy produced by TermoAndes, which is distributed in the SING, is sold on the spot market.

Colombia

In Colombia, 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 integral business risk management 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 three 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.

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 most efficient units 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. Until 2010, we had power supply agreements with generation companies Chilectra and Chilquinta at the regulated node price. These power supply agreements with Chilquinta and Chilectra expired on April 30, 2010 and December 31, 2010, respectively. Our existing contracts with regulated customers were awarded in public bid processes held by distribution companies. These contracts were executed with Chilectra, Chilquinta and Emel, and were awarded in the 2006, 2007 and 2008 bid process auctions held by these companies.

The following table presents the main characteristics of our contracts with regulated customers as of March 31, 2011:

	Customer Type	Contracted Energy (GWh per year)	Contracted Capacity (MW)	Energy Price Indexation Main Factors	Monomial Price as of March 31, 2011 (U.S.$/MWh)	Expiration Year
Chilectra	Distribution	900	160	44% Coal - 56% U.S. CPI	100	2022
Chilectra	Distribution	300	53	44% Coal - 56% U.S. CPI	99	2020
Chilectra	Distribution	1,800	340	100% U.S. CPI	87	2023
Chilquinta	Distribution	189	36	44% Coal - 56% U.S. CPI	100	2024
Chilquinta	Distribution	1,100	208	100% U.S. CPI	146	2023
EMEL	Distribution	360	78	100% Coal	136	2024
EMEL	Distribution	770	138	100% Coal	114	2024
Total		**5,419**	**1,013**			

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. The majority 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, 2011:

	Customer Type	Contracted Energy (GWh per year)	Contracted Capacity (MW)	Expiration Year
SIC				
Polpaico	Industrial	220	32	2024
Puerto Ventanas	Industrial	3	1	2009
Proacer	Industrial	60	14	2020
Arauco	Industrial	24	4	2012
CMPC	Industrial	24	4	2012
CMPC	Industrial	16	2,7	2011
Angloamerican	Mining	170	23	2020
Angloamerican	Mining	298	37	2020
Angloamerican	Mining	900	141	2020
Norske Skog	Industrial	250	34	2020
Chilquinta - Lafarge	Industrial	30	7	2020
Cristalerías Chile	Industrial	113	14	2021
Fundición Talleres	Industrial	19	11	2021
Total		**2,127**	**322**	

	Customer Type	Contracted Energy (GWh per year)	Contracted Capacity (MW)	Expiration Year
SING				
Escondida	Mining	86	25	2015
Escondida	Mining	543	62	2015
Escondida	Mining	964	110	2015
Escondida	Mining	1,638	220	2029
Escondida	Mining	894	120	2029
Spence	Mining	670	90	2026
SQM	Mining	29	3	2013
SQM	Mining	88	11	2017
Total		**4,912**	**641**	
Total		**7,039**	**963**	

Colombia

We seek to enter into electricity supply contracts with creditworthy counterparties for medium-term durations. In general, we execute contracts for up to 75.0% 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 raw materials, 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 three years, are denominated in Colombian pesos and indexed to the Colombian PPI. 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 85.0% 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 Chivor contracts as of March 31, 2011.

	Customer Type	Contracted Energy (GWh per year)	Energy Price Indexation Main Factors	Monomial Price as of March 31, 2011 (U.S.$/MWh)	Expiration Year
Compañía Energética del Tolima	Distribution	354	Local PPI	79.46	2011
Electrificadora del Caribe	Distribution	1,806	Local PPI	73.45	2012
Empresas Públicas de Medellín	Distribution	849	Local PPI	73.22	2012
Empresa del Pacifico	Distribution	279	Local PPI	69.14	2012
Centrales Eléctricas Norte de Santander	Distribution	415	Local PPI	72.16	2011
Electrificadora del Meta	Distribution	336	Local PPI	73.30	2011
Centrales Hidroeléctrica de Caldas	Distribution	44	Local PPI	71.88	2011
Empresa del Pacifico	Distribution	172	Local PPI	72.13	2011
Empresa de Energía de Boyacá	Distribution	444	Local PPI	73.51	2012
Empresa Municipales de Cali	Distribution	73	Local PPI	81.34	2011
Empresas Públicas de Medellín	Distribution	51	Local PPI	72.60	2011

	Customer Type	Contracted Energy (GWh per year)	Energy Price Indexation Main Factors	Monomial Price as of March 31, 2011 (U.S.$/MWh)	Expiration Year
Electrificadora del Huila	Distribution	53	Local PPI	75.09	2011
Centrales Eléctricas de Nariño	Distribution	14	Local PPI	76.10	2011
Empresa de Energía de Cundinamarca	Distribution	67	Local PPI	75.84	2012
Electrificadora del Caribe	Distribution	161	Local PPI	74.20	2011
Electrificadora del Meta	Distribution	67	Local PPI	79.07	2012
Codensa	Distribution	160	Local PPI	74.81	2011
Empresa de Energía de Cundinamarca	Distribution	107	Local PPI	71.14	2012
Electrificadora del Caribe	Distribution	250	Local PPI	72.04	2012
Empresa de Energía del Quindió	Distribution	131	Local PPI	70.62	2012
Compañía Energética del Tolima	Distribution	284	Local PPI	74.81	2012
Compañía de Electricidad de Tuluá	Distribution	77	Local PPI	75.05	2012
Electrificadora del Caribe	Distribution	790	Local PPI	77.52	2013
Electrificadora del Caribe	Distribution	200	Local PPI	76.57	2012
Empresas Públicas de Medellín	Distribution	500	Local PPI	78.55	2013
Centrales Eléctricas Norte de Santander	Distribution	166	Local PPI	78.39	2013
Centrales Hidroeléctrica de Caldas	Distribution	88	Local PPI	78.29	2013
Electrificadora de Santander	Distribution	288	Local PPI	77.91	2013
Empresa de Energía del Quindió	Distribution	44	Local PPI	78.29	2013
Electrificadora del Caribe	Distribution	281	Local PPI	76.96	2013
Electrificadora del Huila	Distribution	92	Local PPI	75.36	2014
Codensa	Distribution	995	Local PPI	77.69	2014
Empresa de Energía de Cundinamarca	Distribution	267	Local PPI	78.32	2013
Centrales Eléctricas Norte de Santander	Distribution	196	Local PPI	79.22	2014
Empresas Públicas de Medellín	Distribution	455	Local PPI	77.86	2014
Empresa de Energía del Quindió	Distribution	28	Local PPI	79.26	2013
Electrificadora del Santander	Distribution	108	Local PPI	78.80	2014
Total		**10,693**			

Note: Prices calculated with Colombian exchange rate as of May 30, 2011 equal to Col$1,786.73 = U.S.$1.00.

Transmission

Chile

In order to deliver our electric power to the system and supply energy and capacity to our clients, we use our own transmission facilities, as well as third-party facilities, in accordance with the rights granted under Chilean electric power legislation. With the publication in 2004 of Short Law I, concepts such as the Trunk Transmission System (which refers to the main transmission lines of the grid), Sub-Transmission System (the connection from distribution companies to the Trunk Transmission System) and Additional Transmission System (the connection to the grid from generation facilities or unregulated customers) were introduced, and a transparent and interactive methodology was implemented for compensation and expansion of transmission systems, which reduced generators' transmission costs by transferring part of these costs to end-users. Transmission charges for the Trunk Transmission

System and for the Sub-Transmission systems are determined by the CNE every four years. Transmission charges for using the Additional Transmission System are agreed upon between the owner of the facilities and the end-users.

The term “transmission” refers to the transmission of electricity on high-voltage interconnected networks for delivery to the distribution system and the term “distribution” refers to the transmission of electricity to end-users. Our transmission lines enable us to carry production from our power plants to the points of injection in the SIC and SING systems, as well as to withdraw electricity from the SIC and SING systems for transmission to the consumption points of our clients.

We currently own 1,199 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 the Guacolda 220 kV substation and a 223 km, 220 kV line that connects to the SIC. 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 May 31, 2011:

Transmission Lines and Substations in the SIC	
Length of 220 kV Lines	73.0 km
Length of 110 kV Lines	249.4 km
Directly-Owned Substations[1]	Alfalfal, Maitenes, Queltehues, La Laja, Punta de Peuco, Pachacama, San Pedro, Ventanas 110kV, Ventanas 220kV, Autotransformer 220/110kV Ventanas, Torquemada and Laguna Verde
Connection at Other Companies' Substations	Los Almendros, Florida, Cerro Navia 110kV, Las Vegas, La Calera and Miraflores

(1) Facilities are owned by AES Gener.

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:	63 km [2] and 72 km [1]
Length of 110 kV Single Circuit Lines:	33 km [2]
Length of 220 kV Double Circuit Lines:	141 km [3]
Length of Leased 220 kV Single Circuit Lines:	226 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].
Section of or Connection to Other Companies' Substations:	1 section Mantos Blancos [1], 1 section Lomas Bayas [1], 2 section Crucero [2]

(1) Facilities are owned by AES Gener.
(2) Facilities are owned by Norgener.
(3) Facilities are owned by Eléctrica Angamos.

Argentina

Our subsidiary InterAndes owns the Salta substation and a 345 kV transmission line of 270 km in length which extends from the TermoAndes plant in Argentina to the Paso Sico on the Chilean border.

Gas Transportation

In addition to our own activities in the electricity sectors in Chile, Colombia and Argentina, as of May 31, 2011, we had a 13.0% 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 the first pipeline 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 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 3,275 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	1,761	53.8%
Gas	1,022	31.2%
Diesel	469	14.3%
Biomass	24	0.7%

AES Gener Thermoelectric Capacity (MW)		
	Installed Capacity	%
Total	3,275	100.0%

Source: CNE

Coal is purchased internationally as the primary fuel for several of our plants and, locally and internationally, our equity-method investee Guacolda's plants. Given the technology of our coal plants, we are able to burn 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 duration of between 1 to 3 years. In terms of pricing, we select distinct mechanisms in order to align sale price indexation formulae with our cost of sales. During 2011, we plan to acquire approximately 4 million metric tons of coal, and our annual purchases are expected to increase in line with the commercial operations of our existing plants as well as those plants currently in construction, such as Angamos Unit II and Campiche. Coal is purchased from several suppliers based on their credit profile and previous experience and from many different countries, which included in 2010, Colombia, Australia, Canada and Indonesia, among others, and is delivered to us by ship.

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 and based on the international price of diesel. Our TermoAndes' facility, which is located in Argentina and connected to the SING via a transmission line owned by us, continues to receive gas supplies purchased under contracts with Argentine producers. TermoAndes sells electricity in the SING and the SADI. In recent years, gas supply restrictions in Argentina, particularly in the southern cone winter season, have periodically reduced generation by TermoAndes which has resulted in a reduction of electricity exports to Chile, while typically maintaining generation levels in the Argentine market.

Our back-up plants, including the CCGTs mentioned above, 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 as 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 45.5% of the installed capacity is hydroelectric, and spot prices are sensitive to changes in hydrological conditions. However, only 11.5% 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 2006, we have successfully expanded in Chile by adding 1,123 MW of new installed capacity and are currently continuing with this expansion plan with 549 MW under construction. Our new cost-efficient generation plants include subsidiary Eléctrica Ventanas' Nueva Ventanas plant (272 MW), subsidiary Eléctrica Angamos' Unit I (264 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 the first battery energy storage facility in Chile, Norgener BESS (12 MW), in 2009. We expect to reach total installed capacity of 5,094 MW in 2013, which amounts to a 48.3% increase in installed capacity since 2006 on a consolidated basis.

Projects Under Construction

The following are our main projects under construction:

Angamos Unit II thermoelectric project (SING-Chile): The Angamos Unit II thermoelectric project involves the construction of a coal-fired thermoelectric plant of 259 MW, located north of Antofagasta in the municipality of Mejillones in Region II. The plant is being built by our subsidiary Eléctrica Angamos. The plant will use pulverized coal technology and will be fueled by bituminous and sub-bituminous coal. The plant's equipment includes reduction systems to control SO_2, NO_x and particulate emissions. The project has a turnkey contract for the engineering, procurement and construction ("EPC") of the plant with Posco E&C. Unit 2 is expected to commence operations in the SING in October 2011.

Angamos BESS (SING-Chile): The Angamos BESS project, which is being built by AES Gener, involves the construction of a 20 MW battery energy storage project at the Angamos site. This facility will allow us to replace system-required spinning reserve at the Angamos coal plant with rechargeable lithium battery banks, thereby increasing the plant's base load generation by approximately 4.0%.

Campiche thermoelectric project (SIC-Chile): The Campiche thermoelectric project, which is being built by our subsidiary Eléctrica Campiche, involves the construction of a 270 MW coal-fired thermoelectric plant. It will be located next to the existing Ventanas and Nueva Ventanas plants in the municipality of Puchuncaví in Region V. The Campiche plant will use pulverized coal technology and will be fueled by bituminous and sub-bituminous coal. The plant's equipment includes reduction systems to control SO_2, NO_x and particulate emissions. The project has an EPC turnkey contract with Posco E&C.

Projects Under Development

We plan to continue with the construction of new projects in both the SIC and the SING, taking advantage of our presence and knowledge of the market. These projects will be key in contributing to the future of the Chilean power system, which based on expected annual growth of over 6.1% in both systems, will continue to require additions in generation capacity. In addition, in Colombia, we are currently preparing to initiate construction of an additional supplementary hydroelectric project. 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, and energy storage batteries.

The following are the principal large-scale generation projects that we are currently developing:

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. The project's design includes underground works of 90.0% of the total project infrastructure. 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, and the environmental permit for the transmission system was obtained in 2010. Alto Maipo will be a key energy source for the SIC in the future. It is expected to produce approximately 2,300 GWh per year.

Los Robles thermoelectric project (SIC-Chile): The Los Robles thermoelectric project involves the construction of two coal-fired plants with installed capacity of 375 MW each and pulverized coal boilers that can be fueled by bituminous and sub-bituminous coal. The project site is located 290 km southwest of Santiago, approximately 30 km south of the city of Constitución in Region VII. The project also includes the construction, equipping and operation of a port. The plant will include reduction systems to control SO_2, NO_x and particulate emissions. Los Robles obtained environmental approval in October 2008. The project obtained its port concession in 2010, and continues with its application process for the other required permits.

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 unit will be similar to the four units of 152 MW 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. The project obtained its environmental permit in August 2010.

Cochrane thermoelectric project (SING-Chile): The Cochrane thermoelectric project involves the construction of two coal-fired thermoelectric plants with installed capacity of 280 MW each. 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, taking advantage of synergies in terms of 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.

Tunjita Hydroelectric Project (SIN-Colombia): The Tunjita hydroelectric project involves the construction of a new generation plant next to our Esmeralda Reservoir in Colombia, making use of the water capacity generated by diverting the Tunjita River. The project is a run-of-river plant with an installed capacity of 19.8 MW, and will use the tunnel that diverts the water from the Tunjita River into the Garagoa River. Construction of this project is scheduled to commence in 2011.

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. We are currently seeking OHSAS 18,001:2007 certifications for all of our business units.

We are currently 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 as of December 31, 2010. 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. During 2010, we 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.

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 view 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.

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 August 31, 2007. The NCRE requirement is equal to 5.0% for the period from 2010 through 2014 and thereafter the required percentage increases by 0.5% each year, to a maximum of 10.0% by 2024. The obligation to supply a required percentage will cease in 2034. 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 plants 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 1,137 employees as of March 31, 2011. The following table provides a breakdown of the number of individuals employed by us and each of our subsidiaries as of December 31 each year in the three-year period ended December 31, 2010, and for the three months ended March 31, 2011.

AES Gener employees (Chile)	**As of March 31,**	**As of December 31,**		
	2011	**2010**	**2009**	**2008**
Executives	36	37	29	31
Professionals	278	253	309	333
Technicians and Administrative	307	328	292	253
Subtotal	621	618	630	617

AES Gener employees (Chile)	As of March 31,	As of December 31,		
	2011	2010	2009	2008
Subsidiary Employees				
Chivor (Colombia)	86	85	88	88
TermoAndes (Argentina)	60	61	61	52
Norgener (Chile)	108	106	108	103
Eléctrica Santiago (Chile)	57	54	34	40
Energía Verde (Chile)	90	90	104	90
Eléctrica Ventanas (Chile)	-	-	20	15
Eléctrica Angamos (Chile)	102	100	37	15
Eléctrica Campiche (Chile)	13	10	-	15
Subtotal	516	506	452	418
Total, AES Gener and Subsidiaries	**1,137**	**1,124**	**1,082**	**1,035**

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

We have eight union associations, in which approximately 48.3% of our workers were enrolled as of May 31, 2011. All eight of our collective bargaining agreements were negotiated during 2010 and the first half of 2011. Historically, we have had good relations with our unions and have been able to agree on terms without exposing the Company to strikes. 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 costs. 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 full-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 full-risk 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.

The Maitenes Foundation, whose name will soon be changed to the AES Gener Foundation, is a nonprofit organization that was created by us in 1993 to support education and to contribute to individuals' ethical training and overall development. Its by-laws were later amended to strengthen its role in formulating and implementing our community programs. The amendments expanded the organization's activities to include designing and executing social, educational, and work training programs; promoting employment; and supporting sports, culture, and the arts. The foundation 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.

Our current social programs include:

- Friends of Nature (*Amigos de la Naturaleza*): An environmental education and teamwork development program that has been held by AES Gener's Maitenes Foundation annually since 1996. The program encourages seventh graders from different communities in Chile to work as a team to reach a common goal, and instills in them to appreciate and preserve the environment;

- MUNK Program (*Programa MUNK*): An educational program to teach English to fifth grade students at all public schools in Tocopilla;

- Program to Promote Flower Entrepreneurs (*Fomento a Microempresarias de Flores*): An educational program to train and assist women from the municipality of Puchuncaví in their aspiration to become micro-entrepreneurs in the flower business. This program has been offered jointly since 2006 by AES Gener, Puerto Ventanas S.A. and the Agricultural Development Program (PRODESAL) of the Municipality of Puchuncaví, along with the support of the Regional Office of the Farming Development Institute; and

- Ventanas Dual Education Program (*Educación Dual de Ventanas*): An educational program offered since 1999 by AES Gener and the Sargento Aldea Educational Complex of Las Ventanas to train students in their last two years of high school as electrical technicians and mid-level administrative technicians. The program combines theoretical and practical education at the school with hands-on training and apprenticeship experience at the Ventanas thermoelectric plant.

Legal Proceedings and Regulatory Actions

We are involved in various claims and legal actions arising in the ordinary course of business. These proceedings are not likely to have a material adverse affect on our operations or financial condition individually or in the aggregate, except for the proceeding described below and in Note 30 to our unaudited consolidated financial statements included in these listing particulars.

On May 7, 2008, our subsidiary Eléctrica Santiago formally requested that the ENARGAS review orders issued prior to such date and specifically exclude Eléctrica Santiago from the payment of charges imposed by the Argentine Republic related to gas supply infrastructure. Eléctrica Santiago considers that such charges are illegal and that Eléctrica Santiago is no longer a firm transporter. On July 17, 2008, the ENARGAS rejected Eléctrica Santiago's request and on July 24, 2009, the ENARGAS rejected its motion for reconsideration of its decision. On August 6, 2009, Eléctrica Santiago appealed this last decision to the Argentine Secretariat of Energy. A decision on such appeal is pending.

On June 9, 2011, the Environmental Evaluation Commission for Region V ("Region V COREMA") issued a notice to AES Gener, advising us of the initiation of a proceeding to determine and establish liabilities and possible sanctions related to the delay in providing water samples to Region V COREMA for certain liquid industrial waste discharged into the sea near the Nueva Ventanas thermoelectric plant. On July 6, 2011, we filed a timely response in which we provided Region V COREMA with the information necessary to demonstrate that we do not have any responsibility for such liquid industrial waste.

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 Region X (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 Comisión Nacional del Medio Ambiente (National Environmental Commission, or "CONAMA"), 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 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. The sector has been capable of satisfying the demand for energy, which has grown at a compound annual rate of 4.1% and 5.1% in the SIC and the SING, respectively, since 2000, faster than the 4.2% compound annual growth rate in real GDP over the same period. 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:

- "Chilean Electricity Law," DFL No. 4-2006 (*Ley General de Servicios Eléctricos*) and its recent amendments, including:
  - "Short Law I" (*Ley Corta 1*), Law No. 19940, 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. 20018, enacted in 2005. This law required that all new long-term contracts between generation and distribution companies for the supply of regulated customers be determined in bids via open, competitive and transparent auction processes. These new long-term contracts can have duration of up to 15 years. Regarding the capacity product (firm capacity or reliability payment), long-term contracts incorporate the capacity price fixed by the CNE and are indexed to U.S. CPI and other relevant indices.
  - Law No. 20220, enacted in 2007. This amendment seeks to secure the electric supply 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 end of operations of electrical facilities that are not the consequence of failures or scheduled maintenance of generating or transmission facilities.
  - Law No. 20257, enacted in 2008. This amendment promotes the use of NCREs and defines the different types of technologies qualified as NCREs. For the period between 2010 and 2014, this law requires 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 hydroelectric technology), purchasing from other generators generating NCREs in excess of their legally requirements during the preceding year or paying the applicable fines for non-compliance.
- Environmental law: Environmental regulation is mainly governed by Law No. 19300, the General Environmental Law (*Ley de Bases Generales del Medio Ambiente*), enacted in 1994 and amended in 2010 by Law No. 20417. This law sets forth the framework governing environmental impact assessments, permitting and operational standards, as well as enforcement of these and other regulations, in Chile.

The governmental entity which has primary responsibility for the Chilean electricity system is the Ministry of Energy, acting directly or through the CNE and the SDEC. The CNE calculates retail tariffs and short-term energy and capacity node prices. The CNE also prepares a 10-year guide for the expansion of 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. The Ministry of Energy 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 the node prices set by the CNE and regulates the granting of concessions for power generation, transmission and distribution companies.

Companies that possess generation, transmission, sub-transmission or additional transmission facilities, as well as unregulated customers directly connected to transmission facilities, are coordinated through the CDEC, 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 the CDEC in operating the dispatch system is to ensure that the most efficient electricity generation available to meet demand is dispatched to customers. The 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 dispatch by buying or selling electricity at the spot market price, which is set on an hourly basis by the CDEC, based on the marginal cost of production of the next unit to be dispatched.

Sales of Power

All generators can commercialize energy through contracts with distribution companies for their regulated and unregulated customers, or directly with unregulated customers. Generators may also sell energy to other power generation companies on a spot basis. Power generation companies may also engage in contracted sales among themselves at negotiated prices, outside the spot market.

Sales to Distribution Companies and Certain 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, in 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 open, competitive and transparent auction processes. Under the auction or bid system, all distribution companies were required to have electricity contracts to meet their demand requirements from January 1, 2010 forward.

New supply contracts assigned by distribution companies must be awarded to generation companies offering the lowest supply price in regulated public bid processes. These prices, termed long-term node prices, include indexation formulae and are valid for the entire term of the respective contract, up to a 15-year maximum. More precisely, the long-term energy node 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 auction processes are regulated by the CNE with the bid procedures for each process prepared by the distribution company and approved by the CDEC. The CNE is in charge of setting the terms and conditions of each auction, including the setting of a maximum price and eligible indexation parameters (such as indexation to U.S. CPI, international oil or coal prices). Power generation companies submit their offers, which include their proposed price and components of the associated indexation formula. Distribution companies jointly run an optimization algorithm to assign the contracts in the most economically efficient manner to the bidders.

Sales to Unregulated or "Free" Customers

Unregulated customers are principally and obligatorily customers whose connected capacity is higher than 2 MW, generally industrial or mining customers, and those with connected capacity of between 500 kW and 2 MW who have opted for the unregulated pricing mechanism for a period of at least four years. These customers are not subject to price regulation, therefore, generation and distribution companies are free to negotiate the prices and conditions for supplying electricity to these consumers.

Sales to Generating Companies

Generation companies may purchase or sell energy or capacity in the spot market at any time and such amounts are determined based on the difference between each company's contractual requirements and the level of electricity dispatched from its own plants or purchased from other companies under contract, as well as the firm capacity assigned to its power plants. The CDEC annually determines the "firm capacity" of each power plant in the system. Each generator is allowed to sell capacity up to its firm capacity. Firm capacity is the highest level of capacity that a generator may supply to the system during 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.

Concessions

Chilean law allows power generation activities to be developed without a concession, except for the development of hydroelectric or geothermal power plants. Transmission service does not require a concession, but companies may apply for a concession to facilitate access to third-party properties for development of electric transmission facilities by means of "rights of way" (*servidumbres*). Third-party property owners are entitled to compensation, which may be agreed by the parties or, in the case no agreement is reached, may be determined by an administrative proceeding that may be appealed in the Chilean courts.

The transmission system is divided into three systems: trunk transmission, sub-transmission and additional transmission. The trunk transmission system is comprised of the transmission lines and electric substations which are economically efficient and necessary to supply the demand of the relevant electric system. The sub-transmission system is comprised of the installations that are interconnected to the electricity system and are available only to supply end users (whether regulated or unregulated) located in concession areas of distribution companies. The additional transmission system is comprised of those facilities dedicated primarily to the supply of electricity to unregulated customers and those whose main objective is to allow generators to inject their production into the electricity system. The trunk transmission and sub-transmission systems constitute a public service. Companies which are concessionaires of a trunk transmission system cannot participate in the generation or distribution segments.

The installations of the trunk transmission and sub-transmission systems are subject to an "open access" regime, which means that they may be used by third parties under non-discriminatory technical and economic rules, subject to payment for the use of the transmission system. The open access regime is also applicable to lines of additional transmission systems that make use of easements created pursuant to a transmission concession or national property reserved for public use. Transmission companies recover their investment in transmission assets through tariffs, or "wheeling rates," which, depending on the type of transmission installation, are charged to generation companies, end users or both. Transmission tariffs for the majority of transmission lines are established 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 do not comply with the decree. Power generation companies may also be required to pay fines to the regulatory authorities if a system blackout results from a 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 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 semiannually by the CNE's economic models as the highest cost for end users of having an electricity shortage during periods of electricity deficit. Failure costs correspond to the average users cost incurred by final users in providing one kWh by their own means.

RM 39 is a mechanism through which the costs associated with the compliance of certain technical and security requirements are shared among the various generators in the SING on a monthly basis as determined by the CDEC. Currently, the cost associated with RM 39 is approximately 8.0 U.S.$/MWh. 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 an additional 3.0% margin of spinning reserve, which forces generators to generate at 93.0% of their available capacity. This margin allows these plants, before resorting to other contingencies, to respond to temporary shortages of electricity supply; and

- Costs associated with new unit tests that displace efficient generation.

RM 39 further establishes reimbursement criterion pursuant to which generators pay extra charges in proportion to such generator's total energy sales in the SING. However, generators may pass-through RM 39- related charges to their customers through the specific cost pass-through provisions of their contracts.

Environmental Regulation

Chile has numerous national and local environmental laws, regulations, decrees and municipal ordinances that govern our operations and the development of new projects. Among others, there are regulations relating to waste disposal (including the discharge of liquid industrial wastes and the disposal of coal ash), air emissions, cleanup of contamination, the establishment of industries in areas in which there are risks to public health and the protection of water for human consumption. Under these laws, 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—Compliance with environmental regulations may require significant expenditures that could adversely affect our ability to expand our business and our results of operations."

The General Environmental Law (Law No. 19,300), enacted in March 1994 and modified in 2010 by Law No. 20,417, establishes a framework for environmental regulation in Chile, which has become increasingly stringent in recent years. Recent amendments include, among other significant modifications, 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 Service (*Servicio de Evaluación Ambiental*); and (iv) the Bureau of the Environment (*Superintendencia del Medio Ambiente*), all of which will be in charge of regulating, evaluating and enforcing activities that could have an environmental impact. These institutions replaced their predecessors, the National Environmental Commission (*Comisión Nacional del Medio Ambiente*) and the Regional Environmental Commissions.

The new institutions and regulatory framework are likely to result in additional restrictions or costs to us relating to environmental litigation and 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 fines, the closure of facilities and the revocation of environmental approvals. The General Environmental Law and its regulations permit the Chilean Government, through the State Defense Council and the municipalities (for acts occurring within their respective jurisdictions), to: (i) bring administrative and judicial proceedings against companies that violate environmental laws; (ii) close non-complying facilities; (iii) revoke required operating licenses; and (iv) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters. The General Environmental Law also grants citizens the right to bring civil actions against companies that are not in compliance with environmental laws and regulations, after such non-compliance has been established by a judicial proceeding. Additionally, citizens affected by environmental pollution may petition for relief to a Chilean Court of Appeal, which has the power to require the suspension of the offending activity and to adopt protective measures through a process called *recurso de protección* (protective action).

The General Environmental Law and its regulations contain additional rules relating to Environmental Impact Assessments, which have been required since April 3, 1997, and 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 and evaluations pursuant to the General Environmental Law. The newly created Environmental Assessment Service will be in charge of managing, coordinating and consolidating the environmental evaluation process.

To protect and improve environmental air quality in the country, regional and environmental authorities, including the Ministry of Environment, can declare "latent zones" (*zonas latentes*) or "saturated zones" (*zonas saturadas*). Latent zones are areas in which there exists a high risk of excessive pollution — the pollutant concentration is greater than 80.0% of the corresponding quality standard for a pollutant in a certain area — and in which emissions are not permitted to increase. Saturated zones are areas in which an excessive level of pollution already has been reached — the ambient concentration of the air pollutant exceeds 100% of the corresponding quality standard for a pollutant in a certain area — and in which emissions are required to be reduced and mitigation measures are required to be implemented. In connection with the declaration of a latent or saturated zone, the relevant Environmental Assessment Service begins an investigation and public-consultation process to develop a pollution prevention or pollution abatement plan, as the case may be. This process may take more than a year. Upon publication of either type of plan, emission reduction targets and other environmental remediation actions may be required of industries located within the latent or saturated zone.

Any new regulations and requirements regarding emissions or use of renewable energy may require us to make substantial financial investments in the coming years in order to comply with these new legal requirements. For example, in December 2009, the CONAMA published a draft regulation on new air emissions standards for power plants (*Anteproyecto de Normas de Emisiones para Centrales Termoeléctricas*) which was approved by the Council of Ministers in November 2010. This new regulation became effective on June 23, 2011, when it was published in the Official Gazette. 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 will enter into effect in 2014 and the new limits for SO_2, NO_x and mercury emissions will begin to apply in mid-2016, except for those plants operating in zones declared saturated zones, where these emission limits will become effective at the beginning of 2015. In order to comply with the new emissions standards, we estimate that we will invest approximately U.S.$150.0 million between 2012 and 2014 and our equity-method investee Guacolda will invest approximately U.S.$50.0 million between 2012 and 2015. We are currently in the process of requesting engineering studies and equipment offers in order to determine the exact investment amounts and the timing of each investment.

Water rights

Gener owns indefinite term, unconditional and absolute property water rights granted by the Chilean Water Authority. 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. Gener continuously analyzes which water rights it will maintain, sell or acquire.

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 three 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; 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.

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.

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. During 2009, CREG defined a transmission charge methodology.

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.

A new 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. During 2009, after auditing the information reported by the companies, CREG defined the new distribution charges applicable from 2009 until 2013.

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 2011. 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—which are allowed to buy and sell electricity.

In Argentina, the government agency 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.

At the end of 2006, the Energía Plus 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 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.

Generation

The generation sector is organized on a competitive basis, with independent generators selling their output in the spot market or through private contracts to purchasers in the contract 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. In December 2009, Juan Andrés Camus' alternate director position was vacated, and remains vacant as of the date of these listing particulars.

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, Mariano Sánchez Fontecilla 310, 3rd 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 July 28, 2011 are listed below:

Name	Position	Current position held since
Andrés Gluski	Chairman	2005
Juan Andrés Camus	Director	2008
Andrew Vesey	Director	2009
Bernerd da Santos	Director	2009
Arminio Borjas	Director	2009
Iván Díaz-Molina	Director	2009
Radovan Roque Razmilic	Director	2011

Our executive officers as of July 28, 2011 are listed below:

Name	Position	Current position held since
Luis Felipe Cerón	Chief Executive Officer	2001
Javier Giorgio	VP of Operations	2009
Michael Whittle	VP of Development	2011
Daniel Stadelmann	VP of Finance	2009
Iván Jara	VP of Engineering and Construction	2010
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 holds 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. Currently, Mr. Gluski is also the Executive Vice President and COO of The AES Corporation. Previously, Mr. Gluski was Executive Vice President and the Regional President for South America 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.

Juan Andrés Camus was born in 1953. He holds a B.A. in Business Administration from Pontificia Universidad Católica de Chile. In 2008, he became a member of our board of directors. Currently, Mr. Camus is Chairman of the Board of Celfin, an investment bank in Chile in which he was founding partner. He is a member of the board of directors of various other Chilean companies including the Santiago Stock Exchange, Besalco, Coresa and Casa Ideas. He also is a Counselor of the Government School of Universidad Adolfo Ibáñez, Counselor of Red Alta Dirección Universidad del Desarrollo as well as Counselor of the M.B.A. program Universidad del Desarrollo. Previously, Mr. Camus served as Director of Finance for Banco Bice, Corporate Lending Manager for Bank O'Higgins and Deputy Corporate Lending Manager of Banco de Chile.

Andrew Vesey was born in 1955. He holds a B.S. in Engineering from Union College in Schenectady, New York and holds a MS from New York University. In 2009, he became a member of our board of directors. Currently, Mr. Vesey is the Executive Vice President and Regional President of South America and Africa of The AES Corporation. Previously, Mr. Vesey was the Managing Director of the Utility Finance and Regulatory Advisory Practice at FTI Consulting Inc., a Partner in the Energy, Chemicals and Utilities Practice of Ernst & Young LLP, and CEO and Managing Director of Citipower Pty of Melbourne, Australia.

Bernerd da Santos was born in 1963. He holds a B.A. in Business Administration from Universidad José María Vargas in Caracas, Venezuela, and holds an M.B.A. from the same university. In 2009, he became a member of our board of directors. Currently, Mr. da Santos is Chief Financial Officer of the AES Latin America and Africa Region. Mr. da Santos also holds the position of director of Compañía de Alumbrado Eléctrico of San Salvador (CAESS), Empresa Eléctrica de Oriente (EEO) and Compañía de Alumbrado Eléctrico of Santa Ana, in El Salvador, Electricidad de La Plata (EDELAP) in Argentina, AES Chivor in Colombia, and is a board member of Sonel in Cameroon. Previously, Mr. da Santos was Managing Director of Finance for the AES Latin America Region, in Arlington, Virginia, U.S. During his tenure with C.A. La Electricidad de Caracas, AES EDC, Mr. Da Santos was executive VP and Controller in Caracas, Venezuela.

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 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 holds a Master of Science 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 of B Bosch S.A.

Executive Officers

Luis Felipe Cerón was born in 1960. He holds a B.S. in Industrial Engineering from Pontificia Universidad Católica de Chile and holds a Master of Science in Accounting and Finance from The London School of Economics. With 27 years of professional experience, Mr. Cerón has worked in AES Gener and related companies since 1993. Mr. Cerón was appointed Chief Executive Officer of AES Gener in 2001. Mr. Cerón also holds the position of director of Guacolda in Chile, Chivor in Colombia and AES Tiete and AES Electropaulo in Brasil.

Javier Giorgio was born in 1969. He holds a B.S. in Electronic Engineering from Universidad Tecnológica Nacional in Argentina and holds an M.B.A. from Universidad del CEMA (Centro de Estudios Macroeconómicos de Argentina) in Argentina. With more than 20 years of professional experience, Mr. Giorgio was appointed VP of Operations of AES Gener in 2009. Mr. Giorgio also holds the position of director of Guacolda in Chile and Chivor in Colombia.

Michael Whittle was born in 1970. He holds a Masters of Science in Foreign Service from Georgetown University and a B.A. in Economics from Claremont McKenna College. With more than 17 years of professional experience, Mr. Whittle was appointed VP of Development of AES Gener in 2011.

Daniel Stadelmann was born in 1970. He holds a B.A. & M.A. in Finance and Accounting from University of St. Gallen in St. Gallen, Switzerland and an M.B.A. from the International Institute for Management Development (IMD) in Lausanne, Switzerland. With more than 16 years of professional experience, Mr. Stadelmann was appointed VP of Finance of AES Gener in 2009. Mr. Stadelmann also holds the position of director of Guacolda in Chile and Chivor in Colombia.

Iván Jara was born in 1973. He holds a B.S. in Mechanical Engineering from Universidad de Chile and holds an M.B.A. from the Universidad Adolfo Ibáñez in Chile. With more than 12 years of professional experience, Mr. Jara has worked in AES Gener and related companies since 1998. Mr. Jara was appointed VP of Engineering and Construction of AES Gener in 2010.

Alberto Zavala was born in 1962. He is an Attorney-at-Law 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 an Attorney-at-Law 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 listed companies with market capitalization of UF 1.5 million or more (equivalent to approximately U.S.$70.0 million as of May 31, 2011), 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 officers' compensation systems and plans;
- preparing a report regarding their management and performance where they include their principal recommendation to the shareholders;
- notifying the board of directors with respect to the 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) and Juan Andrés Camus. We expect to appoint an additional member of our Audit Committee to replace former member Jorge Rodríguez, who retired on July 27, 2011, in the near future.

Compensation of Directors and Officers

In accordance with our by-laws, our board of directors does not receive compensation. During fiscal year 2010, 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 2010.

In accordance with Chilean law, at the ordinary shareholders' meeting held on April 26, 2011, the Audit Committee's fees were fixed at UF 160 per month (equivalent to approximately U.S.$7,467.4 as of May 31, 2011). The total amount of compensation paid to our Audit Committee during fiscal year 2010 was UF 5,760 (equivalent to approximately U.S.$268,825.2 as of May 31, 2011). During fiscal year 2010, the Audit Committee did not make use of the annual expense budget of U.S.$25,000 approved at the ordinary shareholders' meeting.

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, 2011, shareholders' equity totaled U.S.$2,684.0 million, divided into 8,069,699,033 shares and distributed among 1,612 shareholders. 6,878,747 shares of our common stock have been issued but are not fully paid.

At the end of the three-month period ended March 31, 2011, Inversiones Cachagua Limitada held a 70.67% stake in us. Inversiones Cachagua Limitada 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, 2011

Name	Subscribed and Paid Shares	Participation
Inversiones Cachagua Limitada	5,703,106,137	70.67%
Celfin Capital S.A. Corredores De Bolsa	248,430,507	3.08%
Fondo de Pensiones Habitat C	121,855,317	1.51%
Fondo de Pensiones Provida C	113,645,547	1.41%
Fondo de Pensiones Capital A	108,266,957	1.34%
Fondo de Pensiones Cuprum A	104,092,362	1.29%
Fondo de Pensiones Capital C	103,013,701	1.28%
Fondo de Pensiones Habitat A	97,065,553	1.20%
Banco de Chile Por Cuenta de Terceros	94,039,808	1.17%
Banco Itau Por Cuenta de Inversionistas	90,901,917	1.13%
Total Principal Shareholders	**6,784,417,806**	**84.07%**
Other Shareholders (1,602)	**1,285,281,227**	**15.93%**
Total Shareholders	**8,069,699,033**	**100.00%**

RELATED PARTY TRANSACTIONS

Title XVI of the Chilean Corporations Act and, in particular, article 147 thereof ("Article 147") require that our transactions with related parties (which include, among others, directors and executive officers) (i) have an objective to contribute to the company's 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 the board of directors or the person designated by the board of directors of such participation or interest;

(2) the transaction must be previously approved by the majority of the directors of the board of directors, excluding the interested directors (who nonetheless must make public their opinion regarding the transaction if requested by the board of directors); or, if more than the absolute majority of the directors of the board of directors are interested in the transaction, by all the non-interested directors, or otherwise, by two-thirds of the shares with the right to vote of the Company;

(3) the board of directors resolution approving the transaction must be reported to the Company's shareholders at the next shareholders' meeting; and

(4) in situations where the transaction will be approved by the shareholders, the board of directors will designate at least one independent appraiser to inform the shareholders about the terms of the transaction, its effects and its potential impact to the Company.

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 11 to our audited consolidated financial statements included elsewhere in these listing particulars.

DESCRIPTION OF THE NOTES

The notes are issued under an indenture dated as of August 2, 2011 (the "Indenture") among us, Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), registrar, transfer agent and paying agent, and Deutsche Bank Luxembourg S.A., as Luxembourg paying agent and transfer agent. The following description of certain provisions of the notes and the Indenture 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 these listing particulars, the term "Issuer" refers only to AES Gener S.A., 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$299,801,000. 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. Application may be made to list any such Additional Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market. Unless the context otherwise requires, in this section, references to the notes include any Additional Notes actually issued.

The notes will mature on August 15, 2021. Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at 100% of the principal amount thereon on August 15, 2021. The notes will accrue interest at a rate of 5.25% per year. Interest on the notes will be payable semi-annually in arrears on August 15 and February 15 of each year, commencing on February 15, 2012 (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. The Restricted Global Notes (including the applicable New Notes) have been assigned Common Code 065661659, ISIN No. US00105DAC92 and CUSIP No. 00105DAC9. The Regulation S Global Notes (including the applicable New Notes) have been assigned Common Code 065661632, ISIN No. USP0607JAE84 and CUSIP No. P0607JAE8.

We have issued additional notes in an aggregate principal amount of U.S.$101,881,000 in connection with our offer to exchange such additional notes for any and all of our properly tendered (and not validly withdrawn) outstanding 7.50% Senior Notes due 2014, such additional notes, together with the notes offered hereby, having an aggregate amount of U.S.$401,682,000. Such additional notes constitute a single series with, are assigned the same CUSIP and ISIN numbers, and have the same terms and conditions as, the notes offered hereby and are fungible for U.S. federal income tax purposes with the notes offered hereby.

Ranking

The notes will be general 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 obligations preferred by operation of Chilean law, including 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 the operating subsidiaries of the Issuer. As of March 31, 2011, the Issuer had U.S.$2,159 million of outstanding debt, including approximately U.S.$1,276 million of secured debt. At the same date, the Issuer's subsidiaries had U.S.$1,344 million of outstanding debt.

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 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 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 February 1 or August 1 (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 and 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 by or within any political subdivision thereof or any authority therein or thereof having power to tax or any other jurisdiction through which payments are made in respect of the notes (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, applicable recipient of payment 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, applicable recipient of a payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment 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 member 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, member 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; or

(i) in respect of any combination of clauses (a) through (h) above.

"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 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 Chile 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

The Issuer may redeem the notes, in whole but not in part, at any time, 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 37.5 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 Citigroup Global Markets Inc. and Deutsche Bank Securities 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.

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 on or after the date of the Indenture 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;

(ii) the Issuer cannot avoid payment of such Excess Additional Amounts by taking reasonable measures available to the Issuer (for the avoidance of doubt, reasonable measures shall not include a change in the jurisdiction of the Issuer); and

(iii) 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 within 30 days 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; or

(l) 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 (k) 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).

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 (l)) 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 state that, the Holders 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 Holders 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, Holders 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 CT Corporation located at 111 Eighth Avenue, New York, New York 10011 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 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 are issued in registered form, without interest coupons, in minimum denominations of US$2,000 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 for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

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 or beneficial interest therein 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 or beneficial interest therein 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 Regulation S 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 Regulation S Global Note 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 Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors that are qualified institutional buyers may hold their interests in Restricted Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants.

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

Deutsche Bank Trust Company Americas 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 60 Wall Street, New York, New York 10005, Attention: Trust and Agency Services.

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.

"*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 and any other Subsidiary designated as such by the Issuer's Board of Directors, 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 a Project Finance 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 Securities Commission (*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 Senate and may apply to income generated in either Chile or the United States by a resident of either country.

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. federal income 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

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. It is based on the laws of Chile as in effect on the date of these listing particulars, as well as regulations, rulings and decisions applicable in Chile and 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. 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 rulings addressing identical situations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively or retroactively, provided that the retroactive interpretation may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations. For the purposes of this summary, the term foreign holder means either (i) in the case of an individual, a person who is not a resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual 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 or (b) an individual is domiciled in Chile if he or she resides in Chile with the intention of remaining in Chile (such intention to be evidenced by circumstances such as the acceptance of employment within Chile or the relocation of the individual'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.

Under Chilean Tax Law, payments of interest, if any, made by us in respect of the notes to a foreign holder will be generally subject to a Chilean withholding tax currently assessed at a rate of 4%. However, the same interest and premium that qualify for the referred 4% withholding tax rate is subject to a special additional tax equal to the difference between the withholding tax paid and a 35% tax rate that will be applied to us separately, to the extent paid to entities related to us, on the portion of our indebtedness considered to be excessive. Our indebtedness will be considered to be excessive ("*Excessive Indebtedness*") when in the commercial year in which the notes are issued we have an indebtedness with entities related to us qualifying for the 4% withholding tax rate that exceeds three times our equity, as calculated for Chilean tax purposes. Consequently, such qualifying interest or premium paid to entities related to us with respect to debt that exceeds the Excessive Indebtedness ratio will be subject to a 35% tax rate (4% withholding tax plus the difference between the withholding tax paid and a 35% 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 lender or creditor is incorporated, domiciled or resident in a tax haven (qualified as such by the Chilean Ministry of Finance, based on the list of harmful preferential tax regimes and tax havens published by the Organization for Economic Co Operation and Development) at the time of granting the loan; (ii) the lender or debtor, 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; or (iii) the debt is guaranteed directly or indirectly by a third party with cash or with cash equivalents securities (excluding securities evidencing obligations of the borrower with any of its related entities), for the amount effectively guaranteed. The debtor will be required to issue a sworn statement in this regard in the form set forth by the Chilean tax authorities.

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. The Income Tax Law establishes that a foreign holder is subject to income tax on his 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. As of this date, there are no rulings from the Chilean tax authorities under which the capital gain obtained by foreign holders upon the sale or other disposition of securities issued abroad by a Chilean company may be considered as Chilean source income. Thus, any capital gains realized on the sale or other disposition by a foreign holder of the notes issued abroad generally should not be subject to any Chilean taxes provided that such sales or other dispositions occur outside of Chile to a foreign holder (except that any premium payable on redemption of the notes will be treated as interest and subject to the Chilean interest withholding tax, as described above). Any other payment to be made by us (other than interests or principal on the notes and except for some special exceptions granted by Chilean law) will be subject to a 35% withholding tax.

A foreign holder 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 located in Chile at the time of such foreign holder's death, or if the notes are not located in Chile at the time of a foreign holder's death, if such notes were purchased or acquired with monies obtained from Chilean sources. A foreign holder will not be liable for Chilean stamp, registration or similar taxes.

The issuance of the notes is subject to a 0.6% stamp tax to be paid by us upon their issuance. Until such tax (and any penalty) is paid, Chilean courts would not enforce any action brought with respect to the notes.

We have agreed to pay any present or future stamp, court or documentary taxes, charges or levies that arise in Chile from the execution, delivery, enforcement or registration of the notes or any other document or instrument in relation thereto and have agreed to indemnify holders of the notes for any such taxes, charges or similar levies paid by holders.

Material U.S. Federal Income Tax Consequences

PURSUANT TO THE U.S. INTERNAL REVENUE SERVICE (THE "IRS") CIRCULAR 230, WE HEREBY INFORM YOU THAT ANY DISCUSSION IN THESE LISTING PARTICULARS OF U.S. FEDERAL TAX ISSUES IS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DISCUSSION CANNOT BE USED, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). SUCH DISCUSSION IS INCLUDED TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of the material U.S. federal income tax consequences of acquiring, owning and disposing of the notes. Except where otherwise noted, this discussion applies only to Holders (as defined below) that purchase the notes at the initial issue price in this offering and that hold the notes as "capital assets" (generally, property held for investment). This discussion is based on the Code, its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by 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. For purposes of this discussion, a "Holder" is any beneficial owner of the notes. This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular Holder and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion also does not address the U.S. federal income 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 to mark to market their securities holdings;
- banks or other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- partnerships or other pass through entities for U.S. federal income tax purposes;
- U.S. Holders (as defined below) 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 addresses neither the U.S. federal estate or gift tax, or alternative minimum tax, consequences of acquiring, holding or disposing of the notes, nor the 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 Holder 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 an election in effect under current U.S. Treasury regulations to be treated as a U.S. person.

As used herein, the term "Non U.S. Holder" means a Holder that is neither a U.S. Holder nor a partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes). If a partnership (or any other entity 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.

U.S. Holders

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, generally will be includible in the gross income of the U.S. Holder 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. foreign tax credit 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), if any foreign income taxes are withheld on interest payments on the notes, a U.S. Holder generally will be entitled to a foreign tax credit in respect of any such foreign income taxes. 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 own tax advisors regarding the availability of the foreign tax credit (or the availability of deductions) under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including a retirement or 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 amounts attributable to accrued but unpaid stated interest which will be taxable as ordinary interest income to the extent not previously included in gross income) and the U.S. Holder's adjusted tax basis in the note. The adjusted tax basis in a note generally will equal the U.S. Holder's cost of the note. Any such gain or loss will generally be capital gain or loss. 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 ability to deduct 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 foreign income tax 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.

Non U.S. Holders

Subject to the discussion below under the caption "—U.S. Backup Withholding and Information Reporting," in the case of a Non-U.S. Holder, payments of interest on a note and any gain realized upon the sale, exchange or other taxable disposition of a note generally will not be subject to U.S. federal income tax unless the income is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if an applicable income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States). In the latter situation, the Non-U.S. Holder generally will be subject to U.S. federal income tax in respect of such interest or gain in the same manner as a U.S. Holder, as described above. A Non-U.S. Holder that is a corporation may, in certain circumstances, also be subject to an additional "branch profits tax" in respect of any such effectively connected income or gain at a 30% rate (or, to the extent provided under an applicable income tax treaty, a lower rate). In addition, if a Non-U.S. Holder realizes gain on the sale, exchange or other taxable disposition of the notes and if the Non-U.S. Holder is an individual Non-U.S. Holder who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other taxable disposition and certain other conditions are met, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% on the amount by which such Non-U.S. Holder's U.S. source capital gains exceed its U.S. source capital losses.

U.S. Backup Withholding and Information Reporting

Information reporting requirements generally apply to payments of principal of, and interest on, a note and to proceeds of the sale or other disposition of a note, to U.S. Holders (other than certain exempt recipients). Backup withholding will be required on such payments or proceeds received by 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. Payments on the notes, or of sale or other disposition proceeds in respect of the notes, made within the United States, or by a U.S. payor or U.S. middleman, to a Non-U.S. Holder generally will not be subject to backup withholding and information reporting requirements if an appropriate certification of non-U.S. status is provided by the Non-U.S. Holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding is not an additional tax. U.S. Holders generally will be entitled to credit any amounts withheld under the backup withholding rules against their U.S. federal income tax liability or to a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals 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 legislation 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 rates rising over time to 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. 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

Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are acting as joint lead managers of the offering and as initial purchasers. 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.

Initial Purchaser	Principal Amount of Notes
Citigroup Global Markets Inc.	U.S.$149,900,500
Deutsche Bank Securities Inc.	149,900,500
Total	U.S.$ 299,801,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the notes if they purchase any of the notes.

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. The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (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, for a period of 30 days from August 2, 2011, we will not, without the prior written consent of Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us. Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

An additional U.S.$101,881,000 aggregate principal amount of the notes were issued pursuant to the U.S. Exchange Offer. These New Notes constituted a single series with, were assigned the same CUSIP and ISIN numbers and Common Codes, and had the same terms and conditions as, the notes we agreed to sell to the initial purchasers.

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 this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this 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. 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. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

We have delivered the notes against payment for the notes.

The initial purchasers have performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The initial purchasers may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. The initial purchasers are also acting as dealer managers for the U.S. Tender and Exchange Offer.

We have agreed to indemnify the 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.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of notes described in these listing particulars may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers nominated by the Company 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 shall require the Company or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state), and includes any relevant implementing measure in the relevant member state and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

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.

Notice to Prospective Investors in the United Kingdom

These listing particulars are only being distributed to, and are 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"). These listing particulars and their contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. 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 have 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 have 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 have 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.

Notice to Prospective Investors in Switzerland

Our securities 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 are 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 our securities 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 our securities.

TRANSFER RESTRICTIONS

The notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(4) it will not offer, sell, pledge or otherwise transfer any of such notes except (a) to us or any of our subsidiaries, (b) to a qualified institutional buyer in compliance with Rule 144A under the Securities Act, (c) in an offshore transaction complying with the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or (e) pursuant to a registration statement that has become effective under the Securities Act and in accordance with all applicable securities laws of the States of the United States and other jurisdictions;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture;

(7) it acknowledges that the trustee, registrar or transfer agent for the notes may not be required to accept for registration or transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

(8) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(9) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A global note and which will be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with our consent. If we so consent, it will be deemed to be removed.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT; (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS; AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

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 & Cía 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 Milbank, Tweed, Hadley & McCloy LLP as their U.S. legal counsel. Certain legal matters with respect to Chilean law will be passed upon for the initial purchasers by Carey y Cía as their Chilean legal counsel.

INDEPENDENT AUDITORS

The audited consolidated financial statements of AES Gener as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, included in these listing particulars, have been audited by Ernst & Young Servicios Profesionales de Auditoria y Asesoria Limitada ("Ernst & Young Limitada"), a member firm of Ernst & Young Global Limited, AES Gener's independent accountants, as stated in the report appearing herein.

LISTING AND GENERAL INFORMATION

1. 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.

2. 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, 2011 (the latest date for which unaudited interim financial statements are available) that is material in the context of the issuance of the notes.

3. 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.

4. 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 (including the applicable New Notes) have been assigned Common Code 065661659, ISIN No. US00105DAC92 and CUSIP No. 00105DAC9. The Regulation S Global Notes (including the applicable New Notes) have been assigned Common Code 065661632, ISIN No. USP0607JAE84 and CUSIP No. P0607JAE8.

INDEX TO FINANCIAL STATEMENTS

AES GENER S.A. AND SUBSIDIARIES

U.S.$	-	United States Dollars
ThU.S.$	-	Thousands of United States Dollars
Ch$	-	Chilean pesos
Col$	-	Colombian pesos
ThCol$	-	Thousands of Colombian pesos
Ar$	-	Argentinean pesos
UF	-	Unidades de Fomento (UF), which is an inflation indexed, Chilean peso denominated monetary unit. The UF rate is set daily in advance, based on prior month's variation in the Chilean Consumer Price Index.

AES GENER S.A. AND SUBSIDIARIES

Interim Consolidated Financial Statements

As of March 31, 2011 and December 31, 2010

Contents

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statement of Financial Position
As of March 31, 2011 and December 31, 2010
(in thousands of United States Dollars)

ASSETS	Note	March 31, 2011	December 31, 2010
		(Unaudited) ThU.S.$	ThU.S.$
CURRENT ASSETS			
Cash and Cash Equivalents	6	266,560	294,261
Other Current Financial Assets	7	315,418	300,500
Other Current Non-Financial Assets	9	5,544	11,476
Trade and Other Receivables	10	450,634	422,540
Related Party Receivables	11	8,352	12,437
Inventory	12	52,758	42,078
Taxes Receivables	13	7,326	2,363
Total Current Assets		**1,106,592**	**1,085,655**
NON CURRENT ASSETS			
Other Non-Current Financial Assets	7	79,579	68,631
Other Non-Current Non-Financial Assets	9	15,055	16,013
Trade and other Receivables	10	6,642	8,171
Investments in Associates	14	261,825	252,051
Intangible Assets	15	12,629	12,682
Goodwill	15	7,309	7,309
Property, Plant and Equipment	16	4,222,618	4,179,193
Deferred Taxes	17	14,780	33,074
Total Non-Current Assets		**4,620,437**	**4,577,124**
TOTAL ASSETS		**5,727,029**	**5,662,779**

The accompanying notes form an integral part of these financial statements.

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statement of Financial Position
As of March 31, 2011 and December 31, 2010
(in thousands of United States Dollars)

LIABILITIES AND EQUITY	**Note**	**March 31, 2011**	**December 31, 2010**
		(Unaudited) **ThU.S.$**	**ThU.S.$**
CURRENT LIABILITIES			
Other Current Financial Liabilities	18	90,664	97,946
Trade and Other Payables	19	231,602	314,335
Related Party Payables	11	16,991	26,313
Provisions	20	3,802	4,244
Taxes Payable	13	42,673	31,621
Employee Benefits	21	2,656	3,014
Other Current Non-Financial Liabilities	22	16,619	21,982
Total Current Liabilities		**405,007**	**499,455**
NON-CURRENT LIABILITIES			
Other Non-Current Financial Liabilities	18	2,124,033	2,100,472
Trade and Other Payables	19	59,858	50,737
Related Party Payables	11	-	2,376
Provisions	20	31,915	31,035
Deferred Taxes	17	365,775	366,885
Employee Benefits	21	30,013	29,719
Other Non-Current Non-Financial Liabilities	22	26,315	27,524
Total Non-Current Liabilities		**2,637,909**	**2,608,748**
TOTAL LIABILITIES		**3,042,916**	**3,108,203**
EQUITY			
Issued Capital		1,901,720	1,901,720
Retained Earnings	23	614,758	511,238
Share premium		49,908	49,908
Other Components of Equity	23	293,599	293,452
Other Comprehensive Income	23	(175,964)	(201,829)
Equity Attributable to Shareholders of Parent		**2,684,021**	**2,554,489**
Non-Controlling Interests		92	87
Total Equity		**2,684,113**	**2,554,576**
Total Liabilities and Equity		**5,727,029**	**5,662,779**

The accompanying notes form an integral part of these financial statements.

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2011 and 2010
(in thousands of United States Dollars, except as noted)

	Note	March 31, 2011	March 31, 2010
		ThU.S.$	**ThU.S.$**
Operating Revenue	24	580,616	454,430
Cost of Sales	25	(380,275)	(350,835)
Gross Profit		**200,341**	**103,595**
Other Operating Income		1,377	1,663
Administrative Expenses	25	(45,601)	(33,314)
Other Operating Expenses	25	(3,179)	(2,566)
Other Income	26	(3,849)	(274)
Finance Income	27	1,823	1,150
Finance Expense	27	(22,735)	(18,870)
Equity Participation in Net Income of Associates	14	7,671	6,819
Foreign Currency Exchange Differences	27	(2,436)	(3,050)
Net Income before Taxes		**133,412**	**55,153**
Income Tax Expense (Income)	28	(29,889)	1,514
Net Income after Tax from Continuing Operations		**103,523**	**56,667**
Income (Loss) from Discontinued Activities		-	-
NET INCOME		**103,523**	**56,667**
Income (Loss) Attributable to Non-Controlling Interests		**3**	**(1,181)**
Income Attributable to Shareholders of Parent		**103,520**	**57,848**
Earnings per Share (Presented in U.S.$)			
Basic and Diluted Earnings per Share of Continuing Operations	29	0.0128	0.0072
Basic and Diluted Earnings per Share of Discontinued Operations		-	-
BASIC AND DILUTED EARNINGS PER SHARE		**0.0128**	**0.0072**

OTHER COMPREHENSIVE INCOME		
Net Income	**103,523**	**56,667**
Other Comprehensive Income		
Foreign Currency Translation Adjustments	8,350	29,552
Net Movement on Cash Flow Hedges	19,719	1,048
Income Tax Effect of Cash Flow Hedges	(4,362)	(18)
Net Gain (Loss) from Associates Cash flow Hedge	2,104	(1,744)
Net Gain from Available-for-sale Financial assets	54	1,718
Actuarial Gains (Loss) on Defined Benefit Plans	-	-
Total Other Comprehensive Income	**25,865**	**30,556**
Total Comprehensive Income	**129,388**	**87,223**
Net Income Attributable to Non-Controlling Interests	**3**	**(1,181)**
Net Income Attributable to Shareholders of the Parent	**129,391**	**88,404**

The accompanying notes form an integral part of these financial statements.

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statement of Changes in Equity
For the three months ended March 31, 2011 and 2010
(in thousands of United States Dollars)

				Other Comprehensive Income					
Statement of Changes in Equity	**Issued Capital**	**Share Premium**	**Dividend Reserve and Share based options**	**Foreign Currency Translation Reserve**	**Cash Flow Hedge Reserve**	**Defined Benefit Plan Reserve**	**Other Various Reserves**	**Retained Earnings**	**E Attr Share P**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**Tl**
Opening Balance (01/01/2011).......	1,901,720	49,908	293,452	33,643	(90,415)	(2,250)	(142,807)	511,238	2,
Net Income	-	-	-	-	-	-	-	103,520	
Other Comprehensive Income ...	-	-	-	8,350	17,461	-	54	-	
Dividends	-	-	-	-	-	-	-	-	
Increases (Decreases) for Transfers and Other Changes.....			147	-	-	-	-	-	
Total Changes in Equity			147	8,350	17,461	-	54	103,520	
Ending Balance (03/31/2011)........	**1,901,720**	**49,908**	**293,599**	**41,993**	**(72,954)**	**(2,250)**	**(142,753)**	**614,758**	**2,**

				Other Comprehensive Income					
Statement of Changes in Equity	**Issued Capital**	**Share Premium**	**Dividend Reserve and Share based options**	**Foreign Currency Translation Reserve**	**Cash Flow Hedge Reserve**	**Defined Benefit Plan Reserve**	**Other Various Reserves**	**Retained Earnings**	**E Attr Shar of**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**Tl**
Opening Balance (01/01/2010).......	1,901,720	49,908	165,082	(713)	(21,136)		(146,876)	645,781	2,
Net Income (Loss).....................	-	-	-	-	-	-	-	57,848	
Other Comprehensive Income (Loss)....................................	-	-	-	29,552	(714)	-	1,718	-	
Dividends	-	-	-	-	-	-	-	-	
Increases (Decreases) for Transfers and Other Changes.....	-	-	134	-	-	-	-	-	
Total Changes in Equity	-	-	134	29,552	(714)	-	1,718	57,848	
Ending Balance (03/31/2010)........	**1,901,720**	**49,908**	**165,216**	**28,839**	**(21,850)**	**-**	**(145,158)**	**703,629**	**2,**

The accompanying notes form an integral part of these financial statements.

AES Gener and Subsidiaries
Interim Unaudited Consolidated Statement of Cash Flows
For the three months ended March 31, 2011 and 2010
(in thousands of United States Dollars)

	March 31, 2011	March 31, 2010
Statement of Cash Flows	**ThU.S.$**	**ThU.S.$**
Net Cash Flows provided by Operating Activities		
Net Income	103,523	56,667
Non-Cash Adjustments to Net Income		
Depreciation and Amortization	41,790	40,002
Unrealized Foreign Exchange Gains	(4,849)	(1,755)
Undistributed Equity Participation in Net Income of Associates	(7,671)	(6,819)
Income Taxes	29,889	(1,514)
Other Non-Cash	32,560	21,962
Increase in Inventory	(10,780)	(2,945)
Decrease (Increase) in Trade and Other Receivables	(46,931)	46,123
Increase (Decrease) in Trade and Other Payables	6,910	(10,987)
Movements in Provisions	95	(11,918)
Dividend Payments	(73,031)	0
Interest Payments	(16,192)	(21,172)
Interest Received	1,514	0
Income Tax Paid	(16,953)	(9,470)
Other Operating Inflows (Outflows) of Cash and Cash Equivalent	931	(705)
Net Cash Flows Provided by Operating Activities	40,805	97,469
Net Cash Flows Provided by (Used in) Investing Activities		
Proceeds from Sales of Property, Plant and Equipment	151	0
Additions to Property, Plant and Equipment	(80,922)	(150,767)
Acquisitions of Intangible Assets	(141)	(1,974)
Other Investing Inflows (Outflows) of Cash and Cash Equivalent	(13,845)	67,513
Net Cash Flows Used in Investing Activities	(94,757)	(85,228)
Net Cash Flows Provided by Financing Activities		
Proceeds from Borrowings	29,750	102,654
Repayments of Loans	(3,148)	(3,067)
Repayments of Finance Lease Liabilities	(531)	(469)
Other Financing Inflows (Outflows) of Cash and Cash Equivalent	56	(3,121)
Net Cash Flows Provided by Financing Activities	26,127	95,997
Net Cash and Cash Equivalents Increase (Decrease)	(27,825)	108,238
Net Foreign Exchange Differences	124	349
Cash and Cash Equivalents at the Beginning of Period	294,261	162,647
Cash and Cash Equivalent at the End of Period	**266,560**	**271,234**

The accompanying notes form an integral part of these financial statements.

Index to the Notes of the Interim Unaudited Consolidated Financial Statements of AES Gener S.A. and Subsidiaries

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

AES Gener S.A. (www.gener.cl) (hereinafter "the Company", "the Group", "AES Gener" or "Gener") was formed by public deed on June 19, 1981, signed before Santiago Notary Public 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 Securities and Insurance Supervisor in resolution No. 410-S on July 17, 1981, published in the 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 System ("SIC") through the following powerplants: four run-of-the-river hydroelectric power plants, one coal-fired thermoelectric power plants and four diesel-fueled turbogas power plants, all of which belong directly to Gener; a natural gas and/or diesel combined-cycle power plant and a diesel power plant belonging to its subsidiary Sociedad Eléctrica Santiago S.A ("ESSA"); a coal-fired thermoelectric power plant belonging to its subsidiary Empresa Eléctrica Ventanas S.A. ("EEVSA"); two cogeneration power plants and one gas turbine belonging to its subsidiary Energía Verde S.A ("EVSA"); and a coal-fired thermoelectric power plant belonging to its associate Empresa Eléctrica Guacolda S.A. ("Guacolda").

Gener also provides energy to the Great North Interconnected System (SING), through its subsidiaries Norgener S.A. ("Norgener") and Termoandes S.A. ("Termoandes"). The former has a coal-fired thermoelectric power plant in the city of Tocopilla, and the latter has one natural gas combined-cycle power plant in Salta, Argentina, connected to the SING by a transmission line owned by its subsidiary Interandes S.A.

To address opportunities offered by the Chilean market, Gener is in the process of building various new power plants. In the SIC, the Company completed the construction of a coal-fired unit in December 2009 which belongs to its subsidiary EEVSA and has another unit under construction which belongs to its subsidiary Empresa Eléctrica Campiche S.A. ("EEC"). In the SING, its subsidiary Empresa Eléctrica Angamos S.A. ("EEA") is in the process of building an additional coal-fired unit. Gener has three other projects under development for which it has received approval of the related environmental impact studies.

In addition to its share in the Chilean electricity market, Gener produces electricity in Argentina and Colombia through its subsidiaries Termoandes S.A. and AES Chivor & Cía. S.C.A. E.S.P. ("Chivor"), respectively.

Gener's commercial office is located at Mariano Sánchez Fontecilla 310, 3rd floor, Las Condes, Santiago, Chile.

The Company is controlled by AES Corporation through its investment subsidiary Cachagua Ltda. with a 70.67% interest as of March 31, 2011.

These interim consolidated financial statements were approved by the Company's Board of Directors on May 19, 2011.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2.1. Basis of Presentation

These consolidated interim financial statements of AES Gener S.A. and subsidiaries ("the Group") cover the consolidated statements of financial position as of March 31, 2011 and December 31, 2010, the interim statements of comprehensive income, the interim statements of changes in equity and cash flows for the periods ended March 31, 2011 and 2010, and their related notes, which have been prepared and presented in accordance with IAS

34 "Interim Financial Reporting" considering the respective presentational regulations of the Chilean Superintendency of Securities and Insurance ("SVS"), which do not conflict with IFRS.

The preparation of these consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") 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 principles. 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 4.

The information contained in these interim consolidated financial statements is the responsibility of the management of AES Gener.

As of the date of these interim 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.

Standards and Amendments	Mandatory application date
New Standards	
IFRS 9: Financial Instruments: Classification and Measurement	01-01-2013
IFRS 10: Consolidated Financial Statements	01-01-2013
IFRS 11: Joint Arrangements	01-01-2013
IFRS 12: Disclosure of Interests in Other Entities	01-01-2013
IFRS 13: Fair Value Measurement	01-01-2013
IFRS 27: Separate Financial Statements	01-01-2013
IFRS 28: Investments in Associates and Joint Ventures	01-01-2013
Amendments	
IAS 1: Financial Statements Presentation	07-01-2011
IAS 12: Income Tax	01-01-2012

The company is currently in the process of evaluating the initial effects of their application.

Management estimates that adoption of the aforementioned standards, amendments and interpretations will not have a significant impact on the Company's consolidated financial statements during the period of initial application.

2.2. Basis of Consolidation

The consolidated interim financial statements consist of the interim financial statements of AES Gener S.A. (the "Parent Company") and its subsidiaries as of March 31, 2011 and 2010 and December 31, 2010.

The interim 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

Subsidiaries consist of all entities over which AES Gener has the power to direct financial and operating policies and generally over which it holds more than half of the voting rights. Subsidiaries are consolidated from the date control is transferred to AES Gener S.A. and are no longer consolidated from the date control ceases.

The purchase method is used to account for acquisitions of subsidiaries. The purchase cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed on 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 interest. 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 the income statement.

The Company consolidates the following subsidiaries:

TAXPAYER ID NUMBER	COMPANY NAME	COUNTRY	FUNCTIONAL CURRENCY	OWNERSHIP INTEREST			
				March 31, 2011			December 3 1, 2010
				DIRECT	INDIRECT	TOTAL	TOTAL
96.673.040-4	ENERGÍA VERDE S.A.	CHILE	U.S.$	99.9900	0.0000	99.9900	99.9900
96.678.770-8	NORGENER S.A.	CHILE	U.S.$	99.9999	0.0000	99.9999	99.9999
96.717.620-6	SOCIEDAD ELECTRICA SANTIAGO S.A.	CHILE	U.S.$	99.9999	0.0001	100.0000	100.0000
96.814.370-0	EMPRESA ELECTRICA VENTANAS S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
Foreign	ENERGY TRADE AND FINANCE CORPORATION	CAYMAN ISLANDS	U.S.$	99.9999	0.0001	100.0000	100.0000
Foreign	AES CHIVOR & CIA S.C.A. E.S.P.	COLOMBIA	COL$	0.0000	99.9800	99.9800	99.9800
Foreign	GENER BLUE WATER	CAYMAN ISLANDS	U.S.$	0.0000	100.0000	100.0000	100.0000
76.803.700-0	INVERSIONES NUEVA VENTANAS S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
78.759.060-8	INVERSIONES TERMOENERGIA DE CHILE LTDA.	CHILE	U.S.$	0.0000	99.9900	99.9900	99.9900
Foreign	GENER ARGENTINA S.A.	ARGENTINA	U.S.$	92.0000	8.0000	100.0000	100.0000
Foreign	TERMOANDES S.A.	ARGENTINA	U.S.$	33.0000	67.0000	100.0000	100.0000
Foreign	INTERANDES S.A.	ARGENTINA	U.S.$	13.0000	87.0000	100.0000	100.0000
96.761.150-6	GENERGIA S.A.	CHILE	U.S.$	0.0000	99.9999	99.9999	99.9999
Foreign	GENERGIA POWER LTD.	CAYMAN ISLANDS	U.S.$	0.0000	100.0000	100.0000	100.0000
76.004.976-K	EMPRESA ELECTRICA ANGAMOS S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
76.008.306-2	EMPRESA ELECTRICA CAMPICHE S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
Foreign	ENERGEN S.A.	ARGENTINA	U.S.$	94.0000	6.0000	100.0000	100.0000
Foreign	AES CHIVOR S.A.	COLOMBIA	COL$	0.0000	99.9800	99.9800	99.9800
76.085.254-6	EMPRESA ELECTRICA COCHRANE S.A.	CHILE	U.S.$	0.1000	99.9000	100.0000	100.0000

For the purposes of these interim consolidated financial statements, intercompany transactions and unrealized gains are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

(b) Transactions with Non-Controlling Interest

Non-controlling interest represents the share of net income or net losses and net assets of subsidiaries not 100% held by the Group. Non-Controlling Interests are presented separately in the Statements of Comprehensive Income and Financial Position. AES Gener S.A. considers transactions with non-controlling interests to be transactions with third parties outside the Group. 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 the net 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.

2.3. 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 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 income 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 company, 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 impairment of the asset transferred. When necessary, the accounting policies of associates are modified to ensure their uniformity with policies adopted by the Company.

2.4. Operating Segments

Segment information is presented consistently within interim reports provided to the Company's management, who is responsible for assigning resources and evaluating the performance of the operating segments. In making strategic decisions, management identifies its operating segments based on the markets in which it participates (i.e. the SIC and SING markets in Chile and the National Interconnected System (SIN) in Colombia).

This financial information is detailed by operating segments in Note 5.

2.5. Foreign Currency Transactions

(a) Presentation and Functional Currency

The items included in the financial statements of each of the Company'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 subsidiary, Chivor, 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 statement, except when deferred in equity as an effective cash flow hedge.

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) Basis of Conversion

Assets and liabilities denominated in foreign currencies and Unidades de Fomento are presented using the following respective exchange rates and closing values per U.S.$1:

	March 31, 2011	December 31, 2010	March 31, 2010
Chilean pesos (Ch$)	479.46	468.01	524.46
Argentine pesos (Ar$)	4.054	3.976	3.875
Colombian pesos (Col$)	1,871.0	1,907.70	1,920.35
Unidad de Fomento (UF)	0.222	0.218	0.0250

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 for Subsidiaries with Different Functional Currencies

The net income and financial position of all Group entities (none of which are in a hyperinflationary economy) with a functional currency that differs from the presentation currency are converted as follows:

(i) Assets and liabilities are converted using the period-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); and

All resulting foreign exchange translation differences are recognized as a separate component of Other Comprehensive Income, within Foreign Currency Translation Reserve.

On disposal of the foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognized in net income.

2.6. Property, Plant and Equipment

Land belonging to the Group is recognized at cost, net of accumulated impairment losses.

Plants, buildings, equipment and transmission systems 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 acquisition cost, 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, the initial estimate of costs for the decommissioning of the asset, as well as costs for restoring the site where it is located, all of which the Company undertakes upon acquiring the asset or as a consequence of using the asset during a given period.

Under the election provided by IFRS 1 "First time adoption of IFRS", the Company revalued certain property, plant and equipment items. The fair value of those assets, according to the revaluation performed on the transition date, represents their cost under IFRS.

Costs related to major inspection and overhaul are recognized as part of the carrying amount of the asset or as a separate asset if they meet the recognition criteria in IAS 16 "Property, Plant and Equipment". When parts are replaced, the respective carrying amount is derecognized. All other repairs and maintenance are charged to income for the period in which they are incurred.

Projects under construction include the following expenses that are capitalized during the construction period:

(i) Interest expenses related to external financing that are directly attributable to construction, both specific and generic in nature. In terms of generic financing, capitalized interest 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.

Construction in progress balances are transferred to property, plant and equipment once the testing period is finalized and 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 property, plant and equipment are detailed in Note 16.

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 usage expectations for 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 2.8).

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 net income.

2.7. Intangible Assets

(a) 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 acquisition of subsidiary is included in Intangible Assets, whereas Goodwill relating to acquisitions of associates is included in Investments in Associates. Goodwill is subject to 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 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 can not be reversed in future periods.

(b) Software

Licenses for purchased software are capitalized on the basis of the costs of each specific program incurred to purchase and prepare it for its intended use. These costs are amortized over their estimated useful lives.

Expenses related to software development or maintenance are expensed as incurred. Costs related directly to the 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.

(c) Easements

Easement rights are presented at historical cost. These rights have no time limits and therefore 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.

(d) Water Rights

Water rights are presented at historical cost. These rights have no time limits and therefore they are considered assets with an indefinite useful life and consequently are not subject to amortization. However, the determination of indefinite the 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.

2.8. 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. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed as of each year-end in case events may have occurred that justify loss reversals.

2.9. Financial Assets

Presentation and classification

AES Gener classifies its financial assets into the following categories: at fair value through profit and loss, loans and receivables, held-to-maturity financial investments, available-for-sale financial investments and derivatives designated as hedging instruments in an effective hedge. The classification depends on the purpose for 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 and Loss

Financial assets at fair value through profit and 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. This category also includes derivative financial instruments that are not designated as hedging instruments

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in 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 Statement of Financial Position.

(c) Held-to-Maturity Financial Investments

Held-to-maturity financial investments 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 in this category or not classified in any other category. They are included in non-current assets unless Management intends to dispose of the investment within the coming 12 months.

Initial Recognition and Disposal

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 and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, and transaction costs are registered in the income statement. Investments are written off when the rights to receive cash flows from the investments have expired and the Group has transferred substantially all risks and rewards of ownership.

Subsequent valuation

Available-for-sale financial assets and financial instruments at fair value through profit and loss are subsequently recorded at fair value. Loans and other receivables and held-to-maturity financial assets are accounted for at amortized cost using the effective interest rate method.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in Finance Income or Finance Expense in the income statement. Dividend income from financial assets at fair value through profit and loss is recognized in the Statement of Comprehensive Income within the account Other Income when the Group's right to receive payment is established.

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 the net income; foreign currency translation differences of non-monetary instruments are recognized in Other Comprehensive Income. Variations in the fair value of monetary and non-monetary instruments classified as available for sale are recognized in Other Comprehensive Income 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 Comprehensive Income are included in the net income.

Interest from available for sale instruments calculated using the effective interest rate method is recognized in the net income within the account Finance Income. Dividend income from available for sale equity instruments is recognized in the net income within Other Income when the Group's right to receive payment is established.

The fair values of quoted investments are based on current acquisition costs. If the market for a financial asset is not active, the Group establishes the fair value using valuation techniques that include the following:

- the use of recent transactions between willing and duly informed interested parties, in reference to other substantially similar instruments,
- discounted cash flow analysis
- options price fixing models, maximizing use of market inputs and relying as little as possible on entity-specific assumptions.

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 there is a significant or prolonged decline in the fair value of the instruments below their cost has taken place. If any evidence of this type 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 Comprehensive Income and is recognized in net income. Impairment losses recognized in the Statement of Comprehensive Income for equity instruments are not reversed. However, increases in their fair value subsequent to impairment are recognized directly in Other Comprehensive Income.

Trade and Other receivables are recognized initially at fair value and subsequently at amortized cost, in accordance with the method of effective interest rate method less the 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 carrying amount of the asset and the present value of the future estimated cash flows discounted at 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.

The subsequent recovery of amounts previously written-off is recognized as a credit to Costs of Sales.

2.10. Financial Liabilities

AES Gener classifies its financial liabilities into the following categories: at fair value through profit and loss, trade payables, interest-bearing loans or derivatives designated as hedging instruments in an effective hedge (See Note 2.11 Derivative Financial Instruments and Hedging). Management determines the classification of its financial liabilities upon initial recognition.

Financial liabilities are derecognized when the obligation is settled, cancelled 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 directly attributable transaction costs. Subsequent measurement of financial liabilities depends on their classification, as described below:

(a) Financial Liabilities at Fair Value through Profit and Loss

Financial liabilities are classified as at fair value through profit and 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 net income. This category includes derivative instruments not designated for hedge accounting.

(b) Trade and Other Payables

Balances payable to suppliers are subsequently measured at their amortized cost using the effective interest rate method.

(c) Interest-Bearing Loans

Interest-bearing loans are subsequently measured at their 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.

2.11. 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 executed 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 if 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;
- cash flow hedges; and
- net investment hedges in a foreign operation.

The Group documents the relationship between hedge instruments and the hedged items at the inception 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 inception 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.

The fair values of the Group's derivative instruments used for hedging purposes are shown in Note 8 Financial Instruments. The total fair value of the hedge derivatives is classified as a current or non-current asset or liability in accordance with the classification of the underlying item. Derivates that do not qualify for hedge accounting are classified as current and noncurrent assets or liabilities based on specific facts and circumstances (i.e. the underlying cash flows).

(a) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in net income, together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The Group has not used fair value hedges in the current reporting years.

(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 Comprehensive Income within the cash flow hedge reserve. Any loss or gain related to the ineffective portion is recognized immediately in Other Income.

Amounts accumulated in Other Comprehensive Income are recorded in the income statement in the periods in which the hedged item impacts the income statement. For variable interest rate hedges, the amounts recognized in equity are reclassified to Finance Expense as the associated debts accrue interest. In the case of interest rate swaps, the amounts recognized in Other Comprehensive Income are reclassified to Finance Expense as interest accrues. For cross currency swaps, the amounts recognized in Other Comprehensive Income are reclassified to Foreign Currency Exchange Differences in net income.

When a hedge instrument matures, is sold or when it no longer meets hedge accounting requirements, gains or losses accumulated in Other Comprehensive Income remain in equity and are 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 net income.

(c) Net investment hedge

Net investment hedges in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss in the hedge instrument related to the effective portion of the hedge is recognized in equity, while amounts relating to the ineffective portion are recognized immediately in the income statement in net income.

Losses and gains accumulated in Other Comprehensive Income are included in net income when the hedged foreign operation is settled.

The Group has not used net investment hedges in foreign operations for the current reporting periods.

(d) Derivatives Not Designated as Hedges

Derivatives that are not designated as hedging instruments in an effective hedge are recognized at fair value through profit and loss. Changes in the fair value of any derivative instrument recorded in this way are recognized immediately in the income statement within other income.

(e) 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 not closely related, the embedded derivatives are bifurcated and the variations in fair value of these embedded derivatives are recorded in net income.

2.12. Inventory

Inventory is valued at the lesser of cost and net realizable value. Cost is determined using the average weighted price method. The net realizable value is determined as the estimated sales price during the normal course of business, less applicable variable sales costs.

2.13. Cash and Cash Equivalents

Cash and cash equivalents include cash, time deposits in credit institutions and other highly-liquid, short-term investments with original maturities not in excess of three months net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are classified as external resources within Other Financial Liabilities. The classification of Cash and Cash Equivalents does not differ from that used in the Statement of Cash Flows.

2.14. 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 reduction of the funds obtained by issuing new shares, net of taxes.

2.15. Taxes

Current 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 taxes for the period are determined as the sum of the Company's current taxes and those of its subsidiaries, which result 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 investment in subsidiaries, affiliates and interests in joint ventures as indicated below, deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax liability is recognized for temporary tax differences related to investments in subsidiaries, associates and interests in joining ventures, except when the following conditions are fulfilled:

- 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 Forward of unused tax credits and losses can be utilized
- 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 to income or equity, based on where the originating gains or losses were recorded.

Deferred tax assets related to tax losses are recognized to the extent that it is probably that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized and the tax losses have not expired. In both Chile and Colombia, tax losses do not expire, but in Argentina they expire after five years.

Argentine 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.

2.16. Employee Benefits

(a) Short Term Employee Benefits and Other Post-Employment Obligations

The Company recognizes all liabilities related to short term benefits to employees such as salary, vacation, bonus and others as they are accrued considering amounts stipulated in collective agreements following normal Company policy.

(b) Pensions: Defined Benefit Pension 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 performance of 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 performance of long-term sovereign bonds issued by the Colombian government. Benefits for retired employees, entitled 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 are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses of an individual plan exceed 10% of the defined benefit obligation. These amounts are recognized in net income over the employees' remaining expected work lives.

Actuarial losses and gains that do not exceed 10% are recognized in equity in the defined benefit plan reserve in the period in which they are generated.

(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 a stock option awards is recognized as an expense and a corresponding capital contribution, increasing 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 Share-Based Payments).

The Company uses the Black-Scholes model to estimate the fair value of the stock options granted to employees.

(d) Staff Severance Indemnities

The Company's obligation for staff severance indemnities 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, 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 2.19 (b) Defined Benefit Pension Plans.

2.17. 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 not recognized for future operating losses.

These provisions are recorded at the present value of the expected costs to settle the obligation using estimated cashflows. The cashflows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the income statement as interest expense.

2.18. 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 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 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 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.

Before its elimination under the regulatory mechanism, as of December 31, 2009, the Company accrued revenues from non-contractual energy sales to distributors at spot price in accordance with Transitory Article 3 of Law 20,018. This standard establishes that "generation companies shall receive the current node price for supplies not covered by contracts, crediting or charging the respective positive or negative differences between the spot price and the current node price." In accordance with Exempt Resolution No. 885 dated December 24, 2007, from the National Energy Commission's Toll Office, these differences will be settled by increasing the node price by up to 20%. If a 20% increase were insufficient to cover these differences, the remaining difference would be added to node prices for future periods until the difference has been completely exhausted.

(b) Finance 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 once the Company's Board of Directors has approved the dividend distribution.

(d) Deferred Income

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 as operating income over the life of the respective contract.

2.19. Leases

Leases in which all risks and rewards of ownership are substantially transferred are classified as finance leases. All remaining leases are classified as operating. The Group applies IFRIC 4 to determine if an agreement is, or contains, a lease.

(a) Group as a Lessee – Finance Lease

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 lesser of 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 to attain a constant interest rate on the outstanding balance of the obligation. The corresponding lease obligations, net of finance charges, are included in other non-current accounts payable. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Items of property, plant and equipment acquired under a finance lease are depreciated over the lesser of their useful lives and the duration of the respective 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 recognized as an operating expense on a straight-line basis over the lease term.

(c) Group as a Lessor – Finance Lease

When assets are leased under finance leases, the present value of the lease payments is recognized as a financial account receivable. The difference between the gross amount receivable and the present value of that amount is recognized as a profit or loss on the sale.

Income from leases is recognized during the lease term using a constant periodic rate of return over the net investment.

(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 net income on a straight-line basis over the lease term.

2.20. 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 Board of Directors.

As of each year-end, the Company registers as a provision 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 Board of Directors decides unanimously against it.

2.21. Environmental Expenditures

Expenses related to environmental impact prevention are recorded in net 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.

NOTE 3 – FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

3.1. 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 sources. The responsible and effective management of these uncertainties is viewed by the Company as strategic from the standpoint of value creation.

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, analysis, quantification, measurement and control of these events. It is management's responsibility, particularly the financial and commercial management teams, to constantly assess and manage financial risk.

3.2. 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 prices comprise of three types of risk: Foreign Currency risk, Interest Rate Risk and Commodity Price Risk.

(i) Foreign Currency Risk

With the exception of operations in Colombia, the Company's functional currency is the US dollars given that its revenue, expenses and investments in equipment are mainly determined using the US dollars. Also, the Company is authorized to declare and pay its taxes in US dollars. Foreign currency 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 accumulated accounts receivables related to Ministerial Resolution No. 88, and contract sales and tax credits mainly associated with VAT. As of March 31, 2011, Gener maintained several currency derivative instruments to cover its exposure to Chilean peso variations. As of March 31, 2011, the impact of a 10% variation in the exchange rate of the Chilean peso with respect to the US dollars could have generated an impact of approximately ThU.S.$13,382 in the Group's net income for the three month period ended March 31, 2011, holding all other variables held constant. During the same period, approximately 87% of operating revenue and 93% of the Company's expenses were in US dollars.

In relation to the foreign subsidiaries, Chivor's functional currency is the Colombian peso, since the majority of the subsidiary's revenue, particularly contract sales and operating costs are linked to the Colombian peso. As of March 31, 2011, sales in Colombian pesos represented 11% of the Company's consolidated operating revenue. Additionally, Chivor dividends are determined in Colombian pesos, although financial hedge instruments are used to fix the amount to be distributed in US dollars. Furthermore, spot prices in the Argentinean market are denominated in Argentinean pesos. Argentinean peso denominated sales represented just 2% of the Company's consolidated operating revenue, as of March 31, 2011.

In addition, the majority of 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, 2011, 86% of short term investments were in US dollars, 9% in Chilean pesos and 1% in Colombian pesos.

With respect to debt denominated in currencies other than the US dollars, Gener has entered into currency swaps to eliminate the majority of the exchange rate risk. For the UF-denominated bonds issued in 2007 for approximately ThU.S.$217,000, AES Gener has a cross currency swap for the duration of the debt. As of March 31, 2011, 97% of the Company's debt is denominated in US dollars, including the bonds mentioned above. The following table shows the composition of debt by currency as of March 31, 2011 and 2010:

Currency	March 2011 %	March 2010 %
U.S.$	97.4	96.4
UF	2.2	2.2
Col$	0.4	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 floating 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 the Nueva Ventanas and Angamos projects. The following table shows the composition of debt by type of interest rate as of March 31, 2011 and 2010:

Rate	March 2011 %	March 2010 %
Fixed rate	87.6	89.4
Variable rate	12.4	10.6

(iii) Commodity Price Risk

The Group is affected by the volatility of certain commodities. The fuels used by the Company, mainly coal, diesel and liquid 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. Commodity price risk is related to fluctuations in these prices.

The price of fuel is a key factor in plant dispatch and spot prices both in Chile and Colombia. Price variations for fuels such as coal, diesel and natural gas can change the composition of the Company's costs through variations in marginal cost. Since AES Gener is a company with 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 that adjusts the energy sales price to the variations in coal prices, according to the indexes and schedules contained in each contract. In addition, the Company has created a coal acquisition strategy that consists of maintaining a portion of purchases at both fixed and variable prices in order to align its generation costs with its contracted energy sales.

Currently, diesel purchases are not hedged. Given that the Company has a policy of physically backing up its contract sales with efficient generation, it is expected that diesel-fired units will operate for only for spot sales in rare circumstances such as drought conditions in the SIC. Also, Nueva Renca's unit within the subsidiary of Sociedad Eléctrica Santiago S.A. ("ESSA") 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. Therefore considering the Company's policy and the fact that ESSA's plant used LNG for all its generation this period, it is estimated that a

10% in diesel would have caused a positive impact in the Company's consolidated gross margin of ThU.S.$11,800 during the first three months of 2011.

Embedded Derivatives:

Due to the early termination of a gas purchase contract on December 29, 2010, the subsidiary Eléctrica Santiago S.A. has an obligation to pay Gas Andes Chile a variable amount. This is not considered to be closely related to the host contract and therefore it has been bifurcated and recorded at fair value.

In October 2010, Gener entered into a contract with AES Hawaii Ltd. for the sale of coal at a variable price. The price is based on a fuel price index that is not closely related to the host contract and has also been bifurcated and recorded at fair value.

(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 over 90% of them have local scale and/or international scale investment grade risk ratings. As per Chilean regulations, the Group's spot sales are required to be with other CDEC participants that have energy deficits according to the economic dispatch performed by the CDEC. In Colombia, Chivor performs risk evaluations of their counterparties based on an internal credit evaluation that may require guarantees in certain cases.

Regarding financial assets and investments made by AES Gener and its subsidiaries, they are executed with local and foreign financial institutions that have with national and/or international risk ratings greater than or equal to "A" in Standard & Poor's rating scale and "A2" in Moody's rating scale. Similarly, derivative instruments are executed with highly rated international entities. The Company has cash, investment and treasury policies to guide its cash management and minimize credit risk.

The maximum credit exposure at the date of this report is the accounting value for each kind of financial assets referred in Note 10 Trade and Other Receivables. The Company does not maintain any guarantees for those financial assets.

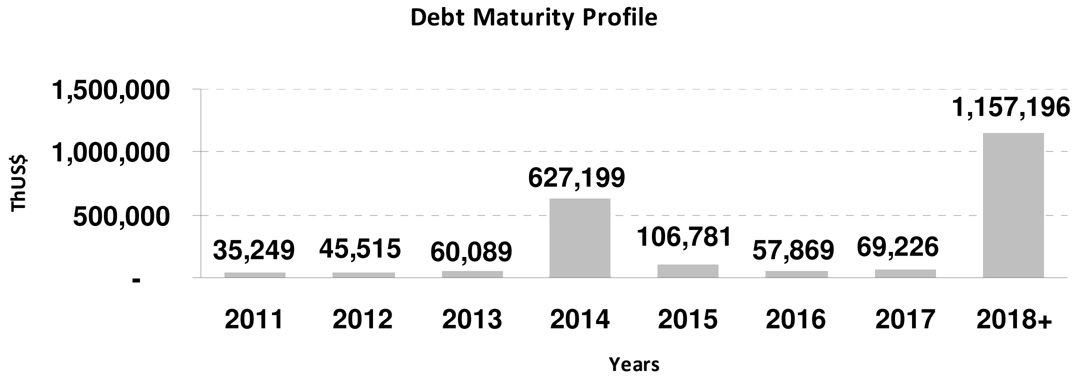
(c) **Liquidity Risk**

Liquidity risk relates to the ability to meet payment obligations. The Company's objective is to maintain a balance between fund continuity and financial flexibility through normal operating cash flows, bank loans, public bonds, short-term investments and both committed and uncommitted credit lines.

As of March 31, 2011, AES Gener had available liquid resources of ThU.S.$579,497, that included cash and cash equivalents of ThU.S.$266,560, time deposits and short-term US dollars mutual funds for a total of ThU.S.$312,937, recorded in "Other Current Financial Assets". As of December 31, 2010, the total cash balance was ThU.S.$592,890, which included cash and cash equivalents of ThU.S.$294,261 and time deposits and short-term US dollars mutual funds of ThU.S.$298,629. Cash and Cash Equivalents include cash, time deposits, marketable securities, US dollars available-for-sale mutual funds, repurchase agreements and fiduciary rights.

As of March 31, 2011, AES Gener holds committed and unused lines of credit for close to ThU.S.$219,176, in addition to uncommitted and unused lines of credit for close to ThU.S.$275,335.

In relation to debt maturities, Gener has no significant maturities until 2014. The graphic below shows the maturity profile, based on actual debt, in millions of US dollars as of March 31, 2011:



	As of March 31, 2011					
		Expected contractual maturity date				
	Average interest rate	2011	2012	2013	2014	2015 and beyond
		(in U.S.$ millions)				
Fixed Rate						
(UF Swapped to U.S.$)	5.50%	–	–	–	–	47.0
(UF Swapped to U.S.$)	7.34%	–	–	–	–	172.5
(U.S.$)	7.50%	–	–	–	400.0	–
(U.S.$)	8.00%	–	–	–	–	196.0
(UF)	7.50%	0.8	0.9	1.0	1.1	42.9
(U.S.$)	9.75%	–	–	–	170.0	–
(U.S.$)	6.95%	6.0	6.0	6.0	3.0	–
Variable Rate						
(U.S.$)	LIBOR + Spread	19.0	21.1	22.5	25.5	307.5
(U.S.$)	LIBOR + Spread	–	17.6	30.7	27.6	625.1
(Col$)	DTF(1) + Spread	9.5	–	–	–	–
Total		**35.2**	**45.5**	**60.1**	**627.2**	**1,391.1**

3.3. Risk Measurement

The Company has developed methods to measure the efficiency and effectiveness of risk strategies, both prospectively and a retrospectively.

For those analyses, different market methods for risk quantification are used, such as regression methods, risk bearing capacity and maximum risk exposure, which allow the Company to adjust risk strategies and mitigation methods and assess their impact.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Management must make judgments and estimates that can 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.
- The useful life and residual values of property, plant and equipment and intangible assets.
- The assumptions used to calculate the fair value of financial instruments, including credit risk.
- The probability of occurrence and the value of contingent liabilities or liabilities whose amount is uncertain.
- Future disbursements for asset dismantling or removal obligations.
- Determination of the existence of finance or operating leases based on the transfer of risks and rewards of the leased assets.
- Asset and investment valuation and the existence and amount of associated impairment.

Although these estimates have been made based on the best information available as of the date of issuance of these interim 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 5 – OPERATING SEGMENTS

5.1. 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 results from operations of each business 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 and adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The adjusted EBITDA is composed of net income, less the effects of interest, taxes, depreciation, amortization, foreign exchange differences, other income (as specified in note 26) and the participations in earnings of associates (refer to note 14). Finance income and income taxes are analyzed and managed on a consolidated basis and, therefore, are not allocated to operating segments.

Earnings and asset balances within each segment are measured in accordance with the same accounting policies applied to 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.

5.2. Customers by Segment

The Company segments its business activities based on the interconnected energy markets in which it operates, which are:

- the Central Interconnected System ("SIC")
- the Great North Interconnected System ("SING" which includes the Argentine Interconnection System or "SADI")
- the Northern Interconnected System ("SIN"), for its operations in Colombia.

Throughout all segments, the Company's principal activity consists of electricity generation.

5.3. Assets by Segment

The details of the Assets by Segment are as follows:

	March 31, 2011					December 31, 2010				
ASSETS BY OPERATING SEGMENT	SIC Market	SING Market	SIN Market	Intercompany eliminations	Total	SIC Market	SING Market	SIN Market	Intercompany eliminations	Total
	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$
Trade and Other Receivables (1)	477,511	120,749	86,214	(218,846)	465,628	491,469	108,679	79,188	(236,188)	443,148
Property, Plant and Equipment, Net (*)	1,716,773	1,812,450	695,337	(1,942)	4,222,618	1,720,275	1,774,318	686,663	(2,063)	4,179,193
Investment in Empresa Eléctrica Guacolda S.A.	261,825	-	-	-	261,825	252,051	-	-	-	252,051

(1) Trade and Other Receivables, includes both current and non-current portions as well as the account Current Related Party Receivables.

(*) See Note 16 Property, Plant and Equipment

5.4. Revenue and Costs by Segment

The details of Revenues and Costs and other selected information are as follows:

	March 31, 2011					March 31, 2010				
	SIC Market	SING Market	SIN Market	Intercompany Eliminations	Total	SIC Market	SING Market	SIN Market	Intercompany Eliminations	Total
PROFIT	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$
Operating Revenue	362,450	141,541	95,264	(18,639)	580,616	244,169	125,946	101,313	(16,998)	454,430
Cost of Sales	289,497	67,305	42,112	(18,639)	380,275	255,445	61,007	51,381	(16,998)	350,835
Gross Profit	72,953	74,236	53,152	-	200,341	(11,276)	64,939	49,932	-	103,595
Adjusted EBITDA	69,021	84,845	40,861	-	194,728	(11,335)	75,224	45,491	-	109,380
Equity participation in income from Guacolda Investment	7,671	-	-	-	7,671	6,819	-	-	-	6,819
CAPITAL EXPENDITURES										
Capital Expenditures	20,284	53,125	406	-	73,815	30,290	80,939	519	-	111,748

	Note	As of and for the three-month period ended March 31, 2011 Unaudited (ThU.S.$)	2010 Unaudited (ThU.S.$)
Adjusted EBITDA Calculation			
Net Income		103,520	57,848
Non-Controlling Interest		3	(1,181)
Income Tax Expense	28	29,889	(1,514)
Participations in Earnings of Associate	14	(7,671)	(6,819)
Other Income (Expense)	26	3,849	274
Foreign Currency Exchange Differences		2,436	3,050
Finance Expense	27	22,735	18,870
Finance Income	27	(1,823)	(1,150)
Depreciation and Amortization	25	41,790	40,002
Adjusted EBITDA		194,728	109,380

NOTE 6 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Cash on Hand	59	48
Cash at Banks	66,375	46,924
Short-Term Deposits	134,944	170,374
Other Cash and Cash Equivalents	65,182	76,915
Cash and Cash Equivalents	**266,560**	**294,261**

Short-Term Deposits mature in less than three months from their date of acquisition and accrue interest at market rates.

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 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 Statement of Cash Flows.

Cash and Cash Equivalents by type of currency as of March 31, 2011 and December 31, 2010 are detailed as follows:

Cash and Cash Equivalents by Currency	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Ch$	59,467	78,231
Ar $	9,555	7,422
Col$	29,685	4,312
U.S.$	167,853	204,296
Total Cash and Cash Equivalents	**266,560**	**294,261**

As of March 31, 2011 and December 31, 2010, cash amounts with minor restrictions are being held, for operational effects, detailed as follows:

Restricted Cash and Cash Equivalents	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Emp. Eléctrica Angamos S.A.	10,841	12,585
Emp. Eléctrica Ventanas S.A.	21,501	28,342
Total	**32,342**	**40,927**

The balance related to Angamos is restricted by the requirements of the credit agreement with Royal Bank of Scotland (formerly ABN AMRO bank) and BNP Paribas bank (formerly Fortis).

Reserve amounts related to operational activities of Ventanas are required by the credit agreement with BNP Paribas (formerly Fortis) and Calyon banks.

NOTE 7 – OTHER FINANCIAL ASSETS

As of March 31, 2011 and December 31, 2010 other financial assets are detailed as follows:

	Current		Non-Current	
Other Financial Assets	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Time Deposits	312,937	298,629	-	-
Embedded Derivatives	963	488	-	-
Foreign Exchange Forwards	8	155	-	24
Hedging Instruments	15	209	64,060	53,075
Gasoducto Gasandes S.A.	-	-	9,877	9,877
Gasoducto Gasandes S.A (Argentina)	-	-	2,200	2,200
Account Receivable from Gasoducto Gasandes S.A.	-	-	2,216	2,215
CDEC SIC Ltda.	-	-	136	137
CDEC SING Ltda.	-	-	557	557
Restricted Cash	-	-	533	546
Other	1,495	1,019	-	-
Total	**315,418**	**300,500**	**79,579**	**68,631**

Time deposits investments are considered other financial assets as they have a maturity of more than three months. Given the short term nature of these instruments, their carrying value represents their fair value.

The embedded derivatives, foreign exchange forwards and hedging instruments are registered at their fair value (more detail in Note 8.5 Fair Values)

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 8.1 Financial Assets and Note 26: Other Income (Losses).

NOTE 8 – FINANCIAL INSTRUMENTS

8.1. Financial Assets

Financial assets are classified into the categories described in Note 2.9 Financial Assets, detailed as follows:

March 31, 2011	Cash and Cash Equivalents ThU.S.$	Loans and Receivables ThU.S.$	At Fair Value through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Available For Sale ThU.S.$	Total ThU.S.$
Cash and Cash Equivalents	266,560	-	-	-	-	266,560
Current Other Financial Assets..................................	-	-	971	15	314,432	315,418
Trade Receivables	-	327,818	-	-	-	327,818
Non-Current Other Financial Assets.................	-	533	-	64,060	14,986	79,579
Related Party Receivables..	-	8,352	-	-	-	8,352
Total...............................	**266,560**	**336,703**	**971**	**64,075**	**329,418**	**997,727**

December 31, 2010	Cash and Cash Equivalents ThU.S.$	Loans and Receivables ThU.S.$	At Fair Value through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Available For Sale ThU.S.$	Total ThU.S.$
Cash and cash equivalents..	294,261	-	-	-	-	294,261
Current other financial assets..................................	-	-	643	209	299,648	300,500
Trade Receivables	-	317,277	-	-	-	317,277
Non current other financial assets..................................	-	546	24	53,075	14,986	68,631
Related Party Receivables..	-	12,437	-	-	-	12,437
Total	**294,261**	**330,260**	**667**	**53,284**	**314,634**	**993,106**

The carrying amount of the financial assets such as Cash and Cash Equivalents and the current portion of Related Party Receivables from related companies are approximately equivalent to their fair values, due to the short-term nature of their maturities.

Instruments recorded in Other Financial Assets, classified as at fair value through profit and loss and derivative instruments (i.e. embedded derivatives and non-hedging instruments) are presented at their fair value in the Consolidated Statement of Financial Position. See Note 8.5 Fair Values for the method used in the calculation of their fair value.

Financial instruments classified as Available For Sale financial investments that are recorded in Other Financial Assets, relate to 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, their carrying amounts are approximately equivalent to their fair values. Additionally, investments in CDEC and Gasoducto Gasandes are presented at cost due to the insufficient information available necessary to determine their market value (see Note 7 Other Financial Assets for more information).

The balances of the current portion of Trade and Other Receivables as of March 31, 2011 are approximately equivalent to their fair values, due to the short-term nature of their maturities.

8.2. Credit Risk of Financial Assets

The Company is exposed to credit risk in its commercial activities as well as in its financial activities.

Credit Quality of Gener Counterparties and Chilean Subsidiaries

The Company evaluates the credit quality of its counterparties and financial institutions which primarily include those with a risk rating of “AA-” or higher according to the principal Chilean rating agencies, such as Feller Rate and Fitch Chile. These rating agencies rate the solvency of the entities from most solvent (rating of “AAA”) to the lowest (rating of “E”).

The international counterparties of the interest rate swaps have a risk classification of A or A2 according to Standard & Poor's and Moody's respectively. All other derivative instruments are also executed with highly rated international entities. To minimize credit risk, the Group has risk management policies for cash and investments.

Credit Quality of Foreign Subsidiaries

The Colombian subsidiary, AES Chivor & Cía S.C.A. E.S.P ("Chivor"), executes transactions that are denominated in Colombian pesos with banks that have credit ratings of "AAA", which is considered to be the highest credit quality rating according to Duff & Phelps, Colombia's 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 Argentine subsidiary, Termoandes S.A. has no major credit risks as its commercial operations are primarily with its parent company, AES Gener, and Argentina's wholesale electric market administrative agent, CAMMESA, which is a governmental institution.

8.3. Financial Liabilities

March 31, 2011	At Fair Value, through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Other Financial Liabilities ThU.S.$	Total ThU.S.$
Current Other Financial Liabilities	1,298	34,918	54,448	90,664
Trade Payables	-	-	217,796	217,796
Other Non-Current Financial Liabilities	-	33,440	2,090,593	2,124,033
Related Party Payables	469	-	16,522	16,991
Total	**1,767**	**68,358**	**2,379,359**	**2,449,484**

December 31, 2010	At Fair Value, through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Other Financial Liabilities ThU.S.$	Total ThU.S.$
Current Other Financial Liabilities	2,435	38,325	57,186	97,946
Trade Payables	-	-	227,806	227,806
Other Non-Current Financial Liabilities	-	38,096	2,062,376	2,100,472
Related Party Payables	5,072	-	23,617	28,689
Total	**7,507**	**76,421**	**2,370,985**	**2,454,913**

The carrying amounts of the current portion of Related Party and Trade Payables approximate their fair values given the short-term nature of their maturities.

Instruments recorded in Other Current and Other Non-Current Financial Liabilities classified as Fair Value through Profit and Loss include derivatives not designated as hedging instruments and embedded derivatives. See Note 8.5 Fair Values for the methodologies used to calculate these fair values and those of the Hedging Instruments.

The carrying value of interest-bearing loans included in Other Current and Other Non-Current Financial Liabilities differ from their fair values principally due to fluctuations in exchange rates 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 in addition to the credit rating of the Company or Group.

The following table details the carrying values and fair values of interest bearing loans:

Interest-Bearing Loans	March 31, 2011 Carrying Value ThU.S.$	March 31, 2011 Fair Value ThU.S.$	December 31, 2010 Carrying Value ThU.S.$	December 31, 2010 Fair Value ThU.S.$
Interest-Bearing Loans	2,145,041	2,342,769	2,119,562	2,330,597

8.4. Derivative Instruments

Financial derivatives that Gener and its subsidiaries hold 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 to reduce the anticipated variability of the underlying debt's future cash flows.

The portfolio of derivative instruments as of March 31, 2011 and December 31, 2010, is detailed as follows:

(a) Cash Flow Hedges

a.1 Interest Rate Swaps:

Empresa Eléctrica Ventanas S.A.

In June 2007, Empresa Eléctrica Ventanas S.A. signed four interest rate swap contracts with the banks Standard Chartered, Scotiabank, Calyon New York Branch and BNP Paribas, maturing in 15 years for ThU.S.$315,000, to fix variable interest rates during the construction and operating periods of its facility.

These swap contracts partially hedge the loan led by BNP Paribas (formerly Fortis) and Credit Agricole (formerly Calyon), for the Nueva Ventanas Power Plant whose 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 SMBC, the Royal Bank of Scotland Bank, BNP Paribas (formerly Fortis), Credit Agricole (formerly Calyon), HSBC and ING, maturing in 17 years for ThU.S.$690,000, to fix variable interest rates during the construction and operating periods of its facility.

These swap contracts partially hedge the syndicated loan led by Royal Bank of Scotland (formerly ABN AMRO bank) and BNP
was signed during 2008.

				March 31, 2011				D	
				Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Interest Rate	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-C ThU
Interest Rate Swap	Various	Cash Flow Hedge	2.83% - 5.77%	-	53,347	27,998	33,440	-	48
Total								-	**48**

a.2 Cross Currency Swaps

In December 2007, AES Gener signed two cross currency swaps with Credit Suisse International to fix in U.S. Dollars the UF 5.6 r
of locally-placed bonds (N and O), equivalent to approximately ThU.S.$ 217,000 as of the date of issuance, maturing in 2025 and 2

On September 2009, AES Gener S.A. signed a modification to the cross currency swap contract associated with the N Series of the
previous contract was terminated and replaced by new contracts that were executed with Credit Suisse and Deutsche Bank. Both s
provisions that require AES Gener to grant a guarantee when the swap market value exceeds the limit established in the contracts.

			March 31, 2011				Dec	
			Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Curre ThU.S.$
Cross Currency Swap	Credit Suisse Deutsche Bank	Cash Flow Hedge	-	10,713	5,551	-	209	4,304

a.3 Foreign Currency Forwards

In August and October 2010, AES Gener S.A executed currency forwards with Scotiabank, Deutsche Bank, JP Morgan and HSBC, for a total nominal amount of ThU.S.$173,514, maturing on May 25, 2011. These instruments hedge the variability of Chilean peso denominated revenues from trade receivables. The nominal amount outstanding as of March 31, 2011 is ThU.S.$41,051.

In February 2011, AES Gener S.A. executed foreign currency forwards with Deutsche Bank, BCI and Banco de Chile, for a total nominal amount of ThU.S.$134,080, maturing on November 25, 2011. These instruments also hedge the variability of Chilean peso denominated revenues from trade receivables. The nominal values as of March 31, 2011 are the same as the original nominal value.

Fair values of these instruments are included in the following table:

			March 31, 2011				December 31, 2010			
			Asset		Liability		Asset		Liability	
Derivative Instruments	Counterparty	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Currency Forward	Various	Cash Flow Hedge	15	-	1,369	-	-	-	7,134	-
Total			**15**	**-**	**1,369**	**-**	**-**	**-**	**7,134**	**-**

a.4 Other Information - Cash Flow Hedge

Hedge maturities are included in the following table:

			Period		Maturity (notional value)						
Company	Derivative Instrument	Counterparty	Start	End	2011 ThU.S.$	2012 ThU.S.$	2013 ThU.S.$	2014 ThU.S.$	2015 ThU.S.$	Thereafter ThU.S.$	Total ThU.S.$
AES Gener S.A	Cross Currency Swap	Credit Swiss	1-12-2007	1-6-2015	-	-	-	-	47,042	-	47,042
AES Gener S.A	Cross Currency Swap	Deutsche Bank and Credit Suisse	1-12-2007	1-12-2028	-	-	-	-	-	172,264	172,264
Emp. Eléctrica Angamos S.A.	Interest Rate Swap	Various	12-30-2008	09-30-2025	-	17,296	30,169	27,195	32,213	583,127	690,000
Emp. Eléctrica Ventanas S.A.	Interest Rate Swap	Various	08-31-2007	06-30-2022	13,000	15,000	16,000	18,000	20,000	226,000	308,000
Total					**13,000**	**32,296**	**46,169**	**45,195**	**99,255**	**981,391**	**1,217,306**

For more details on debt maturity, see Note 18 Other Financial Liabilities.

The Company has not executed cash flow hedge instruments for highly probable transactions that then failed to occur.

Amounts recognized in Other Comprehensive Income (OCI) for the three months ended:

	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Amount recognized in Other Comprehensive Income	17,461	(714)

Amounts transferred from OCI to Net Income:

Amount of OCI Reclassified to Net Income	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Amortization of Cross Currency Swap, Series N Bonds	157	157
Amortization of Swap Settlements	38	19

Amount of Hedge Ineffectiveness Recognized in Net Income	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Ineffective Portion of Hedges	1,080	380

(b) Derivatives not Designated as Hedging Instruments

In November of 2009 and January 2010, AES Gener S.A executed currency forward contracts with Banco de Chile, Scotiabank and HSBC, for a total amount of ThU.S.$81,702, maturing on November 28, 2011. These instruments cover fluctuations in foreign exchange derived from Chilean peso denominated receivables associated with sales to customers without contracts. The nominal amounts as of March 31, 2011 are ThU.S.$7,063.

During June 2010, AES Chivor executed currency forward contracts, with HSBC for a nominal amount of ThU.S.$86,772, maturing on May 2011. These instruments cover foreign exchange fluctuations related to U.S. dollars dividends payments. The nominal amounts as of March 31, 2011 are ThU.S$2,500.

In March 2011, AES Chivor executed currency forward contracts, with HSBC and Citibank for a nominal amount of ThU.S.$16,894, maturing on December 31, 2011. These instruments cover foreign exchange fluctuations related to U.S. dollars dividend payments. The nominal values as of March 31, 2011 are the same as the original nominal value.

The fair values of these instruments are included in the following table:

			March 31, 2011				December 31, 2010			
			Asset		Liability		Asset		Liability	
Derivative Instruments	Counterparty	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Currency Forwards	Various	At Fair Value through Profit and Loss	8	-	1,298	-	155	-	2,435	-
Total			**8**	**-**	**1,298**	**-**	**155**	**-**	**2,435**	**-**

(c) Embedded Derivatives

The Argentine subsidiary Termoandes S.A. has a natural gas supply agreement with several counterparties. The agreement contains a variable that is indexed to the natural gas price that is not considered to be closely related to the host contract and, therefore, it has been separated and the embedded derivative has been accounted for at fair value. The contracts ended in January 2011.

In 2010, the Chilean subsidiary Eléctrica Santiago S.A. ("ESSA") entered into agreements to early terminate gas transportation contracts. These agreements include future variable payments that are not considered to be closely related to the host contract and, therefore, have been separated and accounted for at fair value.

In addition, in 2010 AES Gener S.A. entered into a coal purchase agreement with AES Hawaii containing a fuel index in the purchase price that is not considered to be closely related to the host contract and, therefore, it has been separated and accounted for at fair value.

The fair values of these embedded derivatives are included in the following table:

		March 31, 2011				December 31, 2010			
		Asset		Liability		Asset		Liability	
Embedded Derivatives	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Termoandes	At Fair Value through Profit and Loss	-	-	-	-	158	-	-	-
ESSA	At Fair Value through Profit and Loss	-	-	-	469	-	-	5,072	-
AES Gener	At Fair Value through Profit and Loss	963	-	-	-	330	24	-	-
Total		**963**	**-**	**-**	**469**	**488**	**24**	**5,072**	**-**

8.5. Fair Values

The Company uses the Reval Hedge Rx system to calculate the fair value of interest rate, cross currency swaps and foreign currency forwards. For the calculation of the fair value of embedded derivatives, the Company has developed internal valuation models.

The following principal assumptions are used in valuation models for derivative instruments:

- Market assumptions such as future spot prices, other price projections, credit risk (own and counterparty).
- Discount rate inputs such as risk-free rates, local and counterparty spreads (based on risk profiles and data available in the market).
- 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 Hedges**

The valuation model for interest rate swaps involves forecasting cash flows using forward curves for each intermediate and final settlement date, and then discounting those cash flows using the LIBOR zero-coupon rate. The factors used in the model include historical transactions, prices and rates observable in the market, risk-free rates, country and/or counterparty risk, as well as the Group's own credit risk.

(b) **Cross Currency Hedges**

The valuation model for cross currency swaps involves discounting expected cash flows using the local curve for the forecasted exchange rate and then converts these discounted cash flows into US dollars using spot rates. The factors used in the model include historic transactions, prices and rates observable in the market, risk-free rates, country and/or counterparty risk, as well as the Group's own credit risk.

(c) **Foreign Currency Forwards**

The Company uses forward prices observable in the market and other assumption, such as country and/or counterparty risk and the Group's own credit risk, to calculate the fair value of foreign currency forwards.

(d) **Embedded Derivatives**

The company uses two methods for calculating the fair value of embedded derivatives:

(i) The embedded derivative in ESSA is calculated using a probability weighted average of future cash flows that is based on internal information, market indicators and then discounted using a relevant interest rate. The assumptions used in the fair value model include energy and fuel prices, risk-free interest rate, the risks inherent in the market, geography and credit risk.

(ii) The model used in calculating the fair value of the embedded derivative of Gener uses future fuel prices based on future spot rates and are discounted by using the zero-coupon LIBOR rate. The assumptions used in this model include prices and rates observed in the market, risk free tax rates, market and country risks as well as credit risk.

(e) Hierarchy of Fair Value of Derivative Instruments

Derivative instruments recognized at fair value in the statement of financial position are classified using the following hierarchy:

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).

Level 3: Inputs for the asset or liability are not based on observable market data.

The assumptions used in the fair value calculation of interest rate swaps, currency forwards and the Gener embedded derivative falls within Level 2 of the fair value hierarchy. The fair values of ESSA's embedded derivative and cross currency swaps fall within Level 3 in the fair value hierarchy, because many of the inputs used in the model can not be readily observed.

NOTE 9 – OTHER NON-FINANCIAL ASSETS

As of March 31, 2011 and December 31, 2010, Other Non-Financial Assets are as follow:

	Current		Non-Current	
	March 31, 2011 ThU.S.$	**December 31, 2010 ThU.S.$**	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Prepaid Insurance	3,457	6,792	412	742
Prepaid Expenses – Campiche Project	-	3,481	-	-
Operation and Maintenance Contract	1,057	1,057	-	-
Taxes Receivable (a)	186	-	11,087	10,672
Take or Pay YPF (b)	-	-	3,456	4,493
Other	844	146	100	106
Total	**5,544**	**11,476**	**15,055**	**16,013**

(a) Income tax credits and minimum estimated tax generated by Gener Argentina S.A., Termoandes S.A. and Interandes S.A. and taxes receivable from the Parent company related to water rights.
(b) A payment related to the gas supply contract for gas purchased but not consumed between Termoandes S.A. and YPF S.A.

NOTE 10 – 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 and coal.

Current Trade Receivables include non-contractual sales to distributors (Ministerial Resolution No. 88) as referred to in Note 2.18 Revenue Recognition for ThU.S.$51,473, which represents 11% of the total account, as of March 31, 2011 and ThU.S.$68,501, or approximately 16% of the total account, as of December 31, 2010.

Amounts in Other Receivables primarily consist of tax credits resulting from higher generation costs and purchases of construction equipment for generation plant projects.

1) As of March 31, 2011 and December 31, 2010, this account is detailed as follows:

	March 31, 2011		December 31, 2010	
Trade and Other Receivables, Gross	**Current ThU.S.$**	**Non-Current ThU.S.$**	**Current ThU.S.$**	**Non-Current ThU.S.$**
Trade Receivables	316,671	1,270	294,701	1,295
Sales Tax Credits	119,581	4,630	110,241	6,095
Other Accounts Receivable	18,978	742	22,507	781
Trade and Other Receivables, Gross	**455,230**	**6,642**	**427,450**	**8,171**

	March 31, 2011		December 31, 2010	
Trade and Other Receivables, Net	**Current ThU.S.$**	**Non-Current ThU.S.$**	**Current ThU.S.$**	**Non-Current ThU.S.$**
Trade Receivables	312,075	1,270	289,792	1,295
Sales Tax Credits	119,581	4,630	110,241	6,095
Other Accounts Receivable	18,978	742	22,507	781
Trade and Other Receivables, Net	**450,634**	**6,642**	**422,540**	**8,171**

The fair value of Trade and Other Receivables does not differ significantly from their carrying amount.

2) Trade Receivables neither past due nor impaired are detailed as follows:

Trade Receivables Neither Past due nor Impaired	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Less than Three Months	271,526	243,032
Between Three and Six Months	20,130	18,643
Between Six and Twelve Months	25,015	33,027
More than Twelve Months	1,270	1,295
Total Trade Receivables Neither Past due nor Impaired	**317,941**	**295,997**

3) The movements in allowance for doubtful accounts related to Trade and Other Receivables are detailed in the following table

Allowance for Doubtful Accounts	**ThU.S.$**
Balance as of January 1, 2010	5,638
Increase (Decrease) for the Year	1,044
Amounts Written off in Net Income	-
Balance as of March 31, 2010	6,682
Increase (Decrease) for the Year	(1,183)
Amounts Written off in Net Income	(589)
Balance as of December 31, 2010	4,910
Increase (Decrease) for the Year	(314)
Amounts Written off in Net Income	-
Total as of March 31, 2011	**4,596**

NOTE 11 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries consist of recurring transactions made at terms equivalent to those t
transaction. These intercompany transactions have been eliminated upon consolidation and are not disclosed in this note.

11.1. Balances and Transactions with Related Parties

(a) The balances of accounts receivable and payable between the Company and its related companies are detailed as follows:

Related Party Receivables						
Taxpayer ID Number	**Company**	**Country**	**Transaction**	**Relationship**	**Currency**	**Ma**
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Miscellaneous Services	Associate	$	
Foreign	AES Energy Storage	Argentina	Project Consulting	Related	U.S.$	
Foreign	AES Corporation	United States	Miscellaneous Services	Ultimate Parent Company	U.S.$	
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Parent Company	U.S.$	
Foreign	AES-3 MARITZA EAST 1 LTD.	Bulgaria	Project Consulting	Related	U.S.$	
Foreign	AES Panamá Limitada	Panamá	Miscellaneous Services	Parent Company	U.S.$	
Foreign	AES Hawaii	Hawaii	Fuel Sales	Parent Company	U.S.$	
Total						

As of March 31, 2011 and December 31, 2010, there were no Non-Current Related Party Receivables.

Related Party Payables						Current	
Taxpayer ID Number	**Company**	**Country**	**Transaction**	**Relationship**	**Currency**	**March 31, 2011 ThU.S.$**	**December 2010 ThU.S.**
Foreign	AES Corporation	United States	Miscellaneous Services	Ultimate Parent Company	U.S.$	7,858	7,30
Foreign	AES Servicios América	Argentina	Information system consulting	Related	U.S.$	169	33
Foreign	AES Alicurá	Argentina	Miscellaneous Services	Related	U.S.$	10	1
Foreign	AES Energy Ltd	Argentina	Miscellaneous Services	Related	U.S.$	11	1
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Related	U.S.$	328	24
Foreign	AES Panamá Limitada	Panamá	Miscellaneous Services	Related	U.S.$	38	3
Foreign	AES Jordan PSC	Jordania	Miscellaneous Services	Related	U.S.$	-	
Foreign	Gasoducto Gasandes Argentina S.A.	Argentina	Gas Transportation Contract	Associate	U.S.$	8,577	11,78
96.721.360-8	Gasoducto Gasandes Chile S.A.	Chile	Gas Transportation Contract	Associate	U.S.$	-	1,42
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Coal Unloading Contract	Associate	U.S.$	-	5,16
Total						**16,991**	**26,31**

(b) The effects on the income statement of these transactions with unconsolidated related companies during the three mon
2010 are detailed as follows:

Taxpayer ID Number	Company	Country	Relationship	Transaction	March 31, 2011 ThU.S.$	Effec inco ThU
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Sale of Energy and Capacity	2,970	2,9
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Purchase of Energy and Capacity	759	(7
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Coal Purchase	2,024	(2,0
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Transmission Charges	5	
96.635.700-3	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Transmission Charges	55	
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Purchase of Energy and Capacity	554	(5
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Sale of Energy and Capacity	5	
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Transmission Charges	38	(
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Transmission Charges	230	2
96.721.360-8	Gasoducto Gasandes Chile S.A.	Chile	Investment	Gas Transportation Contract	956	(9
Foreign	Gasoducto Gasandes Argentina	Argentina	Investment	Gas Transportation Contract	3,263	(3,2
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Common Parent	Various Services	88	(
Foreign	AES Hawaii	USA	Common Parent	Coal Sale	8,028	8,0
Foreign	AES Andres BV	Dominican Republic	Common Parent	Miscellaneous Services	4	
Foreign	AES Carbon Exchange	England	Common Parent	Miscellaneous Services	6	
Foreign	AES Corporation	USA	Ultimate Parent Company	Miscellaneous Services	946	(9
Foreign	AES Fonseca Energía Limit	Salvador	Common Parent	Miscellaneous Services	15	
Foreign	AES Panama	Panama	Common Parent	Miscellaneous Services	4	
Foreign	Aes Energy Ltd	Argentina	Common Parent	Miscellaneous Services	20	(

Transactions with related companies, in general, consist of recurring transactions made at terms equivalent to those that prevail
To date, there are no allowances for doubtful accounts relating to these balances.

11.2. Board of Directors and Senior Management

AES Gener S.A. is managed 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 compliance with the provisions of Article 50 bis of Law 18,046 on Corporations, AES Gener and its subsidiaries each have an Audit Committee composed of 3 members that have been granted the powers contained in that article.

(a) Balances and Transactions with Members of the Board of Directors and Senior Management

There are no pending receivables or payables between the Company and its Directors and Senior Management.

In the periods covered by these financial statements, no transactions took place between the Company and its Directors and Senior Management.

There are no guarantees granted in favor of the Directors.

There are no guarantees granted by the Company in favor of the Senior Management.

There are no plans of retribution to the market value of shares.

(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 financial statements, the Company's Directors 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 26, 2011, shareholders agreed to set remuneration for the Audit Committee members at 160 Unidades de Fomento for the 2011 period. During the periods covered by these financial statements, the amounts detailed in the following table were paid to Audit Committee members and directors of subsidiaries.

Director Remuneration		**March 31, 2011**		
Name	**Position**	**Board of Directors AES Gener ThU.S.$**	**Board of Directors Subsidiaries ThU.S.$**	**Audit Committee ThU.S.$**
Andres Gluski	Chairman	-	-	-
Andrew Vesey	Director	-	-	-
Bernerd Da Santos	Director	-	-	-
Arminio Borjas	Director	-	-	-
Jorge Rodriguez Grossi	Director	-	-	19
Axel Juan Christensen	Director	-	-	-
Ivan Diaz Molina	Director	-	-	19
Juan Andres Camus Camus	Director	-	-	19
Javier Rodolfo Guevara Moreno	Subsidiary Director	-	-	-
Total		**-**	**-**	**57**

Director Remuneration		**March 31, 2010**		
Name	**Position**	**Board of Directors AES Gener ThU.S.$**	**Board of Directors Subsidiaries ThU.S.$**	**Audit Committee ThU.S.$**
Andres Gluski	Chairman	-	-	-
Andrew Vesey	Director	-	-	-
Bernerd Da Santos	Director	-	-	-
Arminio Borjas	Director	-	-	-

Director Remuneration		March 31, 2010		
Name	Position	Board of Directors AES Gener ThU.S.$	Board of Directors Subsidiaries ThU.S.$	Audit Committee ThU.S.$
Jorge Rodriguez Grossi	Director	-	-	19
Axel Juan Christensen	Director	-	-	-
Ivan Diaz Molina	Director	-	-	19
Juan Andres Camus Camus	Director	-	-	19
Javier Rodolfo Guevara Moreno	Subsidiary Director	-	17	-
Total		**-**	**17**	**57**

(c) Overall Compensation of Executives that are not Directors

The Company's key executives received overall compensation for the three month period ended March 31, 2011 and 2010 of ThU.S.$2,628 and ThU.S.$2,675 respectively. This includes fixed monthly compensation, bonuses based on performance and corporate results as compared to the prior period, in addition to long-term compensation, such as stock options, employee benefits and severance. The Company's key management personnel include its Chief Executive Officer and Managers of the following departments: Operations, Legal and Corporate Matters, Engineering and Construction, Development, and Finance.

AES Gener's key management personnel take part in an annual bonus plan based on goal achievement and individual contribution to the Company's results. These incentives are based on a minimum and maximum number of gross monthly salaries and are paid once a year.

NOTE 12 – INVENTORY

Inventory, valued in accordance with Note 2.12 Inventory, is detailed as follows:

Inventory	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Coal	20,364	19,522
Oil	9,885	7,228
Spare Parts and Materials	7,566	7,136
Coal in Transit	14,735	7,780
Materials in Transit	0	27
Other Inventory	208	385
Total	**52,758**	**42,078**

The amount of inventory recognized as cost of sales in net income was ThU.S.$213,137 and ThU.S.$90,617 for the three-month periods ending March 31, 2011 and 2010 respectively.

NOTE 13 – CURRENT TAXES

Current Taxes Receivable as of March 31, 2011 and December 31, 2010, are detailed as follows:

	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Monthly Provisional Tax Payments	22,228	16,528
Sence Credits	218	201
Donation Credits	63	48
Property, Plant and Equipment Credit	118	121
Argentine Standard Credits	1,526	680
Other	232	226
Less:	-	-

	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Monthly Tax Provision	1,772	1,925
Rejected Expenses Provision	44	26
First Category Tax Provision	14,093	13,308
Other	1,150	182
Total	**7,326**	**2,363**

Current Taxes Payable are detailed as follows:

	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Monthly Provisional Tax Payments	1,369	1,361
Rejected Expenses Provisional Tax	5	5
First Category Provisional Tax Payments	47,309	37,132
Others	3,831	261
Less:	-	-
Monthly Provisional Tax Recoverable	9,676	7,105
Monthly Provisional Tax Payments for Absorbed Profits	32	-
Foreign Income Credit	85	0
Other Credits	48	33
Total	**42,673**	**31,621**

NOTE 14 – INVESTMENTS IN ASSOCIATES

The following table includes detailed information on associates as of March 31, 2011 and December 31, 2010.

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	December 31, 2010 ThU.S.$	Equity Participation in Earnings ThU.S.$	Other Increases (Decrease) ThU.S.$	March 31, 2011 ThU.S.$
Empresa Eléctrica Guacolda S.A	Chile	U.S.$	50.00%	50.00%	251,343	7,671	2,103	261,117
Goodwill - Guacolda	Chile	U.S.$	-	-	708	-	-	708
TOTAL					**252,051**	**7,671**	**2,103**	**261,825**

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of voting rights	December 31, 2010 ThU.S.$	Equity Participation in Earnings ThU.S.$	Other Increases (Decrease) ThU.S.$	December 3 1, 2010 ThU.S.$
Empresa Eléctrica Guacolda S.A	Chile	U.S.$	50.00%	50.00%	224,270	42,361	(15,288)	251,343
Goodwill - Guacolda	Chile	U.S.$	-	-	708	-	-	708
TOTAL					**224,978**	**42,361**	**(15,288)**	**252,051**

The associate Guacolda can distribute dividends as long as:

(i) it is not in breach of one 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 tables contain information as of March 31, 2011 and December 31, 2010 on the financial statements of our associates:

Investments in Associates	% Ownership Interest	Current Assets ThU.S.$	Non-Current s Assets ThU.S.$	Current Liabilities ThU.S.$	Non-Current Liabilities ThU.S.$	Operating Income ThU.S.$	Operating Expenses ThU.S.$	Net Income (Loss) ThU.S.$
	March 31, 2011							
Empresa Eléctrica Guacolda S.A	50.00%	240,937	1,082,989	136,925	665,333	118,740	(103,399)	15,341
TOTAL		**240,937**	**1,082,989**	**136,925**	**665,333**	**118,740**	**(103,399)**	**15,341**

Investments in Associates	% Ownership Interest	Current Assets ThU.S.$	Non-Currents Assets ThU.S.$	Current Liabilities ThU.S.$	Non-Current Liabilities ThU.S.$	Operating Income ThU.S.$	Operating Expenses ThU.S.$	Net Income (Loss) ThU.S.$
	December 31, 2010							
Empresa Eléctrica Guacolda S.A	50.00%	239,678	1,069,930	153,626	674,023	449,499	364,776	84,723
TOTAL		**239,678**	**1,069,930**	**153,626**	**674,023**	**449,499**	**364,776**	**84,723**

NOTE 15 – INTANGIBLE ASSETS

Movements in the principal classes of intangible assets, valued as described in Note 2.7 Intangible Assets, are detailed as follows:

Intangible Assets, Gross	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Goodwill	7,309	7,309
Intangible Assets with Infinite Useful Lives	10,249	10,249
Intangible Assets with Definite Useful Lives	8,412	8,183
Intangible Assets, Gross	**25,970**	**25,741**
Software	8,340	8,111
Easements	7,754	7,754
Water Rights	2,346	2,346
Other Identifiable Intangible Assets	221	221
Identifiable Intangible Assets, Gross	**18,661**	**18,432**

Intangible Assets, Net	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Goodwill	7,309	7,309
Intangible Assets with Definite Useful Lives	2,380	2,433
Intangible Assets with Infinite Useful Lives	10,249	10,249
Intangible Assets, Net	**19,938**	**19,991**
Software	2,371	2,424
Easements	7,705	7,705
Water Rights	2,346	2,346
Other Identifiable Intangible Assets	207	207
Identifiable Intangible Assets, Net	**12,629**	**12,682**

Accumulated Amortization and Impairment	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Software	(5,969)	(5,687)
Easements	(49)	(48)
Other Identifiable Intangible Assets	(14)	(15)
Accumulated Amortization and Impairment	**(6,032)**	**(5,750)**

Easements and water rights do not have defined useful lives, therefore it has been established that they are indefinite and continuously permanent. These intangibles have not suffered any contractual or legal modification as of March 31, 2011. Accumulated amortization of easements as of March 31, 2011 and December 31, 2010 correspond exclusively to easements in subsidiary Energía Verde's Line Charrúa-Bucalemu, as its useful life relates to the duration of the contract with its client CMPC Maderas (ex Forestal Mininco S.A).

Estimated Useful Lives or Amortization Rates Used	**Maximum Life or Rate**	**Minimum Life or Rate**
Software	5	2
Easements	Indefinite	Indefinite
Water Rights	Indefinite	Indefinite
Other Identifiable Assets	40	2

Movements in Intangible Assets	**Software ThU.S.$**	**Easements ThU.S.$**	**Water Rights ThU.S.$**	**Other Identifiable Intangible Assets ThU.S.$**	**Goodwill ThU.S.$**	**Intangible Assets, ThU.S.$**
Initial Balance as of January 1, 2011	2,424	7,705	2,346	207	7,309	19,991
Additions	188	-	-	-	-	188
Amortization	(276)	-	-	-	-	(276)
Increase (Decrease) in Foreign Currency Translation	35	-	-	-	-	35
Total Changes	**(53)**	**-**	**-**	**-**	**-**	**(53)**
Final Balance of Intangible assets as of March 31, 2011	**2,371**	**7,705**	**2,346**	**207**	**7,309**	**19,938**
Initial Balance as of January 1, 2010	1,398	6,183	2,351	207	7,309	17,448
Additions	2,326	1,524	-	-	-	3,850
Amortization	(8)	-	(5)	-	-	(13)
Increase (Decrease) in Foreign Currency Translation	(1,291)	(2)	-	-	-	(1,293)
Other Increases (Decreases)	(1)	-	-	-	-	(1)
Total Changes	**1,026**	**1,522**	**(5)**	**-**	**-**	**2,543**
Final Balance of Intangible assets as of December 31, 2010	**2,424**	**7,705**	**2,346**	**207**	**7,309**	**19,991**

Individually Significant Identifiable Intangible Assets	**Carrying Amount ThU.S.$**	**Remaining Amortization Period (Months)**
ERP SAP Project Chivor	1,658	74
Easement Agricola Konavle Ltda. Rep.486/2008	1,808	Indefinite
Water Rights Colorado River, Maipo River tributary	1,800	Indefinite
Easement L. Ventanas Nogales. Rep.CBR 8167-2008	557	Indefinite

	Goodwill				
Company	**January 1, 2010 ThU.S.$**	**Other Increases (Decreases) ThU.S.$**	**December 31, 2010 ThU.S.$**	**Other Increases (Decreases) ThU.S.$**	**March 31, 2011 ThU.S.$**
Eléctrica Santiago	7,309	-	7,309	-	7,309
Total	**7,309**	**-**	**7,309**	**-**	**7,309**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

The balances of the different categories of property, plant and equipment for the periods ended March 31, 2011 and December 31, 2010, are detailed as follows:

Classes of Property, Plant and Equipment, Gross	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Construction in Progress	1,298,851	1,238,214
Land	40,545	40,629
Buildings	524,568	524,115
Plant and Equipment	3,146,841	3,123,601

Classes of Property, Plant and Equipment, Gross	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
IT Equipment	10,083	9,848
Furniture	5,379	5,139
Motor Vehicles	2,225	2,220
Other Property, Plant and Equipment	25,327	24,206
Total	**5,053,819**	**4,967,972**

Property, Plant and Equipment, Net	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Construction in Progress	1,298,851	1,238,214
Land	40,545	40,629
Buildings	442,794	445,883
Plant and Equipment	2,408,648	2,423,268
IT Equipment	5,592	5,754
Furniture	2,143	2,048
Motor Vehicles	712	737
Other Property, Plant and Equipment	23,333	22,660
Total	**4,222,618**	**4,179,193**

In January 2010 the Nueva Ventanas thermoelectric plant started up its operations with a gross capacity of 267 MW. This energy is being injected into the SIC which supplies energy from the III to X Region of Chile. The plant is located in the V Region of Valparaiso, in the local area of Ventanas, Puchuncaví.

During the month of December 2010, construction of the Campiche plant had resumed. This plant belongs to the subsidiary Eléctrica Campiche S.A. and will have a capacity of 270MW. The startup date is estimated to be in the first quarter of 2013.

The balance of Construction in Progress consists of amounts related to the Angamos and Campiche projects and other minor projects.

Accumulated Depreciation and Impairment	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Buildings	(81,774)	(78,232)
Plant and Equipment	(738,193)	(700,333)
IT Equipment	(4,491)	(4,094)
Furniture	(3,236)	(3,091)
Motor Vehicles	(1,513)	(1,483)
Other Property, Plant and Equipment	(1,994)	(1,546)
Total	**(831,201)**	**(788,779)**

The useful lives of the Company's Property, Plant and Equipment are detailed as follows:

Method Used for Depreciation	Explanation of rate	Minimum Life	Maximum Life
Buildings	Years	20	45
Plant and Equipment	Years	5	45
Plant and Equipment (Columbian Dam)	Years	80	80
IT Equipment	Years	2	5
Stationary Facilities and Accessories	Years	2	20
Motor Vehicles	Years	2	5
Other Property, Plant and Equipment	Years	5	25

Additional Disclosures for Property, Plant and Equipment	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Expenditures on Construction in Progress	80,922	510,886
Commitments for Additions	754,642	765,810

The following tables present movements in property, plant and equipment during the period ended March 31, 2011 and December 31, 2010, respectively:

Movements during the three month period ending March 31, 2011	Construction in Progress ThU.S.$	Land ThU.S.$	Buildings ThU.S.$	Plant and Equipment ThU.S.$	IT Equipment ThU.S.$	Furniture ThU.S.$	Motor Vehicles ThU.S.$	Other Property, Plant and Equipment ThU.S.$	Property, Plant and Equipment ThU.S.$
Opening Balance, January 1, 2011	1,238,214	40,629	445,883	2,423,268	5,754	2,048	737	22,660	4,179,193
Changes:									
Additions	72,524	36	-	-	51	42	41	1,121	73,815
Disposals	-	(156)	-	-	-	-	-	-	(156)
Removals	-	-	(16)	(2,154)	-	-	-	-	(2,170)
Depreciation Expense	-	-	(3,541)	(36,915)	(391)	(135)	(84)	(448)	(41,514)
Increase (Decrease) in Foreign Currency Translation	87	36	6	13,238	59	23	1	-	13,450
Transfers	(11,974)	-	462	11,211	119	165	17	-	-
Total Changes	**60,637**	**(84)**	**(3,089)**	**(14,620)**	**(162)**	**95**	**(25)**	**673**	**43,425**
Ending Balance, March 31, 2011	**1,298,851**	**40,545**	**442,794**	**2,408,648**	**5,592**	**2,143**	**712**	**23,333**	**4,222,618**

Movements during the twelve month period 2010	Construction in Progress ThU.S.$	Land ThU.S.$	Buildings ThU.S.$	Plant and Equipment ThU.S.$	IT Equipment ThU.S.$	Furniture ThU.S.$	Motor Vehicles ThU.S.$	Other Property, Plant and Equipment ThU.S.$	Property, Plant and Equipment ThU.S.$
Opening Balance, January 1, 2010	1,458,112	40,354	318,294	2,121,648	4,252	2,181	776	16,722	3,962,339
Changes									
Additions	343,367	306		3,950	348	224	220	6,856	355,271
Disposals		(9)		(179)			(10)		(198)
Removals		(176)	(949)	(17,242)	(1)	(36)		(10)	(18,414)
Depreciation Expense			(14,528)	(149,084)	(1,527)	(499)	(389)	(908)	(166,935)
Increase (decrease) in Foreign Currency Translation	208	136	(1,022)	46,286	1,649	(210)	83		47,130
Transfers	(563,473)	18	144,088	417,889	1,033	388	57		
Total Changes	**(219,898)**	**275**	**127,589**	**301,620**	**1,502**	**(133)**	**(39)**	**5,938**	**216,854**
Ending Balance, December 31, 2010	**1,238,214**	**40,629**	**445,883**	**2,423,268**	**5,754**	**2,048**	**737**	**22,660**	**4,179,193**

Capitalized interest costs and the average effective rate of the Company's debt are detailed as follows:

	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Capitalized Interest Expense	11,539	12,809
Capitalization Rate	5.72%	6.31%

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 costs.

Information about Leases:

Finance leases by asset class, lessee:

Finance Lease	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Buildings	6,908	7,050
Plant and Equipment	9,423	9,409
IT Equipment	264	361
Motor Vehicles	80	85
Total Property, Plant and Equipment under Finance Leases	**16,675**	**16,905**

Minimum lease payments related to finance leases, lessee:

Minimum Lease Payments on Finance Leases, Lessee	March 31, 2011 Gross ThU.S.$	March 31, 2011 Interest ThU.S.$	March 31, 2011 Present Value ThU.S.$	Decen Gross ThU.S.$
Less than a Year	1,753	845	908	1,877
Between 1 and 5 years	4,571	2,183	2,388	4,659
More than 5 years	54,998	32,040	22,958	54,853
Total	**61,322**	**35,068**	**26,254**	**61,389**

Minimum lease payments related to operating leases, lessee:

Minimum Lease Payments on Operating Leases, Lessee	March 31, 2011 Gross ThU.S.$	March 31, 2011 Interest ThU.S.$	March 31, 2011 Present Value ThU.S.$	Decen Gross ThU.S.$
Less than a Year	27,744	-	27,744	23,200
Between 1 and 5 years	51,154	-	51,154	44,637
More than 5 years	29,688	-	29,688	16,411
Total	**108,586**	**-**	**108,586**	**84,248**

Minimum lease payments related to finance leases, lessor:

Minimum Lease Payments on Finance Leases, Lessor	March 31, 2011 Gross ThU.S.$	March 31, 2011 Interest ThU.S.$	March 31, 2011 Present Value ThU.S.$	Decen Gross ThU.S.$
Less than a Year	275	34	241	272
Between 1 and 5 years	234	10	224	303
Total	**509**	**44**	**465**	**575**

Impairment in Asset Value

The recoverable value of non-financial assets is evaluated when there is evidence that the asset may be impaired.

No impairment losses were identified during the first quarters of 2011 and 2010.

NOTE 17 – DEFERRED TAXES

Balances of Deferred Tax Assets as of March 31, 2011 and December 31, 2010 are detailed as follow:

Deferred Tax Assets	March 31, 2011 ThU.S.$
Provisions	2,37
Employee Benefits	2,39
Fair Value of Financial Instruments	12,07
Tax Losses	67,04
Deferred Income	5,99
Interesting-Bearing Loans	15
Lease Obligations	4,75
Finance Expenses	93
Others	6,14
Total	**101,86**

Balances of Deferred Tax Liabilities as of March 31, 2011 and December 31, 2010 are detailed in the following table:

Deferred Tax Liabilities	March 31, 2011 ThU.S.$
Depreciation	416,23
Provisions	65
Fair value of Financial Instruments	12,60
Interesting Bearing Loans	5,58
Finance Expenses	13,63
Others	4,15
Total	**452,86**
Deferred Tax Assets and Liabilities' Net Balance	**(350,99**

Reconciliation between Statement of Financial Position amounts and deferred tax tables

Statement of Financial Position	March 31, 2011 ThU.S.$
Deferred Tax Assets	14,78
Deferred Tax Liabilities	(365,77
Deferred Taxes Net Position	**(350,99**

Deferred Taxes Net Position	March 31, 2011 ThU.S.$
Deferred Tax Assets	101,86
Deferred Tax Liabilities	(452,86
Deferred Taxes Net Position	**(350,99**

The following movements occurred in deferred tax assets and liabilities during the period ended March 31, 2011 and 2010, were:

Movements in Deferred Tax Assets	March 31, 2011 ThU.S.$
Opening Balance, January 1, 2011	**116,44**
Increase (Decrease) in Deferred Tax Assets	(14,65
Other Increase (Decrease), Deferred Tax Assets	7
Total Changes in Deferred Tax Assets	**(14,57**
Ending Balance, March 31, 2011	**101,86**

Movements Deferred Tax Liabilities	March 31, 2011 ThU.S.$
Opening Balance, January 1, 2011	**450,25**
Increase (Decrease) in Deferred Tax Liabilities	5,75
Other Increase (Decrease), Deferred Tax Liabilities	(3,14
Total Changes in Deferred Tax Liabilities	**2,60**
Ending Balance, March 31, 2011	**452,86**

NOTE 18 – OTHER FINANCIAL LIABILITIES

As of March 31, 2011 and December 31, 2010 the Other Financial Liabilities are detailed as follows:

	Current		
Other Financial Liabilities	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$	March 31 ThU.S
Interest-Bearing Loans	54,448	57,186	2,0
Hedge Liabilities (see Note 8 Financial Instruments)	34,918	38,325	
Other Financial Liabilities (see Note 8 Financial Instruments)	1,298	2,435	
Total	**90,664**	**97,946**	**2,1**

18.1. Interest-Bearing Loans

Interest-Bearing Loans	March 31, 2011 Current ThU.S.$	March 31, 2011 Non-Current ThU.S.$	December 3 2010 Current ThU.S.$
Bank Loans	41,288	1,034,113	37
Bonds Payable...	12,252	1,031,134	18
Lease Obligations..	908	25,346	1
Total	**54,448**	**2,090,593**	**57**

(a) Bank Loans

The following is a detail of the bank loans by financial institution, currency, rates and maturity as March 31, 2011 and December 3

Country	Lender Name	Currency	Effective Rate	Final Maturity	Carrying Values March 31, 2011	Maturity less than 90 days ThU.S.$	Maturity more than 90 days ThU.S.$	Total Current March 31, 2011 ThU.S.$	Current Maturity between 1 and 3 years ThU.S.$	Mat betw and 5 ThU
Chile	Syndicated Banks - BNP PARIBAS	U.S.$	1.91%	2025	655,128	3,387	10,234	13,621	89,139	85
Chile	Syndicated Banks - BNP PARIBAS	U.S.$	2.12%	2022	389,749	12,399	12,374	24,773	54,685	61
Chile	Other bank loans	U.S.$	7.69%	2014	21,272	3,797	3,892	7,689	13,229	3
Colombia	Bancolombia	Col$	7.69%	2011	9,252	3,324	6,507	9,831	-	
				Total	**1,075,401**	**22,907**	**33,007**	**55,914**	**157,053**	**149**

Country	Lender Name	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Values December 31, 2011	Current Maturity less than 90 days ThU.S.$	Maturity more than 90 days ThU.S.$	Total Current as of December 31, 2010 ThU.S.$	Maturity between 1 and 3 years ThU.S.$	Ma bet and Th
Chile	Syndicated Banks - BNP PARIBAS	U.S.$	1.90%	1.91%	2025	626,111	3,849	9,800	13,649	71,550	8
Chile	Syndicated Banks - BNP PARIBAS	U.S.$	2.12%	1.46%	2022	383,819	-	24,773	24,773	54,685	6
Chile	Other Bank Loans	U.S.$	7.69%	6.95%	2014	20,886	-	7,374	7,374	13,482	
Colombia	Bancolombia	Col$	6.68%	6.52%	2011	11,957	3,290	9,604	12,894	-	
					Total	**1,042,773**	**7,139**	**51,551**	**58,690**	**139,717**	

(b) Bonds Payable

The following table details bonds payable as of March 31, 2011 and December 31, 2010:

Company ID	Company Name	Country	Instrument Registration Number	Series	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Values March 31, 2011 ThU.S.$	Current: Maturity less than 90 days ThU.S.$	Current: Maturity more than 90 days ThU.S.$	Current: Total Current as of March 31, 2011 ThU.S.$	Maturity between 1 and 3 years ThU.S.$
94.272.000-9	AES Gener S.A.	Chile	O Series Bond	O SERIES	U.F.	6.35%	5.50%	6-1-2015	53,153	1,308	1,315	2,623	5,254
94.272.000-9	AES Gener S.A.	Chile	N Series Bond	N SERIES	U.F.	7.92%	7.34%	12-1-2028	195,119	6,392	6,427	12,819	25,674
94.272.000-9	AES Gener S.A.	Chile	Rule 144A/REG S Bonds	U.S.$ Bonds	U.S.$	8.38%	7.50%	3-25-2014	392,840	-	30,000	30,000	460,000
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds	Q SERIES	U.S.$	8.46%	8.00%	4-1-2019	190,006	-	7,689	7,689	30,757
96.717.620-6	Eléctrica Santiago S.A.	Chile	214	B SERIES	U.F.	8.04%	7.50%	10-15-2024	46,429	2,787	2,933	5,720	8,397
Foreign	AES Chivor S.A.	Colombia	Ordinary Bonds	Single	U.S.$	10.76%	9.75%	12-30-2014	165,839	8,288	8,288	16,576	33,150
								Total	**1,043,386**	**18,775**	**56,652**	**75,427**	**563,232**

Company ID	Company Name	Country	Instrument Registration Number	Series	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Values December 31, 2010 ThU.S.$	Current: Maturity less than 90 days ThU.S.$	Current: Maturity more than 90 days ThU.S.$	Current: Total Current as of December 31, 2010 ThU.S.$	Matur betwe and 3 y ThU.
94.272.000-9	AES Gener S.A.	Chile	O Series Bond	O SERIES	U.F.	6.35%	5.50%	1-6-2015	53,403	-	2,623	2,623	5,2
94.272.000-9	AES Gener S.A.	Chile	N Series Bond	N SERIES	U.F.	7.87%	7.30%	1-12-2028	195,484	-	12,820	12,820	25,6
94.272.000-9	AES Gener S.A.	Chile	Rule 144A/REG S Bonds	U.S.$ Bonds	U.S.$	8.38%	7.50%	03-25-2014	400,433	15,000	15,000	30,000	60,0
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds	Q SERIES	U.S.$	8.59%	8.00%	1-4-2019	193,048	-	15,378	15,378	30,7
96.717.620-6	Eléctrica Santiago S.A.	Chile	214	B SERIES	U.F.	8.04%	7.50%	10-15-2024	46,409	-	4,251	4,251	8,6
Foreign	AES Chivor S.A.	Colombia	Ordinary Bonds	Single	U.S.$	10.76%	9.75%	12-30-2014	161,711	-	16,575	16,575	33,1
								Total	**1,050,488**	**15,000**	**66,647**	**81,647**	**163,4**

NOTE 19 – TRADE AND OTHER PAYABLES

Trade and other payables as of March 31, 2011 and December 31, 2010, are detailed as follows:

Trade and Other Payables	Current March 31, 2011 ThU.S.$	Current December 31, 2010 ThU.S.$	Non-Current March 31, 2011 ThU.S.$	Non-Current December 31, 2010 ThU.S.$
Trade payables (a)	217,796	227,807	50,177	50,737
Other accounts payable (b)	13,806	86,528	9,681	-
Total trade and other payables	**231,602**	**314,335**	**59,858**	**50,737**

(a) The non-current portion includes the contract between the subsidiary Termoandes and Siemens Power Generation Inc. and Siemens S.A. for the spare parts and maintenance services. As of December 31, 2010, also included is the effect of terminating the gas transportation contract between Sociedad Eléctrica Santiago S.A. and TGN (see Note 30 Contingencies, Lawsuits and Other).

(b) This item primarily includes the additional dividend provision for year 2010 and the minimum dividend as of December 31, 2009.

The average payment period for suppliers is 30 days; therefore, carrying amounts do not differ significantly from their fair values.

NOTE 20 – PROVISIONS

As of March 31, 2011 and December 31, 2010, provisions are detailed as follows:

Provisions	Current March 31, 2011 ThU.S.$	Current December 31, 2010 ThU.S.$	Non-Current March 31, 2011 ThU.S.$	Non-Current December 31, 2010 ThU.S.$
Legal Provision	1,505	1,522	5,383	5,036
Restructuring Provision	102	250	-	-
Decommissioning Costs	1,349	1,329	26,069	25,622
Other Provisions	846	1,143	463	377
Total	**3,802**	**4,244**	**31,915**	**31,035**

Legal Provision

Current balances correspond primarily to contingent fines and penalties with the regulatory body (SEC), mentioned in greater detail in Note 30 Contingencies, Lawsuits and Other. A portion of the non-current total corresponds to a provision of ThU.S.$4,800 as estimated by the subsidiary, AES Chivor & Cía. S.C.A. E.S.P. (“Chivor”), that comes from an equity tax review process that is being conducted by the regulatory body in Colombia.

Decommissioning Costs

Non current balances within this provision relate to the decommissioning cost of assets and rehabilitation of lands on which the Company’s different plants are located. The terms of the estimated disbursements vary between 30 and 45 years, depending on the contract or law that originates the obligation.

Other Provisions

This item primarily includes the provisions for employee involvement in Company income and bonuses, which are generally paid within the first subsequent quarter.

Provisions	Restructuring ThU.S.$	Legal claims ThU.S.$	Decommissioning and Restructuring Costs ThU.S.$	Other Provisions ThU.S.$	Total ThU.S.$
Opening Balance, January 1, 2011	250	6,558	26,951	1,520	35,279
Movements in Provisions					
Decommissioning costs	-	-	467	-	467
Additional Provisions	-	249	-	236	485
Increase (Decrease) in Existing Provisions	-	2	-	82	84
Provisions Paid Out	(148)	-	-	(539)	(687)
Reversal of Unused Provisions	-	-	-	-	-
Increase (decrease) in Foreign Currency Translation	-	79	-	10	89
Changes in Provisions	**(148)**	**330**	**467**	**(211)**	**438**
Ending Balance, March 31, 2011	**102**	**6,888**	**27,418**	**1,309**	**35,717**

Provisions	Restructuring ThU.S.$	Legal claims ThU.S.$	Decommissioning and Restructuring Costs ThU.S.$	Other Provisions ThU.S.$	Total ThU.S.$
Opening Balance, January 1, 2010	-	29,198	18,601	2,102	49,901
Movements in provisions					
Decommissioning costs	-	-	8,450	-	8,450
Additional Provisions	250	-	-	-	250
Increase (Decrease) in Existing Provisions	-	1,357	(100)	5	1,262
Provisions Paid Out	-	(3,887)	-	(620)	(4,507)
Reversal of Unused Provisions (*)	-	(20,096)	-	-	(20,096)
Increase (decrease) in Foreign Currency Translation	-	(14)	-	33	19
Changes in Provisions	**250**	**(22,640)**	**8,350**	**(582)**	**(14,622)**
Ending Balance December 31, 2010	**250**	**6,558**	**26,951**	**1,520**	**35,279**

(*) The reversal of the unpaid provision was based on a resolution from the Chilean tax authorities stated in the Official Order N° 194.

NOTE 21 –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 2.16 Employee Benefits, sections b) and d).

As of March 31, 2011 and December 31, 2010, the Company's Employee Benefit liability is detailed as follows:

Employee Benefits	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Current Portion	2,656	3,014
Non-Current Portion	30,013	29,719
Total	**32,669**	**32,733**

21.1. Present Value of Employee Pension Plans

The following movements took place in employee benefit liabilities for services provided in the periods ended March 31, 2011 and December 31, 2010:

Present Value of Defined Benefit Pension Plan	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Opening Balance	**32,733**	**28,401**
Current Service Costs	380	2,776
Interest Costs	371	1,328
Participant Contributions (Withdrawals)	(22)	97
Actuarial Gains	684	2,758
Increase (Decrease) in Foreign Currency Translation	(346)	858
Contributions Paid	(1,131)	(4,030)
Other	-	545
Ending Balance	**32,669**	**32,733**

21.2. Impact on Earnings

The following amounts were recorded in consolidated income within Cost of Sales and Administrative Expenses in the statement of comprehensive income for the periods ended March 31, 2011 and December 31, 2010:

Expenses Recognized in Income	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$	Income Statement account where recognized
Current Service	380	483	Cost of Sales - Administrative Expense
Interest Costs	371	318	Cost of Sales - Administrative Expense
Net Actuarial losses-Gains from defined benefit plan	684	773	Cost of Sales - Administrative Expense
Total Impact on Net Income	**1,435**	**1,574**	

21.3. Other Disclosures

(a) The following hypotheses were used in actuarial calculations of employee benefits:

Actuarial Assumptions Used in Calculating the Liability	Chile March 31, 2011	Chile December 31, 2010	Colombia March 31, 2011	Colombia December 31, 2010
Nominal Discount Rate	6.25%	6.25%	8.00%	8.00%
Average Personnel Rotation Rate	2.50%	2.50%	0.005682%	0.005682%
Expected Salary Increase	UF + 1.5%	UF + 1.5%	4.00%	5.00%
Mortality Table	Tables issued in accordance with joint standard of the Chilean Securities and Insurance Supervisor and the Chilean Pension Supervisor		Tables issued in accordance with US institutions GAM 1971	

(b) Sensitivity Analysis:

As of March 31, 2011, a variation of 100 basis points in the discount rate and the cost of medical benefits would have generated the following effects:

Medical Expenses Sensitivity	Increase of 1% ThU.S.$	Decrease of 1% ThU.S.$
Effect in the Defined Benefit Obligations	(50)	50

Discount Rate Sensitivity	Increase of 1% ThU.S.$	Decrease of 1% ThU.S.$
Effect in the Defined Benefit Obligations	(334)	379

NOTE 22 – OTHER NON FINANCIAL LIABILITIES

As of March 31, 2011 and December 31, 2010, balances of non financial liabilities are detailed as follows:

	Current		Non-Current	
Other Non-Financial Liabilities	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Deferred Revenue (22.1)	7,720	5,306	26,160	27,325
Accumulated Liabilities (22.2)	8,899	16,676		-
Other Liabilities (22.3)	-	-	155	199
Total	**16,619**	**21,982**	**26,315**	**27,524**

22.1. Deferred Revenue

As of March 31, 2011 and December 31, 2010, deferred income balances are detailed as follows:

	Current		Non-Current	
Deferred Revenue	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Escondida Right of Use	3,852	3,826	15,530	15,833
BHP Chile Inc.	477	643	-	-
Torquemada				
Right to Use Ventanas - Miraflores Line Installations	281	281	7,120	7,190
LNG Quintero-Right to Use and Connect to Transmission Line	479	479	1,798	1,917
CDEC SING Angamos Firm Capacity	2,581		-	
Other Deferred Revenue	50	77	1,712	2,385
Total	**7,720**	**5,306**	**26,160**	**27,325**

22.2. Accumulated Liabilities

Accumulated liabilities are primarily vacations and other employee benefits, accrued as of March 31, 2011.

NOTE 23 – EQUITY

23.1. Equity Management

Equity includes paid-in capital, retained earnings and other reserves.

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 lines of business, policies or processes during the periods ended March 31, 2011 and 2010.

23.2. Subscribed and Paid-In Capital

As of March 31, 2011, the Company's share capital consists of 8,069,699,033 subscribed and paid shares.

The Company's movement in shares is as follows:

	Issued Capital			
	Authorized	**Issued**	**Subscribed**	**Paid**
Balance as of December 31, 2009	**8,227,890,863**	**8,227,890,863**	**8,069,699,033**	**8,069,699,033**
Subscription and Payment	-	-	-	-
Balance as of March 31, 2010	**8,227,890,863**	**8,227,890,863**	**8,069,699,033**	**8,069,699,033**
Subscription and Payment	-	-	-	-
Balance as of December 31, 2010	**8,227,890,863**	**8,227,890,863**	**8,069,699,033**	**8,069,699,033**
Subscription and Payment	(151,313,083)	(151,313,083)	-	-
Balance as of March 31, 2011	**8,076,577,780**	**8,076,577,780**	**8,069,699,033**	**8,069,699,033**

23.3. Capital Increases

In an Extraordinary Shareholders' Meeting held November 19, 2008, shareholders of AES Gener S.A. agreed to increase capital by issuing 945,000,000 new single-series shares with no par value, totaling $153,562,500,000. These shares must be issued, subscribed and paid in full within 3 years beginning on the date of the meeting. As of March 31, 2011, $152,444,703,824 (U.S.$ 239,523,456) has been paid for 938,121,253 shares as part of this capital increase.

23.4. Dividend Policy

In an Ordinary General Shareholders' Meeting held April 26, 2011, the Board agreed to distribute up to 100% of 2011 earnings in dividends to shareholders, conditional upon: the Company's actual net profits, the forecasts it prepares periodically and the requirement that it use its own resources to finance investment projects, among other conditions. Also, it was determined that the Company intends to distribute interim dividends in 2011.

Shareholders agreed to distribute the following dividends, for the year-ended December 31, 2010:

(a) The quantity of U.S.$ 96,739,552.01, corresponding to 56.98% of 2010 profits, by distributing a minimum mandatory dividend of U.S.$ 0.0119880 per share, plus an interim dividend distributed on January 2010 for U.S.$73,030,776.25, equivalent to 43.02% of 2010 profits; and

(b) The quantity of U.S.$ 71,997,854.77, equivalent to 24.76% of the dividend reserve as of December 31, 2010, was distributed based on U.S.$ 0.008922 per share.

Both the minimum mandatory dividend and the additional dividend were paid on May 6, 2011.

23.5. Retained Earnings (Losses)

Retained Earnings (Losses)	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Opening Balance	511,238	645,781
Net Income Attributable to Shareholders of Parent	103,520	169,772
Declared Dividends	-	(159,982)
Interim Dividends	-	(73,031)
Income Distribution to Future Dividend Reserve	-	(127,930)
Minimum Dividend Provision	-	-
Reversal of Prior Period Minimum Dividend	-	56,628
Total Ending Balance	**614,758**	**511,238**

23.6. Other Components of Equity

	Share Based Option Plans ThU.S.$	Proposed Dividends Reserve ThU.S.$	Total ThU.S.$
Opening Balances as of January 1, 2011	2,699	290,753	293,452
Share-Based Option Plans	147	-	147
Ending Balances as of March 31, 2011	**2,846**	**290,753**	**293,599**

	Share Based Option Plans ThU.S.$	Proposed Dividends Reserve ThU.S.$	Total ThU.S.$
Opening Balances as of January 1, 2010	2,259	162,823	165,082
Share-Based Option Plans	134	-	134
Balances as of March 31, 2010	**2,393**	**162,823**	**165,216**
Share-Based Option Plans	306	-	306
2009 Proposed Dividends	-	127,930	127,930
Ending Balances as of December 31, 2010	**2,699**	**290,753**	**293,452**

23.7. Other Comprehensive Income

Other Comprehensive Income for each period is detailed as follows:

	Foreign Currency Translation Reserve ThU.S.$	Cash Flow Hedge Reserve ThU.S.$	Defined Benefit Plan Reserve ThU.S.$	Equity Translation Reserves (1) ThU.S.$	Other Reserves ThU.S.$	Total ThU.S.$
Opening Balances, January 1, 2011	33,643	(90,415)	(2,250)	(136,741)	(6,066)	(201,829)
Derivative Instruments Devaluation	-	19,719	-	-	-	19,719
Deferred Taxes	-	(4,362)	-	-	-	(4,362)
Associate Foreign Currency Exchange	8,350	-	-	-	-	8,350
Associate Investment Adjustments	-	2,104	-	-	-	2,104
Other Variations	-	-	-	-	54	54
Ending Balances, March 31, 2011	**41,993**	**(72,954)**	**(2,250)**	**(136,741)**	**(6,012)**	**(175,964)**

	Foreign Currency Translation Reserves ThU.S.$	Cash Flow Hedge Reserve ThU.S.$	Defined Benefit Plan Reserve ThU.S.$	Equity Translation Reserves (1) ThU.S.$	Other Reserves ThU.S.$	Total ThU.S.$
Opening Balances, January 1, 2010	(713)	(21,136)	-	(136,741)	(10,135)	(168,725)
Derivative Instrument Valuation	-	(684)	-	-	-	(684)
Deferred Taxes	-	(18)	-	-	-	(18)
Associate Foreign Currency Exchange	29,552	-	-	-	-	29,552
Associate Investment Adjustments	-	-	-	-	-	-
Other Variations	-	-	-	-	1,718	1,718
Balances as of March 31, 2010	**28,839**	**(21,838)**	**-**	**(136,741)**	**(8,417)**	**(138,157)**
Derivative Instrument Valuation	-	(80,504)	-	-	-	(80,504)
Deferred Taxes	-	11,927	(327)	-	591	12,191
Associate Foreign Currency Exchange	4,804	-	-	-	-	4,804
Associate Investment Adjustments	-	-	-	-	-	-
Other Variations	-	-	(1,923)	-	1,760	(163)
Ending Balance, December 31, 2010	**33,643**	**(90,415)**	**(2,250)**	**(136,741)**	**(6,066)**	**(201,829)**

(1) This item corresponds to an adjustment for the difference between paid-in capital at the period end exchange rate as of December 31, 2008 and its historical value, in accordance with Official Form Letter 456 dated June 20, 2008, issued by the Chilean Securities and Insurance Supervisor.

(a) 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.

NOTE 24 – REVENUE

24.1. Operating Revenues

Operating revenue for the 3-month periods ended March 31, 2011 and 2010 is detailed as follows:

Operating Revenues	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Contracted Energy and Capacity Sales	283,401	266,005
Spot Market Energy and Capacity Sales	251,977	155,373
Other Operating Revenues (*)	45,238	33,052
Total	**580,616**	**454,430**

(*) Included in Other Operating Revenues are transmission revenues and revenues from the sales of coal.

NOTE 25 – EXPENSES

25.1. Expenses by Nature

The table below details the principal operating and administrative costs and expenses recorded by the Company in the 3-month periods ended March 31, 2011 and 2010, within the following accounts in the Statement of Comprehensive Income: Cost of Sales, Administrative Expenses and Other Operating Expenses.

Expenses by Nature	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Energy and Capacity Purchases	62,128	131,214
Fuel Consumption	188,355	120,641
Cost of Fuel Sales	25,139	1,778
Transmission System Use Costs	24,080	30,762
Cost of Production and Other Sales	65,663	43,962
Personnel Expenses	21,900	18,356
Depreciation	41,514	39,725

Expenses by Nature	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Amortization	276	277
Total Expenses by Nature	**429,055**	**386,715**

25.2. Personnel Expenses

Personnel Expenses for the three month periods ended March 31, 2011 and 2010 are presented as follows:

Personnel Expenses	March 31, 2010 ThU.S.$	March 31, 2011 ThU.S.$
Salaries and Wages	16,900	13,493
Short-Term Employee Benefits	3,043	2,879
Post Employment Benefit Liability Expenses	571	514
Employment Termination Benefits	864	1,116
Transactions with Share-Based Payments	301	268
Other Long-Term Benefits	2	11
Other Personnel Expenses	219	75
Total	**21,900**	**18,356**

NOTE 26 – OTHER INCOME (LOSSES)

Other Income (Losses)	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Property, Plant and Equipment Disposals	(1,654)	(94)
Property, Plant and Equipment Sales	(6)	-
Dividend Received from Gasoducto Gasandes Argentina S.A.	(2,210)	-
Other	21	(180)
Total	**(3,849)**	**(274)**

NOTE 27 – FINANCE INCOME AND EXPENSES

Finance Income and Expenses for the three month periods ended March 31, 2011 and 2010 is detailed as follows:

Finance Income and Expenses	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Income from Financial Assets	198	93
Other Finance Income	1,625	1,057
Total Finance Income	**1,823**	**1,150**
Interest on Bank Loans	(7,705)	(4,749)
Interest on Bonds	(20,553)	(20,554)
Gain (loss) for Valuation of Derivative Instruments	(4,750)	380
Other Costs	(1,266)	(2,038)
Capitalized Finance Costs	11,539	8,091
Total Finance Expenses	**(22,735)**	**(18,870)**
Foreign Currency Exchange Differences	(2,436)	(3,050)
Total Net Finance Income	**(23,348)**	**(20,770)**

NOTE 28 – INCOME TAX EXPENSE

The effect in income from income tax expense for the three month periods ended March 31, 2011 and 2010 is detailed as follows:

Current and Deferred Income Tax Expense	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Current Tax Expense	20,130	23,019
Adjustments to Prior Period Current Tax	(1,356)	(20,708)
Other Current Tax Expenses	19	15
Total Current Tax Expense	**18,793**	**2,326**
Deferred Tax Expenses (Income) Related to Changes in Temporary Differences	11,096	(3,840)
Total Deferred Tax Expense (Income)	**11,096**	**(3,840)**
Income Tax Expense (Income)	**29,889**	**(1,514)**

The following table reconciles the income tax charge resulting from application of the legal rate versus the effective rate in 2011 and 2010 income:

Reconciliation of Tax Expense	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Tax Expense Using Legal Rate	**26,682**	**9,376**
Rates in Other Jurisdictions	4,099	6,409
Non-Taxable Operating Income	(1,363)	(5,668)
Non-Deductible Expenses	1,150	3,780
New Asset Valuation for Non-Recognized Deferred Taxes	832	(20,062)
Changes in Income Taxes	(4,146)	820
Foreign Currency Exchange Rate	3,518	2,955
Other Increase (Decrease) in Charge for Legal Taxes	(883)	876
Adjustments to Tax Expense using Legal Rate	**3,207**	**(10,890)**
Tax Expense Using Effective Rate	**29,889**	**(1,514)**

The item Rates in Other Jurisdictions presents the differences that arise between the current rate in Chile (20%) and the other jurisdictions in which foreign subsidiaries are domiciled (Argentina 35% and Colombia 33%).

The item Non-Taxable Operating Income represents the tax effect of the effective rate of Guacolda's earnings.

Deferred Taxes in Other Comprehensive Income	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Aggregate Deferred Taxes Related to Items recorded in Other Comprehensive Income	(4,362)	18
Total Tax Effect in Other Comprehensive Income	**(4,362)**	**18**

Deferred taxes arising from movements in cash flow hedges are related to interest rate and currency derivatives

NOTE 29 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the Company's share holders by the weighted average number of shares in circulation in a year, excluding, should any exist, common shares acquired by the Company and maintained as treasury shares.

(Amounts in thousands of US dollars are expressed in thousands, except for unit values.)

Basic and Diluted Earnings per Share	March 31, 2011 ThU.S.$	March 31, 2010 ThU.S.$
Net Income Attributable to Shareholders of Parent	103,520	57,848
Net Income Attributable to Common Shareholders, Basic	103,520	57,848
Weighted Average Number of Shares, Basic	8,069,699,033	8,069,699,033
Basic Earnings per Share (Presented in U.S.$)	**0.0128**	**0.0072**

There are no transactions or concepts that create a dilutive effect on earnings per share.

NOTE 30 – CONTINGENCIES, LAWSUITS AND OTHER

CONTINGENCIES AND RESTRICTIONS

30.1. Guarantees Granted

Gener has the following commitments, guarantees and contingent liabilities:

(a) Commitments with financial and other institutions

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. In accordance with the conditions established in the agreements currently in effect, neither Gener nor any of its significant or restricted subsidiaries, based on the respective definition, may issue, assume or co-sign debt with guarantees over the Company's goods or assets, unless proportional and/or equivalent guarantees are granted to financiers. As of March 31, 2011, Gener is in compliance with all of its debt commitments and financial restrictions in accordance with the terms and conditions of each covenant and contract.

(b) Guarantees to Third Parties

(i) 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 for the UF bonds issued in December 2007. On September 16, 2009, this swap contract was modified and one part was assigned to Deutsche Bank Securities. Both swap contracts, including its modifications, requires Gener to grant a guarantee when the fair value of the swap exceeds the limit established in the contract. As of March 31, 2011, it was not necessary to grant any guarantee based on the fair value of the swap.

(c) Guarantees on Behalf of Subsidiaries

(i) On December 31, 2010 ESSA reached an agreement with the transport companies Transportadora de Gas del Norte S.A. ("TGN"), GasAndes S.A. ("GAC") and Gasoducto GasAndes (Argentina) S.A. ("GAA"), finalizing all pending litigations. Gener became co-debtor in ESSA future payments.

30.2. Litigation and Disputes

(a) Judicial Proceedings

(i) Fines imposed by the Superintendency of Electricity and Fuels (hereinafter "SEC")

On February 21, 2003, the SEC filed charges against Gener and other members of the CDEC-SIC, related to the power failure that occurred on January 13, 2003 in the Central Interconnected System (hereinafter "SIC"). On January 24, 2003, Gener answered the claims and rejected their validity in a presentation made to the SEF. On April 27, 2004, the SEF fined all of the members of the CDEC-SIC as a result of the power failure, alleging they were justifiably responsible as members of the CDEC-SIC. Gener and ESSA were fined 560 Annual Tax Units or UTA (equivalent to approximately ThU.S.$530).

The Companies filed motions to vacate before the SEF on May 7, 2004, which were rejected on November 3, 2005; however the fine to ESSA was reduced to 350 UTA (ThU.S.$331). On November 18, 2005, the Companies filed illegality claims before the Court of Appeals of Santiago, which are pending ruling. In accordance with applicable standards, a deposit for 25% of the fine has been made with the court. On May 10, 2011, the appeals court rejected the case. The company plans on appealing the case within the legally permitted timeframe.

Gener and ESSA collectively established a provision for these contingent liabilities for the equivalent to ThU.S.$861.

(ii) Insurance Companies versus Gener and ESSA

On November 2004, Gener and ESSA were notified of a civil claim for damages brought against them by three insurance companies: Liberty Compañía de Seguros Generales S.A., Compañía de Seguros Generales Cruz del Sur S.A. and Compañía de Seguros Penta Security S.A. (the "Insurance Companies") for damages for loss of production due to the failure of a transmission line belonging to Codelco-Andina in June 2000 that prevented energy from being received from ESSA, for an amount of ThU.S.$6,616, plus interests and legal costs.

On December 31, 2007, the court rejected the suit against Gener, but ordered ESSA to pay ThU.S.$1,438 plus expenses and interest. On January 14, 2008, ESSA appealed this ruling and the plaintiffs presented a motion for cessation and appeal against the first instance ruling. On March 15, 2010, the Santiago Court of Appeals rejected both parties' motions, confirming the first instance ruling. On April 1, 2010, the plaintiffs filed a remedy of cessation on grounds of form and substance before the Supreme Court. On April 22, 2010, the Santiago Court of Appeals accepted the motions to be heard and ruled on by the Supreme Court. On June 15, 2010, ESSA paid the amount determined by the court of ThU.S.$1,438. To date, the interest expenses calculation is still under discussion. ESSA has established a provision for ThU.S.$610 for pending interest.

30.3. Financial Commitments

(a) Gener, as the issuer of Senior Bonds at 7.5% for ThU.S.$400,000 maturing in March 2014, must comply with certain limitations on indebtedness and restricted payments (including dividends), if the bonds are not rated "Investment Grade" by two rating agencies. Currently, Gener has three international investment grade ratings and, therefore, these restrictions have been suspended.

(b) In December 2007, Gener placed UF 5,600,000 (ThU.S.$252,728) 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 N series bonds for UF 4,400,000 at 4.3% maturing in 2028 and O series bonds for UF 1,200,000 at 3.10% maturing in 2015. On April 8, 2009, Gener carried out a second bond issuance against the line of bonds registered in the Securities Registry under number 517 on November 9, 2007. This issuance consisted of Q series bonds for U.S.$196 million at 8.0% maturing in 2019.

In accordance with the obligations established in its 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 ThU.S.$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, 2011, Gener was in compliance with the aforementioned ratios.

(c) In accordance with the loan agreement signed with Banco del Estado in February 2008 for UF 930,000 (ThU.S.$41,855), Gener must comply with certain limitations on indebtedness and restricted payments (including dividends) if Gener is not rated "Investment Grade" (BBB or greater). Currently, Gener has three international and two local investment grade ratings and, therefore, these restrictions have been suspended.

As of March 31, 2011, this line has not been drawn down.

(d) The loan agreement entered into by ESSA and a syndicate of local banks led by Banco de Crédito e Inversiones for a total of ThU.S.$30,000 was amended on May 29, 2009, primarily to replace the financial ratios applicable to ESSA with financial ratios applicable to Gener as joint debtor. In accordance with the obligations undertaken in this amendment, the Company must comply with the following financial ratios on a quarterly basis, calculated using the consolidated financial statements. As of the date of approval of these financial statements, such amount reaches ThU.S.$21,000.

- Consolidated indebtedness level no greater than 1.20;
- Interest expense coverage ratio no less than 2.50; and
- Minimum equity no less than ThU.S.$1,574,622.

As of March 31, 2011, Gener was in compliance with the aforementioned ratios.

(e) Every six months, Gener must comply with the following financial ratios, calculated based on its consolidated financial statements, that are established in the loan agreement signed with a bank syndicate in October 2009 for UF 3,940,000 (ThU.S.$177,321).

- Indebtedness level no greater than 1.20;
- Financial expense coverage ratio no less than 2.50;
- Minimum equity no less than ThU.S.$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, 2011, this credit line has not been drawn down and Gener was in compliance with the aforementioned ratios.

30.4. Other Contingent Liabilities

(a) Contingent Liabilities Associated with AES Chivor & Cía S.C.A. E.S.P. ("Chivor")

(i) Bond Issuance and Colombian Loan Agreement

On November 30, 2004, Chivor completed the debt refinancing of ThU.S.$253,000. As part of this process, Chivor issued guaranteed senior bonds at 9.75% for ThU.S.$170,000, maturing in 2014. Likewise, Chivor took out a line of credit with a local bank originally in Colombian pesos for the equivalent of ThU.S.$83,000, expiring in 7 years. On December 12, 2005, Chivor renegotiated the local bank loan in Colombian pesos, improving the interest rate and other conditions. As of March 31, 2011 this amount reached ThCol$17,777,766 (ThU.S.$9,502).

Both the guaranteed senior bonds and the local syndicated loan are guaranteed by: (a) an onshore fiduciary agreement by which Chivor's income from generating and retailing electricity are administered and maintained in a trust to guarantee payment of its obligations under the local syndicated loan, (b) a pledge on all of Chivor's shares owned by Energy Trade and Finance Corporation and (c) a pledge on all shares of AES Chivor S.A., Chivor's managing partner.

(ii) Bonds:

In addition to the guarantees detailed in the previous paragraph, Chivor maintains a reserve account that was established at the close of the senior notes.

This reserve should be equal, at all times, to the next interest payment. The account can be financed in cash or with one or more letters of credit. For this purpose, on June 27, 2009, Chivor financed the account in cash, depositing ThU.S.$ 8,287.

Among its principal financial commitments, Chivor must comply with the following financial ratios in order to make restricted payments, including dividends:

Interest expense coverage ratio no less than 2.25; and

Total debt-to-EBITDA ratio no greater than 3.80.

(iii) Colombian Loan Agreement:

The Colombian Loan Agreement imposes the following operating and financial commitments on Chivor:

- Debt to free cash flow ratio no greater than 5.25;
- Debt to EBITDA ratio no greater than 4.25;
- Ratio of EBITDA (as established in the Colombian Loan Agreement) to debt service coverage of 1.20 or greater; and
- Ratio of debt service coverage, defined as free cash flows plus cash available at the respective period end, less dividends authorized but not paid, to debt service of 1.10 or greater.

As of March 31, 2011, all restrictions and obligations related to obligations with financial institutions and bonds have been met.

(b) **Judicial and Administrative Proceedings**

(i) Revindication Processes

In December 2005, Chivor initiated a special plan to recover possession of the lands located within the reservoir's 8 meter security parameter. As a part of this process, the Company has filed 22 revindication lawsuits on illegally occupied properties. Chivor has established a provision of ThCol$1,090,615 (ThU.S.$582).

(ii) Equity tax 2005 and 2006

On July 31, 2008 and August 11, 2008, the Colombian National Tax and Customs Service ("DIAN") issued special notifications with respect to the Company's private equity tax returns for 2005 and 2006, respectively, proposing modifications to the returns filed by Chivor. Chivor responded to those requirements but thereafter the DIAN issued official liquidations, which were appealed by Chivor in June, 2009. The DIAN rejected Chivor's arguments in June 2010. In October 2010 Chivor began judicial proceedings and restitution of rights. Chivor recognized a provision in the amount of ThCol$ 8,981,117 (ThU.S.$4,800) for both proceedings.

(iii) On August 6, 2009, the Cundinamarca Administrative Court issued the ruling against Chivor's claims in the process of Annulment and Reestablishment of Rights initiated by Chivor against DIAN, which rejected the deduction of expenses from the 2002 income tax declaration. Chivor filed an appeal on August 13, 2009 and DIAN did the same on August 24, 2009. If AES Chivor's arguments are rejected, the expenses previously mentioned of approximately MCol$1,414,190 (ThU.S.$755), will be treated as net income in the taxable year in which a final ruling is issued. This would not generate a fine or penalty interest due to the fact that in 2002 Chivor had a tax loss, which was used to offset according to Article 199 of the Tax Statutes. No provision has been recorded to date.

(c) **Contingent Liabilities and Commitments Involving ESSA**

(i) Financial Commitments

On a quarterly basis, ESSA must comply with the following financial ratios established in its bond issuance contract 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;
- Minimum equity no less than UF 2 million (ThU.S.$90,011); 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, 2011, ESSA was in compliance with the aforementioned obligations.

(ii) Fiduciary Charges

On May 7, 2008, ESSA presented a specific claim for ENARGAS to review the orders issued prior to that date and exclude ESSA from paying fiduciary charges. ESSA considers these charges to be illegitimate; In addition, it is no longer a firm loader, which is an essential condition for purposes of applying these charges. On July 17, 2008, ENARGAS rejected the claim and on July 24, 2009, it rejected the motion to reconsider filed subsequently. On August 6, 2009, ESSA filed an appeal before the Argentine Energy Secretary, which is pending judgment.

(iii) Fines imposed by the Superintendence of Electricity and Fuel (hereinafter "SEC")

On April 12, 2004, the SEC brought charges against ESSA and the remaining members of the CDEC-SIC as a result of the power failure that occurred in the SIC on November 7, 2003, alleging they were responsible based on the fact that they are members of the CDEC-SIC. ESSA responded to the charges on May 3, 2004.

On June 30, 2005, the SEC fined all members of the CDEC-SIC as a result of the power failure for not acting in a coordinated manner to preserve the service reliability of the electricity system, alleging they were justifiably responsible solely because they were members of the CDEC-SIC. ESSA was fined 350 UTA (equivalent to approximately ThU.S.$331). On July 11, 2005, ESSA filed a motion to vacate before the SEC.

On September 4, 2009, the motion to vacate filed by ESSA was rejected by the SEC. On November 18, 2005, ESSA filed a motion to overturn before the Santiago Court of Appeals, depositing 25% of the fine with the court, in accordance with applicable standards. This motion is pending ruling. ESSA has established a provision for this contingent liability of 350 UTA (ThU.S.$331).

(d) **Contingent Liabilities and Commitments Involving Empresa Eléctrica Ventanas S.A. ("EEVSA")**

On June 13, 2007, EEVSA secured financing for up to ThU.S.$415,000 to construct the Ventanas thermoelectric power plant and also provided a letter of credit for up to ThU.S.$25,000 to guarantee six months of debt service. The loan is for a 15-year period, including a 3-year construction period, and is guaranteed by assets, shares and project cash flows.

(e) **Contingent Liabilities and Commitments Involving Empresa Eléctrica Angamos S.A. ("EEA")**

On October 22, 2008, EEA secured financing for up to ThU.S.$908,500 to construct the Angamos thermoelectric power plant as well as letters of credit for up to ThU.S.$80,000 to guarantee EEA's obligations and six months of debt service. The loan is for a 17-year period, including a 3-year construction period, and is guaranteed by assets, shares and project cash flows.

(f) **Contingent Liabilities and Commitments Involving Inversiones Nueva Ventanas S.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 October 22, 2008, Inversiones Nueva Ventanas and Gener constituted a commercial pledge on shares issued by EEA in favor of its creditors to guarantee its obligations related to financing for the Angamos power plant.

NOTE 31 – GUARANTEES

Guarantees Granted

Beneficiary	Guarantee Description	Date		
		From	To	ThU.S.$
Minera La Escondida	Energy supply contract	12/5/2008	12/5/2011	28,400
Minera Spence	Energy supply contract	12/5/2008	12/5/2011	11,600
Terminal Graneles del Norte S.A.	Conditional right and obligation transfer	12/5/2008	12/5/2011	18,000
Corporación Nacional del Cobre	Guarantee the validity of the energy supply public offer	12/24/2010	2/15/2011	500
Luis Gardeweg Baltra	Contract extension	10/26/2010	10/28/2011	1,966
Ilustre Municipalidad de Mejillones	Guarantees faithful completion of contract	1/27/2010	10/31/2011	674
Ebara International Corporation	Line of Credit to guarantee spare parts	10/1/2010	8/23/2011	477
Director General de Territorio Marítimo y Marina Mercante	Rental Agreement compliance	8/4/2009	1/21/2012	420
Innova Chile	Guarantee execution of project	8/5/2009	8/15/2012	269
Secretaría Regional Ministerial de Bienes Nacionales de Antofagasta	Rental Agreement compliance	1/27/2010	1/5/2012	175
Other	Minor guarantees			116
TOTAL				**62,597**

Guarantees Received

Grantor of Guarantee	Guarantee Description	Date		
		From	To	ThU.S.$
Posco Engineering and Construction Co. Ltd.	Engineering, construction, assembly and commissioning of Angamos Thermoelectric Power Plant	5/28/2008	10/3/2011	236,198
Ingeniería y Construcción, Sigdo Koppers S.A.	Engineering, construction, assembly and commissioning of Angamos T-Line	9/13/2010	7/31/2011	7,860
Compañía Portuaria de Mejillones S.A.	Bulk contract transference	4/14/2008	2/7/2012	6,000
ABB S.A. Lima, Perú	Contract compliance	1/18/2011	8/10/2011	696
Empresa Constructora Agua Santa S.A.	Construction and disposal of ashes and other	3/9/2011	2/22/2012	510
Ingeniería Eléctrica Transbosch	Service Maintenance Contract Compliance	3/19/2007	12/1/2012	502
Vogt Power International Inc.	Contract Compliance	3/5/2010	6/30/2011	233
Aguas del Altiplano S.A.	Guarantee energy payments	3/12/2010	3/31/2011	200
Skanska CHILE S.A.	EPC Contract compliance	3/9/2010	8/16/2011	91
Flota Vershae S.A.	Contract compliance	2/1/2011	1/31/2012	146
SK Industrial	Contraction and Testing of the SCR system.	1/11/2010	4/30/2011	125
Empresa de Montajes Industriales SALFA S.A.	Contract Compliance for the construction of coal field screens	10/5/2009	3/31/2011	89
Instrumentación Menchaca, Amadori Industrial Ltda.	Contract compliance	9/2/2010	9/30/2011	83
Inversiones Castro y Cía.	Compliance of contract for the construction and implementation of the fences for the Ventanas Plant.	12/28/2010	1/31/2012	80
Ivensys Systems Chile Ltda.	Contract compliance	7/8/2010	2/28/2012	71
Various	Other minor guarantees			506
TOTAL				**253,390**

NOTE 32 – SHARE-BASED PAYMENTS

Stock Options

AES Corporation ("AES Corp"), the parent company, grants options to purchase common stock under stock option plans for employees of AES Gener S.A. 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 2010 and 2009 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, 2011	December 31, 2010
Expected Volatility	31%	38%
Expected Annual Dividend Yield	-	-
Expected Option Term (Years)	6	6
Risk-Free Interest Rate	2.65%	2.86%

The Company exclusively relies on implied volatility as the expected volatility to determine the fair value using the Black Scholes option-pricing model. The implied volatility may be exclusively relied on due to the following factors:

- The Company utilizes a valuation model that is based on a constant volatility assumption to value its employee share options;
- The implied volatility is derived from options to purchase common stock of AES Corporation that are actively traded;
- The market prices of both the traded options and the underlying shares are measured at a similar point in time to each other and on a date reasonably close to the grant date of the employee share options;
- The traded options have exercise prices that are both near the money and close to the exercise price of the employee share options; and
- The remaining maturities of the traded options on which the estimate is based are at least one year.

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 periods ended March 31, 2011 and December 31, 2010. This is appropriate given a lack of relevant stock option exercise data.

This simplified method may be used, as the stock options of AES Corporation have the following characteristics:

- The stock options are granted at-the-money;
- Exercisability is conditional only on performing service through the vesting date;
- If an employee terminates service prior to vesting, the employee forfeits the stock options;
- If an employee terminates service after vesting, the employee has a limited time to exercise the stock option; and
- The stock option is non hedgeable and not transferable.

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 U.S.$4.54 and U.S.$5.08 for the periods ended March 31, 2011 and December 31, 2010, respectively.

The following table summarizes the components of stock-based compensation related to employee stock options recognized in the Company's financial statements:

	March 31, 2011 ThU.S.$	**December 31, 2010 ThU.S.$**
Total Intrinsic Value of options Exercised	72	1
Total Grant Date Fair Value of Options Vested	177	310
Cash Received from the Exercise of Stock Options	79	4

As of March 31, 2011, the Company expects to recognize ThU.S.$150 in total unrecognized compensation cost related to stock options over a weighted average period of approximately 2.5 years. There were no modifications to stock option awards during the period ended March 31, 2011.

The following table summarizes option activity for the period ended March 31, 2011:

	Options	**Weighted Average Exercise Price U.S.$**	**Weighted Average Remaining Contractual Life (in years)**	**Aggregate Intrinsic Value ThU.S.$**
Outstanding as of December 31, 2010	366,713	15.52	-	-
Exercised During the Period	(11,660)	6.68	-	-
Forfeited and Expired During the Period	(3,724)	19.70	-	-
Granted During the Period	25,069	12.88	-	-
Transfer to Gener During the Period	1,307	18.44	-	-
Outstanding as of March 31, 2011	**377,705**	**16**	**4**	**286**
Vested and Expected to Vest as of March 31, 2011	371,280	15.62	4.3	283
Eligible for Exercise as of March 31, 2011	337,572	15.96	3.7	259

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 1st quarter 2011 and the exercise 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, 2011. 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 based on the estimated number of instruments for which the requisite service is expected to be rendered. Based on actual experience, the forfeiture rates used for options granted during the 1st quarter 2011 was 12.81%. This estimate will be revised if subsequent information indicates that the actual number of instruments forfeited is likely to differ from the previous estimate.

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 periods ended March 31, 2011 and December 31, 2010, 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 3 month periods ended March 31, 2011 and 2010 had grant date fair values per RSU of U.S.$ 12.88 and U.S.$ 12.18, respectively.

The following table summarizes the components of stock based compensation related to employee RSUs recognized in the Company's financial statements:

	March 31, 2011 ThU.S.$	**December 31, 2010 ThU.S.$**
Total Intrinsic Value of RSUs Converted (1)	258	349
Total Intrinsic Value of RSUs Vested	551	336

(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, 2011 and December 31, 2010. As of March 31, 2011, the Company expects to recognize ThU.S.$1,27 in total unrecognized compensation cost related to RSUs over a weighted average period of approximately 25 years.

The following table summarizes RSU activity for the period ended March 31, 2011:

	RSU	**Weighted Average Grant Date Fair Value ThU.S.$**	**Weighted Average Remaining Vesting Term**
Non-Vested as of December 31, 2010	95,802	10.51	
Vested During the Period	(50,306)	10.94	
Forfeited and Expired During the Year	(1,059)	11.78	
Granted During the Year	78,156	13.45	
Stock Transfer	14,027	9.40	
Non-vested as of March 31, 2011	**136,620**	**12.07**	**2.3**
Vested as of March 31, 2011	107,374	14.55	
Vested and Expected to Vest as of March 31, 2011	218,372	13.13	

NOTE 33 – ENVIRONMENTAL EXPENDITURES

The Group has a long-term sustainable development policy that governs its activities. Therefore investments are made in facilities, equipment and industrial plants to include state-of-the-art technology with the latest advances available.

The principal environmental expenses for the three month periods ended March 31, 2011 and 2010 are presented as follows:

Detail	**March 31, 2011 ThU.S.$**	**December 31, 2010 ThU.S.$**
Air Quality Monitoring Station	107	104
Waste Water System	6	12
Ash Deposit	203	439
Marine Monitoring (Oceanographic Monitoring and Liquid Industrial Waste Control)	35	27
Smokestack Monitoring	27	25

Detail	March 31, 2011 ThU.S.$	December 31, 2010 ThU.S.$
Expenses for Law 99 in Colombia	2,027	1,128
Other	91	68
Total	**2,496**	**1,803**

The following table details the principal disbursements during the period by subsidiary and project:

Accounting Recognition	Company	Project	Accum. Mar 2011 ThU.S.$	Accum. Dec 2010 ThU.S.$	Committed Amount ThU.S.$	Total Project ThU.S.$	Description
Capex	AES Gener S.A.	Low Nox	4,366	4,341	463	4,829	Replacement of Ventanas plant's burnings to reduce NOx emissions
Capex	AES Gener S.A.	Laguna Verde	146	-	60	12,000	Nuevas Unit 1 and Unit 2 Ventanas Plant
Capex	AES Gener S.A.	Emission Protection Ventanas	-	-	4,470	65,370	Control of carbon emissions for the Ventanas Plant
Capex	Norgener S.A	Street Node Exit	45	678	3,740	112,540	PDA Tocopilla Project
		Total	**4,557**	**5,020**	**8,733**	**194,739**	

The projects included here are intended to optimize plant performance in order to guarantee compliance with applicable standards.

All projects detailed here are currently under development as of the date of these financial statements. AES Gener also has other projects to develop new applied technologies to reduce environmental impact.

NOTE 34 – ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

(a) Current Assets and Liabilities

			March 31, 2011		December 31, 2010	
ASSETS	Foreign Currency	Functional Currency	Less Than 90 Days ThU.S.$	From 91 Days to 1 Year ThU.S.$	Less Than 90 Days ThU.S.$	From 91 Days to 1 Year ThU.S.$
CURRENT ASSETS						
Cash and Cash Equivalents	Chilean Peso	U.S.$	59,467	-	77,944	-
	Other Currencies	U.S.$	39,240	-	11,736	-
Other Current Financial Assets	Chilean Peso	U.S.$		371	359	836
	Other Currencies	U.S.$	1,495	-	1,018	-
Other Current Non-Financial Assets	Chilean Peso	U.S.$	138	580	147	-
	Other Currencies	U.S.$	897	-	862	-
Current Trade and Other Receivable	Chilean Peso	U.S.$	197,201	4,089	187,693	2,080
	UF	U.S.$	18,954	150,953	20,703	129,382
	Other Currencies	U.S.$	70,046	-	62,588	-
Current Related Party Receivables	Chilean Peso	U.S.$	123	-	-	-
	Other Currencies	U.S.$	1,030	-	985	-
Taxes Receivable	Chilean Peso	U.S.$	225	284	13	688
	UF	U.S.$	12	-	-	-
	Other Currencies	U.S.$	1,659	-	361	-
Total Current Assets			**390,487**	**156,277**	**364,409**	**132,986**

LIABILITIES AND EQUITY	Foreign currency	Functional Currency	March 31, 2011 Less Than 90 Days ThU.S.$	March 31, 2011 From 91 Days to 1 Year ThU.S.$	December 31, 2010 Less Than 90 Days ThU.S.$	December 31, 2010 From 91 Days to 1 Year ThU.S.$
CURRENT LIABILITIES						
Other Current Financial Liabilities	Chilean Peso	U.S.$				
	UF	U.S.$	2,147	890	188	2,074
	Other Currencies	U.S.$	3,148	6,104		
Trade and Other Payables	Chilean Peso	U.S.$	91,936	1,721	101,041	3,291
	UF	U.S.$	5,572	317	5,988	306
	Other Currencies	U.S.$	7,055	43	8,612	-
Other Current Provisions	Chilean Peso	U.S.$	397	-	-	507
	UF	U.S.$	-	498	-	405
	Other Currencies	U.S.$	838	-	730	-
Taxes Payable	Other Currencies	U.S.$	34,771	3,765	181	29,108
	Chilean Peso	U.S.$	385	1,764	398	1,771
	UF	U.S.$	-	-	-	-
Post-Employment Benefit Liability	Other Currencies	U.S.$	507	-	846	-
	Chilean Peso	U.S.$	4,124	6,453	8,235	5,935
	UF	U.S.$	-	-	-	-
Other Current Non-Financial Liabilities	Other Currencies	U.S.$	976	-	2,279	-
Total Current Liabilities			**151,856**	**21,555**	**128,498**	**43,397**

(b) Non-Current Assets and Liabilities

ASSETS	Foreign currency	Functional Currency	March 31, 2011 More Than 1 to 3 Years ThU.S.$	More Than 3 to 5 Years ThU.S.$	More Than 5 Years ThU.S.$	More Than to 3 Years ThU.S.$
NON CURRENT ASSETS						
Other Non-Current Financial Assets	Chilean Peso	U.S.$	533	-	-	332
	Other Currencies	U.S.$	-	-	-	84
Other Non-Current Non-Financial Assets	Chilean Peso	U.S.$	45	-	8,082	592
	UF	U.S.$	45	-	-	46
	Other Currencies	U.S.$	3,149	-	-	3,515
Accounts Receivables	Chilean Peso	U.S.$	382	63	-	92
	UF	U.S.$		-	-	31,036
	Other Currencies	U.S.$	5,973	-	-	7,390
Intangible Assets (Other than Goodwill)	Other Currencies	U.S.$	1,855	-	-	1,764
Property, Plant and Equipment	Other Currencies	U.S.$	-	-	695,319	-
Deferred Taxes	Other Currencies	U.S.$	19	-	-	-
Total Non-Current Assets			**12,001**	**63**	**703,401**	**44,851**

LIABILITIES AND EQUITY	Foreign currency	Functional Currency	March 31, 2011 More Than 1 to 3 Years ThU.S.$	More Than 3 to 5 Years ThU.S.$	More Than 5 Years ThU.S.$	More Than to 3 Years ThU.S.$
NON-CURRENT LIABILITIES						
Other Non-Current Financial Liabilities	Chilean peso	U.S.$	-	-	-	-
	UF	U.S.$	8,646	2,200	40,051	2,882
	Other currencies	U.S.$	-	-	14,538	-
Other Non-Current Provisions	Chilean peso	U.S.$	-	9,000	-	-
	UF	U.S.$	9,681	-	-	-
	Other currencies	U.S.$	5,438	-	-	5,089
Deferred Taxes	Other currencies	U.S.$	54,636	-	89,917	54,393
Employee Benefits	Chilean peso	U.S.$	2,190	2,022	18,790	2,003
	UF	U.S.$	1,180	5,841	-	-
	Other currencies	U.S.$	-	5,189	-	-
Other Non-Current Non-Financial Liabilities	Chilean peso	U.S.$	97	-	-	90
	UF	U.S.$	24	-	-	-
	Other currencies	U.S.$	29	78	-	-
Total Non-Current Liabilities			**81,921**	**19,063**	**163,296**	**69,748**

NOTE 35 –SUBSEQUENT EVENTS

As of the date of issuance of the Financial Statements, no other subsequent events have occurred that could affect their presentation.

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AES GENER S.A. AND SUBSIDIARIES

Consolidated Financial Statements

As of December 31, 2010, 2009 and 2008
and for the years ended December 31, 2010, 2009 and 2008

Contents

Report of Independent Auditors

To the Shareholders and Directors of
AES Gener S.A.:

We have audited the accompanying consolidated statements of financial position of AES Gener S.A. and subsidiaries ("the Company") as of December 31, 2010 and 2009 and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of three years in the period ended December 31, 2010. These financial statements and their accompanying notes are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements as of December 31, 2009 of the associate Empresa Eléctrica Guacolda S.A. and subsidiary, an investment recorded using the equity method. In the consolidated financial statements, the Company's investment in Empresa Eléctrica Guacolda S.A. is stated at ThUS$ 224,978 as of December 31, 2009 and the equity participation in its net income is stated at ThUS$ 28,049 and ThUS$ 7,818 for the years ended December 31, 2009 and 2008, respectively. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this investment, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards 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 misstatements. An audit includes examining, on a tests basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the 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, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of three years in the period ended December 31, 2010, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Charles A. Bunce ERNST & YOUNG LTDA.

/s/Ernst & Young Ltda.

Santiago, Chile
March 14, 2011

AES Gener and Subsidiaries
Consolidated Statement of Financial Position
As of December 31, 2010 and 2009
(in thousands of United States Dollars)

ASSETS	Note	As of December 31 2010	2009
		ThU.S.$	ThU.S.$
Cash and Cash Equivalents	6	294,261	162,647
Other Current Financial Assets	7	300,500	329,210
Other Current Non-Financial Assets	9	11,476	16,439
Trade and Other Receivables	10	422,540	435,178
Related Party Receivables	11	12,437	5,426
Inventory	12	42,078	52,100
Taxes Receivables	13	2,363	1,166
Total Current Assets		**1,085,655**	**1,002,166**
Other Non-Current Financial Assets	7	68,631	98,115
Other Non-Current Non-Financial Assets	9	17,134	28,000
Trade and Other Receivables	10	8,171	79,293
Investments in Associates	14	252,051	224,978
Intangible Assets	15	12,682	10,139
Goodwill	15	7,309	7,309
Property, Plant and Equipment	16	4,178,072	3,962,339
Deferred Taxes	17	33,074	11,734
Total Non-Current Assets		**4,577,124**	**4,421,907**
TOTAL ASSETS		**5,662,779**	**5,424,073**

AES Gener and Subsidiaries
Consolidated Statement of Financial Position
As of December 31, 2010 and 2009
(in thousands of United States Dollars)

LIABILITIES AND EQUITY	Note	As of December 31	
		2010	2009
		ThU.S.$	ThU.S.$
Other Current Financial Liabilities	18	97,946	84,565
Trade and Other Payables	19	314,335	406,845
Related Party Payables	11	26,313	6,474
Provisions	20	4,244	6,819
Taxes Payable	13	31,621	29,149
Employee Benefits	21	3,014	2,695
Other Current Non-Financial Liabilities	22	21,982	20,271
Total Current Liabilities		**499,455**	**556,818**
Other Non-Current Financial Liabilities	18	2,100,472	1,770,600
Trade and Other Payables	19	50,737	15,422
Related Party Payables	11	2,376	-
Provisions	20	31,035	43,082
Deferred Taxes	17	366,885	376,892
Employee Benefits	21	29,719	25,706
Other Non-Current Non-Financial Liabilities	22	27,524	33,055
Total Non-Current Liabilities		**2,608,748**	**2,264,757**
TOTAL LIABILITIES		**3,108,203**	**2,821,575**
Issued Capital	23	1,901,720	1,901,720
Retained Earnings	23	511,238	645,781
Share premium		49,908	49,908
Other Components of Equity	23	293,452	165,082
Other Comprehensive Income	23	(201,829)	(168,725)
Total Equity		**2,554,489**	**2,593,766**
Non-Controlling Interest		87	8,732
TOTAL LIABILITIES AND EQUITY		**5,662,779**	**5,424,073**

AES Gener and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2010, 2009 and 2008
(in thousands of United States Dollars, except as noted)

STATEMENT OF COMPREHENSIVE INCOME	Note	December 31 2010	2009	2008
		ThU.S.$	**ThU.S.$**	**ThU.S.$**
Operating Revenue	24	1,802,049	1,653,420	1,857,912
Cost of Sales	25	(1,368,878)	(1,165,487)	(1,487,329)
Gross Profit		**433,171**	**487,933**	**370,583**
Other Operating Income		5,881	5,631	1,151
Administrative Expenses	25	(116,067)	(88,288)	(71,228)
Other Operating Expenses	25	(19,125)	(8,484)	(10,518)
Other Income	26	(88,787)	1,256	(30,910)
Finance Income	27	22,452	21,866	9,880
Finance Expense	27	(99,313)	(90,222)	(87,769)
Equity Participation in Net Income of Associates	14	42,361	28,049	13,128
Foreign Currency Exchange Differences	27	16,451	60,115	(102,728)
Net Income before Taxes		**197,024**	**417,856**	**91,589**
Income Tax Expense	28	(31,169)	(92,262)	(57,321)
Net Income after Tax from Continuing Operations		**165,855**	**325,594**	**34,268**
Income (Loss) from Discontinued Activities		-	-	-
NET INCOME		**165,855**	**325,594**	**34,268**
(Loss) Income Attributable to Non-Controlling Interest		(3,917)	(2,343)	165
Income Attributable to Shareholders of Parent		**169,772**	**327,937**	**34,103**
Earnings per Share (Presented in U.S.$)				
Basic and Diluted Earnings per Share of Continuing Operations	29	0.0210	0.0410	0.0050
Basic and Diluted Earnings per Share of Discontinued Operations		-	-	-
NET BASIC AND DILUTED EARNINGS PER SHARE		**0.0210**	**0.0410**	**0.0050**

OTHER COMPREHENSIVE INCOME			
Net Income	165,855	325,594	34,268
Other Comprehensive Income			
Foreign Currency Translation Adjustments	34,356	38,101	(38,814)
Net Movement in Cash Flow Hedges	(77,864)	100,217	(72,674)
Net Gain (Loss) from Available-For-Sale Financial Assets	3,478	(207)	276
Actuarial Loss on Defined Benefit Plan	(1,923)	-	-
Net Gain (Loss) from Associate's Cash Flow Hedge	(3,324)	7,003	(30,643)
Income Tax Effect	12,173	(19,433)	12,175
Total Other Comprehensive (Loss) Income	**(33,104)**	**125,681**	**(129,680)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**132,751**	**451,275**	**(95,412)**
Other Comprehensive Income			
(**Loss**) Income Attributable to Non-Controlling Interest	(3,917)	(2,343)	165
Income (**Loss**) Attributable to Shareholders of the Parent	136,668	453,618	(95,577)

AES Gener and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2010, 2009 and 2008
(in thousands of United States Dollars)

				Other Comprehensive Income					
Statement of Changes in Equity	**Issued Capital**	**Changes in Issuance Premium**	**Dividend Reserve and Share-Based Options**	**Foreign Currency Translation Reserve**	**Cash Flow Hedge Reserve**	**Defined Benefit Plan Reserve**	**Other Various Reserves**	**Retained Earnings**	**Eq Attrib t Sharel of P**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU**
Opening Balance (01/01/2010)	1,901,720	49,908	165,082	(713)	(21,136)	-	(146,876)	645,781	2,59
Net Income	-	-	-	-	-	-	-	169,772	16
Other Comprehensive Income (Loss)	-	-	-	34,356	(69,279)	(2,250)	4,069	-	(3
Dividends	-	-	-	-	-	-	-	(233,013)	(23
Issuance of Common Shares	-	-	128,370	-	-	-	-	(71,302)	5
Increases (Decreases) for Transfers and Other Changes									
Total Changes in Equity	-	-	128,370	34,356	(69,279)	(2,250)	4,069	(134,543)	(3
Ending Balance (12/31/2010)	1,901,720	49,908	293,452	33,643	(90,415)	(2,250)	(142,807)	511,238	2,55

				Other Comprehensive Income					
Statement of Changes in Equity	**Issued Capital**	**Changes in Issuance Premium**	**Dividend Reserve and Share-Based Options**	**Foreign Currency Translation Reserve**	**Cash Flow Hedge Reserve**	**Defined Benefit Plan Reserve**	**Other Various Reserves**	**Retained Earnings**	**Eq Attrib t Sharel of Pa**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU**
Opening Balance (01/01/2009)	1,662,197	43,852	99,489	(38,814)	(108,958)	-	(146,634)	518,496	2,02
Net Income	-	-	-	-	-	-	-	327,937	32
Other Comprehensive Income	-	-	-	38,101	87,822	-	(242)	-	12
Dividends	-	-	-	-	-	-	-	-	24
Issuance of Common Shares	239,523	6,056	-	-	-	-	-	(176,639)	(17
Increases (Decreases) for Transfers and Other Changes	-	-	65,593	-	-	-	-	(24,013)	4
Total Changes in Equity	239,523	6,056	65,593	38,101	87,822	-	(242)	127,285	56
Ending Balance (12/31/2009)	1,901,720	49,908	165,082	(713)	(21,136)	-	(146,876)	645,781	2,59

AES Gener and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2010, 2009 and 2008
(in thousands of United States Dollars)

Statement of Changes in Equity	Issued Capital	Changes in Issuance Premium	Dividend Reserve and Share-Based Options	Other Comprehensive Income: Foreign Currency Translation Reserve	Other Comprehensive Income: Cash Flow Hedge Reserve	Other Comprehensive Income: Defined Benefit Plan Reserve	Other Comprehensive Income: Other Various Reserves	Retained Earnings	Eq Attrib t Sharel of P
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**Th**
Opening Balance (01/01/2008)	1,255,393	44,105	74,492	-	(17,769)	-	(10,216)	582,081	1,92
Net Income	-	-	-	-	-	-	-	34,103	3
Other Comprehensive Income	-	-	-	(38,814)	(91,189)	-	323	-	(12
Dividends	-	-	-	-	-	-	-	(56,071)	(5
Issuance of Common Shares	270,063	(253)	-	-	-	-	-	-	26
Increases (Decreases) for Transfers and Other Changes	136,741	-	24,997	-	-	-	(136,741)	(41,617)	(1
Total Changes in Equity	**406,804**	**(253)**	**24,997**	**(38,814)**	**(91,189)**	**-**	**(136,418)**	**(63,585)**	**10**
Ending Balance (12/31/2008)	**1,662,197**	**43,852**	**99,489**	**(38,814)**	**(108,958)**	**-**	**(146,634)**	**518,496**	**2,02**

AES Gener and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2010, 2009 and 2008
(in thousands of United States Dollars)

Statement of Cash Flows	December 31 2010	2009	2008
	ThU.S.$	ThU.S.$	ThU.S.$
Operating Activities			
Net Income	165,855	325,594	34,268
Non-Cash Adjustments to Net Income			
Depreciation and Amortization	168,228	131,249	106,578
Impairment Recognized in Period	3,370	-	-
Unrealized Foreign Exchange Gains	(30,305)	(44,014)	46,395
Losses (Gains) on Differences in Fair Value	9,822	6,711	4,562
Expenses associated with Hedging Instruments	(355)	(8,921)	(17,820)
Finance Income	(22,452)	(21,866)	(9,880)
Finance Expense	99,313	90,222	87,769
Loss on disposal of New Caribbean Investment	-	-	9,907
Loss on Contract Settlement	45,392	-	-
Gains (Losses) on Disposal of Non-Current Assets	(7)	8,502	(19,027)
Gain on Disposal of Property, Plant and Equipment	14,671	13,439	5,200
Income Taxes	31,169	92,262	57,321
Other Non-Cash	870	70	-
Decrease (Increase) in Inventory	9,205	(3,689)	(29,614)
Decrease (Increase) in Trade and Other Receivables	45,568	152,272	115,988
Increase (Decrease) in Trade and Other Payables	(22,700)	(54,800)	(104,894)
Movements in Provisions	(4,862)	6,270	3,438
Undistributed Equity Participation in Net Income of Associates	(42,361)	(28,049)	(13,128)
Changes in Deferred Taxes	5,699	(25,314)	(13,549)
Increase (Decrease) in Taxes Payables	(8,833)	(18,095)	(4,759)
Dividend Payments	(159,874)	(120,011)	(56,071)
Dividend Received	11,219	1,327	2,947
Interest Payments	(101,015)	(88,119)	(59,089)
Interest Received	4,355	5,178	-
Income Tax Paid	(65,182)	(12,673)	(22,182)
Other Net Operating Inflows (Outflows) of Cash and Cash Equivalents	30,380	(23,322)	(18,379)
Net Cash Flows Provided by Operating Activities	**187,170**	**384,223**	**105,981**
Investing Activities			
Equity Investments in Associates	(2,005)	(11,500)	(26,000)
Proceeds from Sale of Investment in Associates	-	-	68,000
Proceeds from Sales of Property, Plant and Equipment	760	1,176	2,473
Additions to Property, Plant and Equipment	(510,886)	(864,719)	(656,952)
Acquisitions of Intangible Assets	(3,666)	(1,905)	(4,444)
Interest Received	100	1,017	1,969
Proceeds from Sale of Financial Assets	147,330	74,301	-
Purchase of Financial Assets	(120,840)	(391,391)	-
VAT Recovery Related to Construction Projects	139,019	53,841	22,392
Income Tax Refunds	35	-	-
Other Investing Inflows (Outflows) of Cash and Cash Equivalents	63	(598)	(534)
Net Cash Flows Used in Investing Activities	**(350,090)**	**(1,139,778)**	**(593,096)**

Statement of Cash Flows	December 31 2010	2009	2008
	ThU.S.$	ThU.S.$	ThU.S.$
Financing Activities			
Proceeds from Share Issuance	-	245,579	269,810
Proceeds from Issuing Debt Instruments	-	188,312	-
Proceeds from Borrowings	335,189	431,356	305,197
Repayments of Loans	(27,439)	(36,677)	(48,212)
Repayments of Finance Lease Liabilities	(2,443)	(12,388)	(1,483)
Other Financing Inflows (Outflows) of Cash and Cash Equivalents	(15,421)	33,141	(70,710)
Net Cash Flows Provided by Financing Activities	**289,886**	**849,323**	**454,602**
Net Cash and Cash Equivalents Increase (Decrease)	126,966	93,768	(32,513)
Net Foreign Exchange Differences	4,648	7,338	(29,034)
Cash and Cash Equivalents at the Beginning of Period	162,647	61,541	123,088
Cash and Cash Equivalents at the End of Period	**294,261**	**162,647**	**61,541**

Index to the Notes of 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.gener.cl) (hereinafter "the Company", "the Group", "AES Gener" or "Gener") was formed by public deed on June 19, 1981, signed before Santiago Notary Public Mr. Patricio Zaldívar Mackenna.

Its corporate name at that time was Compañía Chilena de Generación Eléctrica S.A. ("Chilectra Generación"). Its bylaws were approved by the Chilean Securities and Insurance Supervisor in Resolution No. 410-S on July 17, 1981 and published in the 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 System ("SIC") through the following power plants: four run-of-the-river hydroelectric power plants, one coal-fired thermoelectric power plants and four diesel-fueled turbogas power plants, all of which belong directly to Gener; a natural gas and/or diesel combined-cycle power plant and a diesel power plant belonging to its subsidiary Sociedad Eléctrica Santiago S.A. ("ESSA"); a coal-fired thermoelectric power plant belonging to its subsidiary Empresa Eléctrica Ventanas S.A. ("EEVSA"); two cogeneration power plants and one gas turbine belonging to its subsidiary Energía Verde S.A. ("EVSA"); and a coal-fired thermoelectric power plant belonging to its associate Empresa Eléctrica Guacolda S.A. ("Guacolda").

Gener also provides energy to the Great North Interconnected System ("SING"), through its subsidiaries Norgener S.A. ("Norgener") and Termoandes S.A. ("Termoandes"). The former has a coal-fired thermoelectric power plant in the city of Tocopilla, and the latter has one natural gas combined-cycle power plant in Salta, Argentina, connected to the SING by a transmission line owned by its subsidiary Interandes S.A.

To address opportunities offered by the Chilean market, Gener is in the process of building various new power plants. In the SIC, the Company completed the construction of a coal-fired unit in December 2009 which belongs to its subsidiary EEVSA and has another unit under construction which belongs to its subsidiary Empresa Eléctrica Campiche S.A. ("EEC"). In the SING, its subsidiary Empresa Eléctrica Angamos S.A. ("EEA") is in the process of building two additional coal-fired units. Gener also has three other projects under development for which it has received approval of the related environmental impact studies.

In addition to its share in the Chilean electricity market, Gener produces electricity in Argentina and Colombia through its subsidiaries Termoandes and AES Chivor & Cía. S.C.A. E.S.P. ("Chivor"), respectively.

Gener's commercial office is located at Mariano Sánchez Fontecilla 310, 3rd floor, Las Condes, Santiago, Chile.

The Company is controlled by AES Corporation through its investment subsidiary Cachagua Ltda. with a 70.67% interest as of December 31, 2010.

The December 31, 2010 consolidated financial statements were approved by the Company's Board of Directors on March 14, 2011.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2.1. Basis of Presentation

These consolidated financial statements of AES Gener S.A. and subsidiaries cover the consolidated statements of financial position as of December 31, 2010 and December 31, 2009, the statements of comprehensive income, the statements of changes in equity and cash flows for the periods ended December 31, 2010, 2009 and 2008 and their related notes, which have been prepared and presented in accordance with IFRS considering the respective presentational regulations of the Chilean Securities and Insurance Supervisor ("SVS"), which do not conflict with IFRS.

The preparation of these consolidated financial statements in conformity with IFRS 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 principles. 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 4.

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 is not yet mandatory, and as such they will be applied as of the dates described below.

Standards and Amendments	Mandatory Application
New Standards	
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2013
Amendments and Improvements	
IFRS 7: Financial Instruments: Disclosures	January 1, 2011
IAS 1: Presentation of Financial Statements	July 1, 2011
IAS 24: Related Party Disclosures	January 1, 2011
IAS 12: Income Taxes	January 1, 2012

With respect with the adoption of IFRS 9, the Company's management is in the process of evaluating the initial effects of its application.

Management estimates that adoption of the aforementioned other standards, amendments and interpretations will not have a significant impact on the Company's consolidated financial statements during the period of initial application.

2.2. Basis of Consolidation

The consolidated financial statements consist of the financial statements of AES Gener S.A. (the "Parent Company") and its subsidiaries as of December 31, 2010, 2009 and 2008 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**

Subsidiaries consist of all entities over which AES Gener has the power to direct financial and operating policies and generally over which it holds more than half of the voting rights. Subsidiaries are consolidated from the date control is transferred to AES Gener S.A. and are no longer consolidated from the date control ceases.

The purchase method is used to account for acquisitions of subsidiaries. The purchase cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed on 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 interest. 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 the statement of income.

The Company consolidates the following subsidiaries:

				December 31			
				2010			2009
TAXPAYER ID NUMBER	COMPANY NAME	COUNTRY	FUNCTIONAL CURRENCY	DIRECT	INDIRECT	TOTAL	TOTAL
96.673.040-4	ENERGÍA VERDE S.A.	CHILE	U.S.$	99.9900	0.0000	99.9900	99.9900
96.678.770-8	NORGENER S.A.	CHILE	U.S.$	99.9999	0.0000	99.9999	99.9999
96.717.620-6	SOCIEDAD ELECTRICA SANTIAGO S.A. (*)	CHILE	U.S.$	99.9999	0.0001	100.0000	90.0000
96.814.370-0	EMPRESA ELECTRICA VENTANAS S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
Foreign	ENERGY TRADE AND FINANCE CORPORATION	CAYMAN ISLANDS	U.S.$	99.9999	0.0001	100.0000	100.0000
Foreign	AES CHIVOR & CIA S.C.A. E.S.P.	COLOMBIA	COL$	0.0000	99.9800	99.9800	99.9800
Foreign	GENER BLUE WATER	CAYMAN ISLANDS	U.S.$	0.0000	100.0000	100.0000	100.0000
76.803.700-0	INVERSIONES NUEVA VENTANAS S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
78.759.060-8	INVERSIONES TERMOENERGIA DE CHILE LTDA.	CHILE	U.S.$	0.0000	99.9900	99.9900	99.9900
Foreign	GENER ARGENTINA S.A.	ARGENTINA	U.S.$	92.0000	8.0000	100.0000	100.0000
Foreign	TERMOANDES S.A.	ARGENTINA	U.S.$	33.0000	67.0000	100.0000	100.0000
Foreign	INTERANDES S.A.	ARGENTINA	U.S.$	13.0000	87.0000	100.0000	100.0000
96.761.150-6	GENERGIA S.A.	CHILE	U.S.$	0.0000	99.9999	99.9999	99.9999
Foreign	GENERGIA POWER LTD.	CAYMAN ISLANDS	U.S.$	0.0000	100.0000	100.0000	100.0000
76.004.976-K	EMPRESA ELECTRICA ANGAMOS S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
76.008.306-2	EMPRESA ELECTRICA CAMPICHE S.A.	CHILE	U.S.$	0.0001	99.9999	100.0000	100.0000
Foreign	ENERGEN S.A.	ARGENTINA	U.S.$	94.0000	6.0000	100.0000	100.0000
Foreign	AES CHIVOR S.A.	COLOMBIA	COL$	0.0000	99.9800	99.9800	99.9800
76.085.254-6	EMPRESA ELECTRICA COCHRANE S.A.	CHILE	U.S.$	0.1000	99.9000	100.0000	100.0000

(*) On September 15, 2010, C.G.E Generación S.A. sold its participation in Sociedad Eléctrica Santiago S.A. to AES Gener S.A. and Norgener S.A.

For the purposes of these consolidated financial statements, intercompany transactions, balances and gains are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred.

(b) Transactions with Non-Controlling Interest

Non-controlling interest represents the share of net income or net losses and net assets of subsidiaries not 100% held by the Group. Non-Controlling Interests are presented separately in the Statement of Comprehensive Income and the Statement of Financial Position. AES Gener S.A. considers transactions with non-controlling interests to be transactions with third parties outside the Group. 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 the net 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.

2.3. 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 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 of its associates is recognized in income 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 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 company, 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 impairment of the asset transferred. When necessary, the accounting policies of associates are modified to ensure their uniformity with policies adopted by the Company.

2.4. Operating Segments

Segment information is presented consistently with interim reports provided to the Company's management, who is responsible for assigning resources and evaluating the performance of the operating segments. In making strategic decisions, management identifies its operating segments based on the markets in which it participates (i.e. the SIC and SING markets in Chile and the National Interconnected System ("SIN") in Colombia).

This financial information is detailed in Note 5 Operating Segments.

2.5. Foreign Currency Transactions

(a) Presentation and Functional Currency

The items included in the financial statements of each of the Company'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 subsidiary, AES Chivor & Cía. S.C.A. E.S.P. ("Chivor"), whose functional currency is the Colombian peso.

(b) Transactions and Balances

Transactions in foreign currency 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 statement of income, except when deferred in Other Comprehensive Income as an effective cash flow hedge.

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) Basis of Conversion

Assets and liabilities denominated in foreign currencies and Unidades de Fomento are presented using the following respective exchange rates and closing values per U.S.$1:

	December 31, 2010	December 31, 2009
Chilean pesos (Ch$)	468.01	507.10
Argentine pesos (Ar$)	3.976	3.800
Colombian pesos (Col$)	1,907.70	2,044.23
Unidad de Fomento (UF)	0.0218	0.0242

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 for Subsidiaries with Different Functional Currencies

The net income and financial position of all Group entities (none of which are in a hyperinflationary economy) with a functional currency that differs from the presentation currency are converted 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); and

All resulting foreign exchange translation differences are recognized as a separate component of Other Comprehensive Income, within the Foreign Currency Translation Reserve.

On disposal of the foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognized in net income.

2.6. Property, Plant and Equipment

Land belonging to the Group is recognized at cost, net of accumulated impairment losses.

Plants, buildings, equipment and transmission systems used for electricity generation and other items of property, plant and equipment are recognized at historical cost less any related accumulated depreciation and impairment losses.

The cost of an asset includes its acquisition cost, 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, the initial estimate of costs for the decommissioning of the asset, as well as costs for restoring the site where it is located, all of which the Company undertakes upon acquiring the asset or as a consequence of using the asset during a given period.

Under the election provided by IFRS 1 "First Time Adoption of IFRS", the Company revalued certain property, plant and equipment items. The fair value of those assets, determined according to the revaluation performed on the transition date, represents their cost under IFRS.

Costs related to major inspection and overhaul are recognized as part of the carrying amount of the asset or as a separate asset if they meet the recognition criteria in IAS 16 "Property, Plant and Equipment". When parts are replaced the respective carrying amount is derecognized. All other repairs and maintenance are charged to income for the period in which they are incurred.

Projects under construction include the following expenses that are capitalized during the construction period:

(i) Interest expenses related to external financing that are directly attributable to construction, both specific and generic in nature. In terms of generic financing, capitalized interest 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.

Construction in progress balances are transferred to property, plant and equipment once the testing period is finalized and 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 property, plant and equipment are detailed in Note 16.

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 usage expectations for the asset.

When the fair value of an asset is greater than its estimated recoverable value, its carrying value is written down immediately to its recoverable value by recognizing an impairment loss (see Note 2.8 Impairment of Non-Financial Assets).

Gains and losses on sales of property, plant and equipment are calculated by comparing the proceeds obtained from the sale with the carrying amount and are included in net income.

2.7. Intangible Assets

(a) 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 on the acquisition date. Goodwill related to the acquisition of a subsidiary is included in Intangible Assets, whereas goodwill related to acquisitions of associates is included in Investments in Associates. Goodwill is subject to 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 can not be reversed in future periods.

(b) Software

Licenses for purchased software are capitalized on the basis of the costs of each specific program incurred to purchase and prepare it for its intended use. These costs are amortized over their estimated useful lives.

Expenses related to software development or maintenance are expensed as incurred. Costs directly related to the 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.

(c) Easements

Easement rights are presented at historical cost. These rights have no time limits and therefore 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.

(d) Water Rights

Water rights are presented at historical cost. These rights have no time limits 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.

2.8. 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. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell or the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed as of each year-end in case events may have occurred that justify loss reversals.

2.9. Financial Assets

Presentation and Classification

AES Gener classifies its financial assets into the following categories: at fair value through profit and loss, loans and receivables, held-to-maturity financial investments, available-for-sale financial investments and derivatives designated as hedging instruments in an effective hedge. The classification depends on the purpose for 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 and Loss

Financial assets at fair value through profit and 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. This category also includes derivative financial instruments that are not designated as hedging instruments.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in 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 Statement of Financial Position.

(c) Held-to-Maturity Financial Investments

Held-to-maturity financial investments 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 investments, the entire category would be reclassified to the available-for-sale category.

(d) Available-For-Sale Financial Investments

Available-for-sale financial investments are non-derivative financial assets that are designated to this category or are not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within the coming 12 months.

Initial Recognition and Disposal

Acquisitions and disposals of financial assets 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 and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, and transaction costs are recognized in net income. Investments are written off when the rights to receive cash flows from the investments have expired and the Group has transferred substantially all risks and rewards of ownership.

Subsequent Valuation

Available-for-sale financial assets and financial instruments at fair value through profit and loss are subsequently recorded at fair value. Loans and receivables and held-to-maturity financial assets are accounted for at amortized cost using the effective interest rate method.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in Finance Income or Finance Expense in the income statement. Dividend income from financial assets at fair value through profit and loss is recognized in the Statement of Comprehensive Income within the account Other Income when the Group's right to receive payment is established.

Variations in the fair value of debt instruments denominated in a 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 the net income; translation differences of non-monetary instruments are recognized in Other Comprehensive Income. Variations in the fair value of monetary and non-monetary instruments classified as available-for-sale are recognized in Other Comprehensive Income.

When instruments classified as available-for-sale are disposed of or impaired, the accumulated fair value adjustments previously recognized in Other Comprehensive Income are included in net income.

Interest from available-for-sale investments calculated using the effective interest rate method is recognized in the Statement of Comprehensive Income within the account Finance Income. Dividend income from available-for-sale equity instruments is recognized in the statement of income within the concept Other Income when the Group's right to receive payment is established.

The fair values of quoted investments are based on current acquisition costs. If the market for a financial asset is not active, the Group establishes the fair value using the following valuation techniques:

- the use of recent transactions between willing and duly informed interested parties, in reference to other substantially similar instruments;
- discounted cash flow analysis; and
- options price fixing models, maximizing use of market inputs and relying as little as possible on entity-specific assumptions.

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 there is a significant or prolonged decline in the fair value of the instruments. If any evidence of this type exists for available-for-sale financial assets, the accumulated loss, determined as the difference between the acquisition cost and the current fair value, less any accumulated impairment loss, is eliminated from Other Comprehensive Income and is recognized in net income. Impairment losses recognized in the Statement of Comprehensive Income for equity instruments are not reversed. However, increases in their fair value subsequent to impairment are recognized directly in Other Comprehensive Income.

Trade and Other Receivables are recognized initially at fair value and subsequently at amortized cost, in accordance with the effective interest rate method less the 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 all 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 carrying amount of the asset and the present value of the future estimated cash flows discounted at the effective interest rate. The carrying amount of the asset is reduced by the allowance for doubtful accounts and the loss is recognized in Cost of Sales.

The subsequent recovery of amounts previously written-off is recognized as a credit to Costs of Sales.

2.10. Financial Liabilities

AES Gener classifies its financial liabilities into the following categories: at fair value through profit and loss, trade payables, interest-bearing loans or derivatives designated as hedging instruments in an effective hedge (see Note 2.11 Derivative Financial Instruments and Hedging). Management determines the classification of its financial liabilities upon initial recognition.

Financial liabilities are derecognized when the obligation is settled, cancelled 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 the income statement.

Financial liabilities are initially recognized at fair value and include directly attributable transaction costs. Subsequent measurement of financial liabilities depends on their classification, as described below:

(a) Financial Liabilities at Fair Value through Profit and Loss

Financial liabilities are classified as fair value through profit and 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 net income. This category includes derivative instruments not designated as hedges.

(b) Trade and Other Payables

Balances payable to suppliers are subsequently measured at their amortized cost using the effective interest rate method.

(c) Interest-Bearing Loans

Interest-bearing loans are subsequently measured at their 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 transaction costs that are an integral part of the effective interest rate.

2.11. 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 if 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;
- cash flow hedges; and
- net investment hedges in a foreign operation.

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.

The fair values of the Group's derivative instruments used for hedging purposes are shown in Note 8 Financial Instruments. The total fair value of the hedging instruments is classified as a current or non-current asset or liability in accordance with the classification of the underlying item. Derivatives that do not qualify for hedge accounting are classified as current and non-current assets or liabilities based specific facts and circumstances (i.e. the underlying cash flows).

(a) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the net income, together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The Group has not used fair value hedges in the current reporting years.

(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 Comprehensive Income. Any gain or loss related to the ineffective portion is recognized immediately within Other Income.

Amounts accumulated in Other Comprehensive Income are recorded in income in the periods in which the hedged item impacts earnings. For interest rate hedges, the amounts recognized in equity are reclassified to Finance Expense as the associated debts accrue interest. For cross currency swaps, the amounts recognized in Other Comprehensive Income are reclassified to Foreign Currency Exchange Differences in net income.

When a hedge instrument matures, is sold or when it no longer meets hedge accounting requirements, gains or losses accumulated in Other Comprehensive Income remain in equity and are recognized when the forecasted transaction affects net income. When the forecasted transaction is not expected to occur, any accumulated gain or loss in equity is recognized immediately in net income.

(c) Net Investment Hedge

Net investment hedges in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss in the hedge instrument related to the effective portion of the hedge is recognized in equity, while amounts relating to the ineffective portion are recognized immediately in net income.

Losses and gains accumulated in Other Comprehensive Income are included in net income when the hedged foreign operation is settled.

The Group has not used net investment hedges in foreign operations for the current reporting periods.

(d) Derivatives Not Designated as Hedges

Derivatives that are not designated as hedging instruments in an effective hedge are recognized at fair value through profit and loss. Changes in the fair value of any derivative instrument recorded in this way are recognized immediately in Other Income.

(e) 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 with changes in profit or loss, to determine if their characteristics and risks are closely related to the host contract. If not closely related, the embedded derivatives are bifurcated and the variations in fair value of these embedded derivatives are recorded in the net income.

2.12. Inventory

Inventories are valued at the lesser of cost or net realizable value. Cost is determined using the average weighted price method. The net realizable value is determined as the estimated sales price during the normal course of business, less applicable variable sales costs.

2.13. Cash and Cash Equivalents

Cash and cash equivalents include cash, time deposits in credit institutions, and other highly-liquid, short-term investments with original maturities not in excess of three months net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are classified as external resources within Other Financial Liabilities. The classification of Cash and Cash Equivalents does not differ from that used in the Statement of Cash Flows.

2.14. Issued Capital

The Company's issued 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 reduction of the funds obtained by issuing new shares, net of taxes.

2.15. Taxes

Current 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 year. 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 generate taxable income.

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, deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. 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 fulfilled:

- When the timing of the reversal of the temporary differences can be controlled, and
- It is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized for all deductible temporary tax differences that originate from investments in subsidiaries, affiliates and interests in joint ventures, only to the extent that it is probable that:

- Carry forward 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 income or equity, based on where the originating gains or losses were recorded.

Deferred tax assets related to tax losses are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized and the tax losses have not expired. In both Chile and Colombia, tax losses do not expire, but in Argentina they expire after five years.

Argentine 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.

2.16. Employee Benefits

(a) Short-Term Pension Obligations and Other Post-Employment Obligations

The Company recognizes all liabilities related to voluntary pension plans for retired employees (active employees do not receive this benefit upon retiring) and other post-employment benefits, such as those stipulated in collective agreements.

(b) Defined Benefit Pension Plans

Pension benefits include a complementary pension, 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 (in the case of retired employees) and rotation. In Chile, the discount rate is based on the performance of 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 performance of long-term sovereign bonds issued by the Colombian government. Benefits for retired employees, who are entitled 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 are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses of an individual plan exceed 10% of the defined benefit obligation. These amounts are recognized in net income over the employees' remaining expected work lives.

Actuarial losses and gains that do not exceed 10% are recognized in equity in the Defined Benefit Plan Reserve in the period in which they are generated.

(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 a stock options award is recognized as an expense and a corresponding capital contribution, increasing 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 Share-Based Payments).

The Company uses the Black-Scholes model to estimate the fair value of the stock options granted to employees.

(d) Staff Severance Indemnities

The Company's obligation for staff severance indemnities agreed upon with its personnel 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, 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 above in Note 2.19 (b) Defined Benefit Pension Plans.

2.17. 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 the future economic benefits flow to the entity; 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 not recognized for future operating losses.

These provisions are valued at the present value of the expected costs necessary to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the specific risks of the obligation. Increases in provisions due to the passage of time are recognized in net income.

2.18. Revenue Recognition

The Group recognizes revenues when:

- the amount of the income 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 consideration 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 ("VAT"), 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 prevailing 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.

Before its elimination under the regulatory mechanism, as of December 31, 2009, the Company accrued revenues from non-contractual energy sales to distributors at spot price in accordance with Transitory Article 3 of Law 20,018. This standard establishes that "generation companies shall receive the current node price for supplies not covered by contracts, crediting or charging the respective positive or negative differences between the spot price and the current node price." In accordance with Exempt Resolution No. 885 dated December 24, 2007, from the National Energy Commission's Toll Office, these differences will be settled by increasing the node price by up to 20%. If a 20% increase were insufficient to cover these differences, the remaining difference would be added to node prices for future periods until the difference has been completely exhausted.

(b) **Finance 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.

(d) **Deferred Income**

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 as operating income over the life of the respective contract.

2.19. Leases

Leases in which all risks and rewards of ownership are substantially transferred are classified as finance leases. All remaining leases are classified as operating. The Group applies IFRIC 4 "Determining Whether an Arrangement Contains a Lease" to determine if an agreement is, or contains, a lease.

(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 lesser 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 to attain a constant interest rate on the outstanding balance of the obligation. The corresponding lease obligations, net of finance charges, are included in other non-current accounts payable. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Items of property, plant and equipment acquired under finance leases are depreciated over the lesser period between their useful lives and the duration of the respective 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 recognized as an operating expense on a straight-line basis over the lease term.

(c) **Group as a Lessor – Finance Lease**

When assets are leased under finance leases, the present value of the lease payments is recognized as a financial account receivable. The difference between the gross amount receivable and the present value of that amount is recognized as a profit or loss on the sale.

Income from leases is recognized during 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 net income on a straight-line basis over the lease period.

2.20. 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 Board of Directors.

As of each year-end, the Company registers as a 30% provision of that period's net income as a minimum dividend in accordance with Law 18,046. This law requires the distribution of at least 30% of financial results of the period, unless Board of Directors decides unanimously against it.

2.21. Environmental Expenditures

Expenditures related to environmental protection are recorded in net 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.

NOTE 3 – FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

3.1. 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. The responsible and effective management of these uncertainties is viewed by the Company as strategic from the standpoint of value creation.

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 the finance and commercial management teams, to constantly assess and manage financial risk.

3.2. 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 prices comprise three types: Foreign Currency Risk, Interest Rate Risk, and Commodity Price Risk.

(i) Foreign Currency Risk

With the exception of operations in Colombia, the Company's functional currency is the U.S. dollars given that its revenue, expenses and investments in equipment are mainly determined using the U.S. dollars. Also, the Company is authorized to declare and pay its taxes in U.S. dollars. Foreign currency risk is associated with any revenue, expenses, investments and debt denominated in any currency other than U.S. dollars. The main items denominated in Chilean pesos are accumulated accounts receivable related to Ministerial Resolution No. 88 and contract sales as well as tax credits mainly associated with VAT. As of December 31, 2010, Gener maintained several currency derivative instruments to cover its exposure to Chilean peso variations. The impact of a 10% variation in the exchange rate of the Chilean peso with respect to the U.S. dollars could have generated an impact of approximately ThU.S.$15,484 in the Group's net income for 2010. During the same year, approximately 83% of operating revenues and 93% of the Company's expenses were in U.S. dollars.

In relation to the foreign subsidiaries, Chivor's functional currency is the Colombian peso, since the majority of the subsidiary's revenue, particularly contract sales and operating costs are linked to the Colombian peso. As of December 31, 2010, the Colombian peso sales represented 13% of the Company's consolidated income. Additionally, Chivor dividends are determined in Colombian pesos, although hedging instruments are used to fix the amount in U.S. dollars. Furthermore, spot prices in the Argentinean market are denominated in Argentinean pesos. As of December 31, 2010, the Argentine peso-denominated sales represented 4% of the consolidated income.

In addition, the majority of investments in new plants and maintenance equipment are denominated in U.S. dollars. The majority of short-term investments for cash management purposes are also in U.S. dollars. As of December 31, 2010, 88% of short-term investments were in U.S. dollars, 11% in Chilean pesos and 1% in Colombian pesos.

With respect to debt denominated in currencies other than the U.S. dollars, Gener has entered into currency swaps to eliminate the majority of the exchange rate risk. For the UF-denominated bonds issued in 2007 for approximately ThU.S.$217,000, AES Gener has a cross currency swap for the duration of the debt. As of December 31, 2010, 97% of the Company's debt is in U.S. dollars, including the bonds mentioned above. The following table shows the composition of debt by currency as of December 31, 2010 and 2009:

Currency	December 2010 %	December 2009 %
U.S.$	97	96
UF	2	3
$	-	-
Col$	1	1

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of 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 floating 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 a significant part of the debt associated with the Nueva Ventanas and Angamos projects. The following table shows the composition of debt by type of interest rate as of December 31, 2010 and 2009:

Rate	December 2010 %	December 2009 %
Fixed rate	87	92
Variable rate	13	8

(iii) Commodity Price Risk

The Group is affected by the volatility of certain commodities. The fuels used by the Company, mainly coal, diesel and liquid 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 the international oil prices through bilateral local supply agreements. Commodity price risk is related to fluctuations in these prices.

The price of fuel is a key factor in plant dispatch and spot prices both in Chile and Colombia. Price variations for fuels such as coal, diesel and natural gas can change the composition of the Company's costs through variations in marginal cost. 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 that adjusts the energy sales price to the variations in coal prices, according to the indexes and schedules contained in each contract. In addition, the Company has created a coal acquisition strategy that consists of maintaining a portion of coal purchases at both fixed and variable prices in order to align its generation costs with is contract energy sales.

Currently, diesel purchases are not hedged. Given that the Company has a policy of physically backing up its contract sales with efficient generation, it is expected that the diesel-fired units will operate for only spot sales in rare circumstances such as drought conditions in the SIC. Also Nueva Renca's unit within the subsidiary of Sociedad Eléctrica Santiago S.A. ("ESSA") can use either diesel or LNG and is able to acquire fixed LNG volumes according with short term contracts when the LNG price is more competitive than diesel. Therefore considering the Company's policy and the fact that ESSA's plant uses LNG for its generation, it is estimated that a 10% variation in the price of diesel could have had an impact of approximately ThU.S.$11,000 in gross margin during 2010.

Termoandes Embedded Derivative:

The Argentinean subsidiary, Termoandes S.A., maintains a natural gas supply contract with different counterparties. The contract includes an indexation for the price of natural gas that is not considered closely related to the host contract, therefore it was bifurcated and accounted at its fair value.

The Company performed a sensitivity analysis with a 10% variation assumption in the average Argentinean natural gas price, which corresponds to a reasonably possible fluctuation with today's market conditions. With all other variables in held constant, a 10% fluctuation in the average Argentinean natural gas price would have signified a negative or positive variation on the Company's adjusted EBITDA of approximately ThU.S.$155 as of December 2010.

(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.

With respect to trade receivables, AES Gener's counterparties are mainly distribution companies and other generators with high solvency, and over 90% of them have local scale and/or international scale investment-grade risk ratings. In Colombia, Chivor does risk evaluations of its counterparties based on an internal credit evaluation that may require guarantees in certain cases.

Financial assets and investments made by AES Gener and its subsidiaries are executed with local and foreign financial institutions that have national and/or international risk ratings greater than or equal to "A" on Standard & Poor's rating scale and "A2" on Moody's rating scale. Similarly, derivative instruments are executed with top-level international entities. The Company has cash, investment and treasury policies to guide its cash management and minimize credit risk.

The maximum credit exposure at the date of this report is the accounting value for each kind of financial assets referred to in Note 10 Trade and Other Receivables. The Company does not maintain any guarantees for those financial assets.

(c) Liquidity Risk

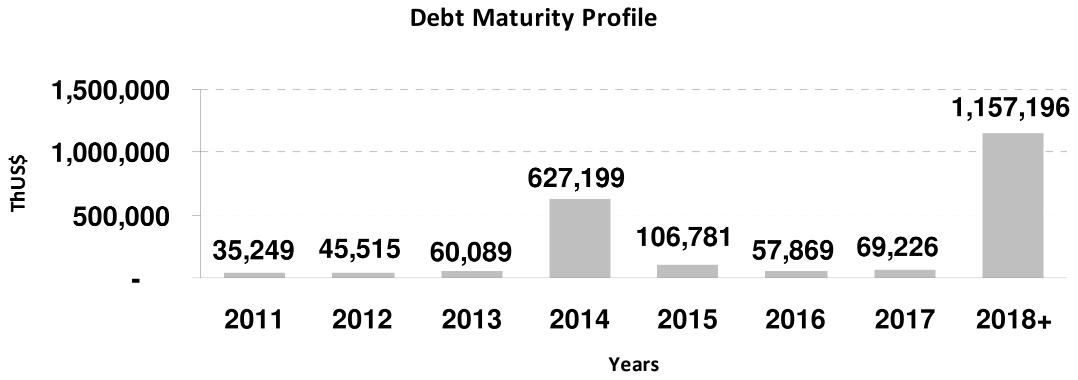
Liquidity risk relates to the ability to meet payment obligations. The Company's objective is to maintain a balance between fund continuity and financial flexibility through normal operating cash flows, bank loans, public bonds, short-term investments and both committed and uncommitted lines of credit.

As of December 31, 2010, AES Gener had available liquid resources of ThU.S.$592,890, that included Cash and Cash Equivalents for ThU.S.$294,261, time deposits and current U.S. dollars mutual funds for a total of ThU.S.$298,629, recorded in Other Current Financial Assets. As of December 31, 2009, total cash balance was ThU.S.$480,560, including Cash and Cash Equivalents for ThU.S.$162,647 and time deposits and current

US dollars mutual funds for a total of ThU.S.$317,913. Cash and Cash Equivalents include cash, time deposits, marketable securities, U.S. dollar available-for-sale mutual funds, repurchase agreements and fiduciary rights.

As of December 31, 2010, AES Gener holds committed and unused credit lines for close to ThU.S.$223,261, in addition to uncommitted and unused lines of credit for close to ThU.S.$275,142.

In relation to debt maturities, Gener has no significant maturities until 2014. The graphic below shows the maturity profile, based on actual debt, in millions of U.S. dollars as of December 31, 2010:



3.3. Risk Measurement

The Company has developed methods to measure the efficiency and effectiveness of risk strategies, both prospectively and retrospectively.

For these analyses, different market methods for risk quantification are used, such as regression methods, risk bearing capacity and maximum risk exposure, which allow the Company to adjust risk strategies and mitigation methods and asses their impact.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Management must make judgments and estimates that can 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 post-employment obligations.
- The useful life and residual values of property, plant and equipment and intangible assets.
- The assumptions used to calculate the fair value of financial instruments, including credit risk.
- The probability of occurrence and the value of contingent liabilities or liabilities whose amount is uncertain.
- Future expenditures for asset decommissioning obligations.
- Determination of the existence of finance or operating leases based on the transfer of risks and rewards of the leased assets.
- Asset and investment valuation and the existence and amount of associated impairment.

Although these estimates have been made based on the best information available as of the date of issuance of these consolidated financial statements, it is possible that developments that could take place in the future may force the

Company to modify them in upcoming periods. Such modifications would be conducted prospectively, recognizing the effects of the change in estimate on the corresponding future consolidated financial statements, as stated by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

NOTE 5 – OPERATING SEGMENTS

5.1. Earnings by Segment

The Company defines and manages its activities based on certain business segments that meet particular and individual 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,
- 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 results from operations of each business 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 and adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"). Finance income and income taxes are analyzed and managed on a consolidated basis and, therefore, are not allocated to operating segments. The adjusted EBITDA is composed of net income, less the effects of interest, taxes, depreciation, amortization, foreign exchange differences, other income (as specified in note 26) and the participations in earnings of associates (refer to note 14).

Earnings and asset balances within each segment are measured in accordance with the same accounting policies applied to 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.

5.2. Customers by Segment

The Company segments its business activities based on the interconnected energy markets in which it operates, which are:

- the SIC,
- the SING, which includes the SADI,
- the SIN, for its operations in Colombia.

Throughout all segments, the Company's principal activity consists of electricity generation.

5.3. Assets by Segment

The details of the Assets by Segment are as follows:

ASSETS BY OPERATING SEGMENT	December 31, 2010					Decembe		
	SIC Market	SING Market	SIN Market	Intercompany Eliminations	Total	SIC Market	SING Market	SIN M
	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	Th
Trade and Other Receivables (1)	491,469	108,679	79,188	(236,188)	443,148	526,473	151,229	
Property, Plant and Equipment, Net (*)	1,719,154	1,774,318	686,663	(2,063)	4,178,072	1,724,115	1,582,737	6
Investment in Empresa Eléctrica Guacolda S.A.	252,051	-	-	-	252,051	224,978	-	

(1) Trade and Other Receivables includes both current and non-current portions as well as the account Current Related Party Recei
(*) See Note 16 "Property, Plant and Equipment"

5.4. Revenue and Costs by Segment

The details of Revenues and Costs and other selected information are as follows:

PROFIT BY OPERATING SEGMENT	December 31, 2010					Decembe		
	SIC Market	SING Market	SIN Market	Intercompany Eliminations	Total	SIC Market	SING Market	SIN M
	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$	Th
Operating Revenue	1,071,344	409,694	392,460	(71,449)	1,802,049	960,066	417,767	3
Cost of Sales	987,490	265,491	187,346	(71,449)	1,368,878	790,172	241,792	2
Gross Profit	83,854	144,203	205,114	-	433,171	169,894	175,975	1
Adjusted EBITDA	81,826	187,061	203,201	-	472,088	168,577	214,244	1
Equity Participation in Income from Guacolda Investment	42,361	-	-	-	42,361	28,049	-	
CAPITAL EXPENDITURES								
Capital Expenditures	84,951	266,097	3,100	-	354,148	269,168	576,846	

PROFIT BY OPERATING SEGMENT	December 31, 2008 SIC Market ThU.S.$	SING Market ThU.S.$	SIN Market ThU.S.$	Intercompany Eliminations ThU.S.$	Total ThU.S.$
Operating Revenue	1,297,585	383,335	287,744	(110,752)	1,857,912
Cost of Sales	1,210,996	244,461	142,624	(110,752)	1,487,329
Gross Profit	86,589	138,874	145,120	-	370,583
Adjusted EBITDA	81,126	170,876	144,564	-	396,712
Equity Participation in Income from Guacolda Investment	7,818	-	-	-	7,818
Capital Expenditures					
Capital Expenditures	314,822	124,841	2,070	-	441,733

	Note	As of and for the years ended December 31, 2010	2009	2008
		(ThU.S.$)	*(ThU.S.$)*	*(ThU.S.$)*
Adjusted EBITDA Calculation				
Net Income		169,772	327,937	34,103
Non-Controlling Interest		(3,917)	(2,343)	165
Income Tax Expense	28	31,169	92,262	57,321
Participations in Earnings of Associate	14	(42,361)	(28,049)	(13,128)
Other Income (Expense)	26	88,787	(1,256)	30,910
Foreign Currency Exchange Differences		(16,451)	(60,115)	102,728
Finance Expense	27	99,313	90,222	87,769
Finance Income	27	(22,452)	(21,866)	(9,880)
Depreciation and Amortization	25	168,228	131,249	106,578
Adjusted EBITDA		472,088	528,041	396,566

NOTE 6 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Cash on Hand	48	92
Cash at Banks	46,924	26,565
Short-Term Deposits	170,374	102,516
Other Cash and Cash Equivalents	76,915	33,474
Cash and Cash Equivalents	**294,261**	**162,647**

Short-Term Deposits mature in less than three months from their date of acquisition and accrue interest at market rates.

Other Cash and Cash Equivalents primarily include mutual funds, which are low risk investments in U.S. dollars that permit immediate availability without restrictions, registered at their fair value as of the closing date of these 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.

Balances of Cash and Cash Equivalents included in the Statement of Financial Position do not differ from those in the Statement of Cash Flows.

Cash and Cash Equivalents by type of currency as of December 31, 2010 and December 31, 2009 are detailed as follows:

Cash and Cash Equivalents by Currency	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Ch$	78,231	40,672
Ar $	7,422	3,530

Cash and Cash Equivalents by Currency	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Col$	4,312	2,325
U.S.$	204,296	116,120
Total Cash and Cash Equivalents	**294,261**	**162,647**

As of December 31, 2010 and 2009, included in Cash and Cash Equivalents, cash amounts with minor restrictions are as follows:

Restricted Cash and Cash Equivalents	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Emp. Eléctrica Angamos S.A.	12,585	741
Emp. Eléctrica Ventanas S.A.	28,342	355
Total	**40,927**	**1,096**

The balance related to Empresa Eléctrica Angamos S.A. is restricted by the requirements of the credit agreement with Royal Bank of Scotland (formerly ABN AMRO bank) and BNP Paribas (formerly Fortis) bank.

Reserve amounts related to operational activities of Empresa Eléctrica Ventanas S.A. are required by the credit agreement with BNP Paribas (formerly Fortis) and Credit Agricole (formerly Calyon) banks.

NOTE 7 – OTHER FINANCIAL ASSETS

As of December 31, 2010 and 2009 other financial assets are detailed as follows:

	Current		Non-Current	
Other Financial Assets	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Mutual Funds	-	117,300	-	-
Time Deposits	298,629	200,613	-	-
Embedded Derivatives	488	9,979	-	-
Foreign Exchange Forward	155	406	24	135
Gasoducto GasAndes S.A.	-	-	9,877	9,877
Gasoducto GasAndes S.A (Argentina)	-	-	2,200	2,200
Accounts Receivable from Gasoducto GasAndes S.A.	-	-	2,215	2,215
CDEC SIC Ltda.	-	-	137	137
CDEC SING Ltda.	-	-	557	557
Hedging Instruments	209	-	53,075	82,191
Restricted Cash	-	-	546	803
Other	1,019	912	-	-
Total	**300,500**	**329,210**	**68,631**	**98,115**

Mutual funds, presented as of December 31, 2009, correspond to US dollars-denominated investments funds, recorded at unit value (market value), that were classified according to the type and risks associated to these investments.

Time deposit investments are considered other financial assets as they have a maturity of more than three months. Given the short term nature of these instruments their carrying value represents their fair value.

Embedded derivative instruments, foreign currency forwards and hedging assets are recorded at their fair value (see Note 8.5 Fair Values).

The investments in Gasoducto GasAndes (Argentina) S.A. and Gasoducto GasAndes S.A. correspond to a 13% interest that AES Gener S.A. holds in both companies as detailed in Note 8.1 Financial Assets and Note 26 Other Income (Losses).

NOTE 8 – FINANCIAL INSTRUMENTS

8.1. Financial Assets

Financial assets are classified into the categories described in Note 2.9 Financial Assets, detailed as follows:

December 31, 2010	Cash and Cash Equivalents ThU.S.$	Loans and Receivables ThU.S.$	At Fair Value Through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Available-For-Sale ThU.S.$	Total ThU.S.$
Cash and Cash Equivalents	294,261	-	-	-	-	294,261
Current Other Financial Assets	-	-	643	209	299,648	300,500
Trade Receivables	-	317,277	-	-	-	317,277
Other Non-Current Financial Assets	-	546	24	53,075	14,986	68,631
Related Party Receivables	-	12,437	-	-	-	12,437
Total	**294,261**	**330,260**	**667**	**53,284**	**314,634**	**993,106**

December 31, 2009	Cash and Cash Equivalents ThU.S.$	Loans and Receivables ThU.S.$	At Fair Value Through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Available -For-Sale ThU.S.$	Total ThU.S.$
Cash and Cash Equivalents	162,647	-	-	-	-	162,647
Current Other Financial Assets	-	-	10,385	-	318,825	329,210
Trade Receivables	-	332,761	-	-	-	332,761
Other Non-Current Financial Assets	-	803	135	82,191	14,986	98,115
Related Party Receivables	-	5,426	-	-	-	5,426
Total	**162,647**	**338,990**	**10,520**	**82,191**	**333,811**	**928,159**

The carrying value of financial instruments 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 Financial Assets, classified as financial assets at fair value through profit and loss and derivative instruments (i.e. embedded derivatives and non-hedge derivatives), are presented at their fair value in the Consolidated Statement of Financial Position. In Note 8.5 Fair Values the method used for the calculation of their fair value is presented.

Financial instruments classified as Available-For-Sale financial investments that are recorded in Other Financial Assets relate to investment funds that are recorded at fair value (coupon value of the funds). The carrying values of time deposits are approximately equivalent to their fair values due to their short-term nature. Additionally, investments in CDEC and Gasoducto GasAndes are presented at cost due to the insufficient information available necessary to determine their market value (see Note 7 Other Financial Assets).

The balances of the current portion of Trade Receivables and Other Receivables as of December 31, 2010 are approximately equivalent to their fair values, due to their short-term nature. For the non-current debtors as of December 31, 2009, the balance is presented at its discounted value, using a 3% rate (risk-free base rate plus the market spread).

8.2. Credit Risk of Financial Assets

The Company is exposed to credit risk in its commercial activities as well as in its financial activities.

Credit Quality of Gener Counterparties and Chilean Subsidiaries

The Company evaluates the credit quality of its counterparties and financial institutions which primarily include those with a risk rating of "AA-" or higher according to the principal Chilean rating agencies, such as Feller-Rate and Fitch Chile. These rating agencies rate the solvency of the entities from most solvent (rating of "AAA") to the lowest (rating of "E").

The international counterparties of the interest rate swaps have a risk classification of "A" or "A2" according to Standard & Poor's and Moody's respectively. All other derivative instruments are also executed with highly rated international entities. To minimize credit risk, the Group has risk management policies for cash and investments.

Credit Quality of Foreign Subsidiaries

The Colombian subsidiary, AES Chivor & Cía S.C.A. E.S.P. ("Chivor"), has banking counterparties in Colombian pesos with credit classifications of "AAA", considered to be the highest credit quality classification according to the Colombian risk rating agency Duff & Phelps. With respect to the credit quality of financial counterparties in United States dollars, Chivor has a lower bound rating of "A+" (Standard & Poor's) or "A1" (Moody's), which is considered to be 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 Argentine subsidiary, Termoandes S.A. has no major credit risks as its commercial operations are primarily with its parent company, AES Gener, and Argentina's wholesale electric market administrative agent, CAMMESA, which is a governmental institution.

8.3. Financial Liabilities

December 31, 2010	At Fair Value through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Other Financial Liabilities ThU.S.$	Total ThU.S.$
Other Current Financial Liabilities	2,435	38,325	57,186	97,946
Trade Payables	-	-	227,806	227,806
Other Non-Current Financial Liabilities	-	38,096	2,062,376	2,100,472
Related Party Payables	5,072	-	23,617	28,689
Total	**7,507**	**76,421**	**2,370,985**	**2,454,913**

December 31, 2009	At Fair Value through Profit and Loss ThU.S.$	Hedging Instruments ThU.S.$	Other Financial Liabilities ThU.S.$	Total ThU.S.$
Other Current Financial Liabilities	256	25,425	58,884	84,565
Trade Payables	-	-	338,807	338,807
Other Non-Current Financial Liabilities	377	40,235	1,729,988	1,770,600
Related Party Payables	-	-	6,474	6,474
Total	**633**	**65,660**	**2,134,153**	**2,200,446**

The carrying amount of the current portion of Related Party Payables and Trade Payables is approximately their fair values given their short-term nature.

Instruments recorded in Other Current and Non-Current Financial Liabilities classified as Financial Liabilities at Fair Value Through Profit and Loss (derivatives not designated as hedging instruments and embedded derivatives) and hedge instruments are presented at fair value in the Statement of Financial Position. Note 8.5, Fair Values for the methodologies used to calculate these fair values.

The carrying value of interest-bearing loans included in Other Current and Other Non-Current Financial Liabilities differ from their fair values principally due to fluctuations in exchange rates 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 in addition to the credit rating of the Company or Group. The following chart details the carrying and fair values of interest-bearing loans:

	December 31, 2010		December 31, 2009	
Interest Bearing Loans	Carrying Value ThU.S.$	Fair Value ThU.S.$	Carrying Value ThU.S.$	Fair Value ThU.S.$
Interest Bearing Loans	2,119,562	2,330,597	1,788,872	2,000,418

8.4. Derivative Instruments

Financial derivatives that Gener and its subsidiaries hold 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 to reduce the anticipated variability of the underlying debt's future cash flows.

The portfolio of derivative instruments as of December 31, 2010 and December 31, 2009, is detailed as follows:

(a) Cash Flow Hedges

a.1 Interest Rate Swaps:

Empresa Eléctrica Ventanas S.A.

In June 2007, Empresa Eléctrica Ventanas S.A. signed four interest rate swap contracts with the banks Standard Chartered, Scotiabank, Credit Agricole (formerly Calyon) New York Branch and BNP Paribas (formerly Fortis), maturing in 15 years for ThU.S.$315,000, to fix variable interest rates during the construction and operating periods of its facility.

These swap contracts partially hedge the loan led by BNP Paribas (formerly Fortis) and Credit Agricole (formerly Calyon), for the Nueva Ventanas Power Plant whose 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 SMBC, the Royal Bank of Scotland Bank, BNP Paribas (formerly Fortis), Credit Agricole (formerly Calyon), HSBC and ING, maturing in 17 years for ThU.S.$690,000, to fix variable interest rates during the construction and operating periods of its facility.

These swap contracts partially hedge the syndicated loan led by Royal Bank of Scotland (formerly ABN AMRO bank) and BNP
2008.

				As of December 31, 2010				As of	
				Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Interest Rate	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Cur ThU.S.
Interest Rate Swap	Various	Cash Flow Hedge	2,80% - 5,77%	-	48,771	31,191	38,096	-	81,9
Total				**-**	**48,771**	**31,191**	**38,096**	**-**	**81,9**

a.2 Cross Currency Swaps

In December 2007, AES Gener signed two cross currency swaps with Credit Suisse International to fix in U.S. Dollars the UF 5.6
of locally placed bonds (N and O), equivalent to approximately ThU.S.$217,000 as of the date of issuance, maturing in 2025 and 2

On September 2009, AES Gener S.A. signed a modification to the cross currency swap contract associated with Series N bon
terminated. The new contract was subscribed with Credit Suisse and Deutsche Bank. Both swap contracts include provisions tha
guarantee when the swap market value exceeds the contract limit.

			December 31, 2010				De	
			Asset		Liability		Asset	
Derivative Instrument	Counterparty	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Cur ThU.S
Cross Currency Swap	Credit Suisse - Deutsche Bank	Cash Flow Hedge	209	4,304	-	-	-	2
Total			**209**	**4,304**	**-**	**-**	**-**	**2**

a.3 Foreign Currency Forwards

In August and October 2010, AES Gener S.A executed currency forwards with Scotiabank, Deutsche Bank, JP Morgan and HSBC, for a total nominal amount of ThU.S.$173,514, maturing on May 25, 2011. These instruments hedge the variability of Chilean peso denominated revenues from trade receivables. The nominal amount outstanding as of December 31, 2010 is ThU.S.$140,825.

Fair values of these instruments are included in the following table:

			December 31, 2010				December 31, 2009			
			Asset		Liability		Asset		Liability	
Derivative Instrument	Counterparty	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Currency Forward	Various	Cash Flow Hedge	-	-	7,134	-	-	-	-	-
Total			**-**	**-**	**7,134**	**-**	**-**	**-**	**-**	**-**

a.4 Other Information - Cash Flow Hedge

Hedge maturities are included in the following table:

				Period		Maturity (Notional Value)						
Company	Derivative Instrument	Counterparty	Classification	Start	End	2011 ThU.S.$	2012 ThU.S.$	2013 ThU.S.$	2014 ThU.S.$	2015 ThU.S.$	Thereafter ThU.S.$	Total ThU.S.$
AES Gener S.A	Cross Currency Swap	Credit Swiss	Cash Flow Hedge	12-01-2007	06-01-2015	-	-	-	-	47,042	-	47,042
AES Gener S.A	Cross Currency Swap	Deutsche Bank and Credit Suisse	Cash Flow Hedge	12-01-2007	12-01-2028	-	-	-	-	-	172,264	172,264
Emp. Eléctrica Angamos S.A.	Interest Rate Swap	Various	Interest Rate Hedge	12-30-2008	09-30-2025	-	17,296	30,169	27,195	32,213	583,127	690,000
Emp. Eléctrica Ventanas S.A.	Interest Rate Swap	Various	Interest Rate Hedge	08-31-2007	06-30-2022	13,000	15,000	16,000	18,000	20,000	226,000	308,000
Total						**13,000**	**32,296**	**46,169**	**45,195**	**99,255**	**981,391**	**1,217,306**

For more details on debt maturity, see Note 18 Other Financial Liabilities.

The Company has not executed cash flow hedge instruments for highly probable transactions that then failed to occur.

Amounts recognized in Other Comprehensive Income ("OCI"):

	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Amount recognized in Other Comprehensive Income	(69,279)	87,822	(91,189)

Amounts transferred from OCI to Net Income:

Amount of OCI Reclassified to Net Income	December 31, ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Amortization of Cross Currency Swap, Series N Bonds	627	183	-

Amount of Hedge Ineffectiveness Recognized in Net Income	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Ineffective Portion of Hedges	14,320	5,062	20,115

(b) Derivatives Not Designated as Hedging Instruments

In November of 2009 and January 2010, AES Gener S.A executed currency forward contracts with Banco de Chile, Scotiabank and HSBC, for a total amount of ThU.S.$81,702, maturing on November 28, 2011. These instruments cover fluctuations in foreign exchange derived from Chilean peso denominated receivables associated with sales to customers without contracts. The nominal amounts as of December 31, 2010 are ThU.S.$38,649.

During June 2010, AES Chivor executed currency forward contracts, with HSBC for a nominal amount of ThU.S.$86,772, maturing on May 2011. These instruments cover foreign exchange fluctuations related to US dollars dividends payments. The nominal amounts as of December 31, 2010 are ThU.S.$6,713.

The fair values of these instruments are included in the following tables:

			December 31, 2010				December 31, 2009			
			Asset		Liability		Asset		Liability	
Derivative Instrument	Counterparty	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Currency Forward	Various	At Fair Value through Profit and Loss	155	-	2,435	-	406	135	256	377
Total			**155**	**-**	**2,435**	**-**	**406**	**135**	**256**	**377**

(c) Embedded Derivatives

The Argentine subsidiary Termoandes S.A. has a natural gas supply agreement with several counterparties. The agreement contains a variable that is indexed to the natural gas price that is not considered to be closely related to the host contract and, therefore, it has been separated and the embedded derivative has been accounted for at fair value. The fair value as of December 31, 2010 differs greatly from the fair value presented as of December 31, 2009 as the indexation clause of the most significant contract was modified, eliminating the embedded derivative, while the remaining contracts end in January 2011.

In 2010, the Chilean subsidiary, Sociedad Eléctrica Santiago S.A. ("ESSA"), entered into agreements to early terminate gas transportation agreements. These agreements include variable payments to be made by ESSA that are not considered to be closely related to the host contract and, therefore, have been separated and accounted for at fair value.

In addition, AES Gener S.A. entered into a coal purchase agreement with AES Hawaii in 2010 containing a fuel charge in the purchase price that is not considered to be closely related to the host contract and, therefore, it has been separated and accounted for at fair value.

The fair values of these embedded derivatives are included in the following table:

		December 31, 2010				December 31, 2009			
		Asset		Liability		Asset		Liability	
Embedded Derivatives	Classification	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Termoandes	At Fair Value through Profit and Loss	158	-	-	-	9,979	-	-	-
ESSA	At Fair Value through Profit and Loss	-	-	5,072	-	-	-	-	-
AES Gener	At Fair Value through Profit and Loss	330	24	-	-	-	-	-	-
Total		**488**	**24**	**5,072**	**-**	**9,979**	**-**	**-**	**-**

8.5. Fair Values

The Company uses three systems to calculate the fair value of derivative financial instruments: (1) the Reval Hedge Rx system, used to calculate the fair value of interest rate swaps, cross currency swaps and forwards; (2) the Oracle Crystal Ball Monte Carlo, was used to calculate the fair value of Termoandes embedded derivatives; and (3) for all other embedded derivatives the Company has developed internal valuation models.

The following principal assumptions are 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 Hedges

The valuation model for interest rate swaps involves forecasting cash flows using forward curves for each intermediate and final settlement date, and then discounting those cash flows using the LIBOR zero-coupon rate.

The factors used in the model include historical transactions, prices and rates observable in the market, risk-free rates, country and/or counterparty risk, as well as the Group's own credit risk.

(b) **Currency Hedges**

The valuation model for cross currency swaps involves discounting expected cash flows using the local curve for the forecasted exchange rate and then converts these discounted cash flows into US dollars using spot rates. The factors used in the model include historic transactions, prices and rates observable in the market, risk-free rates, country and/or counterparty risk, as well as the Group's own credit risk.

(c) **Exchange Differences - Forwards**

The Company uses forward prices observable in the market and other assumption, such as country and/or counterparty risk and the Group's own credit risk, to calculate the fair value of foreign currency forwards.

(d) **Embedded Derivatives**

The Company uses three methods for calculating the fair value of embedded derivatives:

1) The fair value of the embedded derivative in Termoandes is measured using the Monte Carlo model, which simulates and predicts the behavior of the prices of the embedded derivative identified in the contract. The principal inputs included in this model are historical transactions, fuel prices and forward curves.
2) The embedded derivative in ESSA is calculated using a probability weighted average of future cash flows that are based on internal information, market indicators and discounted using a relevant interest rate. The inputs used in the fair value model include energy and fuel prices, risk-free interest rate, the risks inherent in the market, geography and credit risk.
3) The model used in calculating the fair value of the embedded derivative in Gener uses future fuel prices based on future spot rates and are discounted by using the zero-coupon LIBOR rate. The inputs used in this model include prices and rates observed in the market, risk-free tax rates, market and country risks as well as credit risk.

(e) **Hierarchy of Fair Value of Derivative Instruments**

Derivative instruments recognized at fair value in the Statement of Financial Position are classified using the following hierarchy:

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. prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability are not based on observable market data.

The assumptions used in the fair value calculation of interest rate swaps, currency forwards and the Gener embedded derivative falls within Level 2 of the fair value hierarchy. The fair values of the ESSA and Termoandes embedded derivatives and cross currency swaps fall within Level 3 in the fair value hierarchy, because many of the inputs used in the model can not be readily observed.

NOTE 9 – OTHER NON-FINANCIAL ASSETS

As of December 31, 2010 and December 31, 2009, Other Non-Financial Assets are detailed as follows:

	December 31			
	Current		Non-Current	
Other Non-Financial Assets	2010 ThU.S.$	2009 ThU.S.$	2010 ThU.S.$	2009 ThU.S.$
Prepaid Insurance	6,792	8,331	742	3,117
Prepaid Expenses – Campiche Project	4,538	7,500	-	-
GasAndes Guarantee (a)	-	-	-	18,066
Operation and Maintenance Contract	-	446	-	1,800
Taxes Receivable (b)	-	-	10,672	5,013
Take or Pay YPF (c)	-	-	4,493	-
Other	146	162	1,227	4
Total	**11,476**	**16,439**	**17,134**	**28,000**

(a) Letter of credit issued in favor of Gasoducto GasAndes S.A. and Gasoducto GasAndes (Argentina) S.A. by Sociedad Eléctrica Santiago S.A (see Note 26 Other Income (Losses)).

(b) Income tax credits and minimum estimated tax generated by Gener Argentina S.A., Termoandes S.A. and Interandes S.A. and taxes receivable from the Parent company related to water rights.

(c) A payment related to the gas supply contract for gas purchased but not consumed between Termoandes S.A. and YPF S.A.

NOTE 10 – TRADE AND OTHER RECEIVABLES

Amounts in Trade and Other Receivables relate to transactions within the Company's line of business, which consists of sales of energy, capacity and coal.

Current Trade Receivables include non-contractual sales to distributors (Ministerial Resolution No. 88) as referred to in Note 2.18 Revenue Recognition for ThU.S.$68,501, which represents 16% of the total account as of December 31, 2010 and ThU.S.$58,724, or approximately 13% of the total account, as of December 31, 2009.

As of December 31, 2009, based on invoicing forecasts prepared by the Company's management and that of its subsidiary ESSA, ThU.S.$61,629 has been classified in Non-Current Trade and Other Receivables as this income will be collected in over a year.

The balance of Non-Current Trade Receivables as of December 31, 2010 includes toll resettlements for the period between the years 2004 and 2008, in accordance with Law No. 19,940 (Short Law).

Other Receivables primarily consists of tax credits resulting from higher generation costs and purchases of construction equipment for generation plant projects.

1) As of December 31, 2010 and December 31, 2009, this account is detailed as follows:

	December 31			
	2010		2009	
Trade and Other Receivables, Gross	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S.$	Non-Current ThU.S.$
Trade Receivables	294,702	1,295	241,327	68,409
Sales Tax Credit	110,241	6,095	170,210	9,840
Other Accounts Receivables	22,507	781	29,279	1,044
Trade and Other Receivables, Gross	**427,450**	**8,171**	**440,816**	**79,293**

Trade and Other Receivables, Net	December 31 2010 Current ThU.S.$	2010 Non-Current ThU.S.$	2009 Current ThU.S.$	2009 Non-Current ThU.S.$
Trade Receivables	289,792	1,295	235,689	68,409
Sales Tax Credit	110,241	6,095	170,210	9,840
Other Accounts Receivables	22,507	781	29,279	1,044
Trade and Other Receivables, Net	**422,540**	**8,171**	**435,178**	**79,293**

2) Trade Receivables neither past due nor impaired are detailed as follows:

Trade Receivables Neither Past Due Nor Impaired	December 31 2010 ThU.S.$	2009 ThU.S.$
Less than Three Months	243,032	189,858
Between Three and Six Months	18,643	13,212
Between Six and Twelve Months	33,027	38,257
More than Twelve Months	1,295	68,409
Total Trade Receivables Neither Past Due Nor Impaired	**295,997**	**309,736**

The fair value of Trade and Other Receivables does not differ significantly from their carrying amount.

3) The movements in allowance for doubtful accounts related to Trade and Other Receivables are detailed in the following table:

Allowance for Doubtful Accounts	ThU.S.$
Balance as of January 1, 2008	3,330
Increase (Decrease) for the Year	(444)
Amounts Written off in Net Income	-
Balance as of December 31, 2008	2,886
Increase (Decrease) for the Year	2,752
Amounts Written off in Net Income	-
Balance as of December 31, 2009	5,638
Increase (Decrease) for the Year	(139)
Amounts Written off in Net Income	(589)
Total as of December 31, 2010	**4,910**

NOTE 11 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries consist of recurring transactions made at terms equivalent to those t transaction. These intercompany transactions have been eliminated upon consolidation and are not disclosed in this note.

11.1. Balances and Transactions with Related Parties

(d) The balances of Accounts Receivable and Payable between the Company and its unconsolidated rel follows:

Related Party Receivables

Taxpayer ID Number	Company	Country	Transaction	Relationship	Currency	December 31, 2010 ThU.S.$
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Miscellaneous Services	Associate	$	6,946
Foreign	AES Energy Storage	Argentina	Project Consulting	Related	U.S.$	147
Foreign	AES Corporation	United States	Miscellaneous Services	Parent Company	U.S.$	5,299
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Parent Company	U.S.$	29
Foreign	AES-3 MARITZA EAST 1 LTD.	Bulgaria	Project Consulting	Related	U.S.$	9
Foreign	AES Panamá Limitada	Panamá	Miscellaneous Services	Parent Company	U.S.$	7
Total						**12,437**

Related Party Payables

Taxpayer ID Number	Company	Country	Transaction	Relationship	Currency	Current December 31, 2010 ThU.S.$	December 2009 ThU.S.
Foreign	AES Corporation	United States	Miscellaneous Services	Parent Company	U.S.$	7,302	6,26
Foreign	AES Servicios América	Argentina	Information System Consulting	Related	U.S.$	335	7
Foreign	AES China Generating Co. Ltd	China	Miscellaneous Services	Related	U.S.$	-	5
Foreign	AES Alicurá	Argentina	Miscellaneous Services	Related	U.S.$	10	1
Foreign	AES Energy Ltd	Argentina	Miscellaneous Services	Related	U.S.$	11	[illegible]
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Miscellaneous Services	Related	U.S.$	240	6
Foreign	AES Panamá Limitada	Panamá	Miscellaneous Services	Related	U.S.$	38	
Foreign	AES Jordan PSC	Jordania	Miscellaneous Services	Related	U.S.$	1	
Foreign	Gasoducto GasAndes Argentina S.A.	Argentina	Gas Transportation Contract	Investment	U.S.$	11,786	
96.721.360-8	Gasoducto GasAndes Chile S.A.	Chile	Gas Transportation Contract	Investment	U.S.$	1,426	
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Coal Unloading Contract	Associate	U.S.$	5,164	
Total						**26,313**	**6,47**

(e) The effects on net income of these transactions with unconsolidated related companies during the years
2009 are detailed as follows:

Taxpayer ID Number	Company	Country	Relationship	Transaction	December 31, 2010 ThU.S.$	Effect on Income (Charge/ Credit) ThU.S.$	December 31, 2009 ThU.S.$
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Sale of Energy and Capacity	1,043	1,043	2,317
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Purchase of Energy and Capacity	21,031	(21,031)	17,804
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Income from Other Services	107	107	-
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Other Income	131	131	44
96.635.700-2	Empresa Eléctrica Guacolda S.A.	Chile	Associate	Receivable Dividends	11,219	-	-
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Sell of Energy and Capacity	2	2	-
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Purchase of Energy and Capacity	1,996	(1,996)	2,382
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Transmission Costs	174	(174)	33
99.588.230-2	Compañía Transmisora del Norte Chico S.A.	Chile	Subsidiary of Associate	Transmission Income	665	665	550
96.721.360-8	Gasoducto GasAndes Chile S.A.	Chile	Investment	Gas Transportation Contract (*)	18,780	(18,780)	-
96.721.360-8	Gasoducto GasAndes Chile S.A.	Chile	Investment	Embedded Derivative (*)	469	(469)	-
Foreign	Gasoducto GasAndes Argentina S.A.	Argentina	Investment	Gas Transportation Contract (*)	19,535	(19,535)	-
Foreign	Gasoducto GasAndes Argentina S.A.	Argentina	Investment	Embedded Derivative (*)	4,603	(4,603)	-
Foreign	Gasoducto GasAndes Argentina S.A.	Argentina	Investment	Receivable Dividends	-	-	1,327
Foreign	AES Corporation	USA	Parent Company	Miscellaneous Services	1,921	(1,824)	2,367
Foreign	AES Big Sky, LLC	USA	Related	Miscellaneous Services	28	(28)	313
Foreign	Compañía de Alumbrado Eléctrico	El Salvador	Related	Miscellaneous Services	183	(183)	56
Foreign	Aes Energy Ltd.	Argentina	Related	Consulting Services	37	(28)	-
Foreign	AES Panama S.A.	Panamá	Related	Administrative Services	23	(23)	-
Foreign	AES Servicios América S.R.L.	Argentina	Related	Administrative Services	-	-	2
Foreign	AES Andres BV	United States	Related	Consulting Services	18	(18)	-
Foreign	AES Carbon Exchange	England	Related	Cost Reimbursement	2	-	-

Taxpayer ID Number	Company	Country	Relationship	Transaction	December 31, 2010 ThU.S.$	Effect on Income (Charge/ Credit) ThU.S.$	December 31, 2009 ThU.S.$
Foreign	AES Fonseca Energía LIMIT	Puerto Rico	Related	Consulting Services	23	(23)	-
Foreign	AES NA Central	United States	Related	LTC	27	-	10
Foreign	AES Hawaii	United States	Related	Fuel Embedded Derivative	355	355	-
				Total	**82,372**	**(66,412)**	**27,205**

(*) On December 2010, ESSA signed termination agreements for its long-term gas transportation contracts that were under litigati
Lawsuits and Other).

Transactions with related companies, in general, consist of recurring transactions made at terms equivalent to those that prevail in a
the date, there are no allowances for doubtful accounts related to these balances.

11.2. Board of Directors and Senior Management

AES Gener S.A. is managed by a Board of Directors composed of seven directors and their respective alternates, who are elected for a period of three years by shareholders in the Ordinary General Shareholders' Meeting.

In conformity with the provisions of Article 50 bis of Law 18,046 on Corporations, AES Gener and its subsidiaries each have an Audit Committee composed of three members that have been granted the powers contained in that article.

(a) Balances and Transactions with Members of the Board of Directors and Senior Management

There are no pending amounts receivable or payable between the Company and its directors and upper management.

In the periods covered by these financial statements, no transactions took place between the Company and its Directors and Senior Management.

There are no guarantees granted in favor of the Directors.

There are no guarantees granted by the Company in favor of the Senior Management.

There are no plans of retribution to the market value of shares.

(b) Board Compensation

AES Gener's bylaws establish that its directors do not receive compensation for serving as directors.

During the periods covered by these financial statements, the Company's Directors 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, 2010, shareholders agreed to set compensation for Audit Committee members at 160 Unidades de Fomento for the 2010 period. During the periods covered by these financial statements, the amounts detailed in the following chart were paid to Audit Committee members and directors of subsidiaries.

Director Remuneration		**December 31, 2010**		
Name	**Position**	**Board of Directors AES Gener ThU.S.$**	**Board of Directors Subsidiaries ThU.S.$**	**Audit Committee ThU.S.$**
Andres Gluski	Chairman	-	-	-
Andrew Vesey	Director	-	-	-
Bernerd Da Santos	Director	-	-	-
Arminio Borjas	Director	-	-	-
Jorge Rodriguez Grossi	Director	-	-	80
Axel Juan Christensen	Director	-	-	-
Ivan Diaz-Molina	Director	-	-	80
Juan Andres Camus Camus	Director	-	-	80
Javier Rodolfo Guevara Moreno	Subsidiary Director	-	22	-
Total		**-**	**22**	**240**

Director Remuneration		**December 31, 2009**		
Name	**Position**	**Board of Directors AES Gener ThU.S.$**	**Board of Directors Subsidiaries ThU.S.$**	**Audit Committee ThU.S.$**
Andres Gluski	Chairman	-	-	-
Andrew Vesey	Director	-	-	-
Bernerd Da Santos	Director	-	-	-
Arminio Borjas	Director	-	-	-
Jorge Rodriguez Grossi	Director	-	-	72
Axel Juan Christensen	Director	-	-	17

Director Remuneration		December 31, 2009		
Name	Position	Board of Directors AES Gener ThU.S.$	Board of Directors Subsidiaries ThU.S.$	Audit Committee ThU.S.$
Ivan Diaz-Molina	Director	-	-	50
Juan Andres Camus Camus	Director	-	-	79
Javier Rodolfo Guevara Moreno	Subsidiary Director	-	43	-
Total		**-**	**43**	**218**

(c) Overall Compensation of Executives that are Not Directors

The Company's executives received overall compensation for the twelve month period ended December 31, 2010, 2009 and 2008 of ThU.S.$5,166, ThU.S.$4,798 and ThU.S.$4,674, respectively. This includes fixed monthly compensation, bonuses based on performance and corporate results as compared to the prior period, in addition to long-term compensation, such as stock options, employee benefits and severance. The Company's key management personnel include its Chief Executive Officer and Managers of the following departments: Operations, Legal and Corporate Matters, Engineering and Construction, Development, Finance.

AES Gener's key management personnel take part 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.

NOTE 12 – INVENTORY

Inventory, valued in accordance with Note 2.12 Inventory, is detailed as follows:

Inventory	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Coal	19,522	34,806
Oil	7,228	5,588
Spare Parts and Materials	7,136	6,021
Coal in Transit	7,780	4,175
Materials in Transit	27	46
Other Inventory	385	1,464
Total	**42,078**	**52,100**

The amount of inventory recognized as cost of sales in net income was ThU.S.$469,243, ThU.S.$341,886 and ThU.S.$598,333 for the years ended December 31, 2010, 2009 and 2008 respectively.

NOTE 13 – CURRENT TAXES RECEIVABLE AND PAYABLE

Current taxes receivable as of December 31, 2010 and December 31, 2009, are detailed as follows:

	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Monthly Provisional Tax Payments	16,528	1,021
SENCE Credit	201	49
Donation Credits	48	3
Property, Plant and Equipment Credits	121	112
Argentine Standard Credits	680	-
Other	226	141
Less:		
Monthly Tax Provision	(1,925)	(17)

	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Rejected Expenses Provision	(26)	-
First Category Tax Provision	(13,308)	(143)
Other	(182)	-
Total	**2,363**	**1,166**

Current Taxes Payable are detailed as follows:

	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Monthly Provisional Tax Payments	1,361	1,408
Rejected Expenses Provisional Tax	5	748
First Category Provisional Tax Payments	37,132	45,228
Others	261	3
Less		
Monthly Provisional Tax Recoverable	(7,105)	(13,132)
Monthly Provisional Tax Payments for Absorbed Profits	-	(1,027)
Foreign Income Credit	-	(3,064)
Current Tax Recoverable	-	(159)
Other Credits	(33)	(856)
Total	**31,621**	**29,149**

NOTE 14 – INVESTMENTS IN ASSOCIATES

The following tables include detailed information on associates as of December 31, 2010 and 2009:

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	Balance as of January 1, 2010 ThU.S.$	Equity Participation in Earnings ThU.S.$	Other Increases (Decrease) ThU.S.$	Balance as of December 31, 2010 ThU.S.$
Empresa Eléctrica Guacolda S.A	Chile	U.S.$	50.00%	50.00%	224,270	42,361	(15,288)	251,343
Goodwill - Guacolda	Chile	U.S.$	-	-	708	-	-	708
TOTAL					**224,978**	**42,361**	**(15,288)**	**252,051**

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of voting rights	Balance as of January 1, 2009 ThU.S.$	Equity Participation in Earnings ThU.S.$	Other Increases (Decrease) ThU.S.$	Balance as of December 31, 2009 ThU.S.$
Empresa Eléctrica Guacolda S.A	Chile	U.S.$	50.00%	50.00%	177,361	28,049	18,860	224,270
Goodwill - Guacolda	Chile	U.S.$	-	-	708	-	-	708
TOTAL					**178,069**	**28,049**	**18,860**	**224,978**

Movements in Investments in Associates	Country	Functional Currency	Ownership Interest	Percentage of Voting Rights	Balance as of January 1, 2008 ThU.S.$	Equity Participation in Earnings ThU.S.$	Other Increases (Decrease) ThU.S.$	Balance as of December 31, 2008 ThU.S.$
Empresa Eléctrica Guacolda S.A	Chile	U.S.$	50,00%	50,00%	173,406	7,818	(3,863)	177,361
Goodwill - Guacolda	Chile	U.S.$	-	-	708	-	-	708
Empresa Eléctrica – CGE Itabo and New Caribbean Investment S.A: (a)	Dominican Republic	Dominican $	25.01%	25.01%	69,781	**5,310**	**(75,091)**	-
TOTAL					**243,895**	**13,128**	**(78,954)**	**178,069**

On August 7th, AES Gener sold its investment in Empresa Eléctrica CGE Itabo S.A. and New Caribbean Investment S.A. for ThU.S.$68,000.

The associate Empresa Eléctrica Guacolda S.A. can distribute dividends as long as:

(i) it is not in breach of one 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 tables contain information as of December 31, 2010 and December 31, 2009 on the financial statements of our associates:

	December 31, 2010							
Investments in Associates	% Ownership Interest	Current Assets ThU.S.$	Non-Current Assets ThU.S.$	Current Liabilities ThU.S.$	Non-Current Liabilities ThU.S.$	Operating Income ThU.S.$	Operating Expenses ThU.S.$	Net Income ThU.S.$
Empresa Eléctrica Guacolda S.A	50.00%	239,678	1,069,930	153,626	674,023	449,499	364,776	84,723
TOTAL		**239,678**	**1,069,930**	**153,626**	**674,023**	**449,499**	**364,776**	**84,723**

	December 31, 2009							
Investments in Associates	% Ownership Interest	Current Assets ThU.S.$	Non-Current Assets ThU.S.$	Current Liabilities ThU.S.$	Non-Current Liabilities ThU.S.$	Operating Income ThU.S.$	Operating Expenses ThU.S.$	Net Income ThU.S.$
Empresa Eléctrica Guacolda S.A	50.00%	156,689	1,079,217	81,982	700,770	359,739	303,642	56,097
TOTAL		156,689	1,079,217	81,982	700,770	359,739	303,642	56,097

NOTE 15 – INTANGIBLE ASSETS

Movements in the principal classes of intangible assets, valued as described in Note 2.7 Intangible Assets, are detailed as follows:

Intangible Assets, Gross	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Goodwill	7,309	7,309
Intangible Assets with Definite Useful Lives	8,183	6,120
Intangible Assets with Indefinite Useful Lives	10,249	8,728
Intangible Assets, Gross	**25,741**	**22,157**
Software	8,111	6,046
Easements	7,754	6,230
Water Rights	2,346	2,351
Other Identifiable Intangible Assets	221	221
Identifiable Intangible Assets, Gross	**18,432**	**14,848**

Intangible Assets, Net	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Goodwill	7,309	7,309
Intangible Assets with Definite Useful Lives	2,433	1,411
Intangible Assets with Indefinite Useful Lives	10,249	8,728
Intangible Assets, Net	**19,991**	**17,448**
Software	2,424	1,398
Easements	7,705	6,183
Water Rights	2,346	2,351
Other Identifiable Intangible Assets	207	207
Identifiable Intangible Assets, Net	**12,682**	**10,139**

Accumulated Amortization and Impairment	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Software	(5,687)	(4,650)
Easements	(48)	(45)
Other Identifiable Intangible Assets	(15)	(14)
Accumulated Amortization and Impairment, Identifiable Intangible Assets	**(5,750)**	**(4,709)**

Easements and water rights do not have defined useful lives, therefore it has been established that they are indefinite and continuously permanent. These intangibles have not suffered any contractual or legal modification as of December 31, 2010. Accumulated amortization of easements as of December 31, 2010 and 2009 correspond exclusively to easements in the subsidiary Energía Verde's Charrúa-Bucalemu Line, as its useful life relates to the duration of the contract with its client, CMPC Maderas (ex Forestal Mininco S.A).

Estimated Useful Lives or Amortization Rates Used	Maximum Life or Rate	Minimum Life or Rate
Software	5	2
Easements	Indefinite	Indefinite
Water Rights	Indefinite	Indefinite
Other Identifiable Intangible Assets	40	2

	2010					
Movements in Intangible Assets	**Software ThU.S.$**	**Easements ThU.S.$**	**Water Rights ThU.S.$**	**Other Identifiable Intangible Assets ThU.S.$**	**Goodwill ThU.S.$**	**Intangible Assets ThU.S.$**
Initial Balance as of January 1, 2010	1,398	6,183	2,351	207	7,309	17,448
Additions	2,326	1,524	-	-	-	3,850
Reductions	(8)	-	(5)	-	-	(13)
Amortization	(1,291)	(2)	-	-	-	(1,293)
Increase (Decrease) in Foreign Currency Translation	(1)	-	-	-	-	(1)
Total Changes	**1,026**	**1,522**	**(5)**	**-**	**-**	**2,543**
Final Balance of Intangible Assets as of December 31, 2010	**2,424**	**7,705**	**2,346**	**207**	**7,309**	**19,991**

	2009					
Movements in Intangible Assets	**Software ThU.S.$**	**Easements ThU.S.$**	**Water Rights ThU.S.$**	**Other Identifiable Intangible Assets ThU.S.$**	**Goodwill ThU.S.$**	**Intangible Assets ThU.S.$**
Initial Balance as of January 1, 2009	1,720	4,674	2,225	208	7,309	16,136
Additions	728	1,512	126	-	-	2,366
Amortization	(1,039)	(3)	-	(1)	-	(1,043)
Increase (Decrease) in Foreign Currency Translation	(11)	-	-	-	-	(11)
Total Changes	**(322)**	**1,509**	**126**	**(1)**	**-**	**1,312**
Final Balance of Intangible Assets as of December 31, 2009	**1,398**	**6,183**	**2,351**	**207**	**7,309**	**17,448**

	2008					
Movements in Intangible Assets	**Software ThU.S.$**	**Easements ThU.S.$**	**Water Rights ThU.S.$**	**Other Identifiable Intangible Assets ThU.S.$**	**Goodwill ThU.S.$**	**Intangible Assets ThU.S.$**
Initial Balance as of January 1, 2008	2,376	742	2,172	209	7,309	12,808
Additions	875	3,935	68	-	-	4,878
Disposals	-	-	(15)	-	-	(15)
Amortization	(1,540)	(3)	-	(1)	-	(1,544)
Increase (Decrease) in Foreign Currency Translation	9	-	-	-	-	9
Total Changes	**(656)**	**3,932**	**53**	**(1)**	**-**	**3,328**
Final Balance of Intangible Assets as of December 31, 2008	**1,720**	**4,674**	**2,225**	**208**	**7,309**	**16,136**

Individually Significant Identifiable Intangible Assets	Carrying Amount ThU.S.$	Remaining Amortization Period (Months)
ERP SAP Project Chivor	1,694	74
Easement Agricola Konavle Ltda. Rep.486/2008	1,808	Indefinite
Water Rights Colorado River, Maipo River tributary	1,800	Indefinite
Easement L. Ventanas Nogales. Rep.CBR 8167-2008	557	Indefinite

	Goodwill				
Company	Initial Balance January 1, 2009 ThU.S.$	Other Increases (Decreases) ThU.S.$	Initial Balance December 31, 2009 ThU.S.$	Other Increases (Decreases) ThU.S.$	Final Balance December 31, 2010 ThU.S.$
Eléctrica Santiago	7,309	-	7,309	-	7,309
Total	**7,309**	**-**	**7,309**	**-**	**7,309**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

The balances of the different categories of property, plant and equipment for the periods ended December 31, 2010 and December 31, 2009, are detailed as follows:

Property, Plant and Equipment, Gross	2010 ThU.S.$	2009 ThU.S.$
Construction in Progress	1,237,093	1,458,112
Land	40,629	40,354
Buildings	524,115	383,527
Plant and Equipment	3,123,601	2,701,320
IT Equipment	9,848	7,330
Furniture	5,139	5,163
Motor Vehicles	2,220	1,960
Other Property, Plant and Equipment	24,206	17,350
Total	**4,966,851**	**4,615,116**

Property, Plant and Equipment, Net	2010 ThU.S.$	2009 ThU.S.$
Construction in Progress	1,237,093	1,458,112
Land	40,629	40,354
Buildings	445,883	318,294
Plant and Equipment	2,423,268	2,121,648
IT Equipment	5,754	4,252
Furniture	2,048	2,181
Motor Vehicles	737	776
Other Property, Plant and Equipment	22,660	16,722
Total	**4,178,072**	**3,962,339**

In January 2010 the Nueva Ventanas thermoelectric plant started up its operations with a gross capacity of 267 MW. This energy is being injected into the SIC, which supplies energy from the III to X Regions of Chile. The plant is located in the V Region of Valparaiso, in the local area of Ventanas, Puchuncaví.

During the month of December 2010, construction of the Campiche plant resumed. This plant belongs to the subsidiary Eléctrica Campiche S.A. and will have a capacity of 270MW. The startup date is estimated to be in the first quarter of 2013.

Construction amounts are principally from the Angamos and Campiche projects.

Accumulated Depreciation and Impairment	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Buildings	(78,232)	(65,233)
Plant and Equipment	(700,333)	(579,672)
IT Equipment	(4,094)	(3,078)
Furniture	(3,091)	(2,982)
Motor Vehicles	(1,483)	(1,184)
Other Property, Plant and Equipment	(1,546)	(628)
Total	**(788,779)**	**(652,777)**

The useful lives of the Company's most important assets are detailed as follows:

Method Used for Depreciation	Explanation of rate	Minimum Life	Maximum Life
Buildings	Years	20	45
Plant and Equipment	Years	5	45
Plant and Equipment (Colombian Dam)	Years	80	80
IT Equipment	Years	2	5
Furniture	Years	2	20
Motor Vehicles	Years	2	5
Other Property, Plant and Equipment	Years	5	25

Additional Disclosures for Property, Plant and Equipment	2010 ThU.S.$	2009 ThU.S.$	2008 ThU.S.$
Expenditures Construction in Progress	510,886	864,719	656,952
Commitments for Additions	765,810	1,048,864	1,733,147

The following table present movements in property, plant and equipment during the period ended December 31, 2010, 2009 and 2008:

	Movements year 2010	Construction in Progress ThU.S.$	Land ThU.S.$	Buildings ThU.S.$	Plant and Equipment ThU.S.$	IT Equipment ThU.S.$	Furniture ThU.S.$	Motor Vehicles ThU.S.$	Other Property, Plant and Equipment ThU.S.$	Total Property, Plant and Equipment ThU.S.$
	Initial Balance as of January 1, 2010	1,458,112	40,354	318,294	2,121,648	4,252	2,181	776	16,722	3,962,339
Changes	Additions	342,246	306	-	3,950	348	224	220	6,856	354,150
	Disposals	-	(9)	-	(179)	-	-	(10)	-	(198)
	Removals	-	(176)	(949)	(17,242)	(1)	(36)	-	(10)	(18,414)
	Depreciation Expenses	-	-	(14,528)	(149,084)	(1,527)	(499)	(389)	(908)	(166,935)
	Increase (Decrease) in Foreign Currency Translation	208	136	(1,022)	46,286	1,649	(210)	83	-	47,130
	Other Increases (Decreases)	(563,473)	18	144,088	417,889	1,033	388	57	-	-
	Total Changes	**(221,019)**	**275**	**127,589**	**301,620**	**1,502**	**(133)**	**(39)**	**5,938**	**215,733**
	Final Balance as of December 31, 2010	**1,237,093**	**40,629**	**445,883**	**2,423,268**	**5,754**	**2,048**	**737**	**22,660**	**4,178,072**

	Movements year 2009	Construction in Progress ThU.S.$	Land ThU.S.$	Buildings ThU.S.$	Plant and Equipment ThU.S.$	IT Equipment ThU.S.$	Furniture ThU.S.$	Motor Vehicles ThU.S.$	Other Property, Plant and Equipment ThU.S.$	Total Property, Plant and Equipment ThU.S.$
	Initial Balance as of January 1, 2009	795,718	36,543	319,981	2,030,464	786	1,946	677	674	3,186,789
Changes	Additions	822,234	4,203	-	6,438	1,131	192	398	16,174	850,770
	Disposals	-	(510)	-	(135)	(3)	-	(28)	-	(676)
	Removals	-	-	(59)	(4,383)	-	-	-	-	(4,442)
	Depreciation Expenses	-	-	(11,480)	(116,639)	(1,130)	(471)	(360)	(126)	(130,206)
	Increase (Decrease) in Foreign Currency Translation	328	112	74	58,773	498	323	(4)	-	60,104
	Other Increases (Decreases)	(160,168)	6	9,778	147,130	2,970	191	93	-	-
	Total Changes	**662,394**	**3,811**	**(1,687)**	**91,184**	**3,466**	**235**	**99**	**16,048**	**775,550**
	Final Balance as of December 31, 2009	**1,458,112**	**40,354**	**318,294**	**2,121,648**	**4,252**	**2,181**	**776**	**16,722**	**3,962,339**

Movements year 2008		Construction in Progress ThU.S.$	Land ThU.S.$	Buildings ThU.S.$	Plant and Equipment ThU.S.$	IT Equipment ThU.S.$	Furniture ThU.S.$	Motor Vehicles ThU.S.$	Other Property, Plant and Equipment ThU.S.$	Total Property, Plant and Equipment ThU.S.$
Initial Balance as of January 1, 2008		215,075	27,049	318,233	2,175,285	546	2,017	664	747	2,739,616
Changes	Additions	613,575	9,599	9,163	5,122	600	306	222	-	638,587
	Disposals	-	-	-	-	-	-	(9)	-	(9)
	Removals	-	(1)	(1,302)	(9,512)	(3)	(2)	(1)	-	(10,821)
	Depreciation Expenses	-	-	(10,471)	(93,535)	(333)	(371)	(251)	(73)	(105,034)
	Increase (Decrease) in Foreign Currency Translation	(202)	(131)	(24)	(75,020)	(31)	(134)	(8)	-	(75,550)
	Other Increases (Decreases)	(32,730)	27	4,382	28,124	7	130	60	-	-
	Total Changes	**580,643**	**9,494**	**1,748**	**(144,821)**	**240**	**(71)**	**13**	**(73)**	**447,173**
Final Balance as of December 31, 2008		**795,718**	**36,543**	**319,981**	**2,030,464**	**786**	**1,946**	**677**	**674**	**3,186,789**

Capitalized interest costs and the average effective rate of the Company's debt are detailed as follows:

	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Capitalized Interest Expense	41,739	34,229
Capitalization Rate	5.84%	6.14%

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 costs.

Information about Leases:

Finance leases by asset class, lessee:

Finance Leases	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Buildings	7,050	7,617
Plant and Equipment	9,409	9,398
IT equipment	361	782
Motor Vehicles	85	105
Total Property, Plant and Equipment under Finance Lease	16,905	17,902

Minimum finance lease payments, lessee:

Minimum Lease Payments on Finance Leases, Lessee	December 31, 2010 Gross ThU.S.$	Interest ThU.S.$	Present Value ThU.S.$	D Gross ThU.S.$
Less than a Year	1,878	860	1,018	1,874
Between 1 and 5 years	4,659	2,226	2,433	4,796
More than 5 years	54,851	32,001	22,850	53,609
Total	**61,388**	**35,087**	**26,301**	**60,279**

Information about operating leases, as lessee:

Minimum Lease Payments on Operating Leases, Lessee	December 31, 2010 Gross ThU.S.$	Interest ThU.S.$	Present Value ThU.S.$	D Gross ThU.S.$
Less than a Year	23,200	-	23,200	3,501
Between 1 and 5 years	44,637	-	44,637	6,120
More than 5 years	16,411	-	16,411	10,842
Total	**84,248**	**-**	**84,248**	**20,463**

Minimum finance lease payments, lessor:

Minimum Lease Payments on Finance Leases, Lessor	December 31, 2010 Gross ThU.S.$	Interest ThU.S.$	Present Value ThU.S.$	D Gross ThU.S.$
Less than a Year	272	39	233	266
Between 1 and 5 years	303	16	287	576
More than 5 years	-	-	-	-
Total	**575**	**55**	**520**	**842**

Impairment in Asset Value

The recoverable value of non-financial assets is evaluated when there is evidence that the asset may be impaired.

On May 31, 2010, Energía Verde S.A. (part of the SIC Market) received a notification from a client, Compañía Papelera del intention to early terminate the energy and steam contract supplied by a plant located in San Francisco de Mostazal, signed on Aug considering closing the plant, located on the property of the Compañía Papelera del Pacífico S.A., and relocating some of its ec Parent Company. For this reason, on December 31, 2010 an impairment loss for ThU.S.$3,370 was recognized.

NOTE 17 – DEFERRED TAXES

Balances of Deferred Tax Assets as of December 31, 2010 and 2009 are detailed as follow:

Deferred Tax Assets	**December 31, 20 ThU.S.$**
Provisions	3,440
Employee Benefits	2,394
Fair Value of Financial Instruments	19,164
Tax Losses	74,134
Deferred Revenue	5,547
Interest-Bearing Loans	308
Lease Obligations	4,703
Finance Expenses	772
Others	5,982
Total	**116,444**

Balances of Deferred Tax Liabilities as of December 31, 2010 and December 31, 2009 are detailed in the following table:

Deferred Tax Liabilities	**December 31, 20 ThU.S.$**
Depreciation	410,157
Provisions	256
Fair Value of Financial Instruments	16,183
Interest-Bearing Loans	5,814
Finance Expenses	13,065
Others	4,780
Total	**450,255**

Reconciliation between balance sheet amounts and deferred tax tables

Statement of Financial Position	**December 31, 20 ThU.S.$**
Deferred Tax Assets	33,074
Deferred Tax Liabilities	366,885
Deferred Taxes Net Position	**(333,811**

Deferred Taxes Net Position	December 31, 20 ThU.S.$
Deferred Tax Assets	116,444
Deferred Tax Liabilities	450,255
Deferred Taxes Net Position	**(338,811)**

The following movements occurred in deferred tax assets and liabilities during the period ended December 31, 2010 and 2009, wer

Movements in Deferred Tax Assets	December 31, 20 ThU.S.$
Deferred Tax Assets, Initial balance	**64,865**
Increase (Decrease) in Deferred Tax Asset	51,382
Increase (Decrease) in Foreign Currency Translation	-
Other Increase (Decrease)	197
Total Changes in Deferred Tax Assets	**51,579**
Deferred Tax Assets, Ending Balance	**116,444**

Movements in Deferred Tax Liabilities	December 31, 20 ThU.S.$
Deferred Tax Liabilities, Initial Balance	**430,023**
Increase (Decrease) in Deferred Tax Liabilities	14,259
Increase (Decrease) in Foreign Currency Translation	5,973
Total Changes in Deferred Tax Liabilities	**20,232**
Deferred Tax Liabilities, Ending Balance	**450,255**

NOTE 18 – OTHER FINANCIAL LIABILITIES

As of December 31, 2010 and December 31, 2009 the Other Financial Liabilities are detailed as follows:

Other Financial Liabilities	Current		
	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2 ThU.S.$
Interest-Bearing Loans (see Note 18.1)	57,186	58,884	2,062,376
Hedge Liabilities (see Note 8)	38,325	25,425	38,096
Other Financial Liabilities (see Note 8)	2,435	256	-
Total	**97,946**	**84,565**	**2,100,472**

18.1. Interest-Bearing Loans

Interest-Bearing Loans	December 31, 2010		Dec
	Current ThU.S.$	Non-Current ThU.S.$	Current ThU.S
Bank Loans	37,686	1,005,087	26,425
Bonds Payable	18,482	1,032,006	31,484
Lease Obligations	1,018	25,283	975
Total	**57,186**	**2,062,376**	**58,884**

(a) Bank Loans

The following tables detail bank loans by financial institution, currency, rate and maturity as of December 31, 2010 and December

Company ID	Borrower Company Name	Country	Lender Name	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Value	Current: Maturity less than 90 days ThU.S.$	Current: Maturity more than 90 days ThU.S.$	Current: Total Current December 31, 2010 ThU.S.$	Maturity between 1 and 3 years ThU.S.$
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Syndicated Banks - BNP PARIBAS	U.S.$	1.91%	1.91%	2025	626,111	3,849	9,800	13,649	71,550
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks - BNP PARIBAS	U.S.$	2.12%	1.46%	2022	383,819	-	24,773	24,773	54,685
96.717.620-6	Eléctrica Santiago S.A.	Chile	Other Bank Loans	U.S.$	7.69%	6.95%	2014	20,886	-	7,374	7,374	13,482
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Bancolombia	Col$	6.68%	6.52%	2011	11,957	2,882	8,645	11,527	-
Total								1,042,773	6,731	50,592	57,323	139,717

Company ID	Borrower Company Name	Country	Lender Name	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Value	Current			
									Maturity less than 90 days ThU.S.$	Maturity more than 90 days ThU.S.$	Total Current December 31, 2009 ThU.S.$	Maturity between 1 and 3 years ThU.S.$
76.004.976-K	Empresa Eléctrica Angamos S.A.	Chile	Syndicated Banks - BNP PARIBAS	U.S.$	1.88%	1.88%	2025	343,773	1,771	5,440	7,211	23,852
96.814.370-0	Empresa Eléctrica Ventanas S.A.	Chile	Syndicated Banks - BNP PARIBAS	U.S.$	1.19%	1.19%	2022	351,335	373	12,591	12,964	46,246
96.717.620-6	Eléctrica Santiago S.A.	Chile	Other Bank Loans	U.S.$	7.69%	6.95%	2014	26,797	-	7,791	7,791	14,328
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Bancolombia	Col$	9.20%	7.65%	2011	20,660	3,102	9,306	12,408	11,578
Total								**742,565**	**5,246**	**35,128**	**40,374**	**96,004**

(b) Bonds Payable

The following table details bonds payable as of December 31, 2010 and December 31, 2009:

Company ID	Borrower Company Name	Country	Lender Name	Series	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Value	Current			
										Maturity less than 90 days ThU.S.$	Maturity more than 90 days ThU.S.$	Total Current as of December 31, 2010 ThU.S.$	Matu betwe and 3 ThU
94.272.000-9	AES Gener S.A.	Chile	O-Series Bond	O SERIES	U.F.	6.35%	5.50%	06-01-2015	53,403	-	2,623	2,623	5,25
94.272.000-9	AES Gener S.A.	Chile	N-Series Bond	N SERIES	U.F.	7.87%	7.30%	12-01-2028	195,484	-	12,820	12,820	25,67
94.272.000-9	AES Gener S.A.	Chile	Rule 144A/R EG S Bonds	U.S.$ Bonds	U.S.$	8.38%	7.50%	03-25-2014	399,814	15,000	15,000	30,000	60,00
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds	Q SERIES	U.S.$	8.59%	8.00%	04-01-2019	193,667	-	15,378	15,378	30,75
96.717.620-6	Eléctrica Santiago S.A.	Chile	214	B SERIES	U.F.	8.04%	7.50%	10-15-2024	46,409	-	4,251	4,251	8,61
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Ordinary Bonds	Single	U.S.$	10.76%	9.75%	12-30-2014	161,711	-	16,575	16,575	33,15
Total									**1,050,488**	**15,000**	**66,647**	**81,647**	**163,45**

Company ID	Company Name	Country	Instrument Registration Number	Series	Currency	Effective Rate	Nominal Rate	Final Maturity	Carrying Value	Current: Maturity less than 90 days ThU.S.$	Current: Maturity more than 90 days ThU.S.$	Current: Total Current as of December 31, 2009 ThU.S.$	Matu betw and 3 ThU
94.272.000-9	AES Gener S.A.	Chile	O-Series Bond	O SERIES	U.F.	6.35%	5.50%	06-01-2015	47,847	-	2,623	2,623	5,2
94.272.000-9	AES Gener S.A.	Chile	N-Series Bond	N SERIES	U.F.	7.87%	7.30%	12-01-2028	175,861	-	12,819	12,819	25,6
94.272.000-9	AES Gener S.A.	Chile	Rule 144A/RE G S Bonds	U.S.$ Bonds	U.S.$	8.38%	7.50%	03-25-2014	398,184	15,000	15,000	30,000	60,0
94.272.000-9	AES Gener S.A.	Chile	Ordinary Bonds	Q SERIES	U.S.$	8.59%	8.00%	04-01-2019	192,682	-	15,378	15,378	23,0
96.717.620-6	Eléctrica Santiago S.A.	Chile	214	B SERIES	U.F.	8.04%	7.50%	10-15-2024	42,329	-	3,812	3,812	7,7
Foreign	AES Chivor & Cía. S.C.A. E.S.P.	Colombia	Ordinary Bonds	Single	U.S.$	10.76%	9.75%	12-30-2014	164,180	-	16,575	16,575	48,2
Total									**1,021,083**	**15,000**	**66,207**	**81,207**	**170,0**

NOTE 19 – TRADE AND OTHER PAYABLES

Trade and Other Payables as of December 31, 2010 and 2009 are detailed as follows:

	Current		Non-Current	
Trade and Other Payables	**December 31, 2010 ThU.S.$**	**December 31, 2009 ThU.S.$**	**December 31, 2010 ThU.S.$**	**December 31, 2009 ThU.S.$**
Trade Payables (a)	227,807	340,136	50,737	15,422
Other Accounts Payable (b)	86,528	66,709	-	-
Total Trade and Other Payables	**314,335**	**406,845**	**50,737**	**15,422**

(a) The non-current portion includes the contract between the subsidiary Termoandes S.A. and Siemens Power Generation Inc. and Siemens S.A. for the spare parts and maintenance services. As of December 31, 2010, also included is the effect of the termination of the gas transportation contract between Sociedad Eléctrica Santiago S.A. and TGN, at it fair value (see Note 30 Contingencies, Lawsuits and Other).

(b) This item primarily includes the additional dividend provision for year 2010 and the minimum dividend as of December 31, 2009.

The average payment period for suppliers is 30 days, therefore, carrying amounts do not differ significantly from their fair values.

NOTE 20 – PROVISIONS

As of December 31, 2010 and 2009, provisions are detailed as follows:

	Current		Non-Current	
Provisions	**December 31, 2010 ThU.S.$**	**December 31, 2009 ThU.S.$**	**December 31, 2010 ThU.S.$**	**December 31, 2009 ThU.S.$**
Legal Provision	1,522	5,363	5,036	23,835
Restructuring Provision	250	-	-	-
Decommissioning Costs	1,329	-	25,622	18,601
Other Provisions	1,143	1,456	377	646
Total	**4,244**	**6,819**	**31,035**	**43,082**

Legal Provision

Current balances correspond primarily to contingent fines and penalties with the regulatory body (the SEC), mentioned in greater detail in Note 30 Contingencies, Lawsuits and Others.

A portion of the non-current total corresponds to a provision of ThU.S.$4,465 as estimated by the subsidiary, AES Chivor & Cía. S.C.A. E.S.P. ("Chivor"), that comes from an equity tax review process that is being conducted by the regulatory body in Colombia.

Decommissioning Costs

Non-current balances within this provision relate the dismantling costs of assets and rehabilitation of land on which the Company's plants are located. The terms of the estimated disbursements vary between 30 and 45 years, depending on the contract or law that originates the obligation.

Other Provisions

This concept primarily includes the provisions for employee involvement in Company earnings and bonuses, which are generally paid in the subsequent quarter.

Provisions	Legal Claims ThU.S.$	Decommissioning and Restructuring Costs ThU.S.$	Other Provisions ThU.S.$	Total ThU.S.$
Opening Balance, January 1, 2010	29,198	18,601	2,102	49,901
Movements in Provisions				
Decommissioning Costs	-	8,450	-	8,450
Additional Provisions	-	250	-	250
Increase (Decrease) in Existing Provisions	1,357	(100)	5	1,262
Provisions Paid Out	(3,887)	-	(620)	(4,507)
Reversal of Unpaid Provisions (*)	(20,096)	-	-	(20,096)
Increase (Decrease) in Foreign Currency Translation	(14)	-	33	19
Changes in Provisions, Total	**(22,640)**	**8,600**	**(582)**	**(14,622)**
Ending Balance, December 31, 2010	**6,558**	**27,201**	**1,520**	**35,279**

(*) The reversal of the unpaid provision was based on a resolution from the Chilean tax authorities stated in the Official Order N° 194.

Provisions	Legal Claims ThU.S.$	Decommissioning and Restructuring Costs ThU.S.$	Other Provisions ThU.S.$	Total ThU.S.$
Opening Balance, January 1, 2009	28,371	2,096	3,694	34,161
Movements in Provisions				
Decommissioning Costs	-	16,505	-	16,505
Additional Provisions	800	-	137	937
Increase (Decrease) in Existing Provisions	964	-	(674)	290
Provisions Paid Out	-	-	(1,914)	(1,914)
Reversal of Unpaid Provisions (*)	(2,080)	-	-	(2,080)
Increase (Decrease) in Foreign Currency Translation	1,143	-	859	2,002
Changes in Provisions	**827**	**16,505**	**(1,592)**	**15,740**
Ending Balance, December 31, 2009	**29,198**	**18,601**	**2,102**	**49,901**

Provisions	Legal Claims ThU.S.$	Decommissioning and Restructuring Costs ThU.S.$	Other Provisions ThU.S.$	Total ThU.S.$
Opening Balance, January 1, 2008	30,679	1,949	2,891	35,519
Movements in Provisions				
Decommissioning Costs	-	147	-	147
Additional Provisions	-	-	1,548	1,548
Increase (Decrease) in Existing Provisions	1,660	-	653	2,313
Provisions Paid Out	-	-	(1,231)	(1,231)
Reversal of Unpaid Provisions	-	-	(182)	(182)
Increase (Decrease) in Foreign Currency Translation	(427)	-	15	(412)
Other Increases (Decreases)	(3,541)			(3,541)
Changes in Provisions	**(2,308)**	**147**	**(803)**	**1,358**
Ending Balance, December 31, 2009	**29,371**	**2,096**	**3,694**	**34,161**

NOTE 21 – EMPLOYEE BENEFITS

AES Gener and some of its subsidiaries offer different post-employment 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 2.16 Employee Benefits, sections b) and d).

As of December 31, 2010 and 2009, the Company's post-employment benefit liability is detailed as follows:

	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Current Portion	3,014	2,695
Non-Current Portion	29,719	25,706
Total	**32,733**	**28,401**

21.1. Present Value of Post-Employment Benefit Liability

The following movements took place in post-employment liabilities for services provided in the periods ended December 31, 2010, 2009 and 2008:

Present Value of Defined Benefit Plan	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Opening Balance	**28,401**	**23,860**	**26,210**
Current Service Costs	2,776	2,468	1,461
Interest Costs	1,328	1,519	1,247
Contributions by the Participants	97	-	-
Actuarial Gains (Losses)	2,758	(2,021)	2,307
Increase (Decrease) in Foreign Currency Exchange Differences	858	5,427	(4,761)
Contributions Paid	(4,030)	(2,852)	(2,604)
Other Adjustments	545	-	-
Ending Balance	**32,733**	**28,401**	**23,860**

21.2. Impact on Earnings

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, 2010, 2009 and 2008:

Defined Benefit Plan Expenses Recognized in Income	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$	Statement of Comprehensive Income Account where Recognized
Current Service	2,776	2,468	1,461	Cost of Sales - Administrative Expense
Interest Costs	1,328	1,519	1,247	Cost of Sales - Administrative Expense
Net Actuarial Losses (Gains)	2,758	(2,021)	2,307	Cost of Sales - Administrative Expense
Total Impact on Net Income	**6,862**	**1,966**	**5,015**	

21.3. Other Disclosures:

(a) The following hypotheses were used in actuarial calculations of post-employment benefits:

Actuarial Assumptions Used in Calculating the Liability	Chile		Colombia	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Nominal Discount Rate	6.25%	6.35%	8.00%	11.50%
Average Personnel Rotation Rate	2.50%	2.50%	0.005682%	0.005682%
Expected Salary Increase	UF + 1,5%	UF + 1,5%	5.00%	6.50%
Mortality Table	Tables issued in accordance with joint standard of the Chilean Securities and Insurance Supervisor and the Chilean Pension Supervisor		Tables issued in accordance with US institutions GAM 1971	

(b) Sensitivity Analysis:

As of December 31, 2010, a variation of 100 basis points in the discount rate and the cost of medical benefits would have generated the following effects:

Medical Expenses Sensitivity	Increase of 1% ThU.S.$	Decrease of 1% ThU.S.$
Effect in the Defined Benefit Obligations	52	(52)

Discount Rate Sensitivity	Increase of 1% MU.S.$	Decrease of 1% MU.S.$
Effect in the Defined Benefit Obligations	(346)	397

NOTE 22 – OTHER NON-FINANCIAL LIABILITIES

As of December 31, 2010 and 2009, balances of non-financial liabilities are detailed as follows:

	Current		Non-Current	
Other Non-Financial Liabilities	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Deferred Revenue (see 22.1)	5,306	7,231	27,325	32,546
Accumulated Liabilities (see 22.2)	16,676	13,040	-	-
Other Liabilities (see 22.3)	-	-	199	509
Total	**21,982**	**20,271**	**27,524**	**33,055**

22.1. Deferred Revenue:

As of December 31, 2010 and 2009, deferred income balances are detailed as follows:

	Current		Non-Current	
Deferred Revenue	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Escondida - Connection Rights	3,826	3,825	15,833	19,660
Chivor Customers	-	1,418	-	-
BHP Chile Inc	643	747	-	558
Torquemada - Right to Use Ventanas - Miraflores Line Installations	281	281	7,190	7,471
LNG Quintero - Right to Use and Connect to Transmission Line	479	479	1,917	2,397

Deferred Revenue	Current		Non-Current	
	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$
Other Deferred Revenue	77	481	2,385	2,460
Total	**5,306**	**7,231**	**27,325**	**32,546**

22.2. Accumulated Liabilities

Accumulated Liabilities are primarily vacations and other employee benefits, accrued as of December 31, 2010.

NOTE 23 – EQUITY

23.1. Equity Management

Equity includes paid-in capital, retained earnings and other reserves.

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 lines of business, policies or processes during the year-ended December 31, 2010 and 2009.

23.2. Subscribed and Paid-In Capital

At an Extraordinary General Shareholders' Meeting held June 30, 2009, shareholders of AES Gener S.A. agreed to change the currency in which the Company's issued capital is expressed, without altering the number of shares into which it is divided, from pesos (the legal tender in the Republic of Chile) to US dollars, using the year-end exchange rate as of December 31, 2008.

As of December 31, 2010, the Company's issued capital consists of 8,069,699,033 subscribed and paid shares.

The Company's movement in shares is as follows:

	Issued Capital			
	Authorized	Issued	Subscribed	Paid
Balance as of January 1, 2008	**6,386,837,020**	**6,386,837,020**	**6,386,837,020**	**6,386,837,020**
Subscription and Payment	1,841,053,843	1,841,053,843	744,740,760	744,740,760
Balance as of December 31, 2008	**8,227,890,863**	**8,227,890,863**	**7,131,577,780**	**7,131,577,780**
Subscription and Payment	-	-	938,121,253	938,121,253
Balance as of December 31, 2009	**8,227,890,863**	**8,227,890,863**	**8,069,699,033**	**8,069,699,033**
Subscription and Payment	-	-	-	-
Balance as of December 31, 2010	**8,227,890,863**	**8,227,890,863**	**8,069,699,033**	**8,069,699,033**

23.3. Capital Increases

In an Extraordinary Shareholders' Meeting held November 19, 2008, shareholders of AES Gener S.A. agreed to increase capital by issuing 945,000,000 new single-series shares with no par value, totaling $153,562,500,000. These shares must be issued, subscribed and paid in full within 3 years beginning on the date of the meeting. As of December 31, 2010, $152,444,703,824 (U.S.$245,797,415) has been paid for 938,121,253 shares as part of this capital increase.

In an Extraordinary Shareholders' Meeting held March 4, 2008, shareholders of AES Gener S.A. agreed to increase capital by issuing 896,053,843 shares, totaling $165,420,500,000. These shares must be issued, subscribed and paid for in full within 3 years beginning on the date of this meeting. The Board of Directors has decided to place 749,791,725 shares totaling $135,000,000,086 as part of this capital increase. In 2008, $134,090,573,864 (U.S.$270,063,464) had been paid for 744,740,760 shares as part of this capital increase.

23.4. Dividend Policy

2009

The dividend policy for 2009 was informed in the Ordinary General Shareholders' Meeting held April 29, 2010, and consists of distributing up to 65% of 2010 profits in dividends to shareholders, conditional upon: the Company's actual net profits, the forecasts it prepares periodically and the requirement that it use its own resources to finance investment projects, among other conditions. Also, it was determined that the Company intends to distribute interim dividends in 2010.

Shareholders agreed to distribute the following dividends for the year-ended December 31, 2009:

(i) The quantity of U.S.$70,279,009, corresponding to 21.43% of 2009 earnings, by distributing a minimum mandatory dividend of U.S.$ 0.008709 per share, plus an interim dividend distributed on December 2009 for U.S.$40,025,707, equivalent to 12.21% of 2009 profits; and

(ii) The quantity of U.S.$89,702,774, equivalent to 27.35% of the 2009 earnings and corresponding to 2 additional dividend of U.S.$0.0055580 per share.

The minimum mandatory dividend was paid in cash on May 11, 2010, an additional dividend was paid on July 7, 2010 and the remaining dividend was paid on October 7, 2010.

2010

On December 13, 2010, the Board of Directors agreed to distribute an interim dividend of U.S.$0.00905 per share for 2010 period earnings. The total amount of this dividend was ThU.S.$73,031, and was paid on January 5, 2011.

23.5. Retained Earnings (Losses)

Retained Earnings (Losses)	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Opening Balance	645,781	518,496	582,081
Net Income Attributable to Shareholders of Parent	169,772	327,937	34,103
Declared Dividends	(159,982)	(79,985)	(56,071)
Interim Dividends	(73,031)	(40,026)	-
Income Distribution to Future Dividend Reserve	(127,930)	(64,952)	(24,997)
Minimum Dividend Provision	-	(56,628)	-
Reversal of Prior Period Minimum Dividend	56,628	40,939	(16,620)
Total Ending Balance	**511,238**	**645,781**	**518,496**

23.6. Other Components of Equity

	Share-Based Option Plans ThU.S.$	Proposed Dividends Reserve ThU.S.$	Total ThU.S.$
Opening Balances as of January 1, 2010	2,259	162,823	165,082
Share-Based Option Plans	440	-	440

	Share-Based Option Plans ThU.S.$	Proposed Dividends Reserve ThU.S.$	Total ThU.S.$
2009 Proposed Dividend	-	127,930	127,930
Ending Balances as of December 31, 2010	**2,699**	**290,753**	**293,452**

	Share-Based Option Plans ThU.S.$	Proposed Dividends Reserve ThU.S.$	Total ThU.S.$
Opening Balances as of January 1, 2009	1,618	97,871	99,489
Share-Based Option Plans	641	-	641
2009 Proposed Dividend	-	64,952	64,952
Ending Balances as of December 31, 2009	**2,259**	**162,823**	**165,082**

	Share-Based Option Plans ThU.S.$	Proposed Dividends Reserve ThU.S.$	Total ThU.S.$
Balances as of January 1, 2008	1,618	72,874	74,492
Share-Based Option Plans	-	-	-
2008 Proposed Dividend	-	24,997	24,997
Balances as of December 31, 2008	**1,618**	**97,871**	**99,489**

23.7. Other Comprehensive Income

Other Comprehensive Income for each period is as follows:

Other Comprehensive Income	Foreign Currency Translation Reserve ThU.S.$	Cash Flow Hedge Reserve ThU.S.$	Defined Benefit Plan Reserve ThU.S.$	Equity Translation Reserves (1) ThU.S.$	Other Reserves ThU.S.$	Total ThU.S.$
Balances as of January 1, 2010	(713)	(21,136)	-	(136,741)	(10,135)	(168,725)
Derivative Instruments Valuation	-	(81,188)	-	-	-	(81,188)
Deferred Taxes	-	11,909	(327)	-	591	12,173
Associate Foreign Currency Exchange	34,356	-	-	-	-	34,356
Associate Investment Adjustments	-	-	-	-	2,647	2,647
Other Variations	-	-	(1,923)	-	831	(1,092)
Balances as of December 31, 2010	**33,643**	**(90,415)**	**(2,250)**	**(136,741)**	**(6,066)**	**(201,829)**

Other Comprehensive Income	Foreign Currency Translation Reserve ThU.S.$	Cash Flow Hedge Reserve ThU.S.$	Defined Benefit Plan Reserve ThU.S.$	Equity Translation Reserves (1) ThU.S.$	Other Reserves ThU.S.$	Total ThU.S.$
Balances as of January 1, 2009	(38,814)	(108,958)	-	(136,741)	(9,893)	(294,406)
Derivative Instruments Valuation	-	107,220	-	-	-	107,220
Deferred Taxes	-	(19,398)	-	-	(35)	(19,433)
Associate Foreign Currency Exchange	38,101	-	-	-	-	38,101
Other Variations	-	-	-	-	(207)	(207)
Balances as of December 31, 2009	**(713)**	**(21,136)**	**-**	**(136,741)**	**(10,135)**	**(168,725)**

Other Comprehensive Income	Foreign Currency Translation Reserve ThU.S.$	Cash Flow Hedge Reserve ThU.S.$	Defined Benefit Plan Reserve ThU.S.$	Equity Translation Reserves (1) ThU.S.$	Other Reserves ThU.S.$	Total ThU.S.$
Balances as of January 1, 2008	-	(17,769)	-	-	(10,216)	(27,985)
Derivative Instruments Valuation	-	(103,317)	-	-	-	(103,317)
Deferred Taxes	-	12,128	-	-	47	12,175
Associate Foreign Currency Exchange	(38,814)	-	-	-	-	(38,814)
Other Variations	-	-	-	(136,741)	276	(136,465)
Balances as of December 31, 2008	**(38,814)**	**(108,958)**	**-**	**(136,741)**	**(9,893)**	**(294,406)**

(1) This item corresponds to an adjustment for the difference between paid-in capital at the period-end exchange rate as of December 31, 2008 and its historical value, in accordance with Official Form Letter 456 dated June 20, 2008, issued by the Chilean Securities and Insurance Supervisor.

23.8. 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.

NOTE 24 – REVENUE

24.1. Operating Revenues

Operating revenue for the periods ended December 31, 2010, 2009 and 2008 is detailed as follows:

Operating Revenues	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Contract Energy and Capacity Sales	1,217,247	1,018,478	1,075,544
Spot Market Energy and Capacity Sales	455,370	546,307	727,197
Other Operating Revenues (*)	129,432	88,635	55,171
Total	**1,802,049**	**1,653,420**	**1,857,912**

(*) Included in the "Other Operating Revenues" are transmission revenues and revenues from the sales of coal.

NOTE 25 – EXPENSES

25.1. Expenses by Nature

The table below details the principal operating and administrative costs and expenses recorded by the Company in the periods ended December 31, 2010, 2009 and 2008, within the following accounts in the Statement of Comprehensive Income: Cost of Sales, Administrative Expenses and Other Operating Expenses:

Expenses by Nature	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Energy and Capacity Purchases	373,766	424,469	479,904
Fuel Consumption	573,904	443,462	723,368
Cost of Fuel Sales	23,156	12,157	24,845
Transmission System Use Costs	117,763	73,319	66,119
Cost of Production and Other Sales	170,733	124,811	118,264
Personnel Expenses	76,520	52,792	49,997
Depreciation	166,935	130,206	105,034
Amortization	1,293	1,043	1,544
Total Expenses by Nature	**1,504,070**	**1,262,259**	**1,569,075**

25.2. Personnel Expenses

Personnel Expenses for the periods ended December 31, 2010, 2009 and 2008 are presented as follows:

Personnel Expenses	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Salaries and Wages	56,956	43,366	44,171
Short-Term Employee Benefits	8,475	5,103	3,486
Post Employment Benefit Liability Expenses	2,637	202	-
Employment Termination Benefits	4,591	1,491	1,353
Share-Based Payments	918	693	808
Other Long-Term Benefits	40	-	-
Other Personnel Expenses	2,903	1,937	179
Total	**76,520**	**52,792**	**49,997**

NOTE 26 – OTHER INCOME (LOSSES)

Other Income (Losses)	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Gas Transportation Contracts (*)	(72,215)	-	
Property, Plant and Equipment Disposals	(14,515)	(3,327)	(5,668)
Property, Plant and Equipment Impairment	(3,370)	-	-
Property, Plant and Equipment Sales	685	92	508
Dividend Received from Gasoducto GasAndes Argentina S.A.	-	1,327	2,947
Sale of Investment Itabo	-	-	(9,617)
Financial Instrument Valuation			(6,965)
Minimum Income Tax Recovery (Argentina)	-	3,359	(6,472)
Other	628	(195)	(5,643)
Total	**(88,787)**	**1,256**	**30,910**

(*) On December 29, 2010, Sociedad Eléctrica Santiago S.A. reached an agreement with Transportadora de Gas del Norte S.A., Gasoducto GasAndes S.A. and Gasoducto GasAndes (Argentina) S.A. to early terminate the current gas transportation agreements and solve the current litigations and possible future litigations. ESSA recognized ThU.S.$ 72,215 in relation with this agreement (see Note 30 Contingencies, Lawsuits and Other).

NOTE 27 – FINANCE INCOME AND EXPENSES

Finance Income and Expense for the periods ended December 31, 2010, 2009 and 2008 is detailed as follows:

Finance Income and Expenses	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Income from Financial Assets	17,274	14,656	8,101
Other Finance Income	5,178	7,210	1,779
Total Finance Income	**22,452**	**21,866**	**9,880**
Interest on Bank Loans	(21,053)	(14,984)	(38,369)
Interest on Bonds	(81,818)	(76,596)	(48,287)
Gain (Loss) for Valuation of Financial Derivatives	(29,798)	(26,206)	(20,115)
Other Costs	(3,665)	(9,805)	(7,090)
Capitalized Finance Costs	37,021	37,369	26,092
Total Finance Expenses	**(99,313)**	**(90,222)**	**(87,769)**
Foreign Currency Exchange Differences	16,451	60,115	(102,728)

Finance Income and Expenses	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Total Finance Income	**(60,410)**	**(8,241)**	**(180,617)**

NOTE 28 – INCOME TAX EXPENSE

The effect in income from income tax expense for the periods ended December 31, 2010, 2009 and 2008 is detailed as follows:

Current and Deferred Income Tax Expense	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Current Tax Expense	79,567	70,159	34,446
Adjustments to Prior Period Current Tax	(19,422)	815	(322)
Other Current Tax Expenses	23	16	79
Total Current Tax Expense	**60,168**	**70,990**	**34,203**
Deferred Tax Expenses (Income) Related to Changes in Temporary Differences	(27,811)	21,160	21,071
Other Deferred Expenses	(1,188)	112	2,047
Total Deferred Tax Expense	**(28,999)**	**21,272**	**23,118**
Income Tax Expense (Income)	**31,169**	**92,262**	**57,321**

Foreign and National Income Tax Expense	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Current Tax Expense, Foreign	54,795	45,489	24,647
Current Tax Expense, National	5,373	25,501	9,556
Total Current Tax Expense	**60,168**	**70,990**	**34,203**
Deferred Tax Expense, Foreign	(6,193)	3,432	4,340
Deferred Tax Expense, National	(22,806)	17,840	18,778
Total Deferred Tax Expense	**(28,999)**	**21,272**	**23,118**
Income Tax Expense (Income)	**31,169**	**92,262**	**57,321**

The following table reconciles the income tax charge resulting from application of the legal rate versus the effective rate on 2010, 2009 and 2008 income:

	Accumulated		
Reconciliation of Tax Expense	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Tax Expense Using Legal Rate	**33,494**	**71,036**	**15,570**
Rates in Other Jurisdictions	21,752	21,689	8,729
Non-Taxable Operating Income	(13,224)	(11,257)	(7,301)
Non-Deductible Expenses	1,573	1,618	3,454
Utilization of Previously Unrecognized Tax Losses	(20,037)	-	-
New Asset Valuation for Non-Recognized Deferred Taxes	827	827	-
Price Level Adjustments for Tax Purposes	-	-	19,073
Tax Losses for which No Deferred Income Tax Asset was Recognized	-	-	2,635
Changes in Income Taxes	(1,535)	-	-
Contingencies Provision Reversal	(532)	-	-

Reconciliation of Tax Expense	Accumulated December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Foreign Currency Exchange Rate	6,851	9,044	15,161
Other Increase (Decrease) in Charge for Legal Taxes	2,000	(695)	-
Adjustments to Tax Expense using Legal Rate	**(2,325)**	**21,226**	**41,751**
Tax Expense Using Effective Rate	**31,169**	**92,262**	**57,321**

The item Rates in Other Jurisdictions presents the differences that arise between the current rate in Chile (17%) and the other jurisdictions in which foreign subsidiaries are domiciled (Argentina-35% and Colombia- 33%).

The item Non-Taxable Operating Income represents the tax effect of the effective rate of Guacolda's earnings.

Deferred Taxes in Other Comprehensive Income	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Net Movements in Cash Flow Hedges	11,909	(19,433)	12,128
Net Gain from Available-For-Sale Financial Assets	591	(35)	47
Actuarial Gains (Losses) on Defined Benefit Plan	(327)	-	-
Total Tax Effect in Other Comprehensive Income	**12,173**	**(19,433)**	**12,175**

Deferred taxes arising from movements in cash flow hedges are related to interest rate and currency derivatives.

NOTE 29 – EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of shares in circulation in a year, excluding, should any exist, common shares acquired by the Company and maintained as treasury shares.

Basic and Diluted Earnings per Share	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Net Income Attributable to Shareholders of Parent	169,295	327,937	34,103
Net Income Attributable for Common Shareholders, Basic	169,295	327,937	34,103
Weighted Average Number of Shares, Basic	8,069,699,033	8,051,066,355	6,821,560,094
Basic Earnings per Share (Presented in U.S.$)	**0.021**	**0.041**	**0.005**

There are no transactions or concepts that create a dilutive effect on earnings per share.

NOTE 30 – CONTINGENCIES, LAWSUITS AND OTHER

30.1. Guarantees Granted

Gener has the following commitments, guarantees and contingent liabilities:

(a) Commitments with Financial and Other Institutions

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. In accordance with the conditions established in the agreements currently in effect, neither Gener nor any of its significant or restricted subsidiaries, based on the respective definition, may issue, assume or co-sign debt with guarantees over the Company's goods or assets, unless proportional and/or equivalent guarantees are granted to financiers. As of December 31, 2010, Gener is in compliance with all of its debt commitments and financial restrictions in accordance with the terms and conditions of each covenant and contract.

(b) **Guarantees to Third Parties**

(i) 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 for the UF bonds issued in December 2007. On September 16, 2009, this swap contract was modified and one part was assigned to Deutsche Bank Securities. Both swap contracts, including its modifications, requires Gener to grant a guarantee when the market value of the swap exceeds the limit established in the contract. As of December 31, 2010, it was not necessary to grant any guarantee based on the market value of the swap.

(c) **Guarantees on Behalf of Subsidiaries**

(i) The gas transportation agreement entered into between Termoandes S.A. ("Termoandes") and Transportadora de Gas del Norte S.A. ("TGN") does not currently require any guarantee from Gener. In accordance with the agreement, no guarantee is necessary as long as Termoandes or its shareholders maintain an investment-grade risk rating, defined in the agreement as "BBB-" (in Argentina) or greater. 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. In the event that neither Termoandes nor any of its shareholders maintains an investment-grade rating, it shall provide a bank guarantee equal to the transport service payment due for one year. Termoandes currently has a rating of "A" (in Argentina), issued by Fitch Ratings, with a stable outlook.

(ii) On October 4, 2006, Gener entered into a surety bond and joint assumption of debt to guarantee the obligations of its subsidiary Sociedad Eléctrica Santiago S.A. ("ESSA") contained in the loan agreement signed with a syndicate of local banks, led by Banco de Crédito e Inversiones for a total of ThU.S.$30,000. As of December 31, 2010, such amount reached a total of ThU.S.$21,000. This contract was modified on May 29, 2009 (see 30.3 Financial Commitments section (d)).

(iii) On December 31, 2010 ESSA reached and agreement with the transport companies TGN, Gasoducto GasAndes S.A. ("GAC") and Gasoducto GasAndes (Argentina) S.A. ("GAA"), finalizing all pending litigations. Gener became co-debtor in ESSA future payments.

For additional and complementary information, see Note 31: Guarantees Obtained from third parties.

30.2. Litigation and Disputes

(a) **Judicial Proceedings**

(i) Fines imposed by the Superintendency of Electricity and Fuels ("SEC")

On February 21, 2003, the SEC filed charges against Gener and other members of the CDEC-SIC, related to the power failure that occurred on January 13, 2003 in the SIC. On January 24, 2003, Gener answered the claims and rejected their validity in a presentation made to the SEC. On April 27, 2004, the SEC fined all of the members of the CDEC-SIC as a result of the power failure, alleging they were justifiably responsible as members of the CDEC-SIC. Gener and ESSA were fined 560 Annual Tax Units ("UTA"), equivalent to approximately ThU.S.$530.

The Companies filed motions to vacate before the SEC on May 7, 2004, which were rejected on November 3, 2005; however the fine to ESSA was reduced to 350 UTA (ThU.S.$337). On

November 18, 2005, the Companies filed illegality claims before the Court of Appeals of Santiago, which are pending ruling. In accordance with applicable standards, a deposit for 25% of the fine has been made with the court. Those claims are still pending a decision.

Gener and ESSA collectively established a provision for these contingent liabilities for the equivalent to ThU.S.$ 877

(ii) Insurance Companies versus Gener and ESSA

On November 2004, Gener and ESSA were notified of a civil claim for damages brought against them by three insurance companies: Liberty Compañía de Seguros Generales S.A., Compañía de Seguros Generales Cruz del Sur S.A. and Compañía de Seguros Penta Security S.A. (the "Insurance Companies") for damages for loss of production due to the failure of a transmission line belonging to Codelco-Andina in June 2000 that prevented energy from being received from ESSA, for an amount of ThU.S.$6,616, plus interests and legal costs.

On December 31, 2007, the court rejected the suit against Gener, but ordered ESSA to pay ThU.S.$ 1,438 plus expenses and interest. On January 14, 2008, ESSA appealed this ruling and the plaintiffs presented a motion for cessation and appeal against the first instance ruling. On March 15, 2010, the Santiago Court of Appeals rejected both parties' motions, confirming the first instance ruling. On April 1, 2010, the plaintiffs filed a remedy of cessation on grounds of form and substance before the Supreme Court. On April 22, 2010, the Santiago Court of Appeals accepted the motions to be heard and ruled on by the Supreme Court. On June 15, 2010, ESSA paid the amount determined by the court of ThU.S.$ 1,438. To date, the interest expenses calculation is still in discussion. ESSA has established a provision for ThU.S.$ 610 for pending interest.

30.3. Financial Commitments

(a) Gener, as the issuer of Senior Bonds at 7.5% for ThU.S.$ 400,000 maturing in March 2014, must comply with certain limitations on indebtedness and restricted payments (including dividends), if the bonds are not rated "Investment Grade" by two rating agencies. Currently, Gener has three international investment-grade ratings and, therefore, these restrictions have been suspended.

(b) In December 2007, Gener placed UF 5,600,000 (ThU.S.$256,728) in bonds, issued in two series, which were registered in Chile's Securities Registry under numbers 516 and 517 on November 9, 2007. This issuance includes N series bonds for UF 4,400,000 at 4.3% maturing in 2028 and O series bonds for UF 1,200,000 at 3.10% maturing in 2015. On April 8, 2009, Gener carried out a second bond issuance against the line of bonds registered in the Securities Registry under number 517 on November 9, 2007. This issuance consisted of Q series bonds for U.S.$ 196 million at 8.0% maturing in 2019.

In accordance with the obligations established in its 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 UF 40 million; 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, 2010, Gener was in compliance with the aforementioned ratios.

(c) In accordance with the loan agreement signed with Banco del Estado in February 2008 for UF 930,000 (ThU.S.$42,635), Gener must comply with certain limitations on indebtedness and restricted payments (including dividends) if Gener is not rated "Investment Grade" (BBB- or greater). Currently, Gener has three international and two local investment-grade ratings and, therefore, these restrictions have been suspended.

As of December 31, 2010, this line has not been drawn down.

(d) The loan agreement entered into by ESSA and a syndicate of local banks led by Banco de Crédito e Inversiones for a total of ThU.S.$30,000 was amended on May 29, 2009, primarily to replace the financial ratios applicable to ESSA with financial ratios applicable to Gener as joint debtor. In accordance with the obligations undertaken in this amendment, 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;
- Interest expense coverage ratio no less than 2.50; and
- Minimum equity no less than UF 4 million.

As of the date of approval of these financial statements, these amounts reached ThU.S.$21,000. As of December 31, 2010, Gener was in compliance with the aforementioned ratios.

(e) Every six months, Gener must comply with the following financial ratios, calculated based on its consolidated financial statements, that are established in the loan agreement signed with a bank syndicate in October 2009 for UF 3,940,000 (ThU.S.$180,626):

- Indebtedness level no greater than 1.20;
- Financial expense coverage ratio no less than 2.50;
- Minimum equity no less than U.S.$1,574,621,634; 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, 2010, this credit line has not been drawn down and Gener was in compliance with the aforementioned ratios.

30.4. Other Contingent Liabilities

(a) Contingent Liabilities associated with AES Chivor & Cía S.C.A. E.S.P. ("Chivor")

(i) Bond Issuance and Colombian Loan Agreement

On November 30, 2004, Chivor completed the refinancing of ThU.S.$253,000 in debt. As part of this process, Chivor issued guaranteed senior bonds at 9.75% for ThU.S.$170,000, maturing in 2014. Likewise, Chivor took out a line of credit with a local bank originally in Colombian pesos for the equivalent of ThU.S.$83,000, expiring in 7 years. On December 12, 2005, Chivor renegotiated the local bank loan in Colombian pesos, improving the interest rate and other conditions. As of December 31, 2010, this amount reached ThCol$23,668,309 (ThU.S.$12,407).

Both the guaranteed senior bonds and the local syndicated loan are guaranteed by: (a) an onshore fiduciary agreement by which Chivor's income from generating and retailing electricity are administered and maintained in a trust to guarantee payment of its obligations under the local syndicated loan, (b) a pledge on all of Chivor's shares owned by Energy Trade and Finance Corporation and (c) a pledge on all shares of AES Chivor S.A., Chivor's managing partner.

(ii) Bonds:

In addition to the guarantees detailed in the previous paragraph, Chivor maintains a reserve account that was established at the close of the senior notes.

This reserve should be equal, at all times, to the next interest payment. The account can be financed in cash or with one or more letters of credit. For this purpose, on June 27, 2009, Chivor financed the account in cash, depositing ThU.S.$8,287.

Among its principal financial commitments, Chivor must comply with the following financial ratios in order to make restricted payments, including dividends:

- Interest expense coverage ratio no less than 2.25; and
- Total debt-to-EBITDA ratio no greater than 3.80.

(iii) Colombian Loan Agreement:

The Colombian Loan Agreement imposes the following operating and financial commitments on Chivor:

- Debt to free cash flow ratio no greater than 5.25;
- Debt-to-EBITDA ratio no greater than 4.25;
- Ratio of EBITDA (as established in the Colombian Loan Agreement) to debt service coverage of 1.20 or greater; and
- Ratio of debt service coverage, defined as free cash flows plus cash available at the respective period-end, less dividends authorized but not paid, to debt service of 1.10 or greater.

As of December 31, 2010, all restrictions and obligations related to obligations with financial institutions and bonds have been met.

(b) **Judicial and Administrative Proceedings**

(i) Revindication Processes

In December 2005, Chivor initiated a special plan to recover possession of the lands located within the reservoir's 8 meter security parameter. As a part of this process, the Company has filed 22 revindication lawsuits on illegally occupied properties. Chivor has established a provision of ThCol$1,090,615 (ThU.S.$572).

(ii) Equity Tax 2005 and 2006

On July 31, 2008 and August 11, 2008, the Colombian National Tax and Customs Service ("DIAN") issued special notifications with respect to the Company's private equity tax returns for 2005 and 2006, respectively, proposing modifications to the returns filed by Chivor. Chivor responded to those requirements but thereafter the DIAN issued official assessments, which were appealed by Chivor in June 2009. The DIAN rejected Chivor's arguments in June 2010. In October 2010 Chivor began judicial proceedings and restitution of rights. Chivor recognized a provision in the amount of ThCol$8,517,187 (ThU.S.$4,465) for both proceedings.

(iii) On August 6, 2009, the Cundinamarca Administrative Court issued the ruling against Chivor's claims in the process of Annulment and Reestablishment of Rights initiated by Chivor against DIAN, which rejected the deduction of costs and expenses from the 2002 income tax declaration. Chivor filed an appeal on August 13, 2009 and DIAN did the same on August 24, 2009. If for some reason, Chivor's arguments are rejected, the costs and expenses previously mentioned, of approximately MCol$1,414,190 (ThU.S.$741), will be treated as net income in the taxable year in which a final ruling is issued, and would not generate a fine or penalty interest since in 2002 Chivor had a tax loss, which was offset, according to what is established in Article 199 of the Tax Statutes. No provision has been recorded to date.

***(c)* Contingent Liabilities and Commitments Involving ESSA**

(i) Financial Commitments

On a quarterly basis, ESSA must comply with the following financial ratios established in its bond issuance contract (standing capital amount UF 1,034,415 (ThU.S.$47,422)), 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;
- Minimum equity no less than UF 2 million (ThU.S.$91,688); 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, 2010, ESSA was in compliance with the aforementioned obligations.

(ii) Arbitration Proceedings Related to Transport Agreements

In February 2008, ESSA filed two arbitration claims against Gasoducto GasAndes S.A. ("GAC") and Gasoducto GasAndes (Argentina) S.A. ("GAA"), after termination of the gas supply agreement between ESSA and the producers of the Sierra Chata Consortium (Argentina). Contract termination was ordered in an arbitral award on November 30, 2007, as part of proceedings conducted in accordance with the standards of the International Chamber of Commerce. ESSA filed claims against GAC and GAA on December 22, 2008 before two separate courts of arbitration. In both cases, the courts were requested to clarify the effects of the administrative restrictions imposed by the Argentine government on gas exports to Chile and to rule on the subsequent termination, modification or suspension of the gas supply agreements entered into with GAC and GAA. On February 26, 2008, GAC and GAA redeemed six bank guarantees totaling ThU.S.$16,614 that had been given as guarantees of the transport agreements. In the arbitration claims, ESSA demanded restitution of this amount.

As a result, ESSA notified Transportadora de Gas del Norte S.A. ("TGN") on December 19, 2007 that it was terminating a gas transportation agreement between the parties. Subsequently, on February 21, 2008, ESSA filed a request with the Argentine National Gas Regulatory Entity ("ENARGAS"), asking it to rule that the agreement had been terminated with just cause. On October 31, 2008, ENARGAS declared itself incompetent to rule on this case. ESSA appealed that decision before the Federal Administrative Court. On December 2, 2009, ESSA was notified that the Federal Administrative Court had upheld ENARGAS's decision and archived the case. Simultaneously, after ENARGAS declared itself incompetent, TGN filed two lawsuits before a federal civil and commercial court seeking contract fulfillment and invoice payments and Gener filed a countersuit against the first suit.

On December 29, 2010, ESSA reached an agreement with GAA, GAC and TGN to terminate the respective gas transportation agreements and settle all current and potential litigation. ESSA recorded ThU.S.$72,215 related to these agreements as Other Expenses for the quarter ended December 31, 2010.

(iii) Fiduciary Charges

On May 7, 2008, ESSA presented a specific claim for ENARGAS to review the orders issued prior to that date and exclude ESSA from paying fiduciary charges. ESSA considers these charges to be illegitimate. In addition, it is no longer a firm loader, which is an essential condition for purposes of applying these charges. On July 17, 2008, ENARGAS rejected the claim and on July 24, 2009, it rejected the motion to reconsider filed subsequently. On August 6, 2009, ESSA filed an appeal before the Argentine Energy Secretary, which is pending judgment.

(iv) Fines Imposed by the Superintendency of Electricity and Fuels ("SEC")

On April 12, 2004, the SEC brought charges against ESSA and the remaining members of the CDEC-SIC as a result of the power failure that occurred in the SIC on November 7, 2003, alleging they were responsible based on the fact that they are members of the CDEC-SIC. ESSA responded to the charges on May 3, 2004.

On June 30, 2005, the SEC fined all members of the CDEC-SIC as a result of the power failure for not acting in a coordinated manner to preserve the service reliability of the electricity system, alleging they were justifiably responsible solely because they were members of the CDEC-SIC. ESSA was fined 350 UTA (equivalent to approximately ThU.S.$337). On July 11, 2005, ESSA filed a motion to vacate before the SEC.

On September 4, 2009, the motion to vacate filed by ESSA was rejected by the SEC. On November 18, 2005, ESSA filed a motion to overturn before the Santiago Court of Appeals, depositing 25% of the fine with the court, in accordance with applicable standards. This motion is pending ruling. ESSA has established a provision for this contingent liability of 350 UTA (ThU.S.$337).

***(d)* Contingent Liabilities and Commitments Involving Empresa Eléctrica Ventanas S.A. ("EEVSA")**

On June 13, 2007, EEVSA secured financing for up to ThU.S.$415,000 to construct the Ventanas thermoelectric power plant and also provided a letter of credit for up to ThU.S.$25,000 to guarantee six months of debt service. The loan is for a 15-year period, including a 3-year construction period, and is guaranteed by assets, shares and project cash flows.

***(e)* Contingent Liabilities and Commitments Involving Empresa Eléctrica Angamos S.A. ("EEA")**

On October 22, 2008, EEA secured financing for up to ThU.S.$908,500 to construct the Angamos thermoelectric power plant as well as letters of credit for up to ThU.S.$80,000 to guarantee various of EEA's obligations and six months of debt service. The loan is for a 17-year period, including a 3-year construction period, and is guaranteed by assets, shares and project cash flows.

***(f)* Contingent Liabilities and Commitments Involving Inversiones Nueva Ventanas S.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 October 22, 2008, Inversiones Nueva Ventanas and Gener constituted a commercial pledge on shares issued by EEA in favor of its creditors to guarantee its obligations related to financing for the Angamos power plant.

As part of the process to refinance the subsidiary Chivor, the subsidiary Inversiones Nueva Ventanas granted a pledge over all of its shares in AES Chivor S.A., Chivor's managing partner.

***(g)* Contingent Liabilities and Commitments Involving Empresa Eléctrica Campiche S.A. ("EEC").**

In June 2008, an individual representing both himself and two environmental groups filed a motion before the Court of Appeals of Valparaíso ("CAV") against the Regional Environmental Commission ("COREMA") of the V Region and other entities that took part in the environmental assessment of the Campiche thermoelectric power plant ("the Power Plant") in order to revoke the Power Plant's environmental permit, otherwise known as Environmental Certification Resolution ("RCA"). The subsidiary EEC became party to this claim. On January 8, 2009, the CAV ruled that the permit had not been correctly granted and, therefore, is illegal. On June 22, 2009, the Supreme Court upheld the CAV's decision, based on the understanding that applicable soil regulations do not permit the Power Plant to be constructed. Construction has been halted as a result of the Supreme Court's decision.

On the other hand, Decree N°68 of the Ministry of Housing and Urban Development that was published in an Official Paper on December 31, 2009, modifies the General Urbanism and Construction Regulation. EEC and Gener appealed to this new decree in order to solve the territorial planning problem, which was ratified by the V Region governmental authority ("SEREMI Minvu"). On February 22, 2010, COREMA of V Region approved the new RCA of the Power Plant. The Company was notified on March 16, 2010 about the Exempt Resolution that gives effect to that agreement.

On March 24, 2010, the mayor of Puchuncaví and another party each filed motions for injunctive relief against the RCA before the Valparaiso Court of Appeals. On July 26, 2010, EEC, Gener and the Municipality of Puchuncaví reached an agreement by which, among other obligations assumed by the parties, the mayor of Puchuncaví undertakes to fully withdraw the motion for injunctive relief. On the same date, the mayor of Puchuncaví and the other party filed withdrawal briefs before the Valparaiso Court of Appeals, thus upholding the RCA.

On April 1, 2010, EEC requested a building permit for the Power Plant from the Office of Municipal Works of Puchuncaví. The mayor of Puchuncaví petitioned for a temporary restraining order on April 12, 2010, to halt processing of the building construct permits. The court granted this order on April 13, 2010. On April 20, 2010, EEC and AES Gener filed motions to reconsider against this ruling. On April 22, 2010, the court reconsidered this ruling and upheld the temporary restraining order but limited its effects to the final acceptance of the buildings and ordered the Director of Municipal Works of Puchuncaví ("DOM") to process the building permits requested by EEC. On August 10, 2010, the DOM granted the building permit for the Power Plant and notified the Company on August 16, 2010.

On September 9, 2010, two new constitutional protection actions were presented against the construction permit granted on August 10, 2010 with the Valparaiso Court of Appeals. These actions were filed against the Director of Public Works and the Municipality of Puchuncavi. In November 2010, the CAV rejected those protection actions. This resolutions was appealed before the Supreme Court, which on January 26, 2011, finally confirmed the rejection of the actions filed by the CAV. EEC restarted the construction of the Power Plant.

NOTE 31 – GUARANTEES

Guarantees Granted

Beneficiary	Guarantee Description	Date From	Date To	ThU.S.$
Minera La Escondida	Energy supply contract	05-12-2008	05-12-2011	28,400
Minera Spence	Energy supply contract	05-12-2008	05-12-2011	11,600
Terminal Graneles del Norte S.A.	Conditional right and obligation transfer	05-12-2008	05-12-2011	18,000
Corporación Nacional del Cobre	Guarantee the validity of the energy supply public offer	24-12-2010	15-02-2011	500
Ilustre Municipalidad de Mejillones	Guarantees the obligations for the land lease	23-03-2009	31-01-2011	688
Secretaría Regional Ministerial de Bienes Nacionales de Antofagasta	Lease agreement compliance	27-01-2010	31-01-2011	122
Director General de Territorio Marítimo y Marina Mercante	Guarantees the veracity of fiscal leases	04-08-2009	21-01-2011	430
Innova Chile	Contract obligations	05-08-2009	15-08-2012	275
Ebara International Corp.	Guarantees the purchase of the condenser pump	01-10-2010	23-08-2011	477
Other	Minor guarantees			2,225
TOTAL				**62,717**

Guarantees Received

Grantor of Guarantee	Guarantee Description	Date From	Date To	ThU.S.$
Posco Engineering and Construction Co. Ltd.	Engineering, construction, assembly and commissioning of Angamos Thermoelectric Power Plant	28-05-2008	03-10-2011	236,198
Ingeniería y Construcción, Sigdo Koppers S.A.	Engineering, construction, assembly and commissioning of Angamos T-Line	13-09-2010	31-07-2011	7,860
Compañía Portuaria de Mejillones S.A.	Bulk contract transference	14-04-2008	07-02-2012	6,000
Alstom Norway AS, Alstom Brasil Energía e Transporte Ltda., Alstom Chile S.A.	Engineering, construction and contract realization	16-06-2008	03-02-2011	9,454
Vogt Power International Inc.	Stand By Letter of Credit	05-03-2009	30-06-2011	233
Skanska CHILE S.A.	Guarantees compliance of contract SL-C0502, Engineering, construction supply, assembly and commissioning of Central Santa Lidia	09-03-2010	27-05-2011	92
Ingeniería Eléctrica Transbosch	Guarantees the contract for maintenance services of lines and substations	19-03-2007	01-12-2012	502
Empresa de Montajes Industriales SALFA S.A.	Guarantees construction of contention screens for coal dust emissions	05-10-2009	31-03-2011	288
Invensys Chile S.A.	Contract period guarantee	02-09-2009	01-12-2012	71
Instrumentación Menchaca, Amadori Industrial Ltda.	Contract obligations	02-09-2010	30-09-2011	85
Aguas del Altiplano S.A.	Contract obligations	12-03-2010	31-03-2011	200
Doosan Heavy Industries and Construction Co. Ltda.	Guarantee payment	02-09-2010	07-03-2011	521
Sistemas de Protección contra Riesgos Ltda.	Guarantees the engineering, construction and assembly of the turbine fire protections	29-12-2010	30-03-2011	159
Leal y Faúdez Ltda.	Guarantees construction of Angamos truck scales	13-12-2010	15-02-2011	68
Flota Vershae S.A.	Contract obligations	12-02-2010	31-01-2011	150
TRANFORMADORES TUSAN S.A.	Contract period guarantee	08-09-2009	31-03-2011	60
Empresa Constructora Agua Santa S.A.	Guarantees construction of civil works and ash disposal site of Angamos	07-06-2010	15-01-2011	1,020
Various	Other Minor guarantees			626
TOTAL				**263,587**

NOTE 32 – SHARE BASED PAYMENTS

Stock Options

AES Corporation ("AES Corp"), the Parent Company, grants options to purchase common stock under stock option plans for AES Gener employees. 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 2010 and 2009 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, 2010	December 31, 2009
Expected Volatility	38%	66%
Expected Annual Dividend Yield	-	-
Expected Option Term (Years)	6	6
Risk-Free Interest Rate	2.86%	2.01%

The Company exclusively relies on implied volatility as the expected volatility to determine the fair value using the Black-Scholes option-pricing model. The implied volatility may be exclusively relied on due to the following factors:

- The Company utilizes a valuation model that is based on a constant volatility assumption to value its employee share options;
- The implied volatility is derived from options to purchase common stock of AES Corporation that are actively traded;
- The market prices of both the traded options and the underlying shares are measured at a similar point in time to each other and on a date reasonably close to the grant date of the employee share options;
- The traded options have exercise prices that are both near-the-money and close to the exercise price of the employee share options; and
- The remaining maturities of the traded options on which the estimate is based are at least one year.

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, 2010 and 2009. This is appropriate given a lack of relevant stock option exercise data.

This simplified method may be used, as the stock options of AES Corporation have the following characteristics:

- The stock options are granted at-the-money;
- Exercisability is conditional only on performing service through the vesting date;
- If an employee terminates service prior to vesting, the employee forfeits the stock options;
- If an employee terminates service after vesting, the employee has a limited time to exercise the stock option; and
- The stock option is non-hedgeable and not transferable.

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 U.S.$5.08 and U.S.$4.08 for the periods ended December 31, 2010 and 2009, respectively.

The following table summarizes the components of stock-based compensation related to employee stock options recognized in the Company's financial statements:

	December 31, 2009 ThU.S.$	**December 31, 2010 ThU.S.$**
Total Intrinsic Value of Options Exercised	1	14
Total Grant Date Fair Value of Options Vested	310	350
Cash Received from the Exercise of Stock Options	4	42

As of December 31, 2010, the Company expects to recognize ThU.S.$ 79 in total unrecognized compensation cost related to stock options over a weighted average period of approximately 1.5 years. There were no modifications to stock option awards during the period ended December 31, 2010.

The following table summarizes option activity for the period ended December 31, 2010:

	Options	**Weighted Average Exercise Price U.S.$**	**Weighted Average Remaining Contractual Life (in years)**	**Aggregate Intrinsic Value ThU.S.$**
Outstanding as of December 31, 2008	**307,965**	**16.68**	**-**	**-**
Exercised During the Period	(3,684)	11.30	-	-
Forfeited and Expired During the Period	(27,346)	19.06	-	-
Granted During the Period	7,209	6.71	-	-
Transfer to Gener During the Period	25,942	18.54	-	-
Outstanding as of December 31, 2009	**310,086**	**16.46**	**5.50**	**-**
Exercised During the Period	(434)	8.97	-	-
Forfeited and Expired During the Period	(21,952)	18.32	-	-
Granted During the Period	16,594	12.18	-	-
Transfer to Gener During the Period	62,419	14.41	-	-
Outstanding as of December 31, 2010	**366,713**	**15.52**	**4.1**	**285**
Vested and Expected to Vest as of December 31, 2010	358,769	15.50	4.0	282
Eligible for Exercise as of December 31, 2010	325,563	15.61	3.6	258

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 2nd quarter 2010 and the exercise 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, 2010. 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 based on the estimated number of instruments for which the requisite service is expected to be rendered. Based on actual experience, the forfeiture rates used for options granted during the 3rd quarter 2010 was 12.09%. This estimate will be revised if subsequent information indicates that the actual number of instruments forfeited is likely to differ from the previous estimate.

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 periods ended December 31, 2010 and 2009, 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 December 31, 2010 and 2009 had grant date fair values per RSU of U.S.$ 12.18 and U.S.$ 6.71, respectively.

The following table summarizes the components of stock-based compensation related to employee RSUs recognized in the Company's financial statements:

	December 31, 2009 ThU.S.$	December 31, 2010 ThU.S.$
RSU Expense Before Income Taxes	-	-
Total Intrinsic Value of RSUs Converted (1)	349	582
Total Intrinsic Value of RSUs Vested	336	536

(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 December 31, 2010 and 2009. As of December 31, 2010, the Company expects to recognize ThU.S.$ 459 in total unrecognized compensation cost related to RSUs over a weighted average period of approximately 1.8 years. There were no modifications to RSU awards during the period ended December 31, 2010.

The following table summarizes RSU activity for the period ended December 31, 2010:

	RSU	Weighted Average Grant Date Fair Value ThU.S.$	Weighted Average Remaining Vesting Term
Non-Vested as of December 31, 2008	**57,569**	**19.68**	**-**
Vested During the Year	(27,435)	19.53	-
Forfeited and Expired During the Year	(1,590)	9.43	-
Granted During the Year	44,344	6.71	-
Non-Vested as of December 31, 2009	**72,888**	**11.99**	**-**
Vested During the Year	(23,399)	14.35	-
Forfeited and Expired During the Year	(35,657)	12.06	-
Granted During the Year	58,936	12.10	-
Stock Transfer	23,034	8.36	-
Non-Vested as of December 31, 2010	**95,802**	**10.51**	**1.5**
Vested as of December 31, 2010	75,380	17.85	-
Vested and Expected to Vest as of December 31, 2010	153,645	14.10	-

NOTE 33 – ENVIRONMENTAL EXPENDITURES

The Group has a long-term sustainable development policy that governs its activities. Therefore investments are made in facilities, equipment and industrial plants to include state-of-the-art technology with the latest advances available.

The principal environmental expenses for the periods ended December 31, 2010, 2009 and 2008 are presented as follows:

Detail	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	December 31, 2008 ThU.S.$
Air Quality Monitoring Station	307	290	176
Electrostatic Precipitator	-	45	175
Waste Water System	30	20	7
Ash Deposit	1,301	872	1,053
Marine Monitoring (Oceanographic Monitoring and Liquid Industrial Waste Control)	253	139	229
Smokestack Monitoring	136	217	260
Noise Monitoring	53	-	-
Expenses for Law 99 in Colombia	6,305	5,322	5,490
Other	946	167	146
Total	**9,331**	**7,072**	**7,536**

The following table details the principal disbursements during the period by subsidiary and project:

Accounting Recognition	Company	Project	December 31, 2010 ThU.S.$	December 31, 2009 ThU.S.$	Committed Amount ThU.S.$	Description
Capex	AES Gener S.A.	Flue Gas Desulpherizer	-	49,247	-	Desulfurization system for combustion gases, Unit 2 Ventanas Power Plant
Capex	AES Gener S.A.	Low Nox	4,341	4,373	488	Replacement of Ventanas Power Plant's burnings to reduce Nox emissions
Capex	AES Gener S.A.	Laguna Verde	3,849	164	-	Fuel modification from coal to Diesel 2B of Laguna Verde Power Plant
Expense	AES Gener S.A.	Street Node Exit	678	87	-	Street Node Exit improvement of Nueva Ventanas Port access

The projects included here are intended to optimize plant performance in order to guarantee compliance with applicable standards.

All projects detailed here are currently under development as of the date of these financial statements. AES Gener also has other projects to develop new applied technologies to reduce its environmental impact.

NOTE 34 – ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

(a) Current Assets and Liabilities

ASSETS	Foreign Currency	Functional Currency	December 31, 2010 Less than 90 Days ThU.S.$	December 31, 2010 From 91 days to 1 year ThU.S.$	December 31, 2009 Less than 90 Days ThU.S.$	December 31, 2009 From 91 days to 1 year ThU.S.$
CURRENT ASSETS						
Cash and Cash Equivalents	Chilean Peso	U.S.$	77,944	-	40,672	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	11,736	-	5,855	-
Other Current Financial Assets	Chilean Peso	U.S.$	359	836	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	1,018	-	912	-
Other Current Non-Financial Assets	Chilean Peso	U.S.$	147	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	862	-	1,213	-

ASSETS	Foreign Currency	Functional Currency	December 31, 2010 Less than 90 Days ThU.S.$	December 31, 2010 From 91 days to 1 year ThU.S.$	December 31, 2009 Less than 90 Days ThU.S.$	December 31, 2009 From 91 days to 1 year ThU.S.$
Trade and Other Receivables	Chilean Peso	U.S.$	187,693	2,080	127,151	4,903
	UF	U.S.$	20,703	129,382	15,305	211,662
	Other Currencies	U.S.$	62,588	-	73,947	-
Inventory	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	985	-	597	-
Taxes Receivable	Chilean Peso	U.S.$	13	688	14	130
	UF	U.S.$	-	-	-	765
	Other Currencies	U.S.$	361	-	248	-
Total Current Assets			**364,409**	**132,986**	**265,914**	**217,460**

LIABILITIES AND EQUITY	Foreign Currency	Functional Currency	December 31, 2010 Less than 90 Days ThU.S.$	December 31, 2010 From 91 days to 1 year ThU.S.$	December 31, 2009 Less than 90 Days ThU.S.$	December 31, 2009 From 91 days to 1 year ThU.S.$
CURRENT LIABILITIES						
Other Current Financial Liabilities	Chilean Peso	U.S.$			-	-
	UF	U.S.$	188	2,074	164	4,236
	Other Currencies	U.S.$	-	-	14,352	-
Trade and Other Payables	Chilean Peso	U.S.$	101,041	3,291	85,479	18,337
	UF	U.S.$	5,988	306	2,817	-
	Other Currencies	U.S.$	8,612	-	20,022	1,928
Other Current Provisions	Chilean Peso	U.S.$	-	507	1,251	1,152
	UF	U.S.$	-	405	654	459
	Other Currencies	U.S.$	730	-	768	-
Taxes Payable	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	181	29,108	474	20,120
Employee Benefit Liability	Chilean Peso	U.S.$	398	1,771	492	1,474
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	846	-	-	-
Other Current Non-Financial Liabilities	Chilean Peso	U.S.$	8,235	5,935	7,521	2,930
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	2,279	-	1,418	1,363
Total Current Liabilities			**128,498**	**43,397**	**135,412**	**51,999**

(b) Non-Current Assets and Liabilities

ASSETS	Foreign Currency	Functional Currency	December 31, 2010 Between 1 to 3 Years ThU.S.$	December 31, 2010 Between 3 to 5 Years ThU.S.$	December 31, 2010 More than 5 Years ThU.S.$	Between 1 to 3 Years ThU.S.$
NON CURRENT ASSETS						
Other Non-Current Financial Assets........	Chilean Peso	U.S.$	332	-	-	803
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	84	-	-	-
Other Non-Current Non-Financial Assets..	Chilean Peso	U.S.$	592	-	7,161	-
	UF	U.S.$	46	-	-	-
	Other Currencies	U.S.$	3,515	-	-	660
Accounts Receivable...............................	Chilean Peso	U.S.$	92	36	-	9,357
	UF	U.S.$	31,036	-	-	59,443
	Other Currencies	U.S.$	7,390	-	-	9,978
Intangible Assets	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	1,764	-	-	-
Property, Plant and Equipment	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	-	-	686,663	-
Deferred Taxes	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	-	-	-	-
Total Non-Current Assets			**44,851**	**36**	**693,824**	**80,241**

LIABILITIES AND EQUITY	Foreign currency	Functional Currency	December 31, 2010 Between 1 to 3 Years ThU.S.$	December 31, 2010 Between 3 to 5 Years ThU.S.$	December 31, 2010 More than 5 Years ThU.S.$	Between 1 to 3 Years ThU.S.$
NON-CURRENT LIABILITIES						
Other Non-Current Financial Liabilities ..	Chilean Peso	U.S.$	-	-	-	
	UF	U.S.$	2,882	3,359	45,738	1,183
	Other Currencies	U.S.$	-	-	14,937	9,134
Other Non-Current Provisions	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	5,089	-	-	3,833
Deferred Taxes	Chilean Peso	U.S.$	-	-	-	-
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	54,393	-	87,706	60,702

LIABILITIES AND EQUITY	Foreign currency	Functional Currency	December 31, 2010 Between 1 to 3 Years ThU.S.$	Between 3 to 5 Years ThU.S.$	More than 5 Years ThU.S.$	Between 1 to 3 Years ThU.S.$
NON-CURRENT LIABILITIES						
Employee Benefit Liability......................	Chilean Peso	U.S.$	2,003	2,158	18,796	1,551
	UF	U.S.$	-	-	-	-
	Other Currencies	U.S.$	5,189	-	-	-
Other Non-Current Non-Financial Liabilities	Chilean Peso	U.S.$	90	-	-	-
	UF	U.S.$	24	-	-	-
	Other Currencies	U.S.$	78	-	-	82
Total Non-Current Liabilities..............			**69,748**	**5,517**	**167,177**	**76,485**

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NOTE 35 – SUBSEQUENT EVENTS

As of the date of issuance of the Consolidated Financial Statements, no subsequent events were identified that could affect their presentation.

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August 26, 2011
